

XERO ACCOUNTING FOR THE FUTURE

MAY 2014

WHO PREPARES ANNUAL ACCOUNTS

- There were 493 responses over a 1 month period of data collection.
- Most respondents prepare accounts in a Parish setting, with an annual balance date of either 31 December or 30 June.
- Most respondents were in the 51 to 70 years of age group.
- There is a higher likelihood that the respondent was a male (53.5%).
- Most respondents had been preparing annual accounts for between 1 and 10 years (67.34%), while just over 12% had been preparing the annual accounts for over 20 years.
- Most respondents were not paid to prepare the annual accounts (70.99%).
- 87.63% of respondents were volunteers to the entity.
- Most of the respondents (43.20%) who worked, worked fulltime (more than 30 hours per week).
- 46.25% had some form of 'accounting' experience (whether formal or informal), but only 4.87% were members of the Institute of Chartered Accountants.
- Most of the annual accounts prepared by the respondents were prepared on a cash receipts and payments basis (51.72%).
- Most respondents produced a profit and loss account (80.32%) and a balanced balance sheet (79.92%).
- The majority of people used a PC based accounting system loaded on a local PC to prepare their accounts (60.45%), while nearly a quarter of people used either a spread sheet or some paper based accounting system.
- 70.59% of respondents indicated that their income was \$200,000 or less, while 72.41% of the same respondents stated that their expenses were \$200,000 or less.
- 10.14% of respondents said their expenditure was less than \$40,000.
- Most had their accounts audited (52.54%), while 38.95% had a review undertaken.
- 81.35% of respondents said that if strict reporting standards were required by law to be applied to the annual accounts that they prepare they would apply them, but nearly 18% said they would need significant support and nearly half of the respondents indicated that further education and support would be required to do the work.

PARISH FINANCES - XERO

- The Connexional Office get asked from time to time about different accounting software.
- The requirements on annual reporting of charities is changing and we need to change to meet ensure compliance.
- The Methodist Church Audit Committee asked the Board of Administration to trial the accounting software Xero to determine if the software would meet all the financial reporting requirements for a Parish.
- We trialled a number of Parishes with Xero for three months – the answer is yes, we have found Xero works well for Parish accounting and reporting.

XERO - ONLINE ACCOUNTING

North Taranaki Methodist Parish
Peter Van Hout

Dashboard Accounts Reports Adviser Contacts Settings

North Taranaki Methodist Parish

Getting Started using Xero
Hide Getting Started

Now you are ready to start using Xero on a regular basis to record and report on normal business transactions. There is [full online help](#) and tips on each screen in Xero if you need it. It's really up to you what you do next.

- Watch the [Getting Started tour](#).
- Set up [automatic bank feeds](#) to reconcile to transactions you enter in Xero.
- Add sales invoices, bills, bank transactions and expense claims.
- Set up repeating sales invoices and bills when you regularly [send](#) or [receive](#) invoices.
- Add to [Contacts](#) the people you regularly transact with.
- Invite [other users](#) such as your accountant or adviser to access your organisation.

[More](#)

Bank Accounts Go to Banking

bnz BNZ Cheque Account
Manage Account

02-0800-0008983-00

Statement Balance
6,554.84

15 May 2014

Reconcile 1 item

Balance in Xero
6,554.84

bnz BNZ Powderham Account
Manage Account

02-0800-0009302-00

Statement Balance
8,171.69

15 May 2014

Reconcile 1 item

Balance in Xero
8,122.94

Account Watchlist Go to Chart of Accounts

Account	May-14	YTD
Offerings-Cash (1120)	87.00	3,382.90
Offerings-Envelopes (1110)	510.00	55,534.02

Money Coming In Go to Sales

+ Add Sales Invoice
Draft invoices (0)
0.00
Overdue invoices (0)
0.00

Money Going Out Go to Purchases

+ Add Bill
Draft bills (0)
0.00
Overdue bills (0)
0.00

Windows Taskbar
4:22 p.m. 19/05/2014

XERO - ONLINE ACCOUNTING

Getting Started With Bank Reconciliation

Hide Getting Started X

Bank Reconciliation lets you import and reconcile transactions that appear on your bank statement with matching transactions you have entered into Xero. Your imported bank statement lines appear on the left with the matching Xero transaction shown on the right.

Match - Xero has found a match (based on amount) for the imported statement line.

Create - When there is no matching item in Xero you can create one on the spot. In some cases, Xero will suggest a match based on similar transactions you have previously reconciled.

Match Create Transfer Discuss Find & Match

Name Acct

Desc

Tracking 1 Tracking 2 Tax Rate [Add details](#)

Name: The contact name of the payee (new names are added to your contacts)

Acct: Select the account code or account name

Desc: A brief explanation of the transaction

Add details: To split a transaction into multiple lines or add apply custom tax rates

Transfer - When there is no matching transfer in Xero you can create one on the spot.

Find & Match - Browse or search the list of existing transactions in Xero to find one or more that match the imported statement line.

Choose One - If Xero finds multiple transactions with the same amount you will need to choose the correct one from a list of possible matches.

- View the complete Bank Reconciliation help page

Reconcile (17)

Cash Coding

Bank statements

Account transactions

What's this? ?

Review your bank statement lines...

		Spent	Received
<input checked="" type="checkbox"/>	20 Jan 2014 Methodist Church of NZ A	repeat payment 158.03	
<input checked="" type="checkbox"/>	20 Jan 2014 Methodist Church of NZ A	repeat payment 505.33	
<input checked="" type="checkbox"/>	20 Feb 2014 Methodist Church of NZ A	repeat payment 455.91	
<input checked="" type="checkbox"/>	20 Mar 2014 Methodist Church of NZ A	repeat payment 455.91	

...then match with your transactions in Xero

		Spent	Received
<input checked="" type="checkbox"/>	Methodist Church of NZ A	Insurance Urenui	
<input checked="" type="checkbox"/>	Methodist Church of NZ A	Insurance Urenui	
<input checked="" type="checkbox"/>	Methodist Church of NZ A	Insurance Urenui	
<input checked="" type="checkbox"/>	Methodist Church of NZ A	Insurance Urenui	

XERO – ONLINE ACCOUNTING

For the period 1 April 2014 to 30 April 2014

Add a summary

Return Details

Registration number	1	010-836-166
Period covered by the return	2	April 2014
This return and any payments are due		28 May 2014
Return basis		Invoice basis

Sales and Income

Total sales and income	5	788.75
Zero-rated supplies	6	0.00
Net GST sales and income	7	788.75
Total GST collected on sales and income	8	102.88
Any debit adjustments	9	<input type="text" value="0"/>
Total GST collected for the period	10	102.88

Purchases and Expenses

Total purchases and expenses	11	539.12
Total GST credits on purchases and expenses	12	70.32
Any credit adjustments	13	<input type="text" value="0"/>
Total GST credit	14	70.32

GST to pay	15	32.56
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PARISH FINANCES - XERO

ADVANTAGES

- With an on line accounting system, the Parish Treasurer (or another person nominated by the Parish) can securely log in to the software from any computer, this can be from the Parish Office, their home or their work office.
- Connexional Office Accountants can also log in and provide "on the spot" accounting support and advice.
- Standardised reporting formats e.g. Statistics and Charities Commission returns are to be formatted once these are known.

PARISH FINANCES - XERO

ADVANTAGES

- Automatic bank fees – the bank transactions are automatically downloaded each morning and can be coded and entered into the ledger quickly.
- Transaction recognition - you can set up coding rules for regular income or expenditure e.g.. direct debits, automatic payments.
- Tracking can be used for financial reporting e.g.. one Statement of Financial Performance for the whole Parish, with details split out for Congregations and Property Committees if required.

PARISH FINANCES - XERO

ADVANTAGES

- Xero does not look like a traditional accounting package – it is specifically designed for small business owners and people who are not accountants.
- Two levels for Accounting within Xero
 - full accrual system including accounts payable and accounts receivable
 - cash accounting
- We are recommending the full accrual system be used.

PARISH FINANCES - XERO

ADVANTAGES

- Accounts payable invoices can be paid either by cheque or direct credit (electronic banking with two authorisers)
- If the Treasurer is away on holiday, then another member of the Finance Committee can login and complete the accounts and do the GST return or Connexional Office staff can help with this.

XERO - COSTS AND OTHER ISSUES

- The current monthly cost for Union Parishes and other Entities not reporting to Conference will be between \$50 (GST exclusive) per month depending on the number of entities that use Xero.
- If you are a Union Parish not reporting to Conference, you will **NOT** be charged the first three months but there will be onetime setup cost of \$50 to activate the Parish and set up the chart of accounts using our own template chart of accounts.
- If you are a Union Parish not reporting to Conference and you would like us to enter the opening balance sheet, comparatives, profit and loss accounts, ready to start in Xero, the first two hours of the Connexional Office time will be FREE but any additional time required to validate balance sheet items will be charged at a flat rate of \$70 per hour.

XERO FOR PARISH ACCOUNTING

Where do we start?

- We have about 45 entities using Xero as at 19 May 2014.
- We have found it ideal to run Xero and your current accounting system in parallel for a couple of months.
- Arrange for the bank feed form to be signed.
- Who will have a login to Xero?
- Copy of the previous years reviewed/audited accounts to be entered into Xero.
- Copy of the last set of management accounts to be entered into Xero (this is the closing balances before the Xero start date).
- Training requirements.