Efficient Primary Producer Bookkeeping in Xero: Streamlining Financial Management for Agricultural Success



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Who is a Primary Producer?

Primary producers run a business of plant or animal cultivation, fishing or pearling, or tree farming or felling.(e.g., Farmers, Fishers etc.)

A primary producer is carrying on a business of Maintaining animals for the purpose of selling them or their bodily produce, including natural increase. Manufacturing dairy produce from raw materials they have produced. Cultivating or propagating plants, fungi or their products in any physical environment.

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Valuing livestock

- **Stock on hand**

You can choose to value livestock on hand at the end of the income year at cost, market selling value or replacement value. An additional option is available for certain horse breeding stock.

- **Bees**

Entities carrying on a business of beekeeping for the purpose of honey production are required to account for bees on hand as trading stock. You may be eligible to use a simplified practice of valuing a live hive rather than accounting for the individual bees

- **Natural increase**

The cost of an animal you hold as livestock that you acquired by natural increase is whichever of these you elect:

- actual cost of the animal, or
- cost prescribed by the regulations
    1. cattle, horses and deer $20
    2. pigs $12
    3. goats and sheep $4
    4. poultry 35 cents.

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PAYG Instalments: Special Rules for Primary Producers

1. Averaging provisions:

Tax averaging provisions even out your income and tax payable (over a maximum of 5 years) to allow for good and bad years. This ensures you don't pay more tax over time than taxpayers on comparable, stable incomes.

2. Forced disposal of livestock:

- If you are forced to dispose of livestock, you can choose to spread any profit earned from the disposal over a period of 5 years.
- Alternatively, you can choose to defer the profit and use it to reduce the cost of replacement livestock in the disposal year or the next 5 income years

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3. Farm management deposits scheme:

Farm management deposit accounts are commercial products offered by financial institutions and coordinated by the Australian Government Department of Agriculture, Fisheries and Forestry designed to enable primary producers to deal with uneven income flows by making deposits during prosperous years and receiving repayments during less prosperous years..

Basic rules of the FMD scheme

The basic rules of the FMD scheme for 2022–23 are:

- The deposit must be made with an FMD provider
- The owner of the deposit must be a primary producer when the deposit is made
- The deposit must be made on behalf of only one person (deposits by 2 or more persons jointly, or made on behalf of 2 or more persons, are not recognized as FMDS)

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4. Payment options:

As a primary producer, a range of PAYG instalment payment options are available so that when and how much you pay aligns with changes in your income.

5. Capital expenditure of primary producers and other landholders:

A deduction is available for capital expenditure incurred by primary producers and other landholders on:

- Landcare operations
- Connection of a mains electricity cable to a metering point or the upgrading of a connection, provided the electricity is used for a taxable purpose, and
- A telephone line brought on or extending to land used in a primary production business.

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Why is it necessary to Maintain books for primary producer ?



Efficient primary producer bookkeeping offers a solution to optimize day-to-day operations.



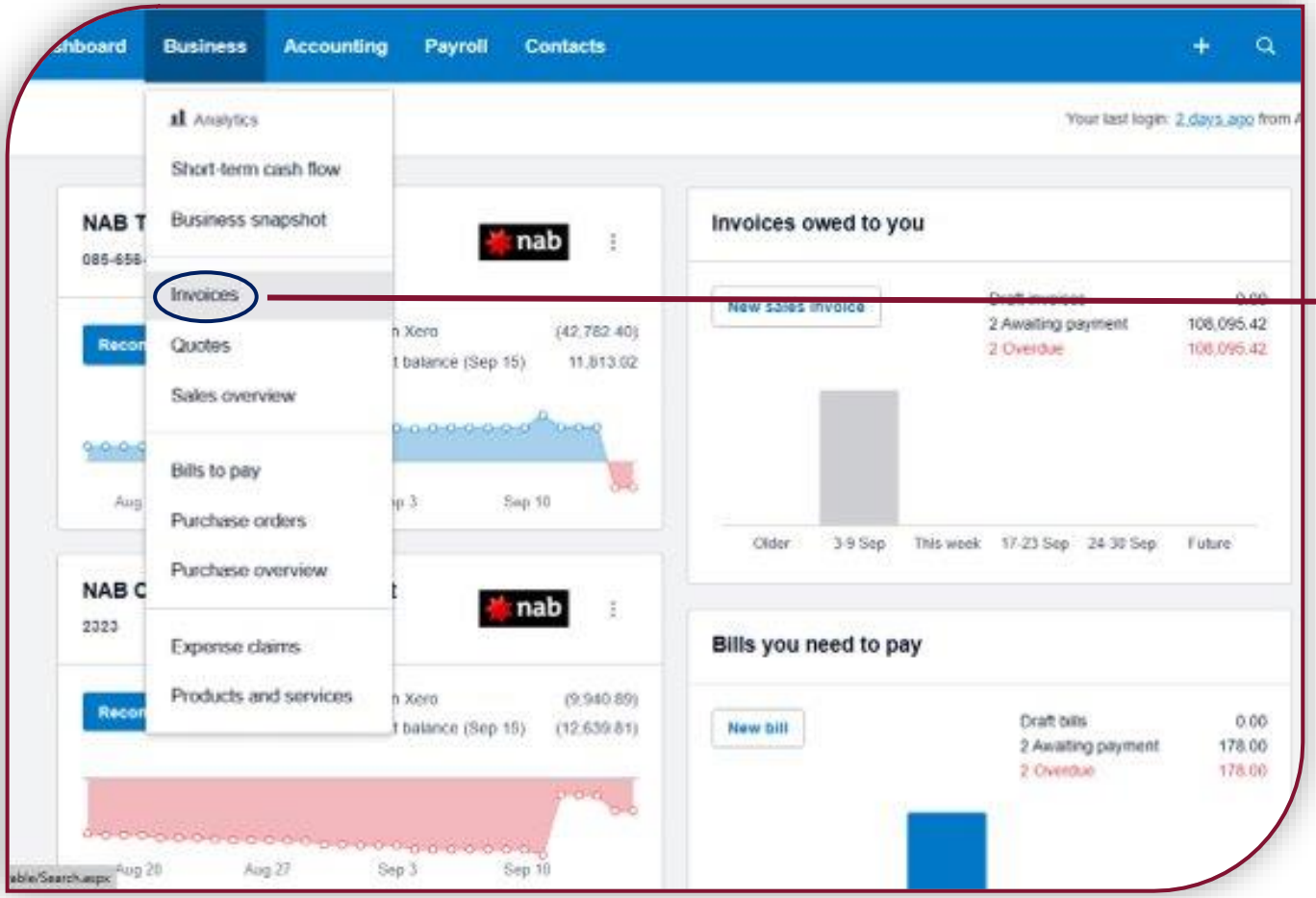
It simplifies tracking income and expenses, managing invoices, and reconciling bank accounts



Primary producers have the same record keeping obligations as businesses. However, there are some special considerations for primary producers.

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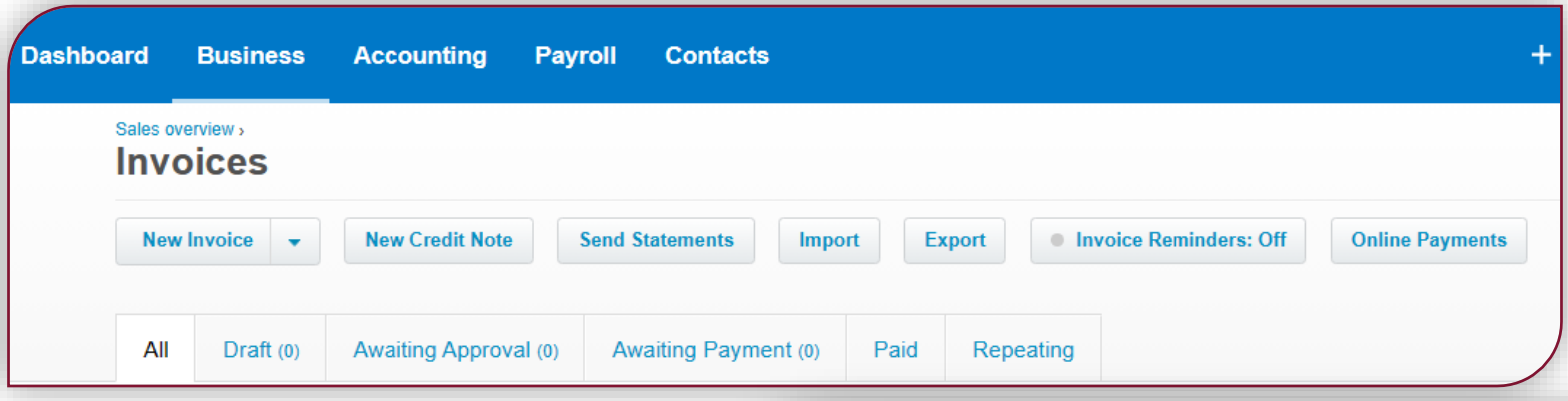
How to create sales invoice in Xero?



Click invoices icon under Business tab to create sales invoice

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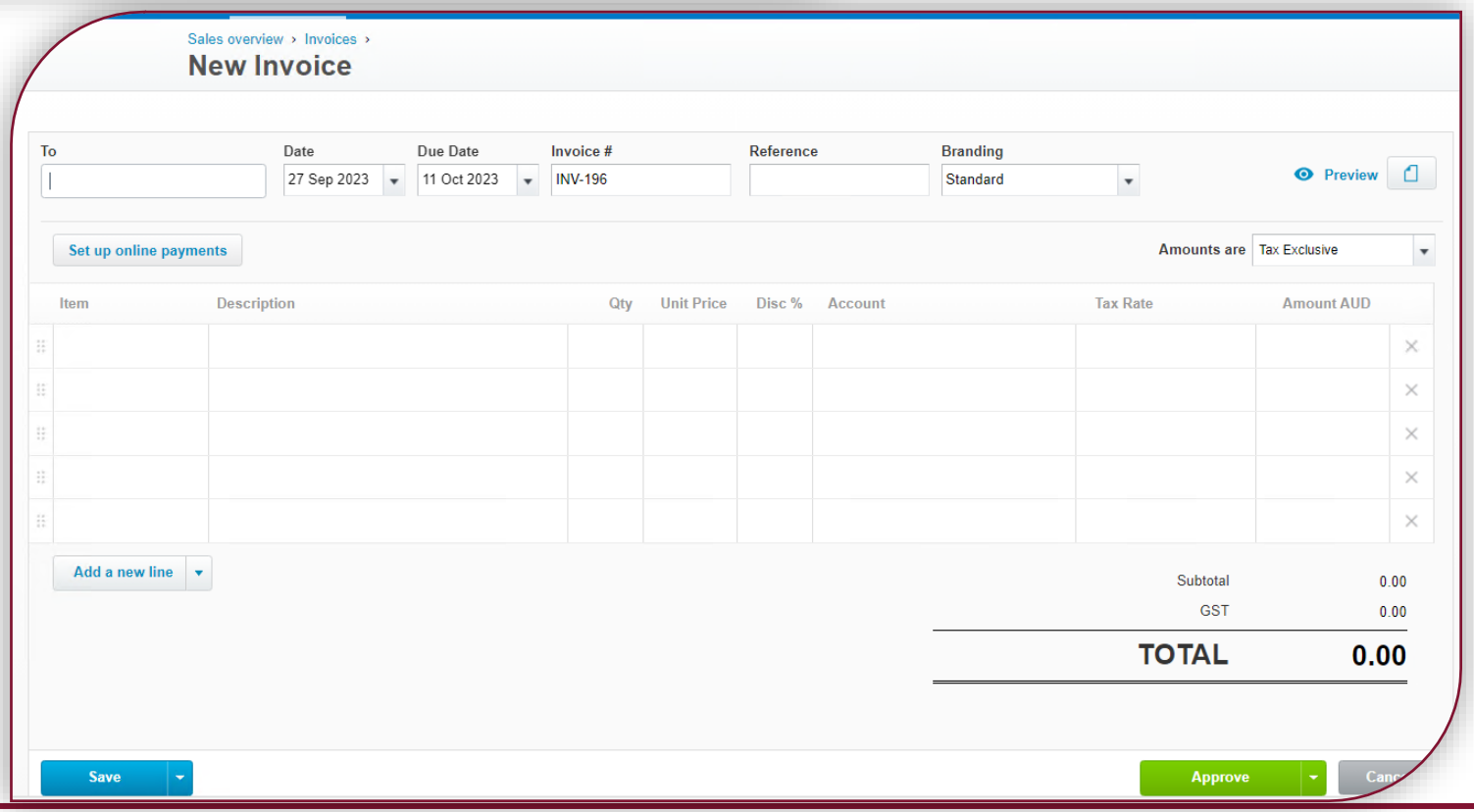


Step 2:

Click New Invoice

Step 3:

Sales Invoice Template



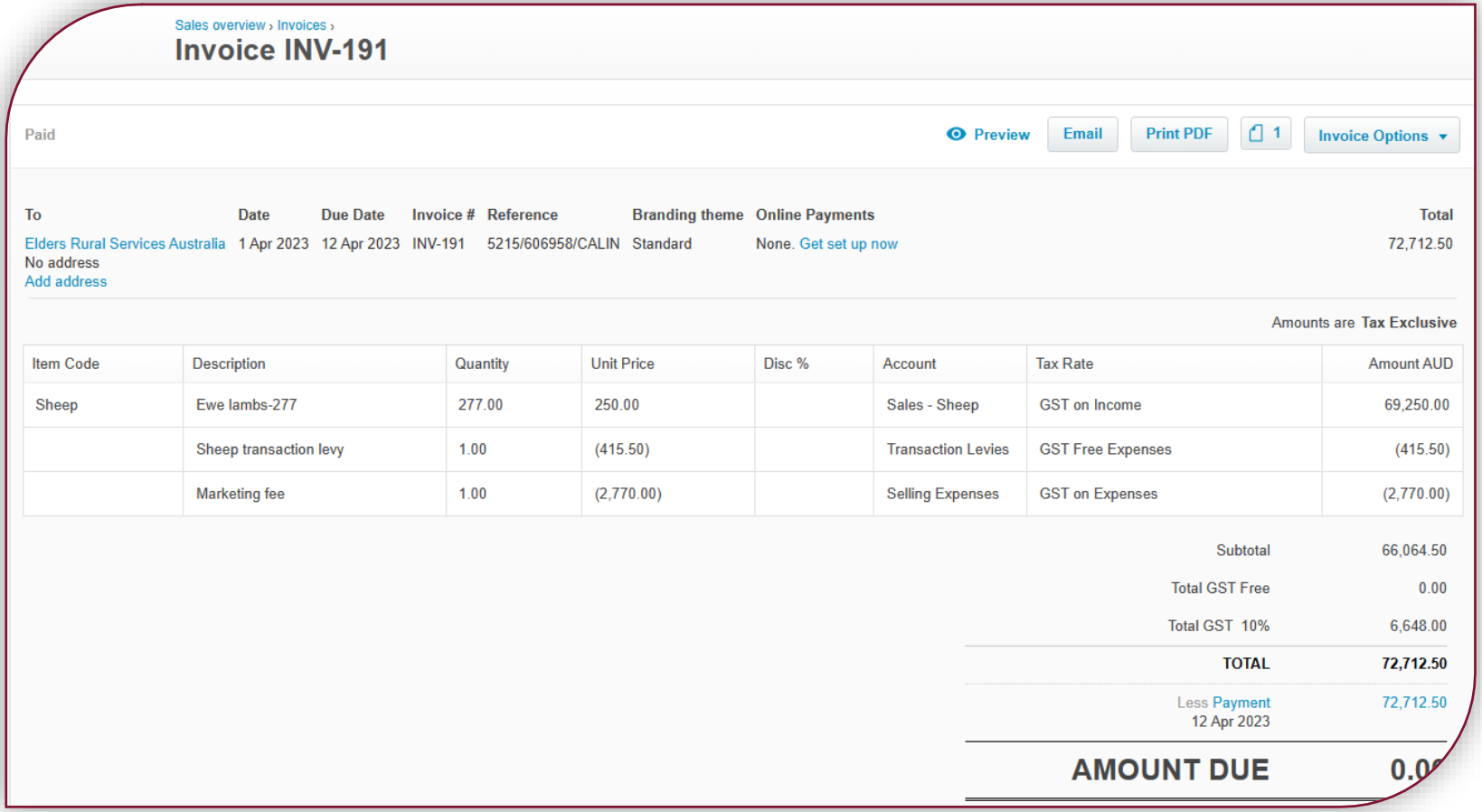
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Elements to be entered in a Sales Invoice Template

Contents:

1) Supplier Name
2) Date
3) Due Date
4) Invoice Number
5) Reference
6) Description
7) Item Code
8) Quantity
9) Unit Price
10) Tax Rate
11) GST Portion & Gross amount



Sales overview › Invoices ›

Invoice INV-191

Paid

Preview | Email | Print PDF | 1 | Invoice Options

To	Date	Due Date	Invoice #	Reference	Branding theme	Online Payments	Total
Elders Rural Services Australia No address Add address	1 Apr 2023	12 Apr 2023	INV-191	5215/606958/CALIN	Standard	None. Get set up now	72,712.50

Amounts are **Tax Exclusive**

Item Code	Description	Quantity	Unit Price	Disc %	Account	Tax Rate	Amount AUD
Sheep	Ewe lambs-277	277.00	250.00		Sales - Sheep	GST on Income	69,250.00
	Sheep transaction levy	1.00	(415.50)		Transaction Levies	GST Free Expenses	(415.50)
	Marketing fee	1.00	(2,770.00)		Selling Expenses	GST on Expenses	(2,770.00)

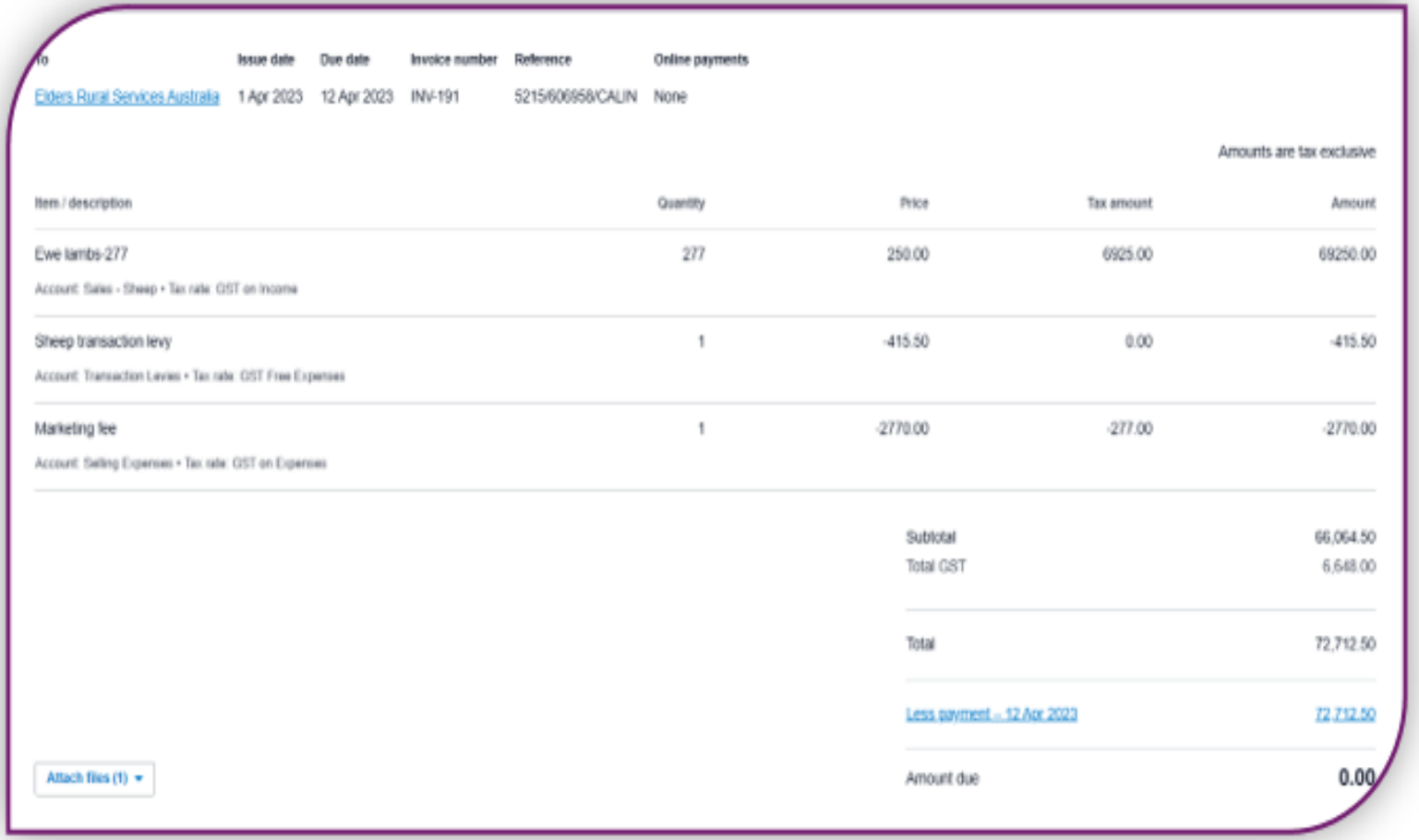
Subtotal	66,064.50
Total GST Free	0.00
Total GST 10%	6,648.00
TOTAL	**72,712.50**
Less Payment 12 Apr 2023	72,712.50
AMOUNT DUE	**0.0**

Sale Invoice

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In sales invoice



To	Issue date	Due date	Invoice number	Reference	Online payments
Elders Rural Services Australia	1 Apr 2023	12 Apr 2023	INV-191	5215/606958/CALIN	None

Amounts are tax exclusive

Item / description	Quantity	Price	Tax amount	Amount
Ewe lambs 277 Account: Sales - Sheep • Tax rate: GST on Income	277	250.00	6925.00	69250.00
Sheep transaction levy Account: Transaction Levies • Tax rate: GST Free Expenses	1	-415.50	0.00	-415.50
Marketing fee Account: Selling Expenses • Tax rate: GST on Expenses	1	-2770.00	-277.00	-2770.00

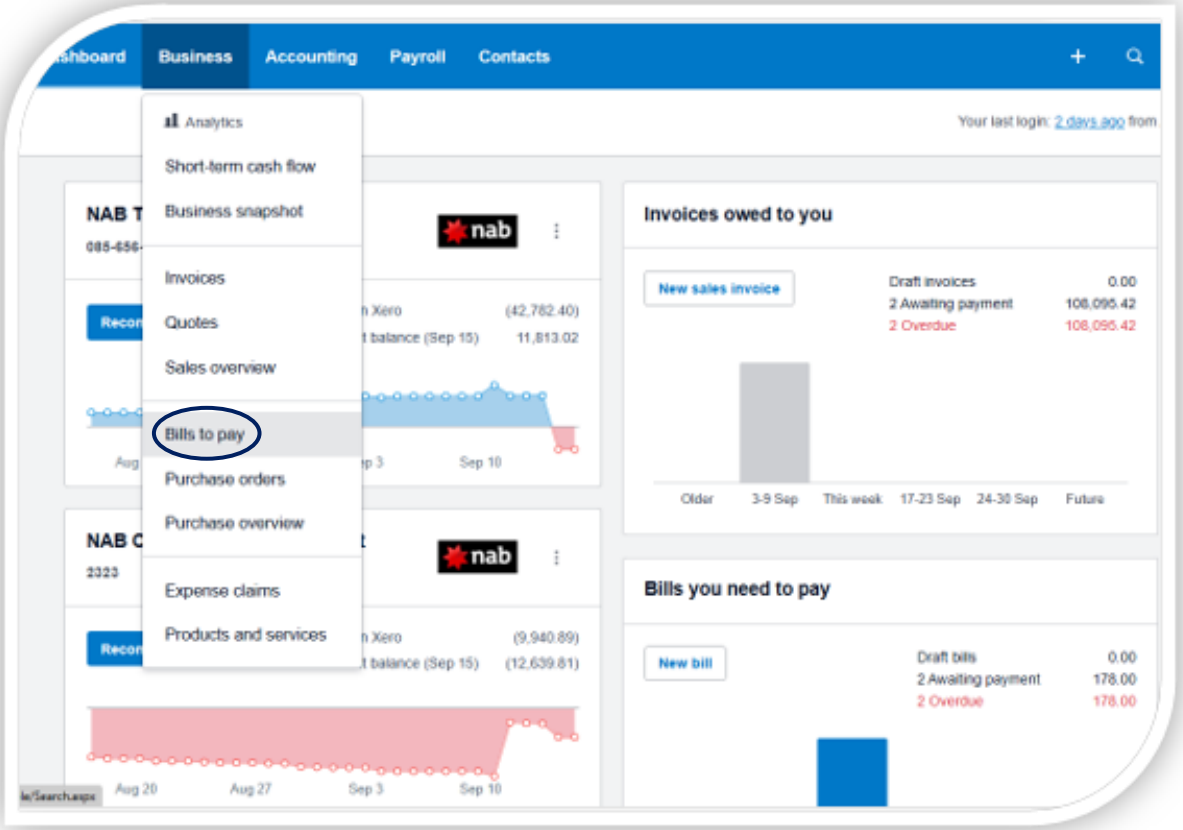
Subtotal	66,064.50
Total GST	6,648.00
Total	72,712.50
Less payment - 12 Apr 2023	72,712.50
Amount due	0.00

Attach files (1)

- In Sales invoice, it is essential to enter the item code, quantity and rate
- **Freight charge** and **transaction levy** need to be deducted from the gross amount(Not for Direct Dealer).

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Purchase Invoice

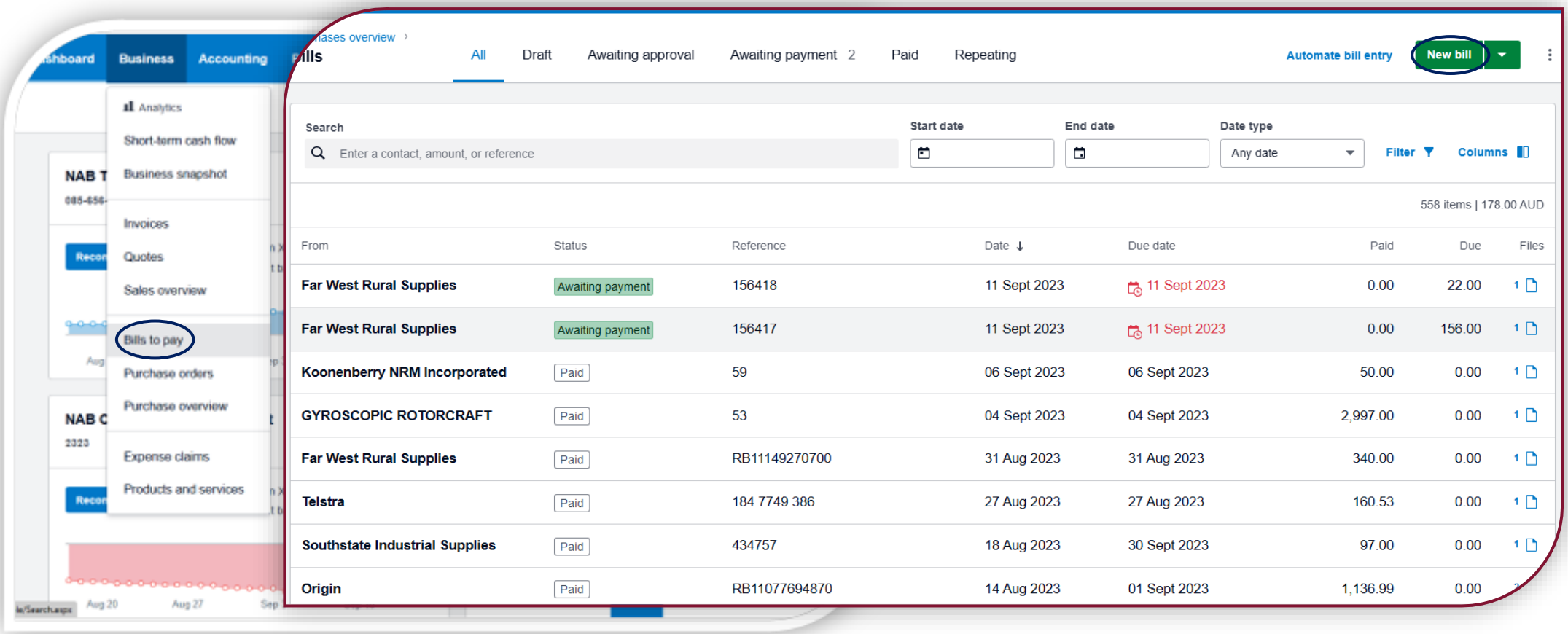


Step 1

Click bills to pay to open Purchase entry

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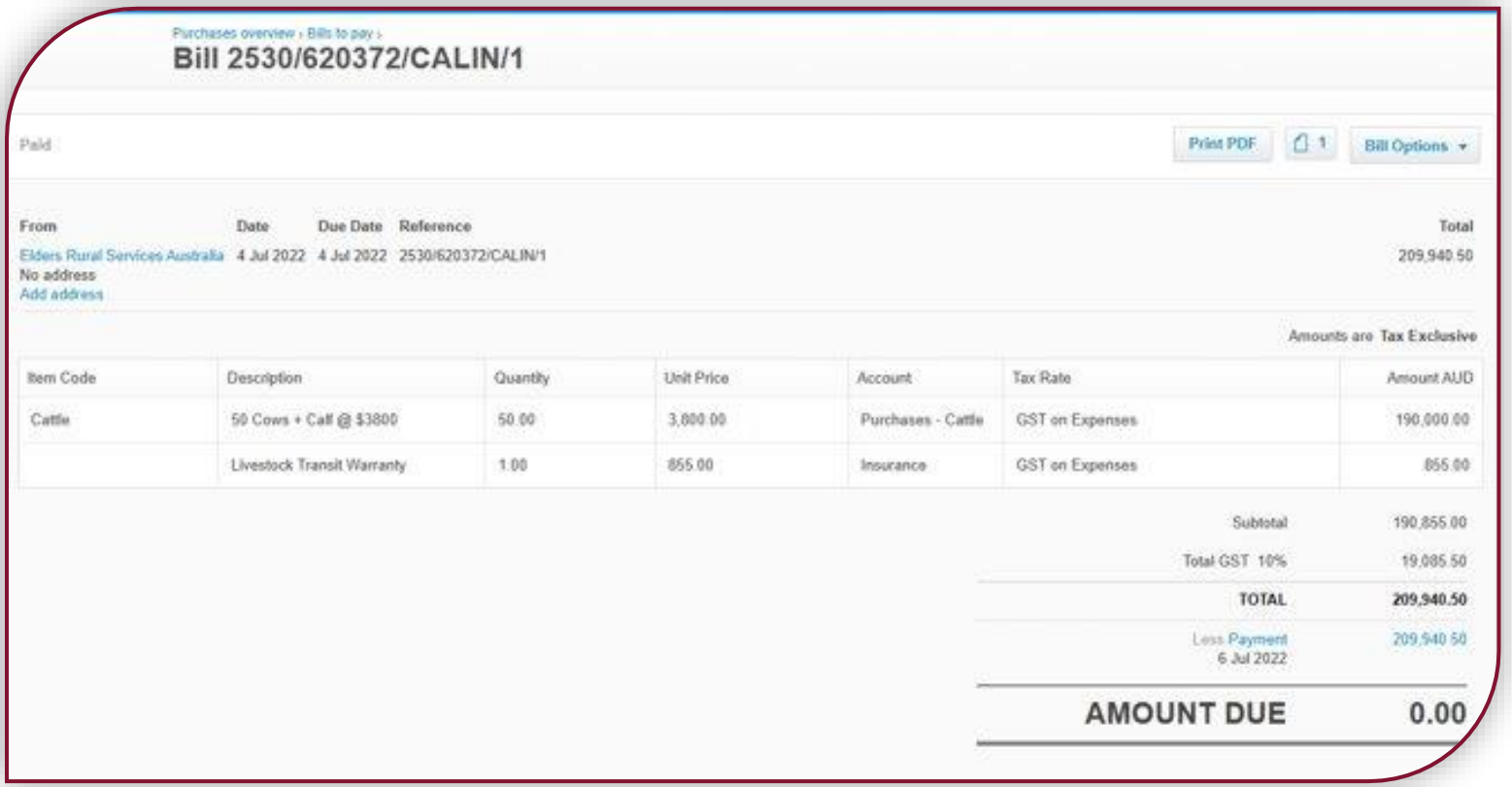
Step 2:

Click New bill to create a new purchase invoice

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Purchase invoice



Purchases overview › Bills to pay ›

Bill 2530/620372/CALIN/1

Paid

Print PDF | 1 | Bill Options

From	Date	Due Date	Reference	Total
Elders Rural Services Australia No address Add address	4 Jul 2022	4 Jul 2022	2530/620372/CALIN/1	209,940.50

Amounts are Tax Exclusive

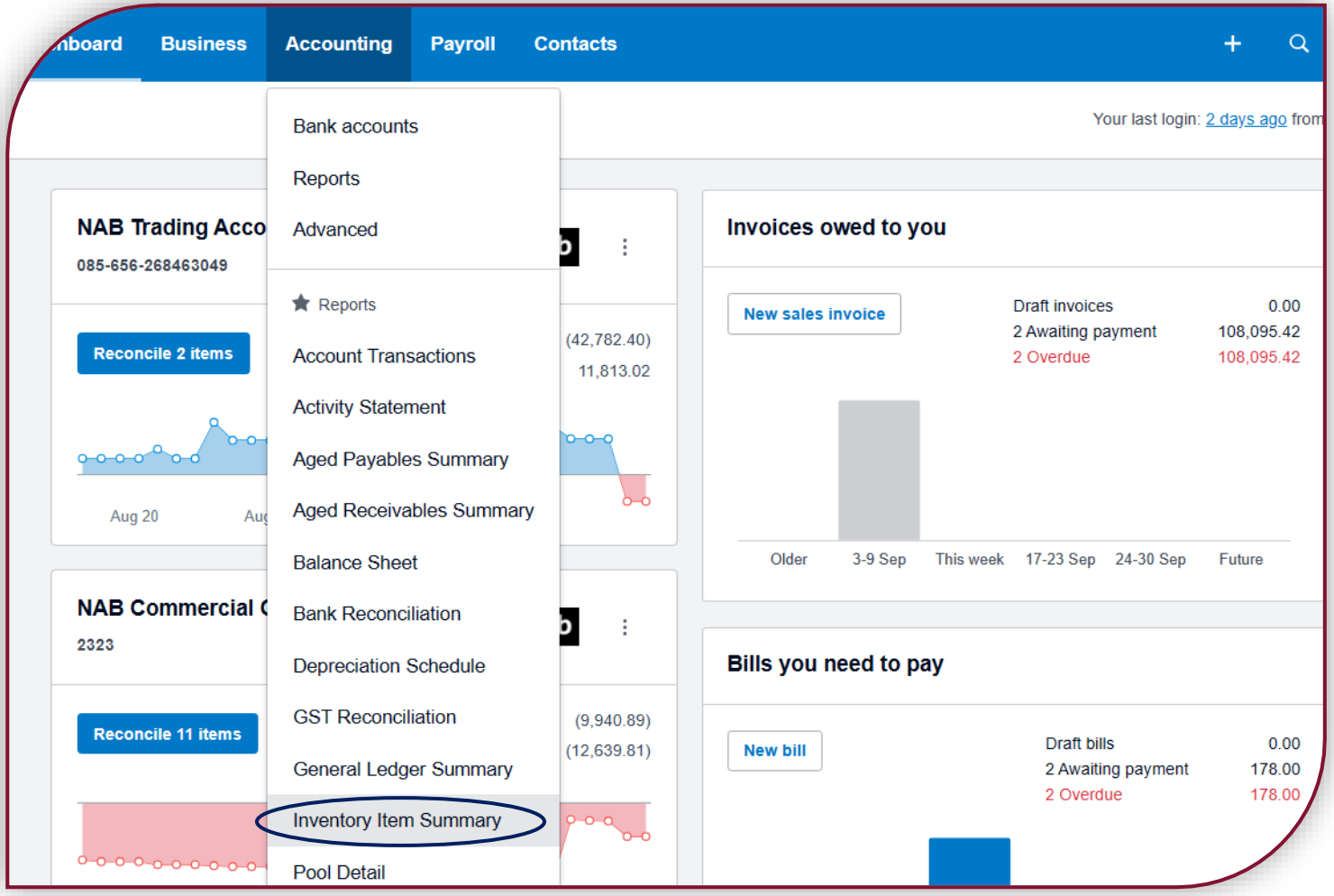
Item Code	Description	Quantity	Unit Price	Account	Tax Rate	Amount AUD
Cattle	50 Cows + Calf @ $3800	50.00	3,800.00	Purchases - Cattle	GST on Expenses	190,000.00
	Livestock Transit Warranty	1.00	855.00	Insurance	GST on Expenses	855.00

Subtotal	190,855.00
Total GST 10%	19,085.50
TOTAL	**209,940.50**
Less Payment 6 Jul 2022	209,940.50
AMOUNT DUE	**0.00**

In Purchase invoice, It is essential to enter item code and Quantity and rate

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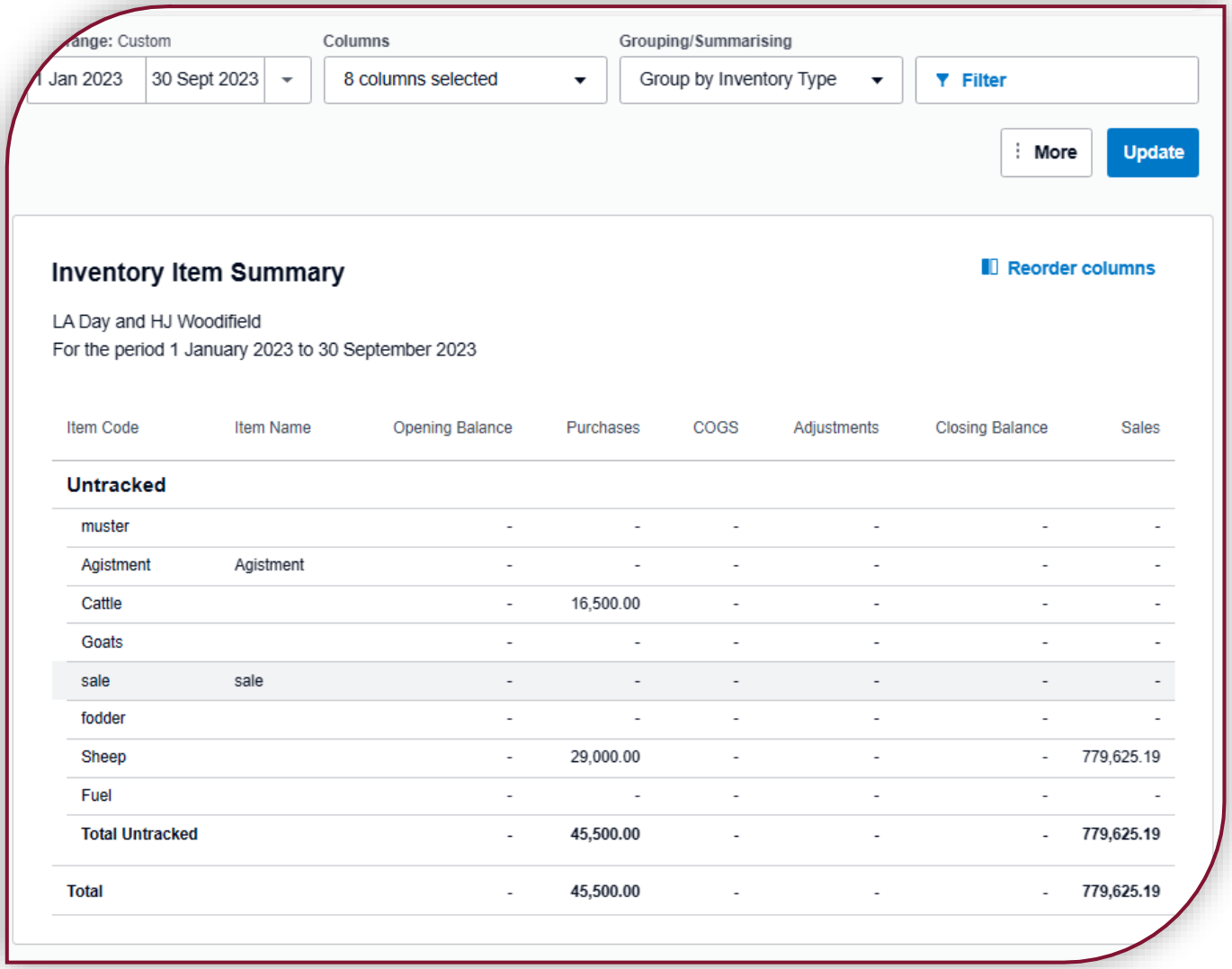
Inventory Management



Click Inventory Item Summary under Accounting Summary

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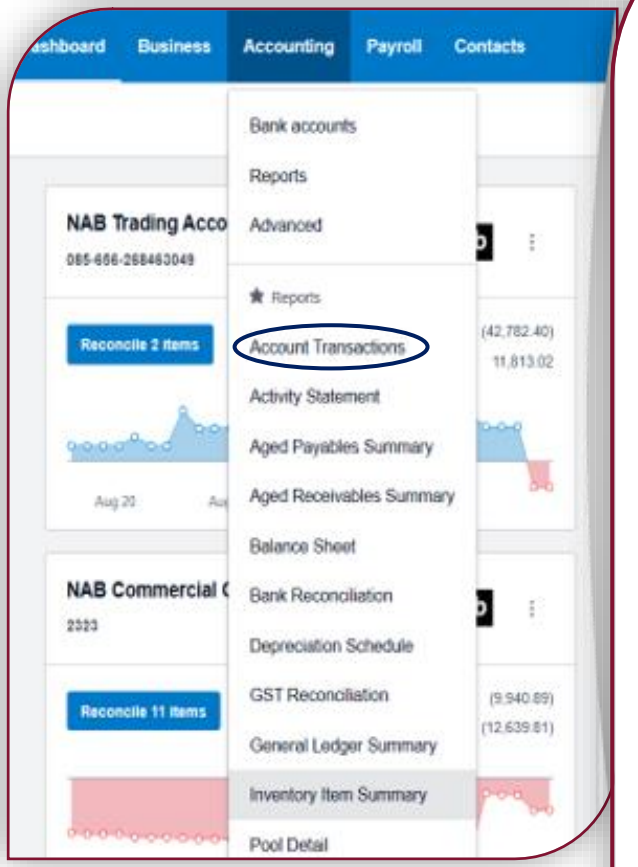
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Inventory Management helps to keeps track of stock levels, what's selling, Add items to invoices.

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ount Transactions

Reorder columns

LA Day and HJ Woodifield
For the period 1 January 2023 to 30 September 2023
Cash Basis

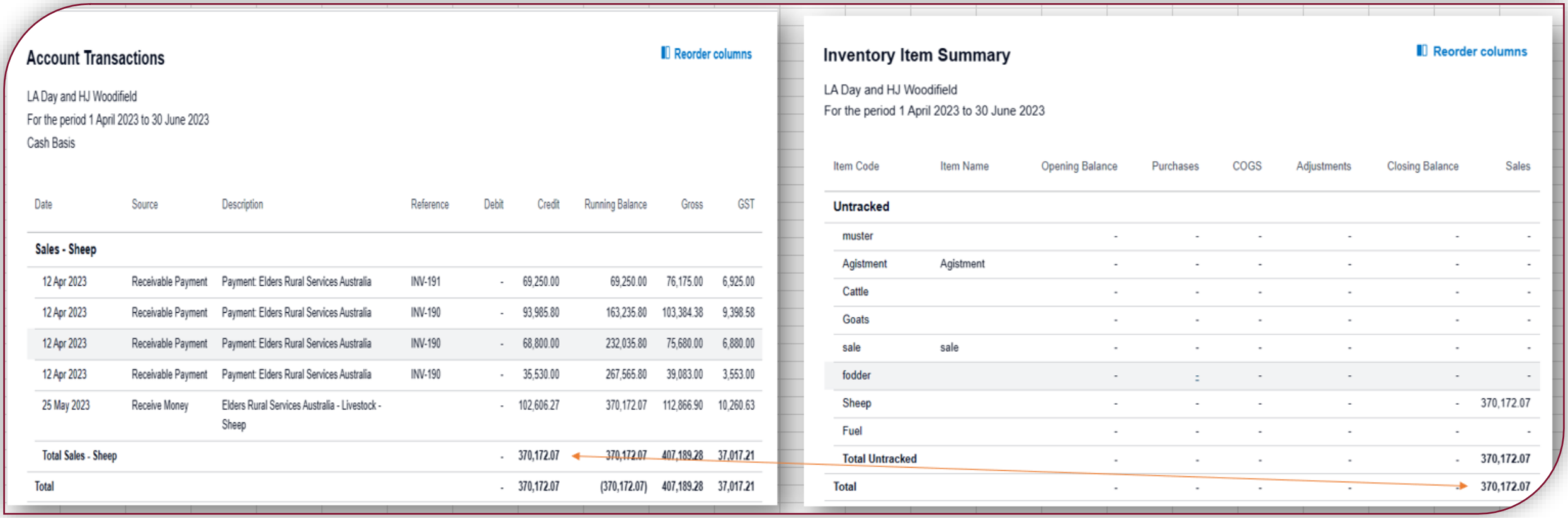
Date	Source	Description	Reference	Debit	Credit	Running Balance	Gross	GST
Purchases - Cattle								
7 Feb 2023	Payable Payment	Payment: HL & AK Nickolls	INV-0035	16,500.00	-	16,500.00	18,150.00	1,650.00
Total Purchases - Cattle				**16,500.00**	-	**16,500.00**	**18,150.00**	**1,650.00**
Purchases - Sheep								
20 Feb 2023	Payable Payment	Payment: Nutrien Livestock	IN30274657	3,500.00	-	3,500.00	3,850.00	350.00
20 Feb 2023	Payable Payment	Payment: Nutrien Livestock	IN30274657	2,500.00	-	6,000.00	2,750.00	250.00
20 Feb 2023	Payable Payment	Payment: Nutrien Livestock	IN30274657	2,500.00	-	8,500.00	2,750.00	250.00
20 Feb 2023	Payable Payment	Payment: Nutrien Livestock	IN30274657	2,000.00	-	10,500.00	2,200.00	200.00
20 Feb 2023	Payable Payment	Payment: Nutrien Livestock	IN30274657	2,000.00	-	12,500.00	2,200.00	200.00
20 Feb 2023	Payable Payment	Payment: Nutrien Livestock	IN30274657	2,500.00	-	15,000.00	2,750.00	250.00
20 Feb 2023	Payable Payment	Payment: Nutrien Livestock	IN30274657	2,000.00	-	17,000.00	2,200.00	200.00
20 Feb 2023	Payable Payment	Payment: Nutrien Livestock	IN30274657	2,000.00	-	19,000.00	2,200.00	200.00
20 Feb 2023	Payable Payment	Payment: Nutrien Livestock	IN30274657	2,000.00	-	21,000.00	2,200.00	200.00
20 Feb 2023	Payable Payment	Payment: Nutrien Livestock	IN30274657	2,000.00	-	23,000.00	2,200.00	200.00
20 Feb 2023	Payable Payment	Payment: Nutrien Livestock	IN30274657	2,000.00	-	25,000.00	2,200.00	200.00
20 Feb 2023	Payable Payment	Payment: Nutrien Livestock	IN30274657	2,000.00	-	27,000.00	2,200.00	200.00
20 Feb 2023	Payable Payment	Payment: Nutrien Livestock	IN30274657	2,000.00	-	29,000.00	2,200.00	200.00
Total Purchases - Sheep				**29,000.00**	-	**29,000.00**	**31,900.00**	**2,900.00**
Sales - Goats								
19 Jul 2023	Receivable Payment	Payment: Silverton Goats	3712	-	10,035.03	10,035.03	11,038.53	1,003.50
Total Sales - Goats				-	**10,035.03**	**10,035.03**	**11,038.53**	

It shows the transaction history of all purchase and sale during a period

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To Check Inventory management is accurate;



Account Transactions

Reorder columns

LA Day and HJ Woodifield
For the period 1 April 2023 to 30 June 2023
Cash Basis

Date	Source	Description	Reference	Debit	Credit	Running Balance	Gross	GST
Sales - Sheep								
12 Apr 2023	Receivable Payment	Payment: Elders Rural Services Australia	INV-191	-	69,250.00	69,250.00	76,175.00	6,925.00
12 Apr 2023	Receivable Payment	Payment: Elders Rural Services Australia	INV-190	-	93,985.80	163,235.80	103,384.38	9,398.58
12 Apr 2023	Receivable Payment	Payment: Elders Rural Services Australia	INV-190	-	68,800.00	232,035.80	75,680.00	6,880.00
12 Apr 2023	Receivable Payment	Payment: Elders Rural Services Australia	INV-190	-	35,530.00	267,565.80	39,083.00	3,553.00
25 May 2023	Receive Money	Elders Rural Services Australia - Livestock - Sheep		-	102,606.27	370,172.07	112,866.90	10,260.63
Total Sales - Sheep				-	370,172.07	370,172.07	407,189.28	37,017.21
Total				-	370,172.07	(370,172.07)	407,189.28	37,017.21

Inventory Item Summary

Reorder columns

LA Day and HJ Woodifield
For the period 1 April 2023 to 30 June 2023

Item Code	Item Name	Opening Balance	Purchases	COGS	Adjustments	Closing Balance	Sales
Untracked							
muster		-	-	-	-	-	-
Agistment	Agistment	-	-	-	-	-	-
Cattle		-	-	-	-	-	-
Goats		-	-	-	-	-	-
sale	sale	-	-	-	-	-	-
fodder		-	-	-	-	-	-
Sheep		-	-	-	-	-	370,172.07
Fuel		-	-	-	-	-	-
Total Untracked		-	-	-	-	-	370,172.07
Total		-	-	-	-	-	370,172.07

Compare Purchase and Sales GL with inventory summary and check the credit balance.

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The End

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