



Set up your small business in Xero

Handout

This handout summarises the four main points discussed in the webinar, *Set up your small business in Xero*.

1. Key basic settings

It's important to add your basic business and financial information to Xero so you can enjoy all the features that Xero has to offer.

- **Organisation details:** Add your business and contact information to your Xero organisation so that Xero can add these details automatically to your quotes, invoices and reports.

To add your organisation's details:

1. Click the **Organisation name** in the top left corner of the screen.
2. In the menu, select **Settings**, then click **Organisation details**.

For more information on setting up your Organisation details, click [here](#).

- **Financial settings:** Update your Financial settings so that Xero can create accurate reports and sales/purchase transactions.

To update your Financial settings:

1. Click **Accounting** on the banner at the top of the screen.
2. In the menu, select **Advanced**, then click **Financial settings**.

For more information about Financial settings, click [here](#).

- **Invoice settings:** Before you send an invoice in Xero, check that your Invoice settings are correct.

To check your Invoice settings:

1. Click the **Organisation name** in the top left corner of the screen.
2. In the menu, select **Settings**, then click **Invoice settings**.

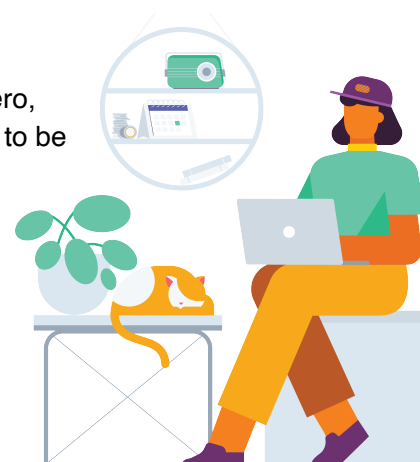
For more information about Invoice settings, click [here](#).

- **Inviting a user:** If you want a friend, accountant or bookkeeper to help you with Xero, you need to invite them as a user into your Xero organisation. To do this, you need to be the organisation subscriber or have manage users access.

To view and update the list of Xero users for your organisation:

1. Click the **Organisation name** in the top left corner of the screen.
2. In the menu, select **Settings**, then click **Users**.

For more information about inviting users and user roles, click [here](#).





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2. Chart of accounts

The Chart of accounts helps you categorise your transactions so you can easily track what's happening in your business. Every transaction, such as a sale to a customer, paying rent, or taking out a new business loan, is allocated to an account. Depending on what type of account it belongs to, Xero includes it on certain reports. For example, your revenue and expenses show on the Profit and Loss report.

The Chart of accounts can be viewed as a filing cabinet with five drawers, each drawer representing a category:

- **Revenue** - what you earn from running your business
- **Expenses** - the costs you incur from running your business
- **Assets** - the things you own
- **Liabilities** - the things you owe
- **Equity** - the owner's stake in the business

To see your Chart of accounts:

1. Click **Accounting** on the banner at the top of the screen.
2. In the menu, select **Advanced**, then click **Chart of accounts**.

When you sign up to Xero, there is a default Chart of accounts but you can adjust this or choose to use an alternative Chart of accounts.

For more information on adding and editing your Chart of accounts, click [here](#) or for more information on tracking categories, click [here](#).

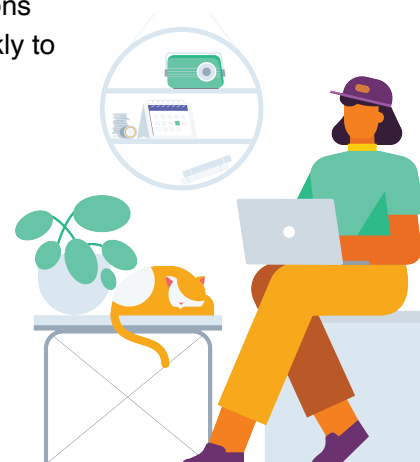
3. Adding a bank account

When you connect your bank accounts to Xero via a secure bank feed, your bank statement lines flow automatically to Xero on a daily basis. These are one-way feeds which means the bank can't see anything you've entered in Xero. But, you'll be able to see all your business transactions moving through the bank account. In Xero, you can reconcile these transactions quickly to keep track of your cash flow.

To add a bank account:

1. Click **Accounting** on the banner at the top of the screen.
2. In the menu, select **Bank accounts**.
3. Click **+ Add Bank Account**.

Once you've added your bank account, your bank will either direct you to their portal to connect your bank feeds automatically, or you'll be required to download a form to





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to set up your bank feeds. If you have a bank feed connected, but are missing statement lines dated before the bank feed started, you'll need to manually import those missing transactions. To find out more click [here](#).

For more information on adding bank accounts and connecting bank feeds click [here](#).

4. Conversion balances

Conversion balances are the closing balances of your accounts on the day before you start using Xero. You can start using Xero without entering your conversion balances but your reporting and bank balances won't be accurate until you've entered them. If your business has just started trading, your conversion balances are likely to all be zero and you won't need to enter any. Or, you may have just a bank balance and owners' equity balance to enter.

If you are however converting to Xero from a previous accounting system, you'll need a copy of your previous accounting system's trial balance for the day before your conversion date. For more information on choosing a conversion date, click [here](#).

When you are ready to enter your Conversion balances:

1. Click **Accounting** on the banner at the top of the screen.
2. From the menu, select **Advanced**, then click **Conversion balances**.

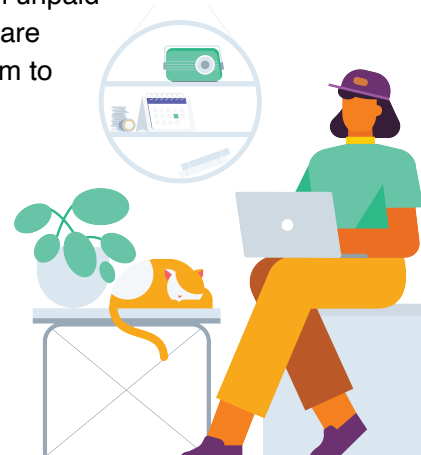
Here, you will see lines appear for all the bank accounts, credit cards and loan accounts you have set up in Xero. You will also see lines for Accounts Receivable and Accounts Payable.

For your bank accounts, check your internet banking or a statement for balances the day prior to your conversion date. For example, if the conversion date is 1 July 2022, check your balances as at 30 June 2022. For bank accounts with a positive balance, enter the balance into the debit column. Enter the balance of any overdrawn accounts or credit cards into the credit column.

For your Accounts Receivable, this is the unpaid balance owing to you from all your customers as at the day before your conversion date. Enter the outstanding balance, including sales tax, of all unpaid or partly unpaid sales invoices into the Debit column for Accounts Receivable. If you are moving across from another system, run your Trial Balance from your previous system to find this balance.

For your Accounts Payable, this is the unpaid balance you owe to your suppliers as at the day before your conversion date. Enter the outstanding balance, including sales tax, of all unpaid or partly unpaid supplier bills into the Credit column for Accounts Payable. If you are moving across from another system, run your Trial Balance from your previous system to find this balance.

To learn more about entering conversion balances, click [here](#).





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Additional Resources

- [Xero Central Support](#): The perfect place to quickly find help guides and answers to specific questions you have. Check out the [Get ready to use Xero](#) guide for more on setting up your business correctly in Xero.
- [Xero Advisor Directory](#): The Xero Advisor Directory is where you can find Xero-certified accounting and bookkeeping firms in your area who can provide you with ongoing assistance and support.
- [App Marketplace](#): The App Marketplace is your go to when it comes to finding add-on solutions for your business needs.
- [Youtube](#): Xero's Youtube account has a range of videos to help you get set up, get started and get more out of Xero. To help you with getting started with using Xero, check out the [Create your own workflow](#) playlist.
- [Jet Convert \(AU/NZ\)](#) and [Move my books \(UK\)](#): For a bit more support with converting your data to Xero, check out Jet Convert or Move my books. They are conversion services that will help bring your existing business data into Xero. It is free for Xero customers. Terms & conditions apply.

