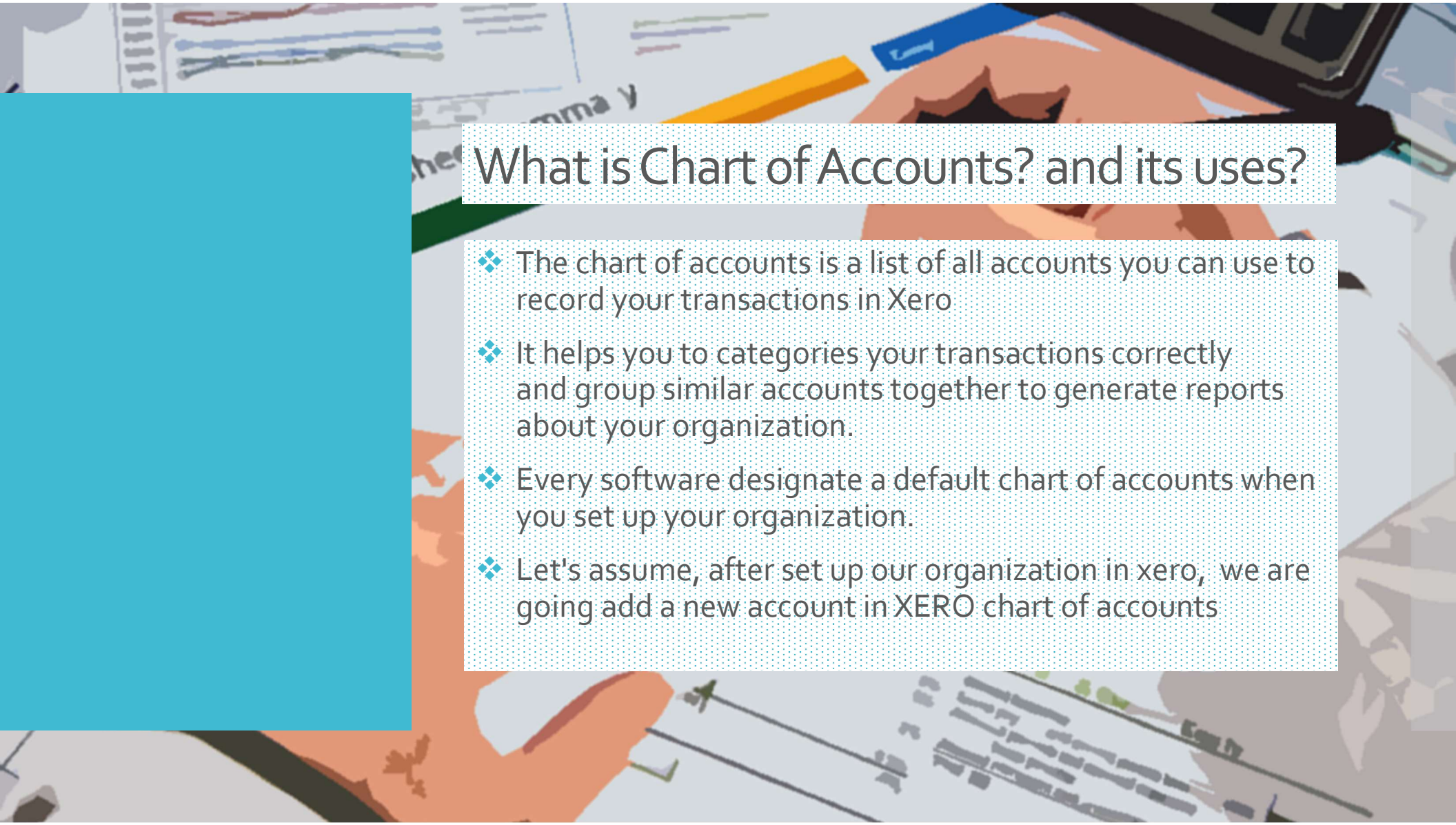
How to add a new account to the chart of accounts?

- In XERO Accounting Software

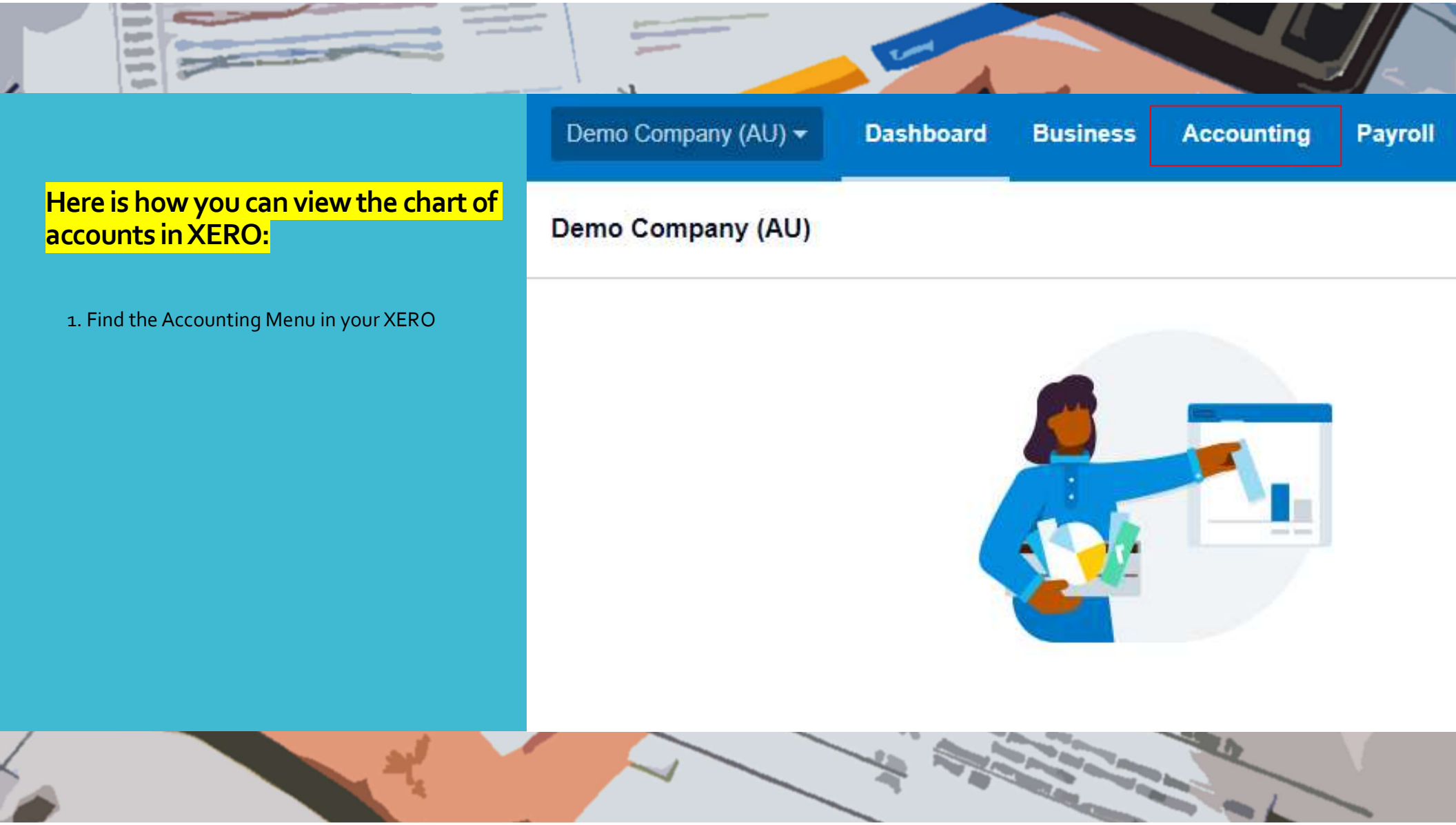


What is Chart of Accounts? and its uses?

- The chart of accounts is a list of all accounts you can use to record your transactions in Xero
- It helps you to categories your transactions correctly and group similar accounts together to generate reports about your organization.
- Every software designate a default chart of accounts when you set up your organization.
- Let's assume, after set up our organization in xero, we are going add a new account in XERO chart of accounts

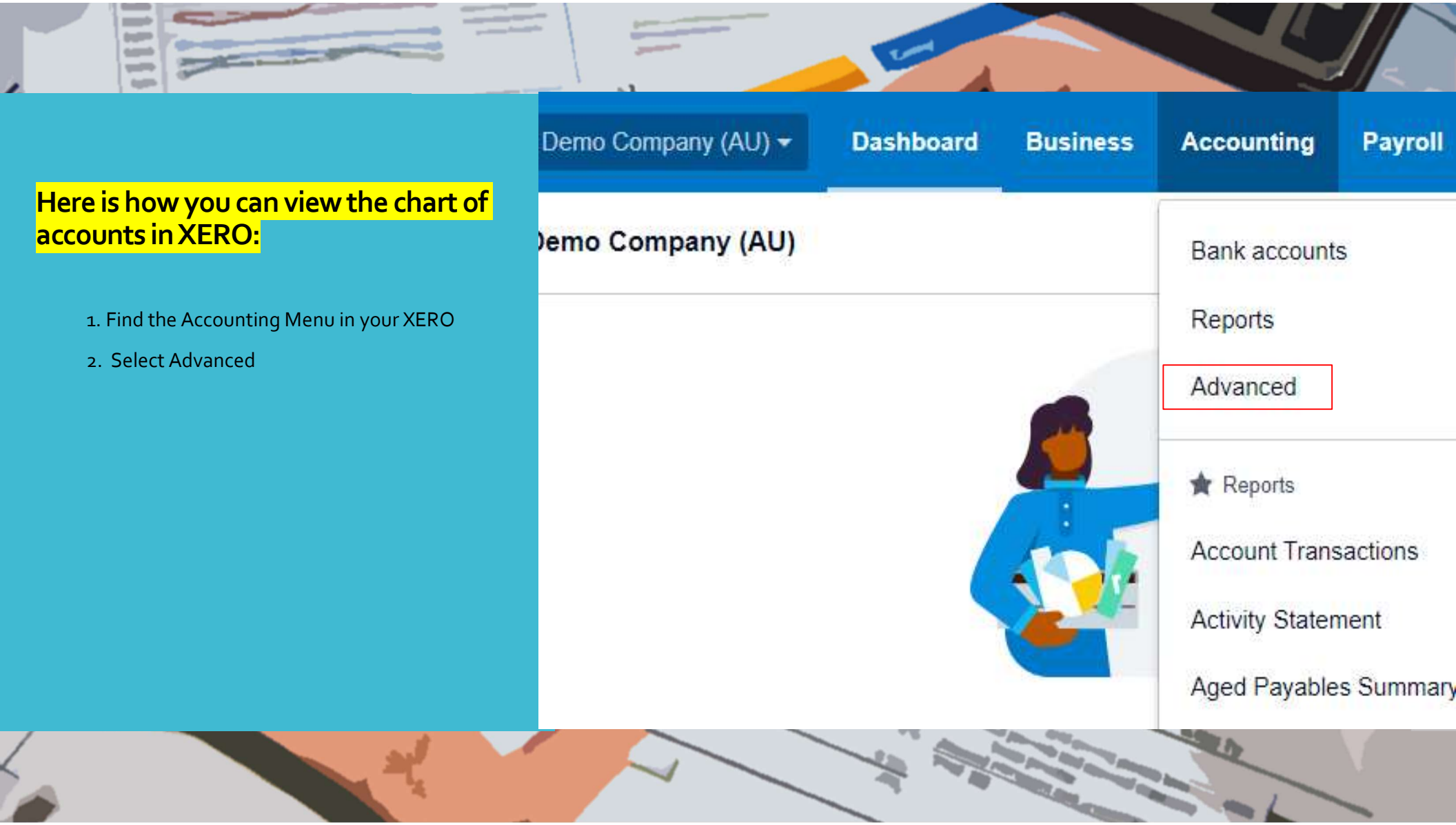
Here is how you can view the chart of accounts in XERO:

1. Find the Accounting Menu in your XERO



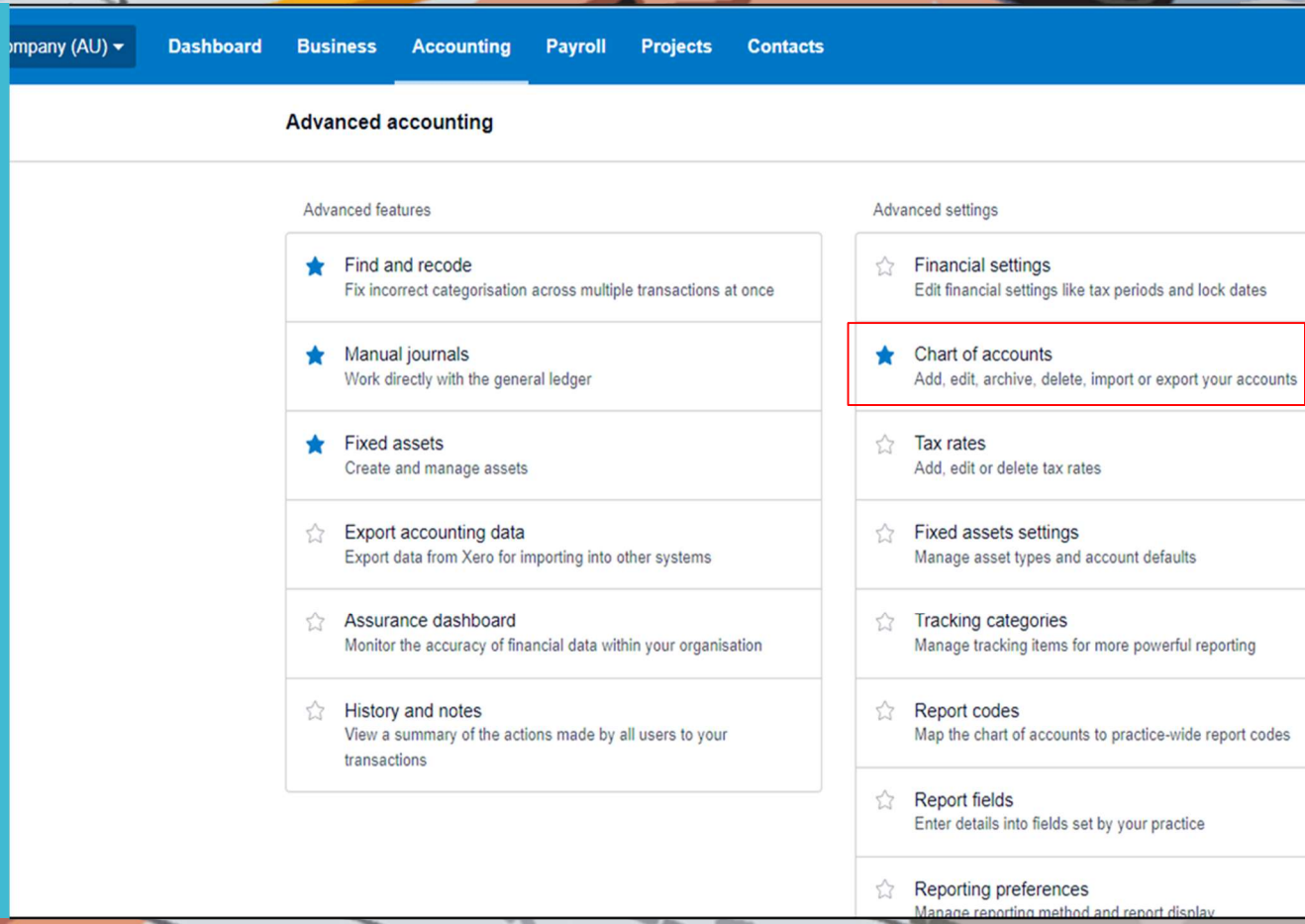
Here is how you can view the chart of accounts in XERO:

1. Find the Accounting Menu in your XERO
2. Select Advanced



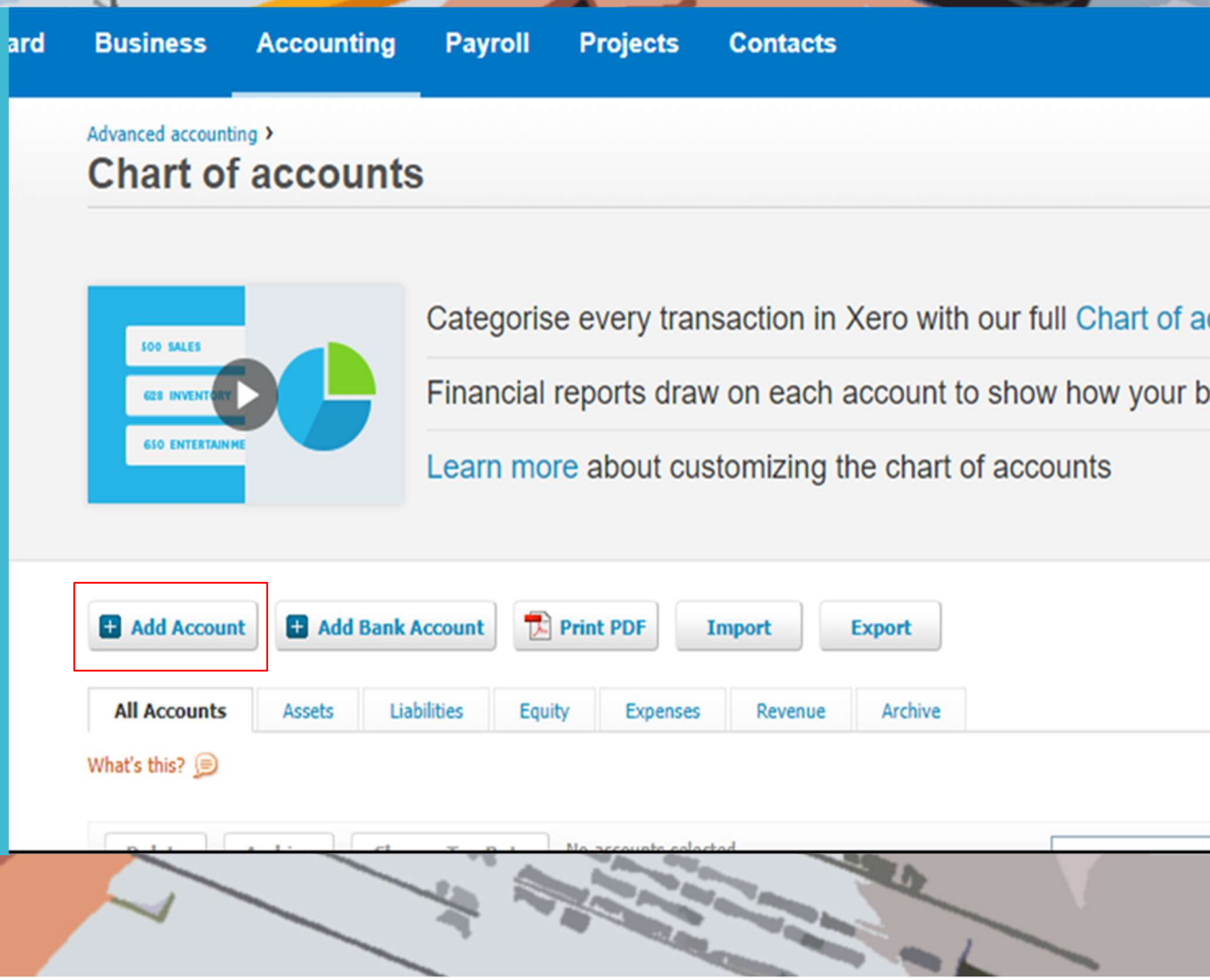
Here is how you can view the chart of accounts in XERO:

1. Find the Accounting Menu in your XERO
2. Select Advanced
3. Then click Chart of Accounts



From here you can see the Add Account Tab :

1. Click Add Account



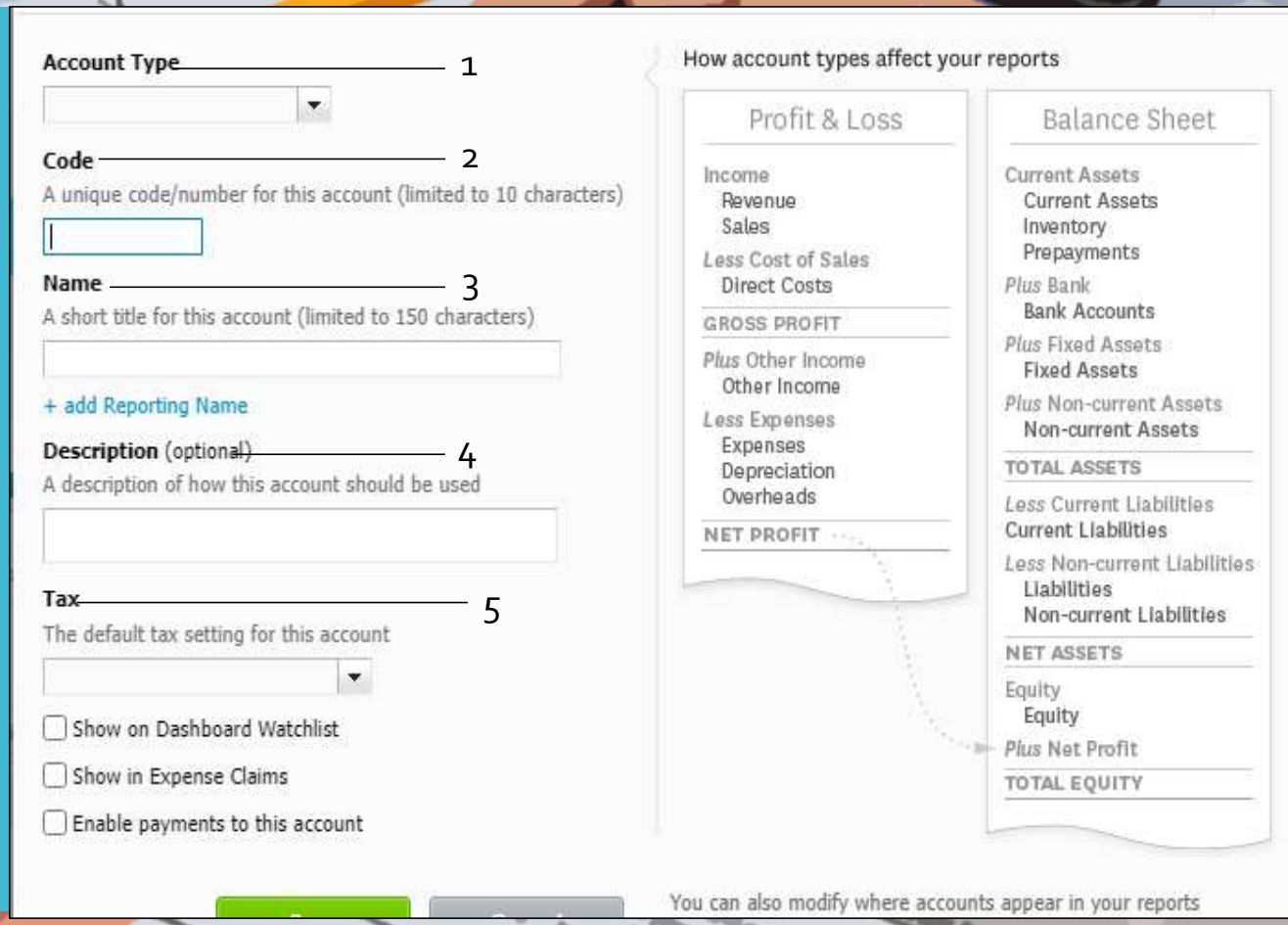
From here you can see the Add Account Tab :

1. Click Add Account

2. Enter the Components of your account

> Every account in your chart of accounts has several components which you can use to learn more about the account.

In the next slide you will see components of an account in your chart of accounts



1. Account Type:

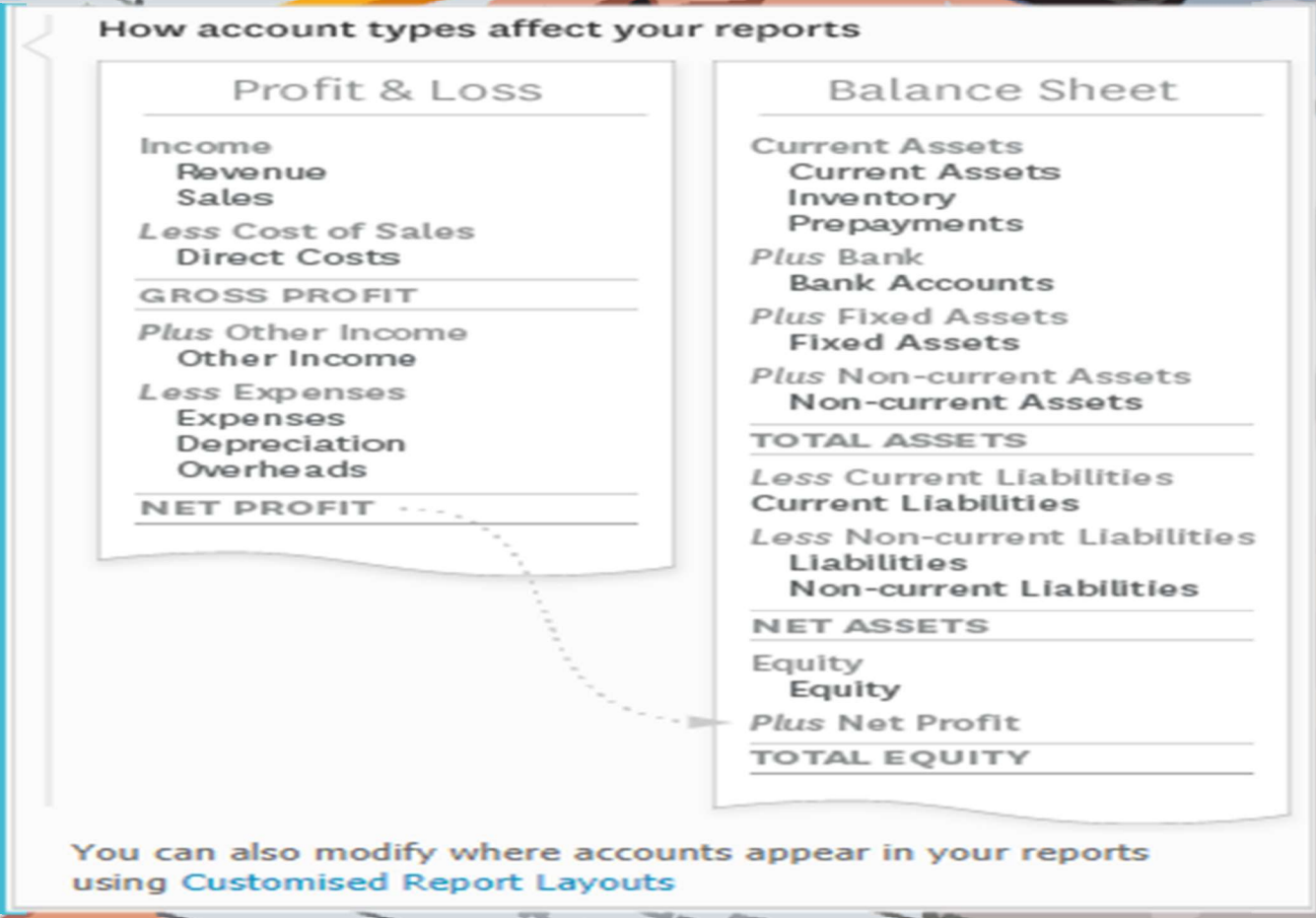
> Each account has an account type which xero uses to determine where the account appears in our financial reports

For E.g., If you're earning income from business activity and we should have code it to an account with the Revenue Type.

Account types in Xero are arranged in 5 categories as below:

a. Assets

- Bank
- Current Assets
- Fixed Assets
- Inventory
- Non-Current Assets
- Prepayments



b. Liabilities

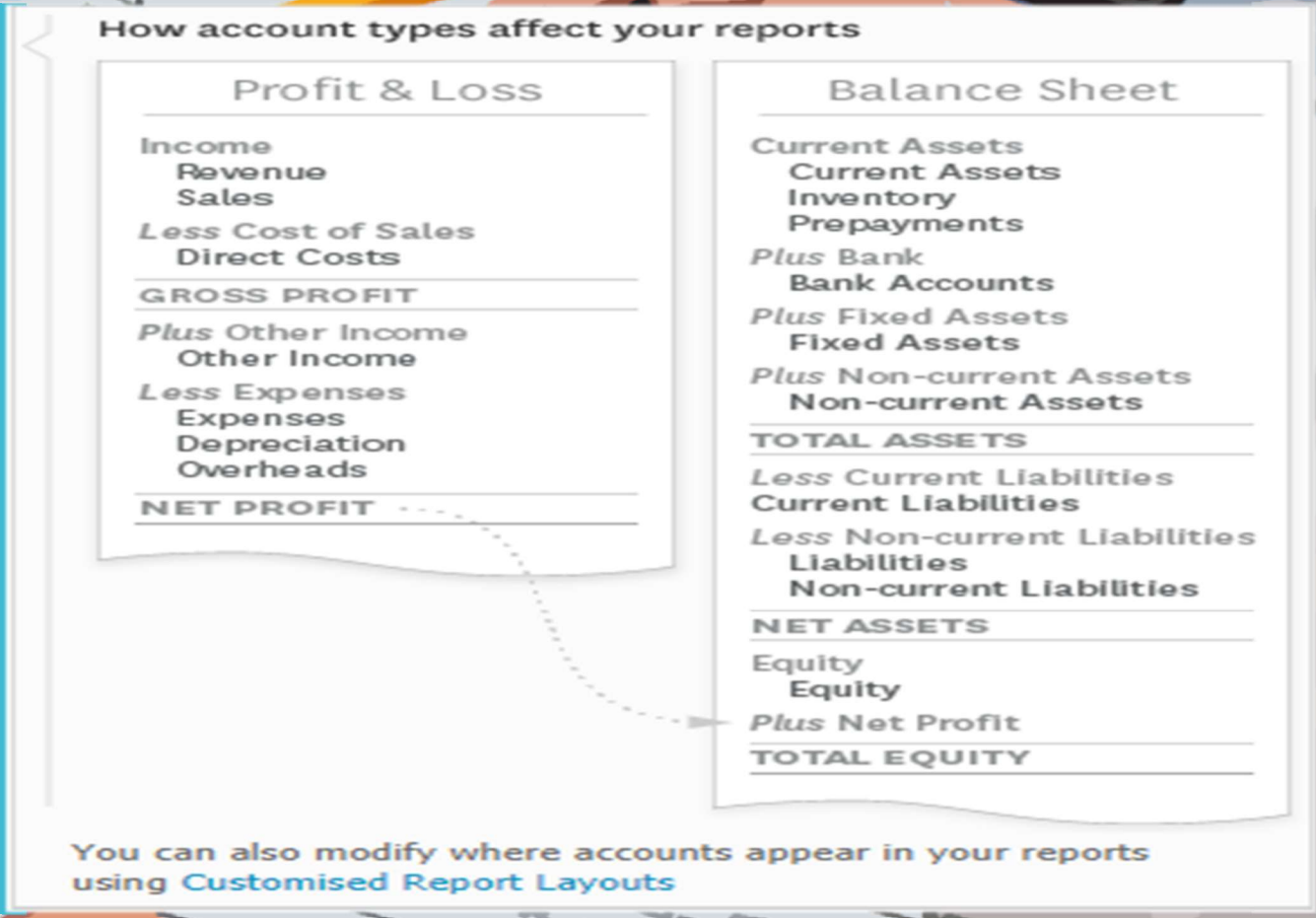
- Current Liability
- Liability
- Non – current Liability

Xero treats Liability And Non-Current Liability identically. You can choose which type to allocate to your account

c. Expenses

- Depreciation
- Direct Costs
- Expense
- Overhead

Xero treats Expense and Overheads accounts identically. You can choose which type to allocate to your account.



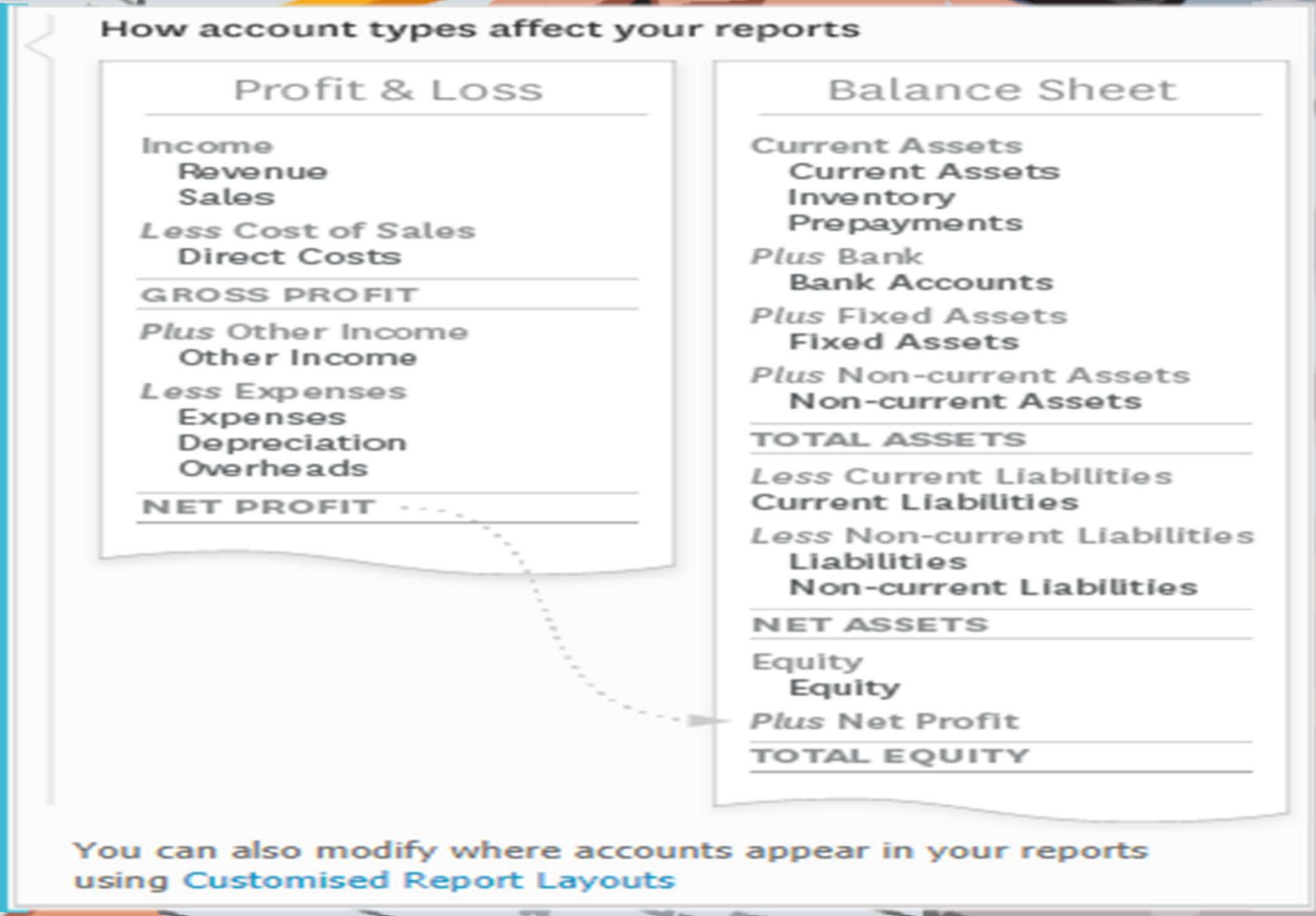
d. Equity

- Equity

e. Revenue

- Revenue
- Other Income
- Sales

Xero treats Revenue and Sales accounts identically. You can choose which type to allocate to your account.



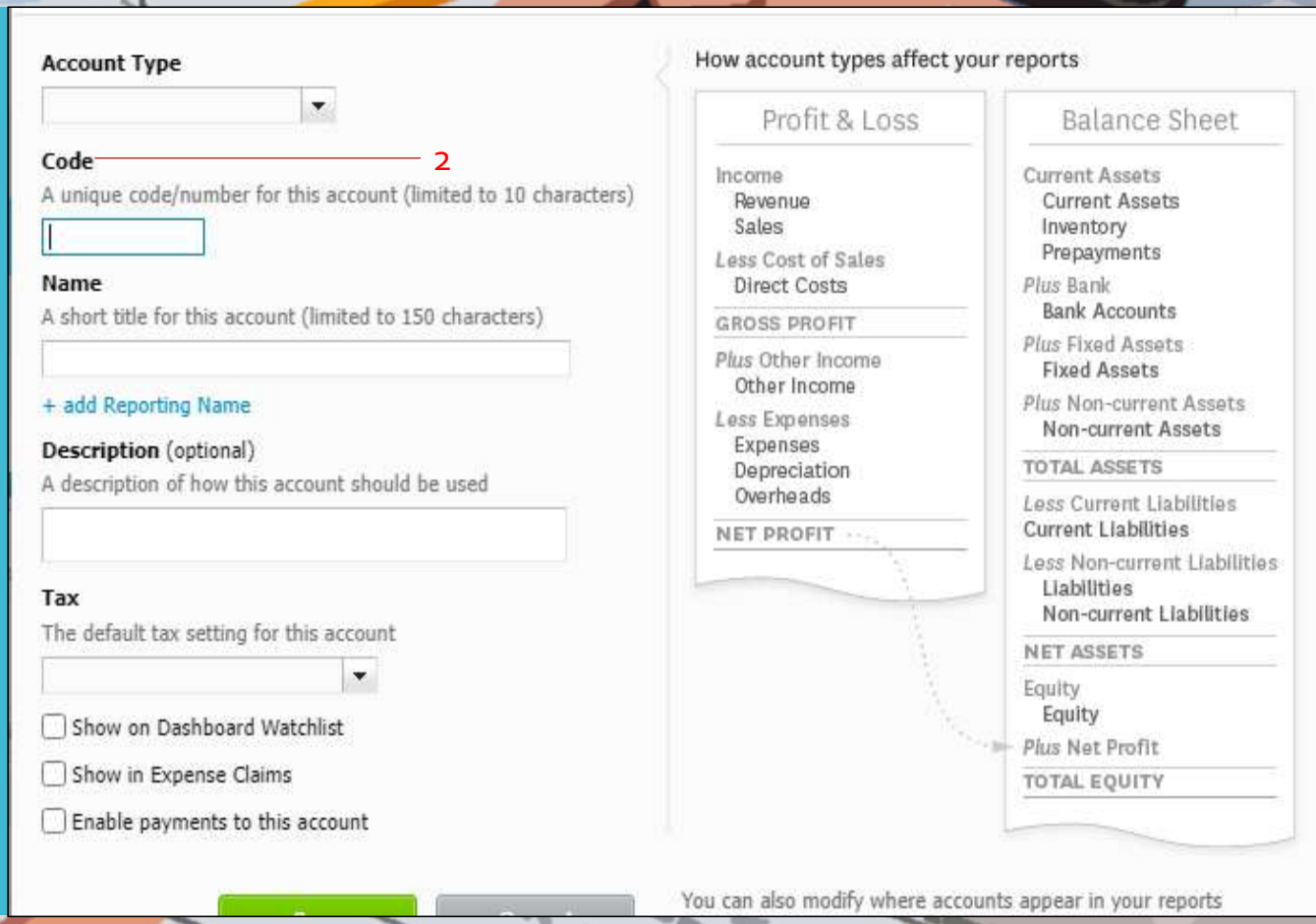
2. Code:

> Code is a numbering system for the chart of accounts.

>Each account has an account code of up to 10 characters. You can use any code for an account as long as it's unique.

> As we have seen above account types, the accounts are usually come with an account code and having a set ranges for all the categories as follows

- Assets (600 – 799)
- Liabilities (800 – 899)
- Equity (900-999)
- Revenue (200-299)
- Expenses (300-499)



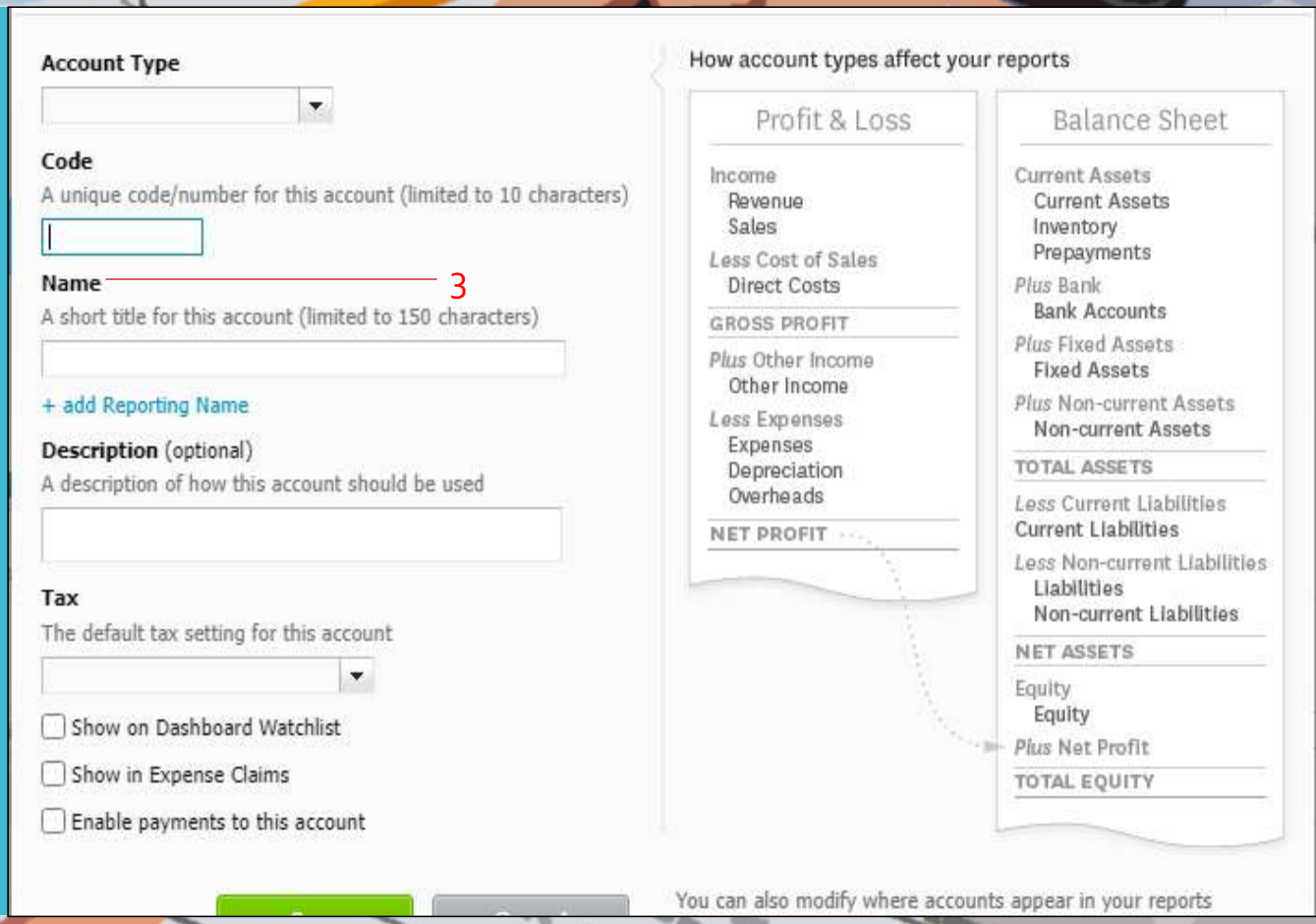
2. Name:

>You can set a preferable name and description of your account.

>It will appear on the P&L statement and Balance sheet.

>You can name it anything but make it logical so that is easier and less time-consuming to understand why this account is maintained for.

For e.g., If I am purchasing materials for my business, I can name the expenses account as " Materials and Supplies and record the transactions under the account that will be easer to understand the account nature.



4. Description:

> Account Description is Optional; You can give brief description about the account you created.

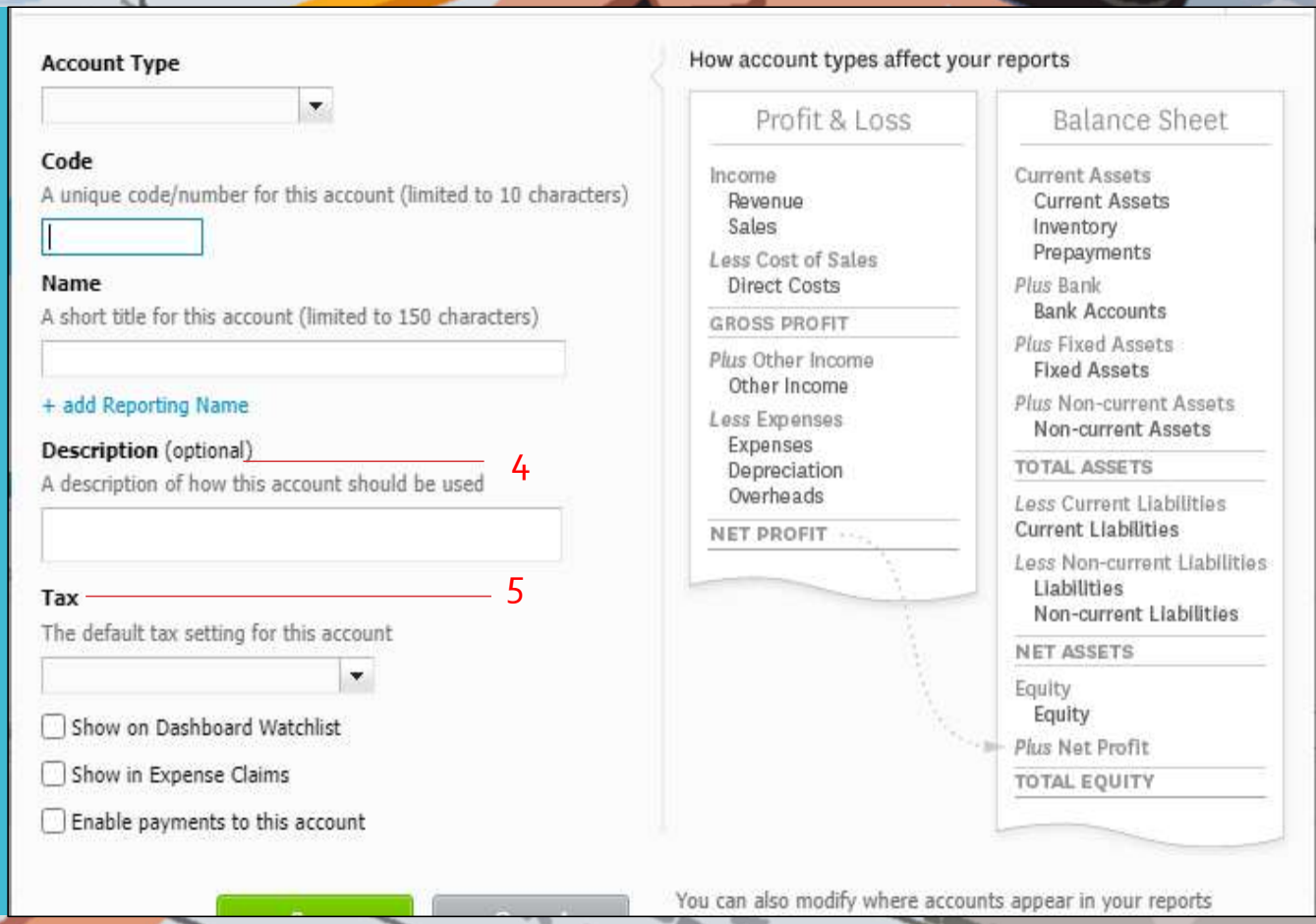
5. Tax Rate

> The tax rate determines how xero treats the transactions for GST purpose;

To Account for GST Requirements, the following tax rates are available in Xero:

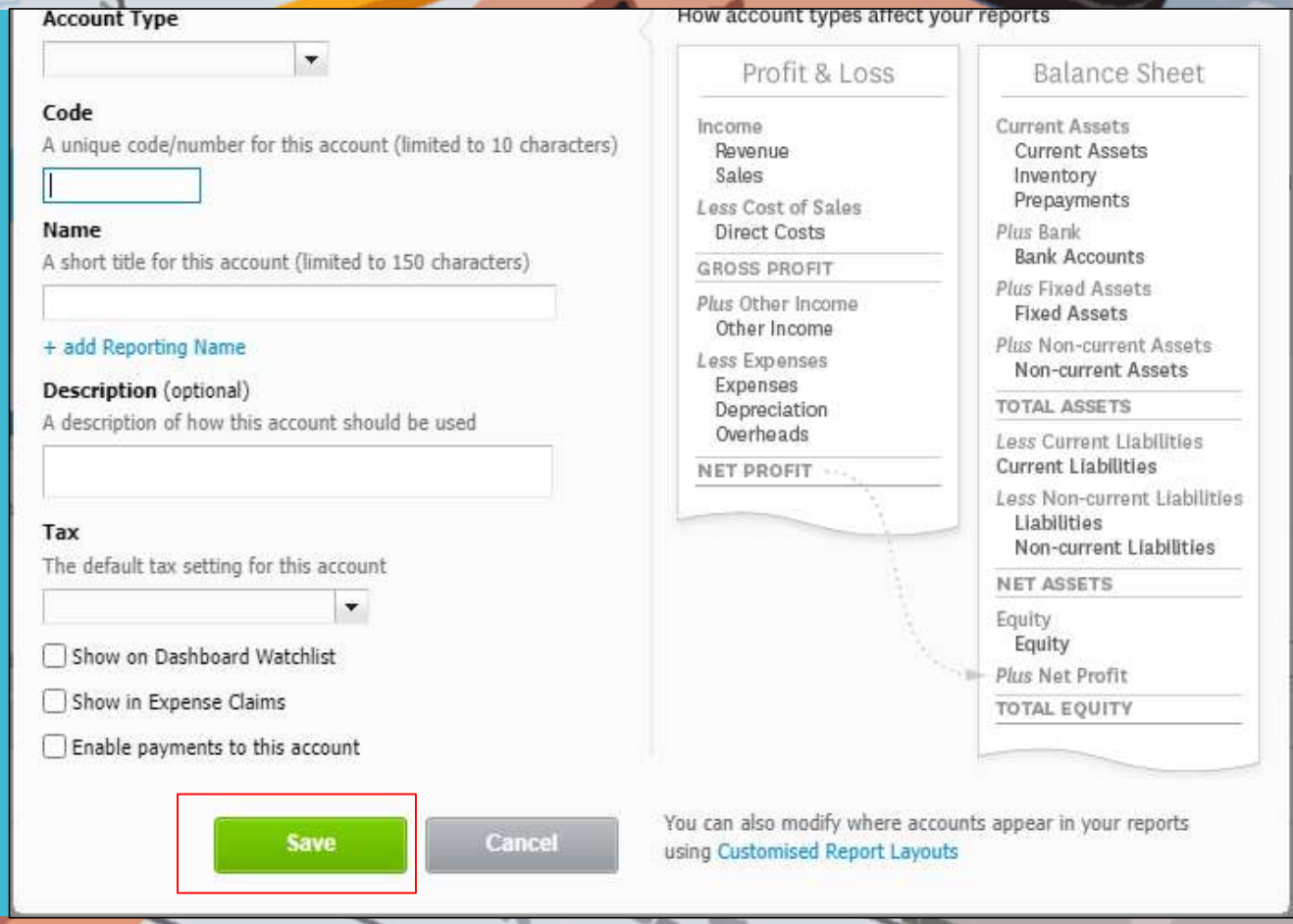
1. 10% GST on Expenses
2. 10% GST on Income
3. GST on Imports
4. GST free income and Expenses
5. BAS Excluded

> You can choose the tax rate for the account based on the account type.



After updating all the details of the components in the dialogue box, Don't forget to click save.

This is how you can create a new account to the chart of accounts based on your needs.





Thank-you