



Presbyterian Church
of Aotearoa New Zealand

END OF YEAR
FINANCIAL REPORTING
FOR PCANZ XERO USERS



Introduction

You've collated all your financial information, submitted it to your accountants, and received their feedback and suggestions. Balance day adjustments have been processed, and both you and your accountants are ready to move to the production of the financial statements.

In this document, we'll help you to take the final steps required to transform approved financials into professional-looking reports which not only look great but conform to Not-For-Profit reporting standards.

We'll be covering the following topics:

- Determine which level you're required to report at, Tier 3 or Tier 4, and understand the ramifications of each;
- Understand and edit reporting codes
- Entering your Parish's entity information into your Xero file's standard settings;
- Generating, reviewing and editing your end-of-year financial statements;
- Completing the non-financial sections of the reports:
 - Entity information
 - Approval of Financial Report
 - Statement of Service Performance
- Final close off procedures once all reports are finalised

WHAT LEVEL DOES MY PARISH NEED TO REPORT TO – TIER 3 OR TIER 4?

Background:

XRB (New Zealand's external reporting board) has chosen to accept the International Public Benefit Entity Reporting Standards. All Parishes in the Presbyterian Church of Aotearoa NZ are Public Benefit entities, and so are bound by these standards.

The goal of the reporting standards is to create consistency of reporting between all Public Benefit entities, making it simpler for external parties to review and understand their financial reports, as well as creating a framework which makes clear what must be disclosed and included in financial reports.

Parishes will all be either Tier 3 or Tier 4 entities.

Tier 3 entities are those which have annual expenses of **greater than** \$125,000 (excluding GST).

Tier 4 entities are those which have annual expenses of **less than** \$125,000 (excluding GST).

What's the difference between the reports required for Tier 3 & Tier 4?

Both tiers of reporting require entities to complete the same **non-financial** details in their reports:

1. Entity Information
2. Approval of the Financial Report
3. Statement of Service Performance

It's when it comes to the purely financial details that the reporting formats diverge; put simply, Tier 4 allows for small Parishes to produce financial reports which are based on a simple cashbook.

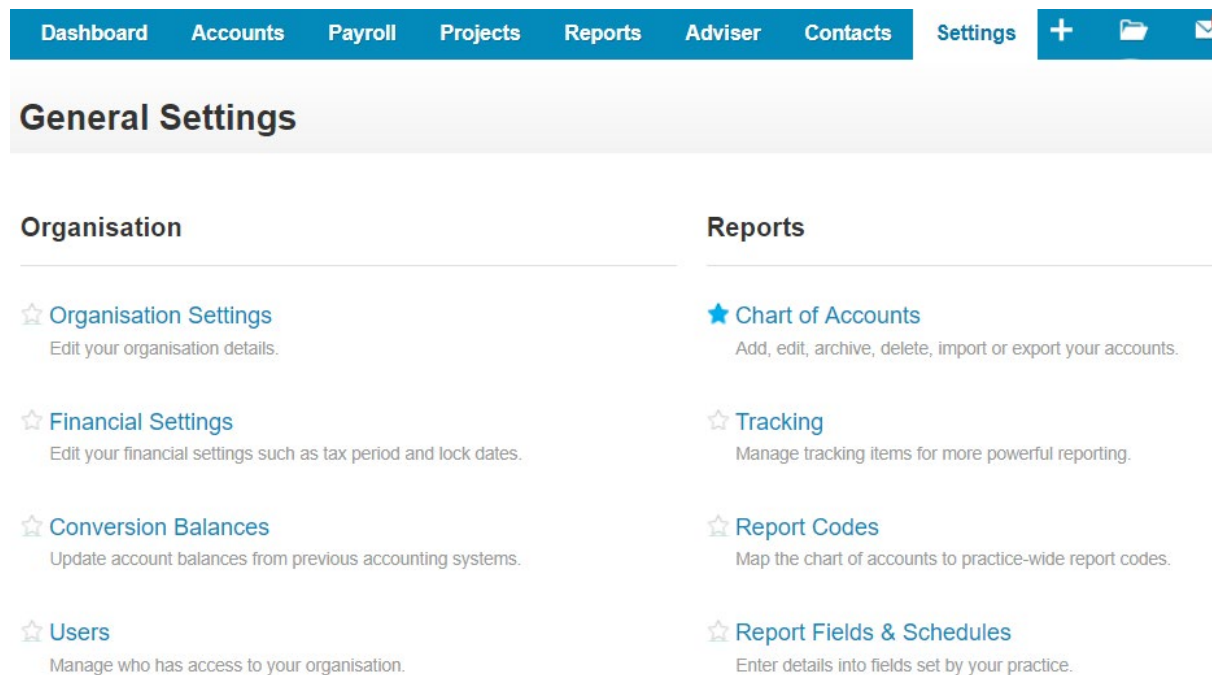
Tier 3	Tier 4
Statement of Financial Performance	Statement of Receipts and Payments
Statement of Financial Position	Statement of Resources & Commitments
Statement of Cashflows	N/A
Fixed Assets are depreciated	Fixed Assets are separated from expenses, but not depreciated
Accounts Receivable and Accounts Payable must be provided for	Accrual accounting is not necessary

UNDERSTANDING AND WORKING WITH REPORT CODES

Background

Sitting in the background behind the Chart of Accounts in Xero are the **report codes**. Each account in your Chart of Accounts, be it asset, liability, revenue, expense or equity, has a report code assigned to it which determines where, by default, that account will appear within the layouts of your financial reports.

Report codes are visible on your Chart of Accounts; you can also see them by drilling down into the **Edit Account** dialogue box. The only place where they are visible **and can be edited** is under the Settings menu, General Settings => Reporting (see below).



The screenshot shows the Xero user interface. At the top is a navigation bar with tabs for Dashboard, Accounts, Payroll, Projects, Reports, Adviser, and Contacts. The 'Settings' tab is active, and a sub-menu is open showing icons for a plus sign, a folder, and an envelope. Below the navigation bar is the 'General Settings' section, which is divided into two columns: 'Organisation' and 'Reports'. Under 'Organisation', there are four settings: Organisation Settings (Edit your organisation details), Financial Settings (Edit your financial settings such as tax period and lock dates), Conversion Balances (Update account balances from previous accounting systems), and Users (Manage who has access to your organisation). Under 'Reports', there are four settings: Chart of Accounts (Add, edit, archive, delete, import or export your accounts), Tracking (Manage tracking items for more powerful reporting), Report Codes (Map the chart of accounts to practice-wide report codes), and Report Fields & Schedules (Enter details into fields set by your practice).

If your Xero file was set up by Laurensen, every account in the original Chart of Accounts would have been assigned a report code which would ensure that it slotted into the appropriate place in the financial reports. The real challenge arises when you either alter account names or purposes, or create new accounts.

Fortunately, Xero makes this relatively straightforward to manage.

The Process

From the *Settings* menu, choose *General Settings*, then from the *Reporting* menu (on the right-hand side of the screen) select *Report Codes*.

You will see three tabs across the top of the screen: All Accounts, For Review, and Archived.


All Accounts: this tab shows you all accounts in your current Chart of Accounts, shows the type of account for each (asset, liability, revenue, expense or equity) and shows the report code assigned to it, both typed out in full and in code form.

For Review: clicking on this tab displays a list of new accounts created since your Xero file was initially set up, which have not had account codes specifically assigned to them.

Archived: clicking on this tab displays a list of accounts which you have marked as “Archived” (or not required) from the Chart of Accounts. Note that archiving accounts simply takes them out of your Chart of Accounts as displayed; however they are not gone forever. If needed, they can later be restored.

[General Settings >](#)

Report Codes

What's this? 

Import

Export

All Accounts

For Review (2)

Archived

Edit Mapping

No items selected

<input type="checkbox"/>	Code	Account	Type	Report Code	Shortcut
<input type="checkbox"/>	2010	ACC Levy	Expense	Wages and salaries	EXP.WAG
<input type="checkbox"/>	3005	Accounting Fees	Expense	Travel and accommodation	EXP.TRA
<input type="checkbox"/>	9000	Accounts Payable	Current Liability	Trade payables	LIA.CUR.PAY.TRA
<input type="checkbox"/>	8100	Accounts Receivable	Current Asset	Trade receivables	ASS.CUR.REC.TRA

Example 1: managing report codes where you have created new accounts in your Chart.

Click on the second tab, **For Review**. Xero displays any accounts which were created after the file was initially set up, and which have not specifically had report codes assigned to them. In the example below, there are 2 accounts needing to have report codes assigned.

[General Settings >](#)

Report Codes

What's this? 

Import

Export

All Accounts

For Review (2)

Archived

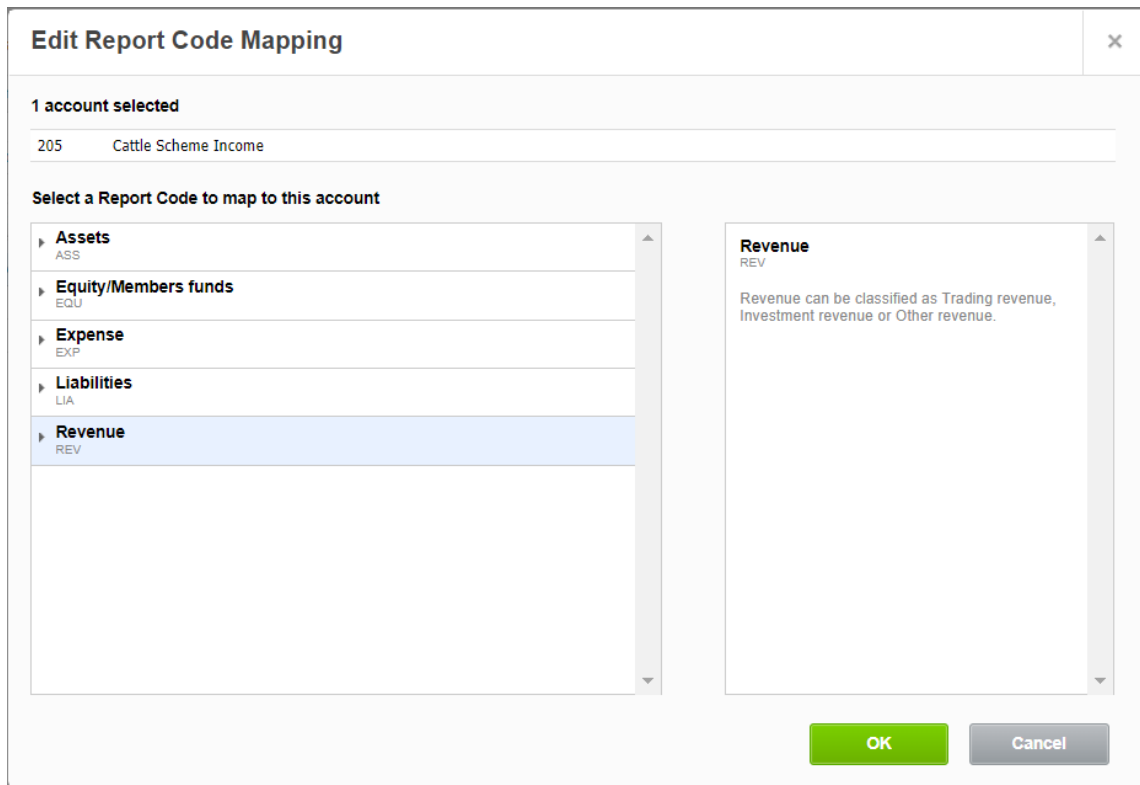
Edit Mapping

No items selected

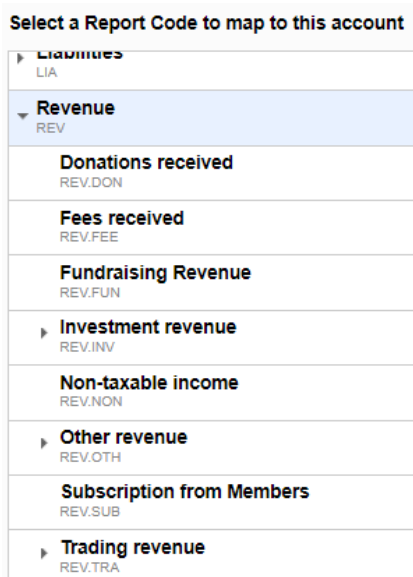
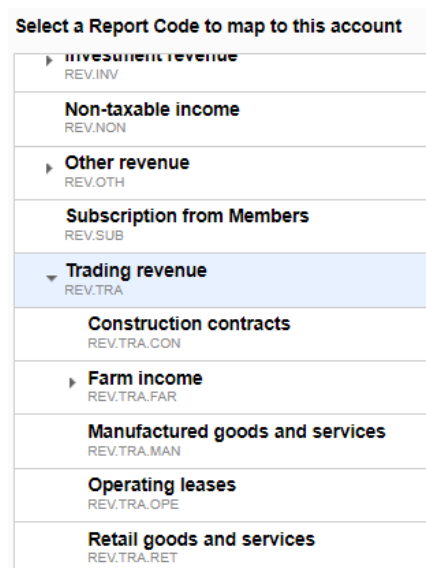
<input type="checkbox"/>	Code	Account	Type	Report Code	Shortcut	Last Updated
<input type="checkbox"/>	205	Cattle Scheme Income	Revenue	● Revenue	REV	
<input type="checkbox"/>	378	Licenses and Subscriptions	Overhead	● Expense	EXP	

Note that Xero assigns a very broad report code to the accounts, in these two cases Revenue and Expense respectively, based on the account type you specified when you set up the new account. However, this code does not tell Xero WHERE in revenue or expenses you would like this account to sit within your reports.

To assign report codes, click on EITHER the blue word “**revenue**” or the shortcut “**REV**”. This takes you into the *Edit Report Code Mapping* Screen as below.



To assign a report code to our first account, Cattle Scheme Income, click on the arrow to the left of the Revenue heading (REV). Xero now displays a sub-menu of revenue types, each with their own further sub-menus, to allow you to select at a detailed level what the report code should be for this account.

In this example, we first drill down on **Revenue**, then on **Trading revenue**, then select the option most closely corresponding to what the account in question actually represents. In this case, select **Retail goods and services**, as the Cattle Scheme is effectively a retail scheme. Once you have selected the option you required, click **OK**.

Follow the same procedure for each account which needs a report code assigned, drilling down until you find a code or description which closely corresponds to the purpose of the account.

Example 2: managing report codes where you have changed or edited an account within your Chart of Accounts

Wherever possible, if you have changed the name and/or purpose of an account within your chart, edit its report code immediately. Why? Because unlike when you've created a new account, Xero doesn't know that the report code will no longer be appropriate and won't alert you to change it, as it did when you created a new code. So if you don't edit it straight away there's a good chance you'll forget and then wonder why your financial reports don't quite look right!

The process is almost exactly the same, except that once you've edited your account in the *Chart of Accounts* screen, you'll go to the Report Codes screen and select the newly edited account whose report code you now need to edit from the front page, rather than from the *For Review* tab.

You'll then proceed in exactly the same way, editing the report code by drilling down in the appropriate list until you find an appropriate match.

Conclusion:

It's a good idea to check the *Report Codes* screen before running any important reports, and especially to ensure that there aren't any accounts under the *For Review* tab. This will help in ensuring that your reports are more closely generated in a format which is helpful to your reporting needs.

The attached appendix (end of this document) details all of the report codes assigned to your standard accounts.


ENTERING YOUR PARISH'S DETAILS INTO XERO'S DEFAULT SETTINGS

Background

This step is not a necessity so much as a convenience. Entering your Parish's details into the appropriate fields in Xero's Settings means that you don't have to enter them every time you generate a new report.

The Process

From the Settings menu, select *General Settings*, then from the *Reports* section on the right-hand side of the page, choose *Report Fields and Schedules*.



The screenshot shows the Xero navigation menu with 'Settings' selected. Below the menu, the 'General Settings' page is displayed, divided into two columns: 'Organisation' and 'Reports'. The 'Reports' column contains several options, with 'Report Fields & Schedules' highlighted in yellow.



Organisation	Reports
<p>☆ Organisation Settings Edit your organisation details.</p>	<p>★ Chart of Accounts Add, edit, archive, delete, import or export your accounts.</p>
<p>☆ Financial Settings Edit your financial settings such as tax period and lock dates.</p>	<p>☆ Tracking Manage tracking items for more powerful reporting.</p>
<p>★ Conversion Balances Update account balances from previous accounting systems.</p>	<p>☆ Report Codes Map the chart of accounts to practice-wide report codes.</p>
<p>★ Users Manage who has access to your organisation.</p>	<p>★ Report Fields & Schedules Enter details into fields set by your practice.</p>

Clicking on the line highlighted generates a list of reporting fields which are used commonly throughout your Xero reports (see next page). Entering the appropriate details into this list now means that those fields will populate automatically every time you run those reports, rather than you having to enter the details manually each time.

To edit a given line, click on it, type the details in the box, then click *Save*.

General Settings >

Report Fields & Schedules

 The report fields for XYZ Presbyterian Church have been updated. [Return to Dashboard](#) 

Practice: Presbyterian Church of Aotearoa

Fields		Schedules
Name	Content	Last edited
Additional Information	Any other information relating to church	(Avril Hillind) 30 Jun 2016
Email Address	xyz@presbyterian.org.nz	(Avril Hillind) 06 Aug 2014
Entity Structure	The church is one of 273 churches affiliated to the Presbyterian Church of Aotearoa New Zealand (P...	(Avril Hillind) 14 Jul 2016
Facebook	www.facebook.com/xyzpres	(Avril Hillind) 06 Aug 2014
Fax Number	(04) 477 5555	(Avril Hillind) 06 Aug 2014
Other Name Of Entity	XYZ Church	(Avril Hillind) 06 Aug 2014
Phone Number	(04) 477 4444	(Avril Hillind) 06 Aug 2014
Postal Address	PO Box XXX Wellington	(Avril Hillind) 16 Jul 2018
Registration Number	Charities Registration Number: CC 12345	(Avril Hillind) 02 Jul 2016
The Entitys Mission and Objectives	The church believes it is called by God to work with others in making Jesus Christ known through - T...	(Avril Hillind) 05 Jul 2016
The Entitys Reliance On Volunteers	The church relies on volunteer's time and expertise to fulfill its mission activities (children and youth ...	(Avril Hillind) 02 Jul 2016
The Main Methods Used By The Entity To Raise Funds	Fundraising including annual Fair, Quiz night and Bring and Buy sale; Donations and offerings	(Avril Hillind) 16 Jul 2018
The Main Source Of The Entitys Cash and Resources	Donations and offerings; Investment income; Income from services and activities including Cattle Sc...	(Avril Hillind) 16 Jul 2018
Twitter	@xyzpres	(Avril Hillind) 06 Aug 2014
Type Of Entity and Legal Basis	is a Church, established under the Presbyterian Church Property Trustees Act 1885. The rules of the ...	(Avril Hillind) 14 Jul 2016
Website	www.xyzpres.org.nz	(Avril Hillind) 06 Aug 2014

[Save](#) [Cancel](#)

GENERATING, EDITING AND REVIEWING YOUR PARISH'S END OF YEAR FINANCIAL STATEMENTS

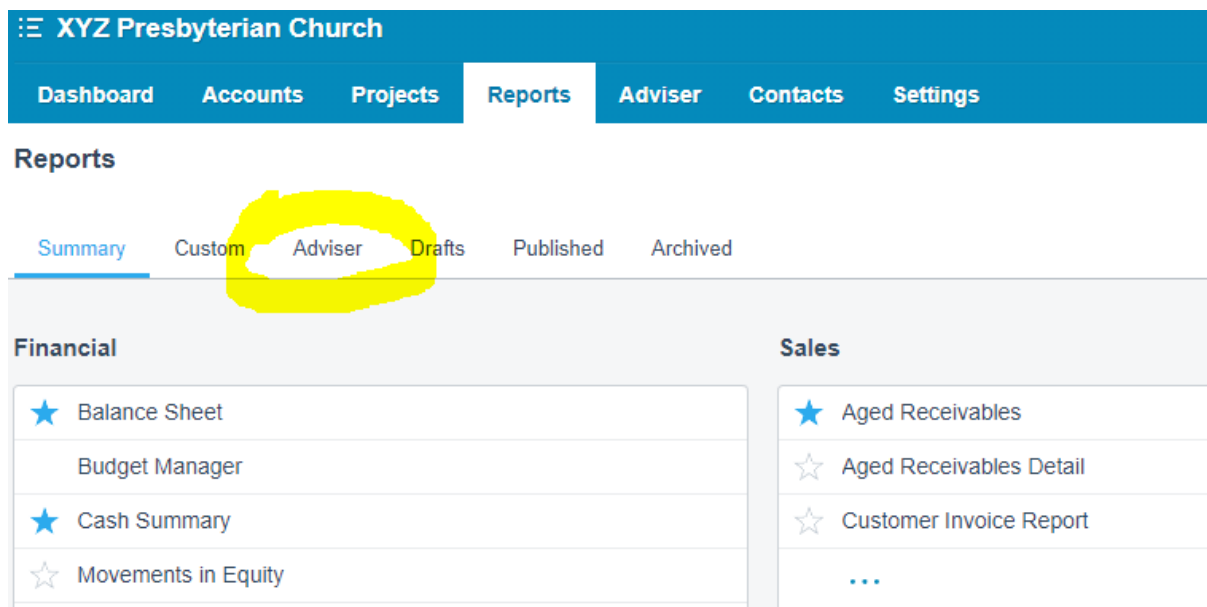
Background

If all of the previous steps have been correctly undertaken, this final step should be fairly straightforward. Nevertheless you'll always need to carefully review any financial reports generated from a purely commonsense point of view to ensure that they "look right". For example, if the report shows that you have achieved a very much higher profit than you expected, it would always be a good idea to carefully examine the figures to ensure that nothing has found its way into the wrong section of a report to distort the end result.

The Process

If it's your first time generating financial reports from Xero:

From the *Reports* menu at the top of the screen select *All Reports*, then choose the *Adviser* tab.



The screenshot shows the Xero interface for 'XYZ Presbyterian Church'. At the top, there is a navigation bar with the following tabs: Dashboard, Accounts, Projects, Reports, Adviser, Contacts, and Settings. The 'Reports' tab is currently selected. Below this, there is a sub-menu for 'Reports' with the following options: Summary, Custom, Adviser, Drafts, Published, and Archived. The 'Adviser' option is highlighted with a yellow circle. Below the sub-menu, there are two columns of report options: 'Financial' and 'Sales'. The 'Financial' column includes: Balance Sheet (with a blue star), Budget Manager, Cash Summary (with a blue star), and Movements in Equity (with a grey star). The 'Sales' column includes: Aged Receivables (with a blue star), Aged Receivables Detail (with a grey star), Customer Invoice Report (with a grey star), and a three-dot menu icon.

From the list of reports displayed, select the Report Template called *PCANZ – Annual Report Tier 3* or *PCANZ Performance Report Tier 4* as appropriate. Other options include the financial statistics report which can be prepared separately.

Reports

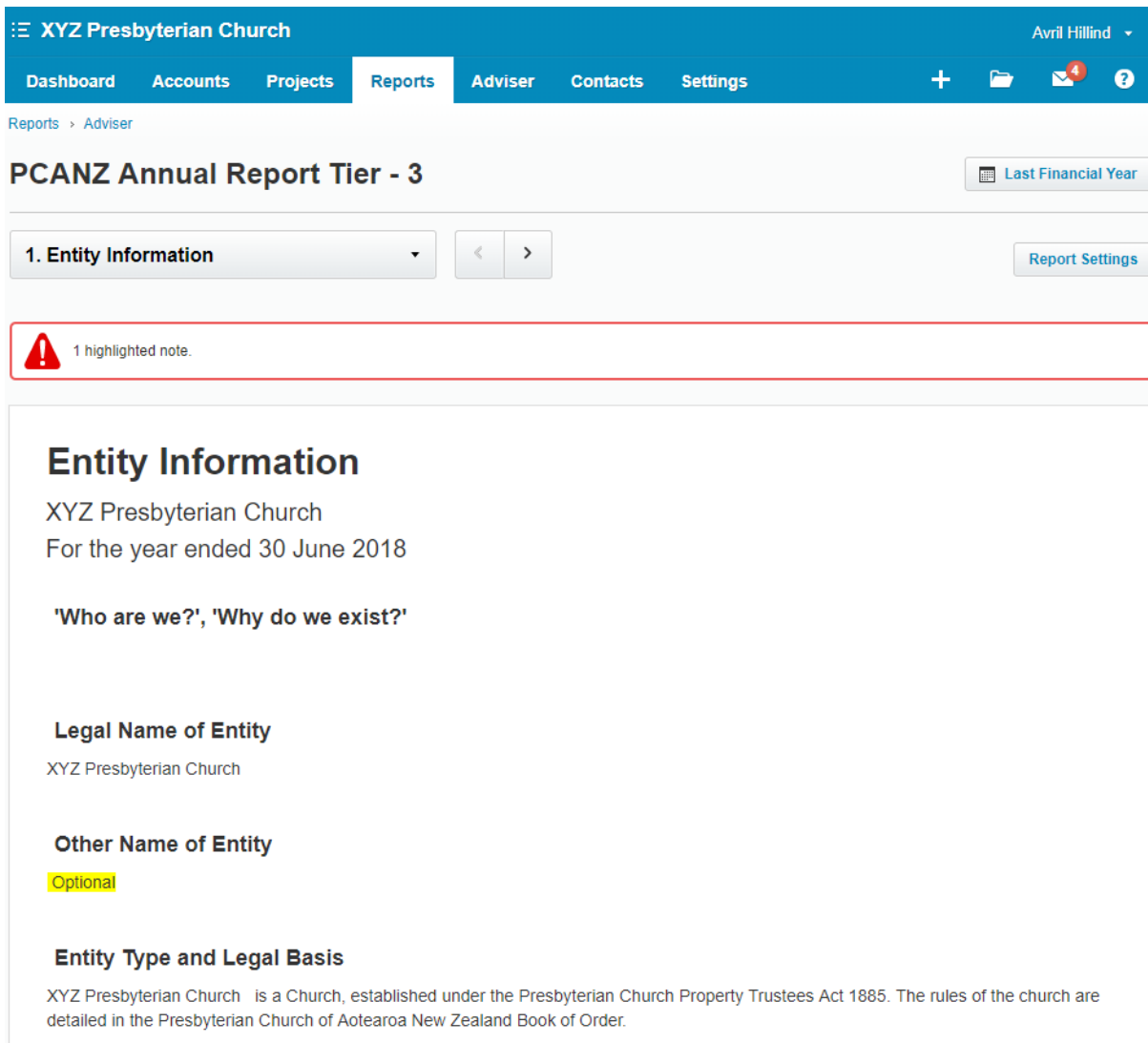
Summary Custom **Adviser** Drafts Published Archived

Presbyterian Church of Aotearoa

- ★ Financial Statistics
- ☆ Head Office - Monthly Report
- ☆ Head Office - PCANZ Cost Centre Report
- ☆ Interim Report Pack
- ☆ Management Accounts
- ☆ Monthly Management Accounts Template
- ☆ New Interim Report compared to budget from July 16
- ☆ New Interim Report From July 2016
- ☆ PCANZ Annual Report Tier - 3
- ☆ PCANZ Performance Report Tier 4

The report will open on its front page, Entity Information.

Even though you may have completed all of the Parish's information in the Reporting Fields and Schedules setting, there will still sometimes be other fields offered to you by Xero, or needing additional information. In the example over the page, this extra field is "Other Name of Entity". Where this is the case, an alert will be displayed at the top of the page (refer to example on the following page). The alert will not disappear until you have either deleted the note or completed it.



Make sure the **report date** is correct, it will default to the last financial year. If this not correct click the button in the top right-hand corner of the screen to amend, and update.

Now click on Report Settings, and ensure that it is set to compare with **1 previous period**. Choose Accrual (Tier 3) or Cash (Tier 4) accounting, and select “Show Decimals” if wanted. Click *Update* to save your choices.

Before doing anything further, click the **Save Draft** button at the bottom of the page. This has created your working draft that you can keep coming back to and updating until your financial reports are completed, signed off and closed off for the year.

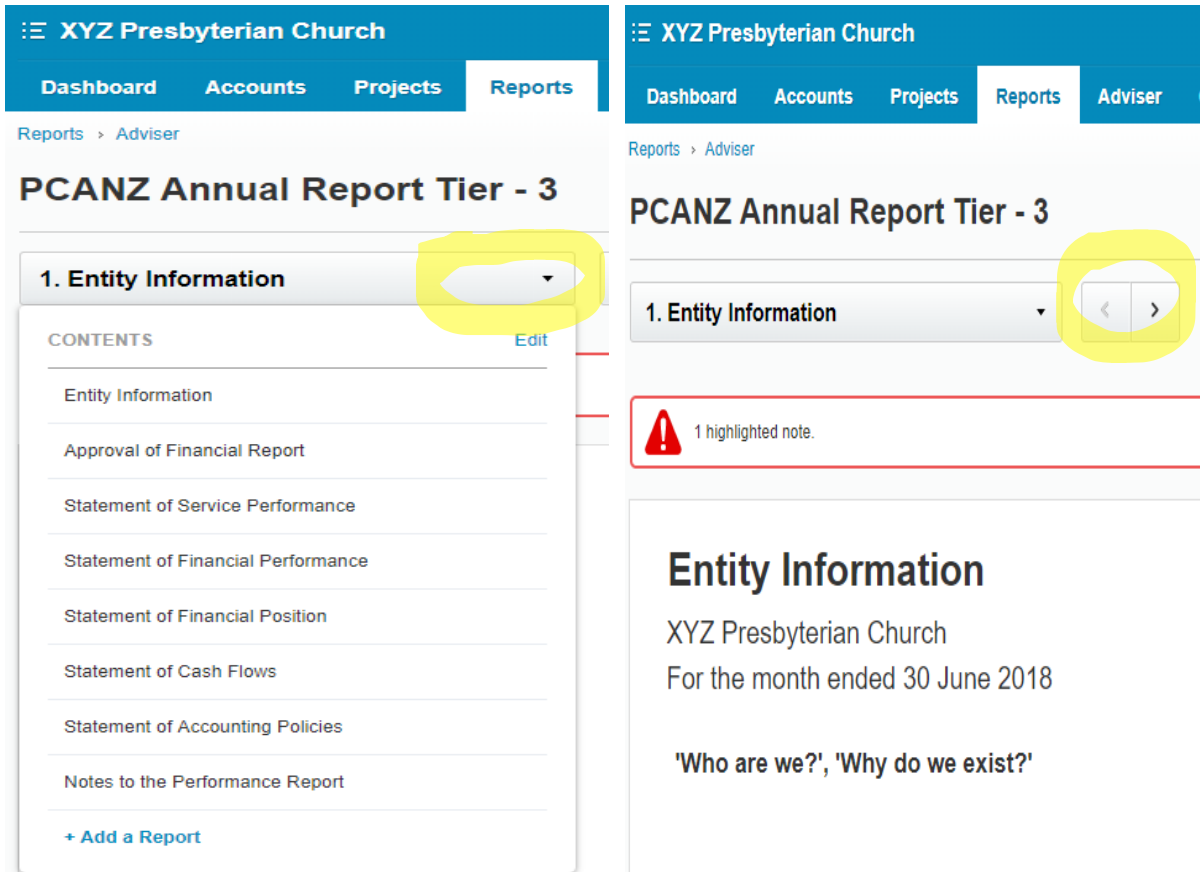
IMPORTANT:

Click Save Draft often when working on your financial reports; if you don't, any edits or changes you have made will be lost.

In future, when you want to open your saved draft, go to the Reports menu, choose All Reports, then (rather than going to the Adviser tab), go to **Drafts**. Your saved draft will now be there.

Edit your report

Now navigate through each page of the report, either selecting pages from the drop-down list at the top left of the page, or by clicking on the right or left arrows, which takes you a single page forwards or backwards.

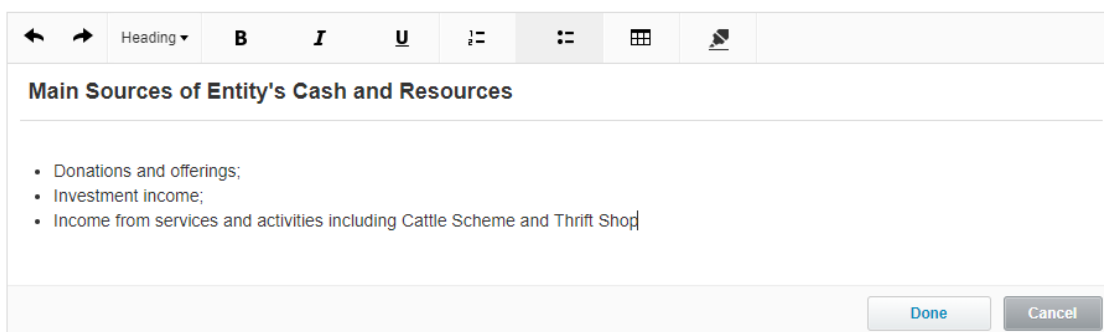


In the non-financial sections of the report, each paragraph has its own text box. Most of these will have populated from the information you have already entered, but if you want to edit the text, click in the box to do so, then click *Done* to save your edits.

Entity Structure

The church is one of 273 churches affiliated to the Presbyterian Church of Aotearoa New Zealand (PCANZ). It is guided by the provisions of the PCANZ Book of Order, however the church is autonomous and governance is the responsibility of a church council, which is elected by members.

The church entity incorporates the following associated Trusts and entities (list).



At the risk of repeating ourselves – after you have made any edits at all, always click on **Save Draft** at the bottom of the screen.

Check all of the financial sections of the report. At this stage, we assume that these have all been checked, reconciled where appropriate, and finalised, so there should not be any surprises. If there are, we strongly recommend checking them out. The other aspect to check carefully is the comparison to the previous year's figures; if there are major variances, these would also bear checking.

Note that you can drill down on any of the figures in the financial reports by clicking on the blue figures in the report. If you hold down the Control key, an *Account Transactions* summary for the account will display on a separate tab, so you don't lose your report display while checking details.

Statement of Financial Position

XYZ Presbyterian Church
As at 30 June 2018

'What the entity owns?' and 'What the entity owes?'

Assets	Notes	30 Jun 2018	31 May 2018
Current Assets			
Bank Accounts and Cash	3	43,288.90	43,288.90
Receivables and Prepayments	3	9,850.00	9,850.00
Goods and services tax		9,299.09	9,299.09
Total Current Assets		62,437.99	62,437.99

Provided all of the financial details have been checked and you are satisfied that they are accurate, the last thing to check is the *Notes to the Accounts*. The summary figures in the Notes to the Accounts **must** be equal to the corresponding figures in the Statements of Financial Performance, Statement of Income and Expenditure, Statement of Financial Position etc.

How will the procedure for generating my end of year reports change if it's NOT my first year of financial reporting?

When you have already finalised and published financial reports, you can choose the previous year's report (from the *Published* tab, alongside the *Draft* and *Adviser* tabs you've already seen).

You can then click on the Copy and Edit button at the bottom left of the report, and then continue as per the rest of the procedure above.

PUBLISHING AND LOCKING YOUR DATA

Background

Once your financial statements are completed and signed off, you'll want to ensure that they are saved and cannot be further edited or changed in any way.

The Process

If your auditor requires any adjustments either edit the original transaction (always the preferred option) or enter a manual journal following their instructions.

Then return to your edited draft report (Reports menu, All Reports, Draft), and choose **Publish**. Immediately you click on the Publish button, Xero will display a page of options for how you would like your financial report "styled".

[Reports](#) >

Publish

Cover page

Title	Annual Report - Public Benefit Entity Tier 3	<div style="border: 1px solid #ccc; padding: 5px;"> <p>Annual Report - Public Benefit Entity Tier 3</p> <p>XYZ Presbyterian Church As at 30 June 2018</p> <p><small>Prepared by Presbyterian Church of Aotearoa</small></p> </div> <p><input checked="" type="checkbox"/> Include cover page</p>
Date	As at 30 June 2018	
Organisation	XYZ Presbyterian Church ▼	
Prepared By	Presbyterian Church of Aotearoa ▼	

Contents

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10px;">☰</td> <td>Entity Information</td> <td style="text-align: right;">Edit ▼</td> </tr> <tr> <td>☰</td> <td>Approval of Financial Report</td> <td style="text-align: right;">Edit ▼</td> </tr> <tr> <td>☰</td> <td>Statement of Service Performance</td> <td style="text-align: right;">Edit ▼</td> </tr> <tr> <td>☰</td> <td>Statement of Financial Performance</td> <td style="text-align: right;">Edit ▼</td> </tr> <tr> <td>☰</td> <td>Statement of Financial Position</td> <td style="text-align: right;">Edit ▼</td> </tr> <tr> <td>☰</td> <td>Statement of Cash Flows</td> <td style="text-align: right;">Edit ▼</td> </tr> <tr> <td>☰</td> <td>Statement of Accounting Policies</td> <td style="text-align: right;">Edit ▼</td> </tr> <tr> <td>☰</td> <td>Notes to the Performance Report</td> <td style="text-align: right;">Edit ▼</td> </tr> </table>	☰	Entity Information	Edit ▼	☰	Approval of Financial Report	Edit ▼	☰	Statement of Service Performance	Edit ▼	☰	Statement of Financial Performance	Edit ▼	☰	Statement of Financial Position	Edit ▼	☰	Statement of Cash Flows	Edit ▼	☰	Statement of Accounting Policies	Edit ▼	☰	Notes to the Performance Report	Edit ▼	<div style="border: 1px solid #ccc; padding: 5px;"> <p>Contents</p> <ul style="list-style-type: none"> • Entity Information • Approval of Financial Report • Statement of Service Performance • Statement of Financial Performance • Statement of Financial Position • Statement of Cash Flows • Statement of Accounting Policies • Notes to the Performance Report <p><input checked="" type="checkbox"/> Include contents page</p> </div>
☰	Entity Information	Edit ▼																							
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☰	Statement of Accounting Policies	Edit ▼																							
☰	Notes to the Performance Report	Edit ▼																							

Edit the various settings so that the report appears as you would like it to, then click on **Save**. The report will now appear in the *Reports* menu, *All Reports*, but under the *Published* tab, rather than *Drafts* or *Adviser* as previously.

Lock Your Accounting Data

Go to *Settings*, *General Settings*, then *Financial settings*. Enter the last day of the Financial year you have finalised in the *Lock Dates*, then choose **Save**.

[General Settings](#) >

Financial Settings

Financial Year End

30 June [Change](#)

GST

GST Basis	GST Period	GST Number
Payments Basis ▾	2 Monthly ▾	<input type="text"/>

Tax Defaults

For Sales
 ▾ Includes invoices, quotes, credit notes and receive money items

For Purchases
 ▾ Includes bills, purchase orders, credit notes, and spend money items

Lock Dates [?]

Lock dates stop data from being changed for a specific period. You can change these at any time.

Stop all users (except advisers) making changes on and before
 ▾

Stop all users making changes on and before
 ▾

Time zone

▾