## Exercise *Your Name* Boots

Reminders are provided to help you with your learning. For example you are reminded to ensure your GST settings are correct for different transactions.

On 1 January 2013 you, the owner of Your Name Boots decided to start using Xero accounting software to process your transactions. You sell three main types of boots: Work Boots, Tramping Boots and Gumboots. You also offer a repair service for boots and shoes.

* Reset the Demo Company or start a new Trial Organisation.
* Change the name to Your Name Boots
* Access the Chart of Accounts and archive the accounts related to the Demo Company.
* Import the CSV Chart of Accounts file for Your Name Boots - CoA-boots-student.csv
* Add the highlighted accounts in the trial balance and the additional accounts list below. Note for Capital and Drawings edit the account names to include your name.
* Enter the Conversion Balances at 31 December 2012 from the Trial Balance.
* Your Name Boots has the following balances (account type and tax details in brackets for accounts you need to add) on 31 December 2012.

**Your Name Boots**

**Trial Balance as at 31 December 2012**

|  |  |  |  |
| --- | --- | --- | --- |
| **Code** | **Account Name** | **Debit** | **Credit** |
| 610 | Accounts Receivable\* | 1,376 |   |
| 800 | Accounts Payable\*\*  |   | 1,910 |
| 621 | MNZB Bank - Boots (Add Xero Bank account)  | 3,700 |   |
| 699 | Inventory Adjustment | 4,540 |   |
| 730 | Shop Fittings | 64,000 |   |
| 731 | Accumulated Depreciation on Shop Fittings |   | 7,920 |
| 740 | Repair Equipment (Fixed Asset, 15% GST on expenses)  | 12,000 |   |
| 741 | Accumulated Depreciation - Repair Equipment (Fixed Asset, No GST) |   | 2,360 |
| 820 | GST |   | 726 |
| 905 | Loan – MNZB (Non-current Liability, No GST) |   | 10,000 |
| 971 | Capital – Your Name |   | 62,700 |
|  |  | 85,616 | 85,616 |
| \* The Accounts Receivable represents Invoice # 544, $1,376 owed by Walk Tall. Due 20/1/13, \*\*The Accounts Payable represents Invoice #6,591 $1,910 owed to Boots Plus. Due 20/1/13  |

Your Name Boots has the following additional accounts in its chart of accounts:

|  |  |  |  |
| --- | --- | --- | --- |
| **Code** | **Account Name** | **Account Type** | **Tax details** |
| 201 | Work Boot Sales | Sale | 15% GST on income |
| 202 | Tramping Boot Sales  | Sale | 15% GST on income |
| 203 | Gumboot Sales  | Sale | 15% GST on income |
| 211 | Boot Repair Fees | Other Income  | 15% GST on income |
| 301 | Work Boot COGS  | Direct costs  | No GST  |
| 302 | Tramping Boot COGS  | Direct costs  | No GST  |
| 303 | Gumboot COGS  | Direct costs  | No GST  |
| 305 | Freight Inwards | Direct costs  | 15% GST on expenses |
| 306 | Inventory Shortage  | Direct costs  | No GST  |
| 405 | Marketing | Expense  | 15% GST on expenses |
| 413 | Depreciation on shop fittings | Depreciation  | No GST |
| 421 | Electricity  | Expense  | 15% GST on income |
| 432 | Bank charges  | Expense  | No GST  |
| 434 | Shop Insurance | Expense  | 15% GST on expenses |
| 436 | Phone & Website expense | Expense  | 15% GST on expenses |
| 442 | Shop Rent | Expense  | 15% GST on expenses |
| 451 | Wages | Expense  | No GST  |
| 471 | Interest on Loan  | Expense  | No GST  |
| 601 | Work Boot Inventory  | Inventory | 15% GST on expenses |
| 602 | Tramping Boots Inventory |  | 15% GST on expenses |
| 603 | Gumboots Inventory |  | 15% GST on expenses |
| 750 | Shop Fittings Disposal  | Fixed Asset | 15% GST on income |
| 811 | OTS Ltd\*  | Current Liability | No GST  |
| 980 | Drawings – Your Name  | Equity  | No GST  |
| \* The supplier, in this example, for the credit purchase of plant and equipment  |

**Enter conversion balances as follows:**

* Set the Conversion date to 1 January 2013
* Enter the opening/conversion balances from the trial balance at 31 December 2012.
* Complete the opening balance invoice for the accounts receivable and the opening balance bill for accounts payable.

**Add Inventory items as follows**

* Delete the Demo Company inventory items (except tracked items which cannot be deleted).
* Set up the following inventory items for Your Name Boots as tracked inventory
* Use separate inventory, cost of goods sold and sales accounts for each eg for Work Boots use Work Boot Inventory, Work Boot COGS, Work Boot Sales
* Enter the quantity on hand for each inventory item using an Inventory Adjustment entry increasing the quantity

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Work Boots** | **Tramping Boots** | **Gumboots** |
| Cost price excluding GST per pair | $50.00  | $70.00 | $6.00 |
| Selling price excluding GST per pair | $112.00 | $147.00 | $13.00  |
| Quantity on hand (pairs) | 30 | 40 | 40 |

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### **Process Transactions**

Process the following transactions in Xero. Amounts are: Tax Inclusive/Exclusive settings are provided as reminders for each transaction in this exercise, unless the setting does not matter. Assume all sales and purchases invoices are due 20th of the month following unless advised to the contrary.

|  |  |
| --- | --- |
| **Date****2013** | **Transaction***All amounts include GST where relevant unless otherwise stated**Numbers of boots refer to pairs of boots**All invoices and bills have a due date on 20 February 2013* |
| Jan 4 | Paid Local Times for advertising $123.40 by online bill payment #6172. Advertising is recorded in the Marketing Expense account. Reminder: Amounts are: Tax Inclusive |
| Jan 4 | Cash sales (EFTPOS): 12 work boots, 8 tramping boots and 14 gumboots. Reminder: Amounts are: Tax Exclusive |
| Jan 7 | Purchased 15 work boots and 18 gumboots on credit from Lands Boots, Invoice # 334.Reminders: Amounts are: Tax Exclusive **and** change Tax Rate for inventory accounts to 15% GST on expenses.  |
| Jan 7 | Sold 5 work boots and 6 gumboots to Walk Tall on credit. Invoice #545Reminder: Amounts are: Tax Exclusive |
| Jan 8 | Purchased 12 tramping boots on credit from Boots Plus Invoice # 6633Reminders: Amounts are: Tax Exclusive **and** change Tax Rate for inventory accounts to 15% GST on expenses. |
| Jan 9 | Received and banked a cheque for boot repairs $34.20. Reminder: Amounts are: Tax Inclusive. |
| Jan 11 | Sold 10 tramping boots to Kiwi Gear on credit Invoice #546.. Reminder: Amounts are: Tax Exclusive |
| Jan 11 | Used online bill payment #5214 to pay $910 to Boots Plus in part payment of the amount owing on 31 December 2012.Reminder: Complete this by accessing the bill awaiting payment.  |
| Jan 15 | Paid Ani Blake $1,834.62 for wages by online bill payment #3100 |
| Jan 15 | Paid Xero for accountancy fees $50, bill payment #3219Reminder: Amounts are: Tax Inclusive |
| Jan 16 | Received cash (EFTPOS) for boot repairs $52.89. Reminder: Amounts are: Tax Inclusive |
| Jan 16 | Cash sales (EFTPOS): 13 work boots and 11 gumboots. Reminder: Amounts are: Tax Exclusive |
| Jan 16 | Purchased 16 work boots and 12 gumboots on credit from Lands Boots.Invoice # 339Reminders: Amounts are: Tax Exclusive **and** change Tax Rate for inventory accounts to 15% GST on expenses. |
| Jan 21 | Paid for family dinner out at Cypress Tree with the business EFTPOS card $187.30 |
| Jan 24 | Sold 14 gumboots to Walk Tall on credit. Invoice #547 Reminder: Amounts are: Tax Exclusive |
| Jan 25 | Cash sales (EFTPOS): 6 work boots and 9 tramping boots. Reminder: Amounts are: Tax Exclusive |
| Jan 27 | Paid AA Plus for shop insurance $279.00 by online bill payment #2190Reminder: Amounts are: Tax Inclusive |

**Bank reconciliation**

Import the file BS-Boots.csv and complete the bank reconciliation process.

On the bank statement you import:

* Telco Direct Debit is for Phone & Website expense
* Max Energy Direct Debit is for Electricity
* Kiwi Gear Direct credit is in part payment of their 11 January 2013 invoice
* Bank charges, interest on loan and loan principal are all paid to MNZ Bank

Note: If your import doesn’t bring across all details of the source of the transaction then refer to the CSV file provided

**Reports**

* View your journal report for January and Export it to a PDF file. Save the PDF file.
* View your profit and loss report for January 2013.
* View your balance sheet at January 2013.