

CLARITY ACCOUNTING

RECORDING DAILY TAKINGS IN XERO

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CONTENTS

Introduction	2
Receive money transactions	3

INTRODUCTION

If you're a business that receives a high volume of both cash and card payments throughout the day, you may find it hard to reconcile these sales in Xero without a bit of effort.

If you have an integrated till POS system then this should do the work for you and reconciling your bank account will be pretty straightforward. However, if you do not have an integrated system you will need to manually enter your takings into Xero.

There are three main methods to account for your daily takings, if your business is receiving the cash at the same time as the sale then you shouldn't be using the sales invoice method as this is creating a debtor that doesn't exist.

At Clarity we recommend creating a separate bank account on the dashboard specifically for inputting all of your sales and creating receive money transactions and processing transfers between this account and your main business bank account.

RECEIVE MONEY TRANSACTIONS

Think of this method as your till where you are holding the cash until you physically bank it, it should reconcile with your till report each day.

Create a separate bank account in Xero and call it 'Takings' if you are a retail business you will already be using till reports or Z reads on a daily/weekly basis;

- Simply select your new takings bank account;
- manage account
- receive money (this could also be imported as a .csv file if there are a number of transactions).
- enter the details from your till report
- code to sales and save

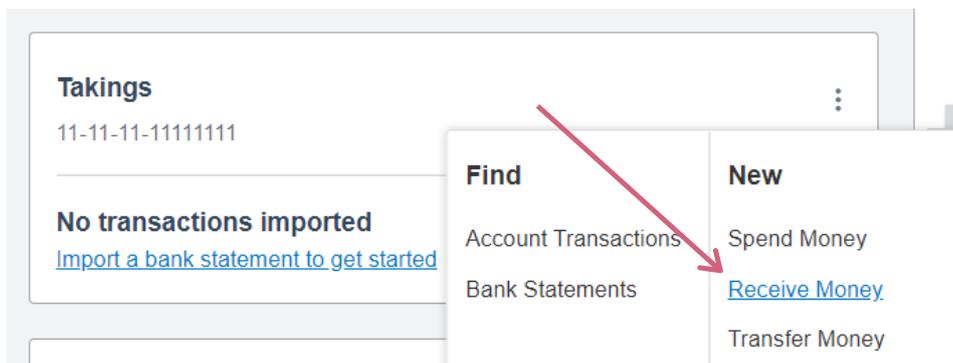
Once all of your takings for a particular day/week have been entered, this will create a balance in the 'Takings' account which should reconcile to your till reports.

Your takings may be a mixture of card and cash and you may not pay in the exact total. A lot of retail companies tend to use some of the cash to make purchases, always remember to keep your receipts to reconcile the banking.

When reconciling your bank account, instead of match or create, you should select 'transfer' and select your new 'Takings' account.

An example of this method;

- Till report for 01/01/2020 £3,000 (£1,250 cash and £1,750 card)
- Create a receive money transaction in your new 'takings' bank account from the dashboard;



- Enter the details from your till report and select save;

Bank Accounts > Takings >
New Receive Money

Received as **Direct Payment**

From: Takings Date: 1 Jan 2020 Reference: []

GBP British Pound Amounts are: Tax Inclusive

Item	Description	Qty	Unit Price...	Account	Tax Rate	Region	Amount GBP	
⋮	Till report 01/01/2020	1.00	3,000.00	200 - Sales	20% (VAT on Income)		3,000.00	×
⋮								×
⋮								×
⋮								×
⋮								×

Subtotal 3,000.00
Includes VAT 20.00% 500.00
TOTAL 3,000.00

Save **Save & add another** **Cancel**

- There should now be a balance showing on your 'Takings' account that equals your till reports;

Takings ⋮

11-11-11-11111111

No transactions imported Balance in Xero 3,000.00

[Import a bank statement to get started](#) Statement balance 0.00

We've already said that £1,250 was cash and £1,750 was card, however before you paid the cash into the bank you purchased some equipment for £250. Leaving only £1,000 cash paid into the account.

You will now need to reconcile the main bank account as you usually would but instead of matching and creating transactions, you should select 'transfer';

Business Bank Account ⋮

99-04-04-987654321

Reconcile 26 items Balance in Xero 11,166.89

Statement balance (11 Aug) 17,371.99

- Find the cash paid in and select 'transfer' on the right hand side;

What's this?

Reconcile (26) | Cash coding | Bank statements | Account transactions

What's this?

Review your bank statement lines...

	Spent	Received
1 Jan 2020 e-Bank Dep More details		1,000.00

Options ▾

...then match with your transactions in Xero

Match | Create | Transfer | Discuss | Find & Match

Who: Name of the contact... | What: Choose the account... ▾

Why: Enter a description...

Region: ▾ | Tax Rate: ▾ | Add details

- Select your new 'Takings' bank account and enter the till report date, then select ok;

What's this?

Reconcile (26) | Cash coding | Bank statements | Account transactions

What's this?

Review your bank statement lines...

	Spent	Received
1 Jan 2020 e-Bank Dep More details		1,000.00

Options ▾

...then match with your transactions in Xero

Match | Create | Transfer | Discuss | Find & Match

Select a bank account

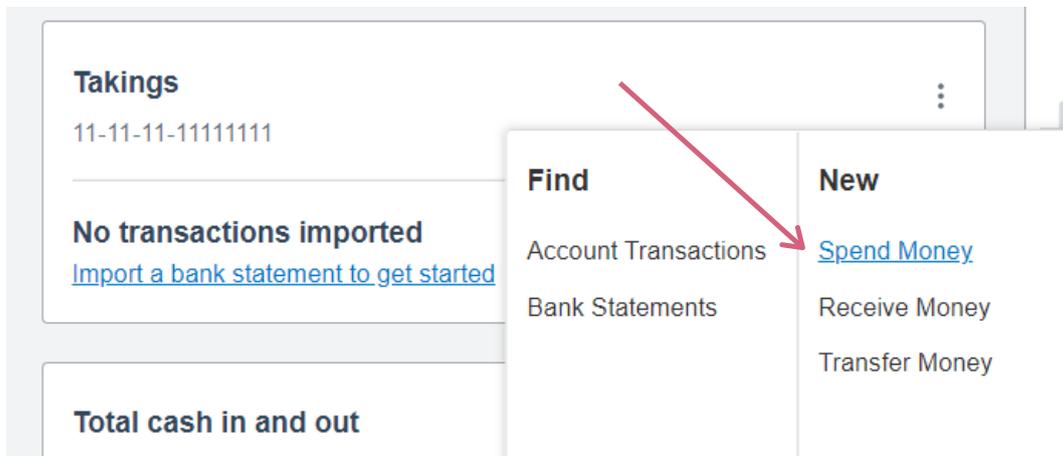
Takings | Reference: Till Report 01/01/2020

Business Savings Account

OK

This will now show a balance of £2,000 in the new 'Takings' account, once the card receipts are showing in your main business bank account you can complete the same steps as above.

Once you have reconciled your card receipts there will be a balance of £250 on your takings account, which is the equipment purchased out of the cash takings (hopefully you remembered to keep your receipt). To make sure that you are accounting for all transactions a spend money will need to be raised from your new 'Takings' account;



- Enter the details from your receipt, you can also add a scanned image/photo of your receipt by selecting the file icon;

The screenshot shows the 'New Spend Money' form. At the top, it says 'Spent as Direct Payment'. Below that, there are fields for 'To' (Takings), 'Date' (1 Jan 2020), and 'Reference'. The currency is set to 'GBP British Pound' and 'Amounts are Tax Inclusive'. There is a table with columns: Item, Description, Qty, Unit Price..., Account, Tax Rate, Region, Amount GBP. The first row contains: Equipment purchased - cash sales 01/01/2020, 1.00, 250.00, 460 - Kitchen Equipment, 20% (VAT on Expenses), 250.00. Below the table are buttons for 'Add a new line' and 'Assign expenses to a customer'. At the bottom right, there is a summary: Subtotal 250.00, Includes VAT 20.00% 41.67, and a bolded 'TOTAL 250.00'. At the very bottom, there are buttons for 'Save', 'Save & add another', and 'Cancel'. A red arrow points to a file icon in the top right corner of the form.

The 'Takings' account should now show a zero balance.

In summary, once all transactions have been accounted for your new 'Takings' account should be zero, at the year end if there is a balance on the account, then you will need to speak to your accountant or advisor as it means that not all transactions have been processed.