

# Playcentre Aotearoa Treasurer's Guide 2021

Playcentre 

## Contents

Xero basics.....	1
We're changing treasurers, what do we need to do?.....	2
Update your bank account signatories.....	2
Give your new treasurer access to Xero.....	2
Show them around Xero.....	2
Update the IRD with the new contact person.....	2
GST.....	3
Update the Charities Register with new office bearers.....	3
Make sure your treasurer knows who their important contacts are.....	3
What tasks does the treasurer do:.....	4
End of the financial year.....	4
Budgeting tool.....	4
Xero webinar.....	4
Bulk funding.....	4
Contact your local WINZ if you receive fees subsidies from them.....	5
Wages invoices.....	5
How do we register as a charity?.....	5
How does our centre join the group and why should we?.....	5
Managing your finances.....	6
Timeline of financial tasks for a treasurer.....	7
Monthly.....	7
Reports required.....	7
Between meetings.....	7
Once a year.....	7
End of financial year accounts.....	7
Set and track annual budget.....	8
Understanding Xero's financial Reports.....	9
Bank Reconciliation Report (monthly).....	9
Assessing financial viability using the Cash Summary Report.....	10
Profit and Loss Statement (monthly or quarterly).....	11

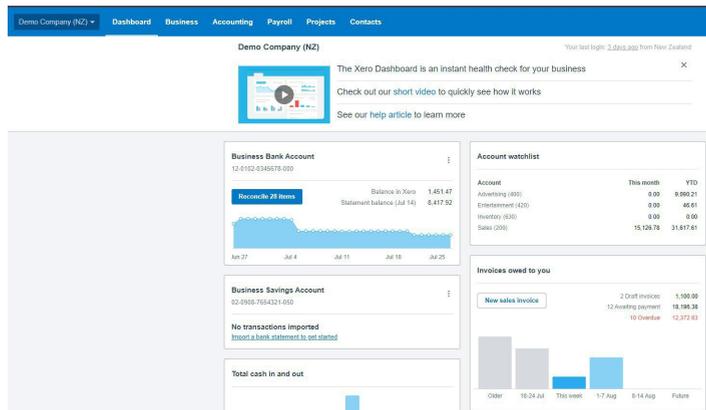
Balance sheet .....	11
<b>Budgets.....</b>	<b>12</b>
A guide to budgets .....	12
Beginning the budget cycle .....	13
General principles.....	13
Finalising the budget .....	13
Useful questions.....	14
<b>Managing the budget .....</b>	<b>15</b>
Evaluating your budget spending .....	16
<b>Managing the budget in Xero .....</b>	<b>17</b>
Manually entering your budget in Budget Manager .....	17
Running a budget comparison report .....	18
“Opening the Door” Costs .....	19
Budget Sheet .....	22
Useful items to consider when preparing a budget.....	23
<b>Budget Report (monthly).....</b>	<b>27</b>
<b>What should we be using reserves for? Property vs operating.....</b>	<b>27</b>
<b>Maintaining the centre’s financial records .....</b>	<b>29</b>
<b>Reconciling the bank.....</b>	<b>29</b>
Create.....	29
Add details.....	29
Upload documents .....	30
To Find & Match a transaction .....	30
Other options on the reconciliation screen.....	31
<b>Receiving and banking money.....</b>	<b>31</b>
<b>Managing member’s donations .....</b>	<b>31</b>
<b>Issuing receipts .....</b>	<b>31</b>
What should my receipt have on it? .....	33
<b>Paying invoices .....</b>	<b>33</b>
<b>How to set up Xero so you can send invoices/bills directly to other Xero subscribers .....</b>	<b>33</b>
<b>Processing bills in Xero .....</b>	<b>34</b>
<b>Ways of loading bills in Xero .....</b>	<b>34</b>
Loading bills.....	34

Sending bills to Xero via email .....	37
What do I do about entering GST into the Xero bill?.....	37
Correcting errors in Xero .....	38
Making changes to a batch after you have created it.....	38
Making changes to a payment in a batch after the batch has been paid (Can't change the \$ amount) .....	38
Find and Recode (you can use this is you have advisor status is Xero) .....	39
Editing an invoice after it has been paid – you can't change tax codes- use find and recode for this.....	40
DD's - If a DD has not been reconciled in Xero after the date when it should have come out.....	40
Space invoicing .....	41
Bulk funding .....	41
RS7 Funding Submissions .....	42
Keeping accurate rolls .....	42
Absence rules .....	42
Excursions or emergency closure of sessions .....	43
Holiday sessions .....	43
Accountability for funding .....	43
Reconciling bulk funding.....	43
Bulk funding breakdown.....	44
An example of how to reconcile the payment in Xero .....	44
How to reconcile bulk funding in Xero .....	45
How to keep track of members donations/fees and fundraiser payments? .....	46
Centre members paying for trips/activities.....	47
How to track your grant and fundraising spending.....	47



## Xero basics

- Xero is a cloud-based accounting programme, which means you can work from any computer as long as you have an internet connection
- A key feature of Xero is automatic bank feeds. All bank transactions flow into Xero automatically
- Playcentre uses a basic version of Xero, without functionality such as invoicing and complex reporting. You can choose to upgrade from the starter plan to Standard and pay the extra amount by emailing [askfinance@playcentre.org.nz](mailto:askfinance@playcentre.org.nz).
- To log in to Xero, go to: <https://go.xero.com>
- Logging in with your Username and Password takes you to the home screen (the Dashboard). This shows the current balances of bank accounts, if all transactions have been reconciled, and gives access to all areas of Xero (example below)



## We're changing treasurers, what do we need to do?

Here is a link to a Webinar done by Xero for Playcentre Treasurers.

<https://vimeo.com/336471083/63659a6cb4>

### Update your bank account signatories

Make sure the change is passed at a meeting and the minutes are signed. Download a change of bank signatories and change of Online Banking signatories form from your bank's website and complete carefully. The new signatories will need to take this into the bank with current ID. It may pay to check with your bank first as different banks have different rules and you may need to make an appointment.

- Ensure there is a minimum of three signatories on the bank accounts, with two to sign. If you are changing signatories remember to update your Business Online internet banking as well.
- Arrange for signatories to be updated as required.

### Give your new treasurer access to Xero

To invite a new user to Xero, send an email to [askfinance@playcentre.org.nz](mailto:askfinance@playcentre.org.nz).

Include the new person's name and email address (do not use a generic address such as your @playcentre address, this is for their own safety and future Treasurers safety).

Finance team will then send the person an invite and they will need to click on the accept link and set themselves up with a password.

### Show them around Xero

Sit in with the new Treasurer for the first few weeks and show them how things are done and where to find everything, don't forget to help them with uploading the coming years budget. Encourage them to reconcile at least monthly to keep on top of it. Send them the link to the Xero webinar:

<https://vimeo.com/336471083/63659a6cb4>

and also, the link to the Playcentre website and look at the resources in the Finance tab:

<https://www.playcentre.org.nz/member/finance/>

If they are a Facebook user encourage them to join the Playcentre Treasurers page for a great connection with other Treasurers and staff of Playcentre Aotearoa.

### Update the IRD with the new contact person

You will need to complete an IR401 to appoint your new Treasurer as an Executive Office Holder (EOH) to act on behalf of your organisation. The EOH has the ability to:

- make enquiries
- receive statements
- have financial authority
- register for and manage a myIR Secure Online Services account for your organisation

Click on the link below to download the EOH form from the IRD website

<https://www.ird.govt.nz/managing-my-tax/getting-someone-to-act-on-my-behalf/executive-office-holders/appoint-an-executive-office-holder-to-act-on-my-behalf>

## GST

If your Centre is GST registered the new Treasurer will need to know what GST cycle your Centre is on (monthly, bi-monthly or six monthly) and diarise the dates to ensure returns are filed and paid on time to avoid penalties and interest imposed by the IRD for late filing and/or payment.

## Update the Charities Register with new office bearers

Following your AGM, you will need to update your details on the Charities Register which can be done via the Update Details form online or via paper copies. We recommend you make the changes online as it is easier and faster however if you prefer paper copies, please click on the link below to download the required form. Please note that you must notify the Charities Register within 3 months of the change taking place.

<https://www.charities.govt.nz/assets/Update-Details-Form.pdf>

## Make sure your treasurer knows who their important contacts are

Space Co-ordinator, CA, RSL, Property Person, Regional Office,  
Playcentre Aotearoa contacts:

[accounts.receivable@playcentre.org.nz](mailto:accounts.receivable@playcentre.org.nz) (bulk funding queries and invoice queries)

[accounts.payable@playcentre.org.nz](mailto:accounts.payable@playcentre.org.nz) (bill queries)

[payroll@playcentre.org.nz](mailto:payroll@playcentre.org.nz) (all payroll queries)

[askgrants@playcentre.org.nz](mailto:askgrants@playcentre.org.nz) (grants queries)

[askfinance@playcentre.org.nz](mailto:askfinance@playcentre.org.nz) (all other finance queries)

## What tasks does the treasurer do:

### End of the financial year

Our end of financial year is 31 August. A short questionnaire will be sent out to the Centre email address around mid-July for you to complete once you are fully reconciled to 31 August. If you are part of our Charities Reporting group, you don't need to get an independent audit or file a return. You can check if you're part of this by clicking on the link below:

<https://www.register.charities.govt.nz/CharitiesRegister/ViewCharity?accountId=4a8a545c-1d2e-e811-8102-00155d6b7730&searchId=c50c6eff-ee68-421d-a542-6abc11ff8c8e>

### Budgeting tool

The finance team have put together a budgeting tool to help Centres prepare for their AGMs. We have created both GST and non-GST versions so please select the one that best relates to your Centre.

Find it here: <https://www.playcentre.org.nz/member/finance/finance-documents/>

### Xero webinar

We have an excellent Xero webinar available specifically designed by Treasurers for Treasurers.

Find it here: <https://www.playcentre.org.nz/member/finance/finance-kit/>

### Bulk funding

Bulk funding comes in 3 times per year as per table below:

Months included in FCH (Funded Child Hours)	Payment Date
1 <sup>st</sup> October – 31 <sup>st</sup> January	1 <sup>st</sup> March
1 <sup>st</sup> February – 31 <sup>st</sup> May	1 <sup>st</sup> July
1 <sup>st</sup> June – 30 <sup>th</sup> September	1 <sup>st</sup> November

Some Centres also receive “wash-up” payments on the 1<sup>st</sup> of next 3 months following initial payment (March = 1<sup>st</sup> April 1<sup>st</sup> May 1<sup>st</sup> June).

The bulk funding, we pay to Centres has several components:

- Funded hours for the current period
- Equity funding i.e.
  - Targeted Funding for Disadvantage
  - EQ1 - low socio economic
  - EQ2 – Special Needs
  - Language (where English isn't first language) and
  - Isolation
  - ATIS (Annual top-up for Isolated Services). Only paid in July each year.

All Equity funding is needs specific, determined by MOE, and is not levied by NZPF and is paid out each round except for ATIS which is only paid in July.

If you receive Equity Funding, each June you need to report to MoE on what you used the funding for during the

previous year. Finance will remind you and collate responses to send to MoE on your behalf. Note that MoE also require you to report to your members what this money was spent on.

- ECC Occupancy fee
  - Applies to Centres whose building is on MoE occupied land, called “pods”
  - is not levied
  - is charged out in March only –this is deducted at MoE level (\$11.50 per year). Shows on MoE bulk funding data, we include it in Xero records and is on the letters that go to Centres so they can account for it on their records.

RS7's (MoE report of funding hours) is submitted through Discover by 5/7<sup>th</sup> of month prior to the bulk funding round. (i.e., March bulk funding has to be submitted by 5<sup>th</sup> of February). If the RS7 is submitted by the 5/7<sup>th</sup> then payment will be made by the MoE to Playcentre Aotearoa on the 1<sup>st</sup> of the month. Any late submissions or re-submissions will be accounted for in future payments from the MOE.

Contact your local WINZ if you receive fees subsidies from them

Families at your Centre can choose to access the Childcare Subsidy from WINZ. The subsidy is needs/income based and the family will need to apply to WINZ for it. Both the family and the Centre will need to complete the Childcare Assistance application form and then the family will need to return the form (and any other documents requested) to WINZ for processing. The subsidy is paid directly to the Centre. Below is a link to more information and the application form which you can download

<https://www.workandincome.govt.nz/products/a-z-benefits/childcare-subsidy.html>

## Wages invoices

If you employ staff at your Centre, they will submit their hours via TimeFiler which are approved by your RSL at your Regional Office. You will receive an invoice from Playcentre Aotearoa each fortnight, usually within 2 days of pay day.

This will be broken down by employee and include their ordinary hours for that fortnight, 8% holiday pay (you pay this per pay, so you don't get landed with a big bill when most staff take holidays in January), sick or bereavement leave, stat days, mileage and your Employer Kiwisaver contribution if the employee is enrolled in Kiwisaver. The invoice is emailed to the Centre email address as well as a TimeFiler report which breaks down the hours each employee submitted so you can check this against the invoice. The TimeFiler report only shows hours submitted on TimeFiler, it won't include any manual timesheets submitted. Staff should only submit manual timesheets if they have missed claiming in TimeFiler which is only available for the current pay period.

The invoice is due for payment on the 20<sup>th</sup> of the following month. You can pay both invoices for the month in one payment.

## How do we register as a charity?

<https://www.playcentre.org.nz/current-members/useful-documents-for-your-centre/>

## How does our centre join the group and why should we?

[https://www.playcentre.org.nz/member\\_post/group-reporting-what-is-it-why-do-we-do-it-should-we-join-the-group/](https://www.playcentre.org.nz/member_post/group-reporting-what-is-it-why-do-we-do-it-should-we-join-the-group/)

## Managing your finances

The financial record keeping of the Centre is the responsibility of the Treasurer, but the management of Centre finances is the responsibility of all Centre members.

At Playcentre we receive the majority of our funding from the Ministry of Education. The Ministry requires that we develop and implement financial policies on allocating resources to meet the goals of our strategic and management plan and the Playcentre Charter.

All Playcentre members have a shared responsibility to ensure that this is achieved in a transparent way that fits with our philosophy of consensus decision making and in the spirit of being part of a voluntary organisation. For the President this means facilitating.

Financial Requirement	Can be met by;
The development of criteria for allocating resources	<ul style="list-style-type: none"> <li>Centre financial policies and procedures that are reviewed regularly</li> </ul>
Identification of priorities for expenditure	<ul style="list-style-type: none"> <li>Preparation of Annual Centre Business Plan</li> </ul>
The development of a budget	<ul style="list-style-type: none"> <li>Preparation of Annual Budget Cashflow Forecast informed by the Centre Business Plan</li> <li>Review budget 3 times per year at Business Meeting</li> </ul>
The development of systems that clearly demonstrate how Ministry of Education (and other) funds are used.	<ul style="list-style-type: none"> <li>Monthly presentation of accounts at Business Meeting</li> <li>Notifying members of upcoming issues that have financial implications through weekly notices</li> </ul>
Centre members are encouraged to understand and are actively involved in managing finances	<ul style="list-style-type: none"> <li>attendance at Business Meetings, AGM, budget setting meetings</li> <li>allocating office holders, a “budget” that they monitor</li> <li>Members, other than the Treasurer to present monthly financial reports at business meetings</li> <li>consider having a “finance team” to support the Treasurer</li> <li>encourage active discussion amongst members of implications of financial proposals</li> </ul>

Support and guidance with managing your Centre’s finances is available from [askfinance@playcentre.org.nz](mailto:askfinance@playcentre.org.nz)

## Timeline of financial tasks for a treasurer

### Monthly

It is important that the Xero is reconciled *every month*.

At the end of each month, complete the following actions in Xero.

Even if you are not going to be holding a Centre business meeting in the following month these need to be completed so any issues can be identified and corrected early.

- Reconcile all transactions in all your bank accounts
- Run a Reconciliation report for each of your bank accounts and check that the bank balances with Xero.
- Issue any invoices (for member fees etc) if you are using this function
- Issue receipts for any payments you have received if you are using this function
- Enter all bills you have received if you are using this function

Now you are ready to run the financial reports for your Centre business meeting

Even if you are not holding a Centre business meeting for some reason it is good practice to prepare these reports and have them on file.

### Reports required

- Bank reconciliation report
- Cash Summary report
- Budget report
- Profit & Loss statement (this can be prepared monthly or quarterly)
- Balance Sheet (this can be prepared quarterly)
- Accounts to be passed for payment
- Ratification of any urgent accounts paid between meetings

The list of invoices should be available at the meeting so that any questions can be answered at this time. The Treasurer should ensure that the president checks the Xero reports, and signs them to show they are satisfied everything is in order.

Please send a copy of the meeting minutes with financials to your Centre Advisor.

### Between meetings

All money received must be banked promptly and recorded in Xero.

All invoices should be paid promptly (once approval has been authorised) and recorded in Xero.

Where a Centre is GST registered, ensure that GST receipting requirements are met and that payments to IRD are made on time.

Issue reminders for attendance fees/ donations according to Centre policy. This is usually done once a term.

Issue follow up if necessary.

### Once a year

#### End of financial year accounts

- The financial year for Playcentre runs from 1 September – 31 August
- Complete all coding and reconciliations of transactions occurring in the financial year
- Print off the Bank Cash summary, Bank Reconciliation, Profit and Loss and Balance sheet Reports.
- Follow any instructions sent from Playcentre Aotearoa for End of Year.
- Write a Treasurer's report, summarising the Centre's financial position and key financial

activities throughout the year. Present with accounts at Centre AGM.

#### Set and track annual budget

- Set budget prior to the start of the new financial year, present at Centre meeting
- Place a paper copy of the budget on the Centre noticeboard
- From the Xero Dashboard, go to Reports > Budget Manager to enter new budgets, and Reports > All Reports > Financial > ... > Budget Variance to track budget against actuals
- Utilise grants for large purchases/expenditure.

31 August is the end of the financial year, and the Centre Treasurer must complete all Xero entries/reports, the bank reconciliation and filing as quickly as possible. Then the complete set of records for the year; Balance sheet Report, Profit and Loss Report, Cash Summary Report, receipt book, vouchers and invoices are given to the auditor for auditing.

### Centres Do Not Need to Audit Their Accounts, This Is Optional Not Mandatory

- An auditor *must* have a qualification recognised by the New Zealand Institute of Chartered Accountants. Contact [askfinance@playcentre.org.nz](mailto:askfinance@playcentre.org.nz) if you are unsure how to arrange one. The auditor for the next year is appointed at the Centre AGM.
- Any Treasurer having difficulty presenting the accounts for audit should contact the [askfinance@playcentre.org.nz](mailto:askfinance@playcentre.org.nz) as soon as possible.

The Accounts must be kept for 7 years in case of audit by IRD.

# Understanding Xero's financial Reports

## Bank Reconciliation Report (monthly)

Prior to the monthly Centre meeting, code and reconcile all transactions for the month prior. Once complete run the Bank Reconciliation report. This report should show the Balance in Xero is the same as the Statement Balance Accounting > Reports > Accounting > Bank Reconciliation Summary  
Select the bank account and set the date to the last day of the previous month.

Bank Reconciliation Summary | Bank Statement | Statement Exceptions

Bank Account: 9000 - Otaki Playcentre | Date: 30 Apr 2021 | Update

**Bank Reconciliation Summary**  
Otaki Playcentre  
Otaki Playcentre  
As at 30 April 2021

Add Summary

Date	Description	Reference	Amount
30 Apr 2021	Balance in Xero		9,172.06
30 Apr 2021	Statement Balance		9,172.06

Save as Draft | Publish | Print | Export

If the balances are not the same, the report will show a list of Outstanding Payments and Outstanding Receipts and any Unreconciled Bank Statement lines.

Bank Reconciliation Summary | Bank Statement | Statement Exceptions

Bank Account: 9000 - Otaki Playcentre | Date: 30 Jun 2021 | Update

**Bank Reconciliation Summary**  
Otaki Playcentre  
Otaki Playcentre  
As at 30 June 2021

Add Summary

Date	Description	Reference	Amount
30 Jun 2021	Balance in Xero		3,965.62
<b>Plus Un-Reconciled Bank Statement Lines</b>			
19 Jun 2021	Dowco Associates Ltd;Dowco Associates Ltd	Dowco Assoc, Ref: 00049471, Code: 00049471	(46.00)
<b>Total Un-Reconciled Statement Lines</b>			<b>(46.00)</b>
30 Jun 2021	Statement Balance		3,919.62

Save as Draft | Publish | Print | Export

These will need to be reconciled to bring the report in to balance. If your report still does not balance you will need to find when the last time the account balanced (go back month by month until you find where it reconciled) and work forward from there to find the item that is out of balance. Please contact [accounts.receivable@playcentre.org.nz](mailto:accounts.receivable@playcentre.org.nz) for assistance with this if needed.  
Once the Bank Reconciliation is complete and balances, you can run the reports for your business meeting.

## Assessing financial viability using the Cash Summary Report

Prior to the monthly Centre meeting, code and reconcile all transactions for the month prior. Generate a cash summary report by going to Accounting > Reports > Financial reports > Cash Summary.

Select the month of the report, period 11 months, compare with none, and update. You can compare to “Previous x periods” if you would like to view and compare to all the previous months in the financial year.

- Review the report to ensure that all income and expenses are coded to the correct account codes
- Ensure the closing balance at the bottom of the report matches the total closing balances of all bank accounts on the last day of that month
- Print off a copy of the report for the meeting
- Report highlights from the month at the meeting
- Sign the report, and get it signed by the Centre President
- File a copy in the accounts file, along with the bank statement for the month.

Date: February 2020    Period: 1 month    Compare With: Previous 11 Periods    Update

Include GST  
 Show YTD  
 Show Income %

[More options](#)

Scroll down to the very last line with the closing balance and look at each bulk funding month March, July and November to see if the balance is roughly holding steady or is the total cash dropping round to round. If its holding steady your Centre is probably reasonably healthy, if its growing – Great, but if its dropping a few thousand dollars after every round then your Centre is starting to use its reserves and should put some time into considering your costs vs income and where you can increase your revenue e.g. fundraisers, building rentals, or reduce your costs.

See example below – the balance in November is slightly higher than July which tells us the Centre is operating viably.

[Add Summary](#)

	Feb 2020	Jan 2020	Dec 2019	Nov 2019	Oct 2019	Sep 2019	Aug 2019	Jul 2019
<b>Summary</b>								
Opening Balance	21,688.37	21,688.37	21,189.44	18,323.39	18,984.67	19,514.69	20,164.10	13,528.93
Plus Net Cash Movement	0.00	0.00	498.93	2,866.05	(661.28)	(530.02)	(649.41)	6,635.17
Closing Balance	21,688.37	21,688.37	21,688.37	21,189.44	18,323.39	18,984.67	19,514.69	20,164.10

## Profit and Loss Statement (monthly or quarterly)

The Profit and Loss statement tracks money earned vs money spent. It tells you if you had a profitable month or ran at a loss.

Accounting > Reports > Financial > Profit and Loss

There are two P&L reports. The New one is easier to read.

Select the Date Range: There are several options. For a monthly meeting I suggest choosing Last Month.

Comparison: You can choose None or choose to compare this month to previous months.

Select Update.

Profit and Loss	
Date range: Last month	
1 Jul 2021	31 Jul 2021
Comparison period(s)	
None	
<a href="#">Filter</a>	
<a href="#">More</a> <a href="#">Update</a>	
<b>Profit and Loss</b>	
Demo Company (NZ)	
For the month ended 31 August 2021	
	Aug 2021
<b>Trading Income</b>	
Sales	9,746.35
<b>Total Trading Income</b>	<b>9,746.35</b>
<b>Cost of Sales</b>	
Purchases	730.43
<b>Total Cost of Sales</b>	<b>730.43</b>
<b>Gross Profit</b>	<b>9,015.92</b>
<b>Operating Expenses</b>	
Consulting & Accounting	49.00
Freight & Courier	100.02

## Balance sheet

The balance sheet shows you the value of things owned (including cash) vs things owed.

You may want to run the Balance sheet report on a quarterly basis rather than monthly.

Accounting – Reports – Financial – Balance Sheet

Date: End of last month/end of quarter

Comparison: your choice

Select Update

### Balance Sheet

Date: End of last quarter  
 31 May 2021

Comparison period(s)  
 Compare with 1 period

[More](#) [Update](#)

---

#### Balance Sheet

Otaki Playcentre  
 As at 31 May 2021

	31 May 2021	28 Feb 2021
<b>Assets</b>		
<b>Bank</b>		
Otaki Playcentre	6,436.27	7,376.18
PLAYCENTRE FF Saver	3,105.64	3,045.05
PLAYCENTRE Online Call	1,616.69	1,596.69
<b>Total Bank</b>	<b>11,158.60</b>	<b>12,017.92</b>
<b>Current Assets</b>		
Withholding Tax paid	119.76	119.19
<b>Total Current Assets</b>	<b>119.76</b>	<b>119.19</b>
<b>Fixed Assets</b>		

All of the reports can be exported to Excel or PDF and all can be Saved to the Reports Folders in Xero. You can save the reports as Drafts, Custom or Published.

Accounting **Contacts**

**Reports** Summary Custom Adviser Drafts Published Archived

**Financial**  **Sales**

## Budgets

### A guide to budgets

A budget is an essential part of the Centre planning process.

A budget has been described as “a plan expressed in dollars rather than words.”

It will help you keep a check on expenditure during the year and ensure that money is made available for purchases or funding of Centre goals during the year. Setting the budget is also a good time to involve the Centre members in Centre management and to feel included in the use of money available for the benefit of the Centre as a whole.

A budget ensures that money is made available so that Centre plans for the year can be afforded or in some cases money set aside so that more long-term goals can be met.

Use the budgeting Tool on the website and the Budget Manager in Xero.

## Beginning the budget cycle

The best time to begin the review of your annual budget is in conjunction with reviewing your Centre *Annual Plan*.

Discuss with Centre members how well the current budget is working for everyone. Consult your Centre office holders and members about what aims/ goals they would like the Centre to work towards this year. Possible ways include:

- Asking if there are any gaps in the current budget.
- Putting up a wish list on the notice board for members to contribute to
- Convening a budget sub-committee meeting for those interested
- Asking current office holders to decide on goals for the next year

## General principles

Costs which are fixed and needed to maintain the Centre's eligibility for bulk funding (see section on this) should be met out of bulk funding and fees; fundraising should be used to meet spending on items which are more optional (nice to have but not essential.)

Centre members will need to decide on the priorities for this at a meeting. The process can be team building and give the Centre members a feeling of ownership of where the Centre is going for the next year.

## Finalising the budget

Estimate your income for the next year. This will include fees, donations and bulk funding minus percentages allocated for Operations levies. An amount may be given for fundraising and grants during the year. Take care to consider the following when looking at income:

- Are you planning more/ fewer sessions?
- Is the number of under 2-year-olds going to change during the year? How? (The rate for under 2s is significantly higher).
- How many children are going to school?

Discuss the goals/ things on wish list and work out estimated costs of these. Total these. Include any fixed costs (see the section on fixed costs to ensure you have included them all) and total the figures. Now compare the expenditure against income.

If there is more expenditure than income (a deficit) you will need to look at estimated costs to see if these can be cut and prioritise goals in discussion with Centre members.

Using the Playcentre Budgeting tool is encouraged as it will help your Centre to quickly and easily identify your revenue by session and costs including payroll.

We have both GST and non-GST budgeting tools available for standard and quality funding available here:

<https://www.playcentre.org.nz/member/finance/finance-documents/>

Keep an eye on this section of the website as we are regularly adding more content and tips and tricks relevant to Budgeting and Treasurers in general.

Ministry of Education funding rates to help with budgeting are included below.

If there is more expenditure than income (a deficit) you will need to look at estimated costs to see if these can be cut and prioritise goals in discussion with Centre members or look at ways to increase income to cover the deficit.

## Useful questions

### Possibilities for Reducing Spending

- Are there funds 'left over' from last year that could go towards this year's budget? (Maybe you could budget for a *small* deficit to take up some of these funds)
- Can some money be set aside in this year and combined with next year's budget to afford the item then?
- Which and by how much can other expenditure be cut to maybe lessen the deficit?
- Review the expenditure items and determine which are contractual and required for day to day operating, e.g., payroll, electricity and prioritise these firsts
- For items that are "nice to have" consider postponing these purchases or making their purchase contingent on a fundraiser or grant

If your Centre is going into deficit for a one-off large project (e.g., a playground upgrade) consider whether you will have enough cash at the "low" times of year (just before you get your Bulk Funding)? Note: we do not recommend budgeting a deficit to be used towards day-to-day operating costs and especially payroll, as this will cause the Centre ongoing financial difficulties. Possibilities for Increasing Income

- Consider fundraising and Grant applications to support income. Ask for help by emailing [askgrants@playcentre.org.nz](mailto:askgrants@playcentre.org.nz)
- Double check all your children attending sessions are fully enrolled, remember those babies.
- Could you open another session or review your waitlist to increase participation?
- Could you extend the length of your session license by half an hour to include a shared lunch?
- Is your fees schedule appropriate for your area, could you raise this slightly?

### Possibilities for increasing income

- How much could/ should fees be raised to cover the extra spending?
- How much could be covered by fundraising and application for grants? (This kind of income is not guaranteed)
- Should the Centre try a publicity drive or open another session to abolish any waiting list?
- Ensure every child is enrolled – don't forget your babies  
Every child attending Playcentre is entitled to bulk funding, and this includes the younger siblings attending with their parents/caregivers during session time. A baby attending once a week for three hours could bring over \$100 extra into the Centre each term. If they are attending anyway, make sure your Centre is getting the benefit!
- Increase funding through increased centre hours  
One of the easiest ways to increase revenue is to utilize our full possible licensed hours. All our Centres can be licensed to operate for 4 hours per session, for many Centres adding another 30-60 minutes for a shared lunch, set up or pack up time can increase funding revenue by as much as 25%.
- Better returns on money in the bank  
We are aware that many Centre have a reasonable amount of cash that is in current accounts receiving very little interest revenue. Putting money on Term deposits can increase revenue by about \$200-\$300 per \$10,000. As an organisation we receive our funding in three blocks of the year, this doesn't mean you need to keep 1/3 of revenue on current accounts, consider using 30-, 60- and 90-day term deposits to allow for the cash flow needs of the Centre but still get a stronger rate of interest. It may sound like hard work, but it's a lot easier than most fundraisers!  
For those who don't want to look into term deposits we have also twisted the arm of our Playcentre

Aotearoa bank ASB to extend their Education Account offer to our Centres. For more information [click here](#). This is a current account which gives lower fees and increased interest (although still below a term deposit).

For Playcentre who have not registered with charities there is information on our website to assist with any Centres who wish to register – [click here](#).

## Managing the budget

Once your budget has been decided upon a copy of it should be passed at a Centre meeting and included in the minutes. Use the same headings given in this budget for the 6 monthly budget comparisons, which the Treasurer should present to the Centre meeting every 6 months. This is a time when the Centre can see how the plan is working, re-evaluate priorities and set new goals for the next three months. Three months into the new year you will have a better idea of whether income is matching predictions and whether costs as estimated are more or less.

A form has been included which could be used to monitor budget expenditure. In the first column (labelled actual) fill in the final totals from the previous year. These are a guide for this year. Then when the budget is finalised by the Centre meeting, enter the figures agreed on in column 2 (labelled projected). In 3 months, at the December, meeting put the figures from the cashbook in the third column (labelled 3 months actual). Then work out what proportion of the amount agreed on for the year this is. Do the same at 6 months (labelled 6 months actual).

It is also a good idea for Treasurers to do a less formal review after 3 months, to see how things are tracking and make any adjustments to prevent over-spending before it happens, and after 9 months, so that there are no surprises when they do the final report after the end of the year

Centres should also carry out a supplementary budget calculation before increasing or employing a team member as employment costs to ensure the Centre has the long-term financial capacity to fund the employment in question, you can email [askfinance@playcentre.org.nz](mailto:askfinance@playcentre.org.nz) to get help with working this out.

## Evaluating your budget spending

In general, figures which are regular expenditure items (power, rates, telephone, equipment consumables, housekeeping), should be spent proportionately throughout the year - i.e., you should have spent only 25% of the budget for this at 3 months, 50% at 6 months. If the calculations show this, then all is well.

Income should be evaluated in the same way as expenditure.

- Is the amount received in income as planned?
- Why is it greater/ less than planned? Increase/ drop-in sessions, increase/ drop in 2-year-olds?
- Is it because bulk funding has yet to be received from Operations? (This will appear as income in 3 lump sums in March, July, and November.)
- Is it because the fundraising event was cancelled recently?
- Have the invoices for fees/ donations gone out late this term?

If the calculations show figures not matching the time period given, then you need to consider why.

- Is expenditure in one part of the budget high because the bill comes once a year and 100% has been spent at this time?
- Consider timing of Centre paid staff which will go up and down depending on which months include school holidays or public holidays.
- Is expenditure low because this cost is to be incurred at a later time?
- Is the account due but the invoice has not yet been given to the Centre?
- Are there claims from office holders outstanding (encourage regular claiming)?
- Are you spending more / less due to changes in numbers of sessions, numbers of children?
- Has there been a special reason why the last account was higher (e.g., heaters being left on, a cold snap)?

By monitoring spending closely like this, it is possible for the Centre to act to cut expenditure if it is too high or to plan to spend more if needed in a certain area. If there has been a drop in income the Centre should be able to recognise it early enough to adjust spending plans or to increase fund raising activities to make up a shortfall.

## Managing the budget in Xero

You can enter your budget in Xero. This will allow you to track how you are doing throughout the year compared to your budget

To enter the budget into Xero

Xero – Accounting – Reports – Budget Manager.

Using Xero Import Budget Manager

At the bottom of the screen you will see an Import button. If you click this button it will take you to the screen below. Download the template as either a .csv or excel file, follow the instructions for filling it in then Import the file and Xero will fill in the budget manager for you.

Budget Manager >

## Import a Budget

**i** This import will overwrite the budget values for the accounts and dates you have specified

### Overall Budget

- 1. Download Overall Budget as a template**  
12 month budget starting Sep 2020.  
[Download template](#)
- 2. Add your data to the downloaded file**  
Use Excel or similar to add or edit your budget. If you don't want a particular account or cell to be updated in Xero simply leave it empty.  
[For more information, consult the Help Centre.](#)
- 3. Import the updated budget (saved as a CSV, Excel, or ODS file)**  
[Browse](#) No file selected

[Import](#) [Cancel](#)

Manually entering your budget in Budget Manager

Select +Add new budget

Give your budget a name e.g., Budget for Year 2020-2021

Now enter the figures you have agreed upon as a centre under each of the relevant account lines

## Budget Manager

Select Budget: test | Start: Sep 2020 | Actuals: None | Period: 12 months | [Update](#)

test | Do Not Filter Approvers | Do Not Filter Trackings | [Edit](#) | [Wide view](#)

	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-2
<b>Income</b>						
Donations (1140)	0	0	0	0	0	
Fees received PLD (7100)	0	0	0	0	0	
Grants received (1130)	0	0	0	0	0	
Interest Ed Tert. Funding A/c (6100)	0	0	0	0	0	
Interest Received (1120)	0	0	0	0	0	
Levies (1110)	0	0	0	0	0	
Parent Contribution (Fee) AR ONLY (1305)	0	0	0	0	0	
Shop Sales (1161)	0	0	0	0	0	
TEC SAC Training Funds In (6201)	0	0	0	0	0	
<b>Total Income</b>	0	0	0	0	0	

### Running a budget comparison report

To run a comparison between your budget and actuals you can use the Profit and Loss statement and tweak it to suit.

Xero – Accounting – Reports – Profit and Loss (be sure to use the report marked New)

You will need to edit the layout

In the bottom left corner click Edit layout

Along the top menu select Columns – Budget

**Profit and Loss**  
Playcentre Aotearoa  
For the year ended 31 August 2021

**Trading Income**

Amalgamation Revenue from Associations		
Auckland Region - SPACE Bulk Funding	0.00	0.00
<b>2021 Overall Budget</b>		

You will see a new column in the report which is the budget column

From the menu on the right-hand side select the budget you wish to use, and the date range. Select Done when complete

This will now give you a report showing the actuals in the first column and the budget in the second column

You can alter the fields for different date ranges (this month, this financial year, last financial year etc)

## “Opening the Door” Costs

These are the general costs which Centres generally need to budget for.

### Building Costs

- Rates
- Rent (if applicable)
- Power
- Insurance

### General Costs

- Payment for Auditor (If this applies to your Centre)
- Telephone
- Photocopying
- Postage
- P.O. Box rental (if applicable)
- Stationary
- Bank fees

### Housekeeping Costs

- Tea, coffee, sugar and milk.
- Food for children’s morning tea (if provided)
- Crockery / cutlery
- Cleaning materials and rubbish bags
- First aid items
- Civil Defence Kit items.
- Soap, towels, light bulbs, toilet tissue

### Employment Costs

- Wages for session leaders or cleaners
- ACC levy for employees
- Holiday pay for employees (unless included in hourly rate)

### Equipment Budget

Equipment can be classified as

- Consumable (will need restocking during the year e.g., flour, clay)
- Fixed. (I.e., items which can be re-used e.g., puzzles, toys etc.)

### Equipment (Consumables)

The consumables allowance is a little more difficult to budget for. Use the previous year’s amount as a guide and maybe add a little more for cost increases.

It covers items such as:

- Clay, sand (do you replace it every year or two years?), timber for carpentry, nails
- Flour, oil, salt (for playdough) and cornflour (for fingerpaint.)
- Sawdust, plaster of paris
- Paints, dyes, crayons, pens, paper, glue, wallpaper paste.
- Pet supplies such as food and litter trays.

### Equipment (Fixed)

Equipment for Play

- The equipment checks each year should highlight for your Centre what needs to be replaced or

repaired in order to meet the minimum standards listed in the Equipment Book. Items identified for replacement during this check must be budgeted for *first*.

- Additional equipment is given in the book as suggestions to add zest to a new play area.
- Another option is to look at one or two specific corners each year for an overhaul ensuring you do so in order to visit each area in turn.
- Remember to look at purchasing items that reflect other cultures as a way of working towards a more inclusive environment. There is a bicultural equipment list of equipment that should be held by every Centre (this is included in the Equipment Book, and your bicultural officer should also have a copy).
- Remember also to purchase items that are suitable for the wide age range at Playcentres. Safety is also an important issue to consider.

#### Furniture

- Remember to budget each year to maintain, replace or upgrade some furniture to avoid the need for a total overhaul all at once in 10 years' time.
- Remember to ensure that any equipment purchased for use for babies must meet safety standards so don't cut corners on purchasing second-hand cots or highchairs if you are unsure about this.

#### Children's Books

- The same ideas apply as above, replace 'over-loved' books, and keep up to date with new books. Once again remember the range of cultures of the families in your Centre and the age range of the children.

#### Property Budget

- Centres are expected to set aside 2% of their total bulk funding for property maintenance. Any costs which exceed this may be applied for from the Property Team. Please contact your Regional Property Coordinator for current details.

#### Maintenance includes

- Care of the grounds e.g., planting, lawn mowing costs, rubbish removal
- Set aside money for internal painting (the property levy does not cover this.)
- Maintenance of floor surfaces (new carpet or cleaning an old one, or vinyl or floor polishing once or twice a year.)
- Security such as window stays, gate latches, padlocks, door locks.

#### Safety Items include

- Resurfacing of ramps and steps
- Cupboard safety catches and power point covers
- Heater guards and window barriers
- Stove top guards, castor cups or ways to fix objects in case of earthquake
- Safety surfacing, replacement or relaying from time to time

#### Major Projects include

- Laying safety surfacing
- Playground remodelling
- Revamp of kitchen or bathroom
- Building additions

A useful strategy is to put some money aside each year or add to it with fundraising.

#### Excursions and Team Building

- If the Centre pays for some excursions allow for this.
- If Centre pays for socials, AGM costs or graduation celebration allow for this.
- If Centre pays for donations or gifts allow for this

#### Fundraising Costs

- Allow for any costs for purchase of products for fundraising

#### Public Relations/ Publicity Budget

- Cost of advertising in local paper (maybe once a term or once a year with an open day)
- Supplies of pamphlets/ posters for local health Centres, Plunket, community rooms
- Giveaway pamphlets
- Internal PR with termly Centre newsletter
- 

#### Education Costs

- Cost of first aid courses (licensing requirement 1 person with a current first aid certificate per 25 children present on session)
- Cost of implementing Centre policy on childcare for trainees or mileage reimbursements
- Updating of supply of books in Centre which are required for PIA, PEA and Certificate courses
- Extra allowance for one off events e.g. Centre specific professional development (where an area of need is identified), convention, learning together days or regional hui.
- Implementing Centre policy on incentives for trainees who complete certificates (maybe a book purchase or book voucher or subsidising a graduation celebration)

## Budget Sheet

Budget for  
Income

Playcentre Year Ending

	Actual Last Year	Projected For this Year	3 Months Actual Totals	% Budget	6 Months Actual Totals	% Budget	9 Months Actual Totals	% Budget
Bulk Funding (gross)								
Bulk Funding (net)								
Fees								
Fundraising								
Other								
Total								
Expenses								
Levies								
Supervision Expenses								
Education Training								
Equipment (consumables)								
Equipment (fixed asset)								
Housekeeping								
Centre Administration								
Rent/ rates/mortgage								
Property Maintenance								
Power/ Insurance								
Fundraising								
Centre Activities								
Transfer to other Accounts								
Other Payments								
Totals								
Surplus (Deficit)								

Useful items to consider when preparing a budget

Receipt or Payment Item      Factors to Consider when Setting the Budget

Bulk funding

- Number of sessions held
- Number of children enrolled in each session
- Funded for three hours per session (or longer if centre license is more than 3 hours)
- Child funded hours equals number of sessions held x number of children enrolled in each session x three hours per session x forty weeks per year
- The standard ECE rate is \$8.61 per hour for children under 2yrs. The hourly rate for 20 Hrs ECE rate is \$5.52. Any children over 2yrs –are funded for any non 20Hrs ECE hours at a rate of \$4.33 per hour
- Bulk funding paid three times per year in March, July and November.
- Full rates from the MoE funding handbook are listed below.

PLAYCENTRE						
\$ PER FUNDED CHILD HOUR (INCLUDING GST)	RATES FROM 1 JANUARY 2021			RATES FROM 1 JANUARY 2022		
	UNDER 2	2 AND OVER	20 HOURS ECE	UNDER 2	2 AND OVER	20 HOURS ECE
	Quality	\$9.84	\$4.94	\$6.14	\$9.96	\$5.00
Standard	\$8.61	\$4.33	\$5.52	\$8.71	\$4.38	\$5.59

CERTIFICATED PLAYGROUPS AND LICENCE-EXEMPT SERVICES			
The next table shows the rates for certificated playgroups and licence-exempt services from 1 July 2020.			
\$ PER FUNDED CHILD HOUR (INCLUDING GST)	RATES FROM 1 JULY 2020		
	UNDER 2	2 AND OVER	20 HOURS ECE
Playgroups	\$1.83	\$1.83	N/A

Fees/Donations

- Donations
- Fees policy
- Number of families/children enrolled at Centre
- Fees schedule

Grants

- Grants approved from outside funding agencies
- Funding % of special projects to be raised from outside funding agencies

	<ul style="list-style-type: none"> <li>• Basis for payment of grant whether paid on approval or on reimbursement of expenditure</li> <li>• Timing of special project for which outside funding received or sought</li> </ul>
Interest	<ul style="list-style-type: none"> <li>• Investment balances</li> <li>• Expected use of funds invested</li> <li>• Interest rates</li> <li>• Playcentre Aotearoa has negotiated a special ASB account with low fees and higher everyday interest rates.</li> </ul>
Fundraising (net)	<ul style="list-style-type: none"> <li>• Fundraising ideas</li> <li>• Fundraising targets</li> </ul>
Levies	<ul style="list-style-type: none"> <li>• Bulk funding income</li> <li>• Levy schedule</li> <li>• Levied currently at 50% of bulk funding income, this is paid three times per year in line with receipt of bulk funding</li> </ul>
Supervision	<ul style="list-style-type: none"> <li>• Session Facilitator/support person costs (centre paid)</li> <li>• Period of employment, number of hours employed per week, rate of pay, Holiday pay (8%), ACC levies</li> <li>• Factor in for public holidays and sick</li> <li>• KiwiSaver employer contributions = 3% of wages</li> </ul>
Education and Training	<ul style="list-style-type: none"> <li>• Travel and babysitting policy to attend training courses if your centre assists with this</li> <li>• Number of people to attend training courses</li> <li>• First aid course fee x number of people to attend first aid courses</li> <li>• Number of people to attend workshop days/weekends (if applicable)</li> <li>• Number of people to attend other courses such as Professional Development, outside courses etc</li> <li>• Registration fee for other courses</li> <li>• Books for training purposes</li> </ul>
Equipment Consumables	<ul style="list-style-type: none"> <li>• Number of sessions and children</li> <li>• Usage of items used in children's play such as paint, paper, clay etc</li> <li>• Supplier prices</li> </ul>
Equipment Fixed Assets	<ul style="list-style-type: none"> <li>• Minimum equipment requirements</li> <li>• Repairs and/or replacement of existing equipment</li> <li>• New equipment</li> <li>• Special projects</li> <li>• Supplier prices</li> </ul>

Housekeeping	<ul style="list-style-type: none"> <li>● Usage of items not used in children’s play such as tea, coffee, first aid kit items, cleaning products etc.</li> </ul>
Administration	<ul style="list-style-type: none"> <li>● AGM costs including presentations to office holders, gift to auditor, venue hire, refreshments etc</li> <li>● Post box rental</li> <li>● Xero monthly licence if upgraded to Standard Package</li> <li>● Photocopying &amp; Stationery</li> <li>● Publicity material</li> <li>● Printer consumables</li> <li>● Travel and babysitting policy to attend Centre meetings, National meetings, officer support meetings etc</li> </ul>
Rent and Loans	<ul style="list-style-type: none"> <li>● Lease agreement or rental</li> </ul>
Utilities	<ul style="list-style-type: none"> <li>● Power/gas usage.</li> <li>● General council rates (if applicable)</li> <li>● Water rates.</li> <li>● Building WOF checks</li> <li>● Fire alarm checks</li> <li>● Fire service checks (for extinguisher servicing if required)</li> <li>● Electrical Safety Checks (Tag and Test)</li> <li>● Other safety checks such as security alarm monitoring, servicing etc.</li> <li>● Rubbish removal contract.</li> <li>● Frequency of rubbish removal.</li> <li>● Lawn mowing contract rates &amp; frequency of lawn mowing.</li> <li>● Cleaning schedule.</li> <li>● For rural centres – there will be water testing for services on tank water and for those not on town sewage there will be septic tank servicing and/or cleaning.</li> </ul>
Property and Maintenance	<ul style="list-style-type: none"> <li>● Maintenance schedule.</li> <li>● Working bees suggested bi-annually.</li> <li>● Items for working bees such as skip hire, hire of equipment etc.</li> <li>● Repairs and/or replacement of existing property. For insurance claims have funds available to cover \$500 excess on each claim</li> <li>● New or replacement safety surfacing.</li> <li>● Carpet cleaning.</li> <li>● Floor polishing.</li> <li>● Building chemical wash including roof and gutters.</li> <li>● Special projects for additions and alterations to property (Centre contribution – check funding % with National Property team - or Centre funded)</li> </ul>

- Centre Activities
  - Trips allowance for sessions.
  - Centre trips.
  - Xmas party.
  - Subsidized social events.
  
- Other
  - Donations and gifts policy.
  - Other sundry items.
  
- GST
  - If Centre is not GST registered, ignore this item.
  - If Centre is GST registered:

Ensure all income and expenditure items are exclusive of GST. If items estimated net of GST, do nothing. If budget estimates include GST, divide by 1.15 to give net amount.

Add net amount of all income items to which GST applies (usually all income items except interest, dividends, and donations and some grants). Multiply this total by 15% for GST on income.

Add net amount of all expenditure items to which GST applies (usually all items except on charged wages, mileage, babysitting and any payments to suppliers not registered for GST). Multiply this total by 15% for GST on expenditure.

## Budget Report (monthly)

If your Centre has entered your yearly budget into Xero (recommended) then you can run the budget report to compare your actual expenses and income against what you budgeted.

This will help identify any areas that may be of concern: areas where you have overspent/underspent, received less/more income than expected.

This will allow you as a Centre to evaluate how you are operating financially against your plans for the year and where you may need to revise your budget.

Accounting > Reports > Financial section > Budget Variance (you may need to click on “more reports” to see it Click the Show Date Range tab and select dates e.g., 1 October 21 to 31 October 21

Choose Compare With = None and Compare Periods = None and then click Update

This report shows: (left to right) your actual costs for the month, your budget for the month, your variance in \$ and your % variance. The same figures are shown for YTD (Year to date – from the start of the financial year on 1<sup>st</sup> September through to the “To” date your entered for the report). Monthly variance reporting is useful to see what has been happening recently, while the YTD columns show you how you are going for the year so far.

### Budget Variance

[Wide view](#)

Common Formats
Compare Periods
Show Date Range

From:

To:

Compare With:

Compare Periods:

[Update](#)

[More options](#)

#### Budget Variance

Demo Company (NZ)

1 Oct 2020 to 31 Oct 2020

[Add Summary](#)

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
<b>Income</b>								
Other Revenue	0.00	0.00	0.00	0.0%	3,652.17	0.00	3,652.17 ▲	0.0%
Sales	869.56	0.00	869.56 ▲	0.0%	2,173.90	0.00	2,173.90 ▲	0.0%
<b>Total Income</b>	<b>869.56</b>	<b>0.00</b>	<b>869.56</b>	<b>0.0%</b>	<b>5,826.07</b>	<b>0.00</b>	<b>5,826.07</b>	<b>0.0%</b>
<b>Less Operating Expenses</b>								
Consulting & Accounting	0.00	0.00	0.00	0.0%	3,600.00	0.00	3,600.00 ▲	0.0%
Light, Power, Heating	80.00	0.00	80.00 ▲	0.0%	325.65	0.00	325.65 ▲	0.0%
Office Expenses	0.00	0.00	0.00	0.0%	8,000.00	0.00	8,000.00 ▲	0.0%
Printing & Stationery	0.00	0.00	0.00	0.0%	512.00	0.00	512.00 ▲	0.0%
<b>Total Operating Expenses</b>	<b>80.00</b>	<b>0.00</b>	<b>80.00</b>	<b>0.0%</b>	<b>12,437.65</b>	<b>0.00</b>	<b>12,437.65</b>	<b>0.0%</b>
<b>Net Profit</b>	<b>789.56</b>	<b>0.00</b>	<b>789.56</b>	<b>0.0%</b>	<b>(6,611.58)</b>	<b>0.00</b>	<b>(6,611.58)</b>	<b>0.0%</b>

[Save as Draft](#)
[Layout Options](#)
[Publish](#)
[Print](#)
[Export](#)

What should we be using reserves for? Property vs operating.

### Case study

This Centre operates 5 days a week in a central location and has over the years built up a healthy savings balance that sits at roughly \$60k. But much of this has been built up on the back of deferred maintenance, which is very evident around the Centre. A cold, leaky building isn't just a health risk, but can have significant financial consequences down the track as people choose not to join opting for a warmer prettier alternative ECE

option elsewhere. First impressions do count.

But the Centre has been operating in deficit and expects to spend more on employment to meet MoE licensing requirements - isn't this what the savings should be held for?

No, if operating costs exceed revenue for more than a short term then your Centre will eventually deplete its savings with nothing to show for it. Wages and other day to day operating costs keep reoccurring and growing and on top of that the leaky roof or other property issues won't go away; they will just keep growing.

Capital improvements is exactly what savings are for - these are long term items that bring value for years after their cost has occurred. A new roof will keep the Centre dry for 15-20 years and so going into deficit for these tasks should never be seen as a bad thing. You still need to retain some savings to get you through to the next bulk funding round and for unexpected expenses, but for a large Centre with \$60k in the bank they should be quite comfortable to allocate \$30-40k of that to capital improvements.

But shouldn't the National property budget pay for this instead of us?

The National budget is actually your money, from the Levies you pay. If it is spent on your Centre, we won't have enough for the Centre down the road, who might be just as in need of a new roof, also be paying for supervision, but only have \$5-10k in the bank. Only a small percentage of levies are tagged for property which breaks down to less than \$800 per Centre per year, so for every grant of \$8,000 we need 10 other Centres to not request anything that year.

A basic guide to the budget would be 20% of funds that the Centre receives after Playcentre Aotearoa levies have been paid.

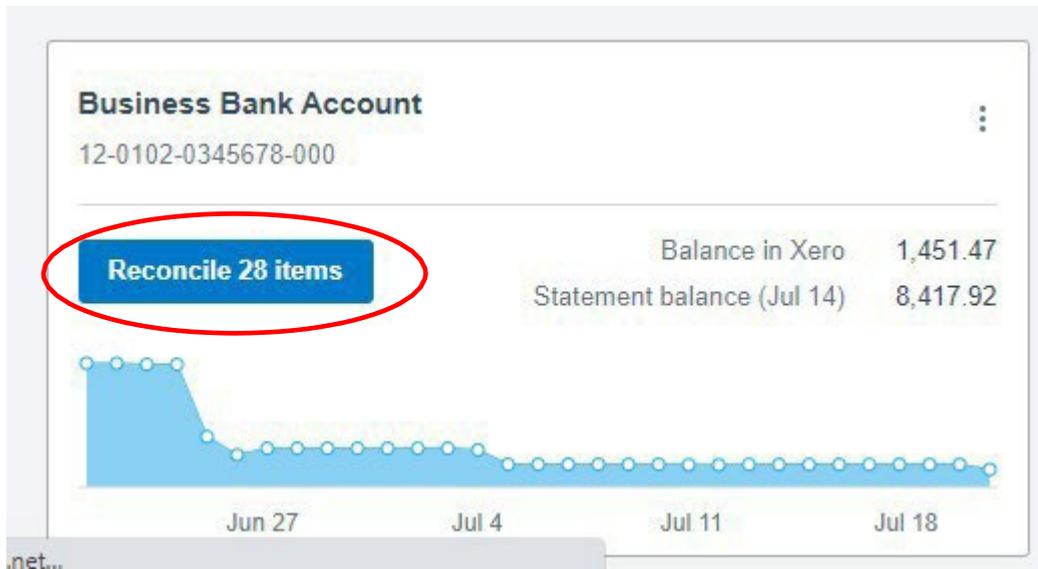
Please note that Playground Equipment (moveable, fixed, sandpits, forts etc), Gardens, Lawns and Trees are not available to apply for Playcentre Aotearoa Funding and these need to be totally paid for by the Centre or via external funding-grants, fundraising etc.

Minor Maintenance Costs and some Annual Maintenance Costs will not be paid by NZPF so will need to be paid for by the Centre.

# Maintaining the centre's financial records

## Reconciling the bank

Bank account transactions automatically flow into Xero via a bank feed. Each transaction is then coded to an appropriate account code from the chart of accounts. The easiest way to do this is via the reconciliation function. From the Dashboard, click 'Reconcile X items' as shown below:



Next, review the bank statement transaction and match or create a transaction in Xero, To create a transaction, click, create. Code the transaction to the appropriate chart of accounts code/s as shown below, enter the other details.

### Create

		Options ▾
6 Jul 2021	4,500.00	
SMART Agency		
0195 0210		
<a href="#">More details</a>		

Match	Create	Transfer	Discuss	Find & Match
Who	Name of the contact...	What	Choose the account...	
Why	Enter a description...			
Region	Tax Rate	<a href="#">Add details</a>		

### Add details

To add extra details, enter the GL code, description, to enter multiple transaction lines and upload source documents click on add details. Be sure to upload source documents by clicking on the file icon and uploading them (invoices, receipts etc). These are important for financial record keeping and auditing purposes.

Upload documents

1. Find & select matching transactions - 0 transactions selected

2. View your selected transactions. Add new transactions, as needed. ?

Spent as Direct Payment

To SMART Agency Date 6 Jul 2021 Reference

NZD New Zealand Dollar Amounts are Tax Inclusive

Item	Description	Qty	Unit Price...	Account	Tax Rate	Region	Amount NZD
	0195 0210	1.00	4,500.00				4,500.00

Subtotal 4,500.00  
GST 0.00  
**TOTAL 4,500.00**

Save Transaction Cancel

Upload documents

Click Save transaction

Click OK to reconcile. (If you haven't added extra details just click ok on the reconcile screen)

Spent	Received
5 Jul 2021 Ridgeway University INV-0035 More details	6,187.50 <span>OK</span>
03 Jul 2021 Ridgeway University Ref. INV-0035	6,187.50

To Find & Match a transaction

Click find & Match

If you have entered bills into Xero prior to paying them or invoices prior to receiving payment for them you will be able to find the relevant transaction using Find & match.

Enter either the name or the amount of the transaction

Tick which transaction/s apply to the payment, the Xero side of the bank rec will go green when it matches exactly, click ok.

Options

Match Discuss

2 transactions selected

OK

1. Find & select matching transactions ?

Show Received Items  Show NZD items only

Search by name or reference smart agency Search by amount  Go

Date	Name	Reference	Spent	Received
<input checked="" type="checkbox"/> 19 May 2021	SMART Agency	SM0195	Split 2,000.00 NZD	
<input checked="" type="checkbox"/> 29 Jun 2021	SMART Agency	SM0210	Split 2,500.00 NZD	

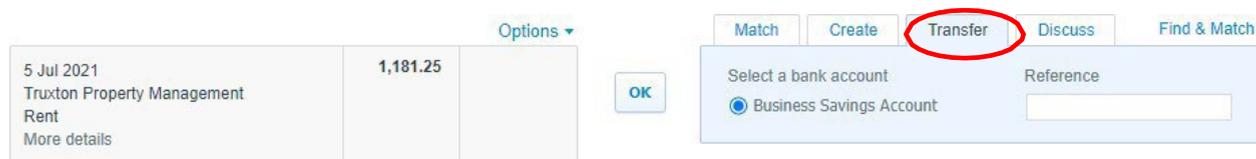
by a Cleaner these

wages will need to be separated out from Co-Ordinator’s wages. Utilities – Cleaners Wages 2910, Supervision – Wages for General Session 2810.

Other options on the reconciliation screen

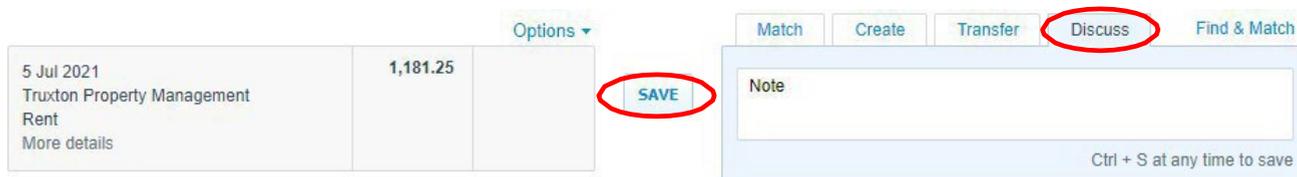
### Transfer

When you have transferred money between your bank accounts you do a transfer.



### Discuss

If you want to do a note while you wait for more information before reconciling a transaction, click Discuss, remember to save it.



## Receiving and banking money

Most money is received via internet banking; however, cash and cheques are received at times. Bank these into the Playcentre account using the deposit book. Write the details of the deposit on the deposit book butt and file the receipt in the accounts folder.

## Managing member’s donations

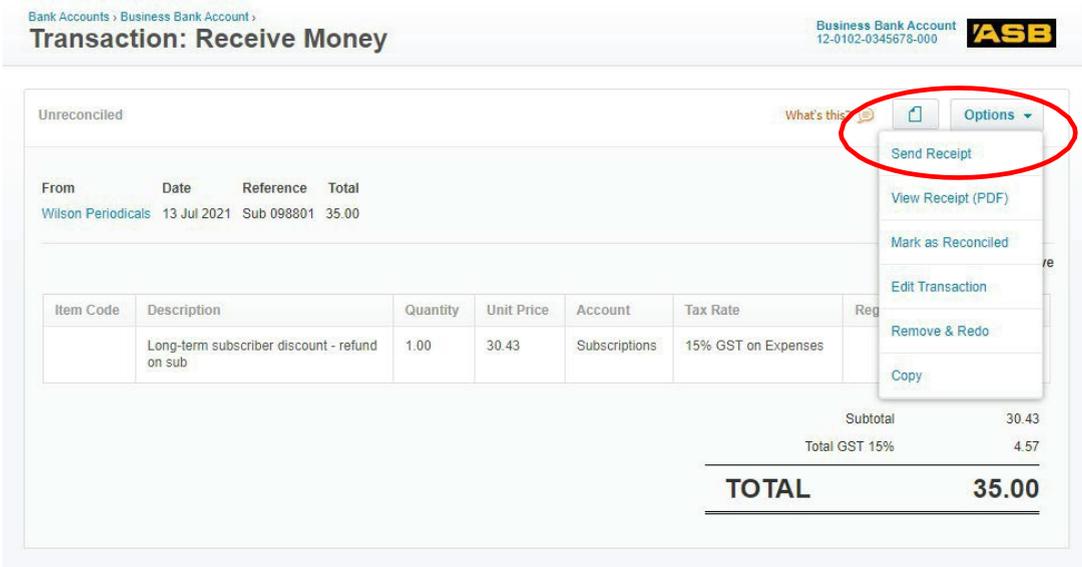
- At the start of each term, send an email to Centre members, reminding them that it is time for their termly donation. Include the Playcentre account details.
- Most donations will be paid via internet banking. Reconcile these in Xero adding details. For cash and cheque payments, refer to the previous section on receiving and banking money. Issue receipts as per the instructions below.
- Track who has paid and who has outstanding fees – chase up if needed.
- A few weeks out from the end of term, place a notice on the inside of the door by the tablet, reminding families that fees are due.

## Issuing receipts

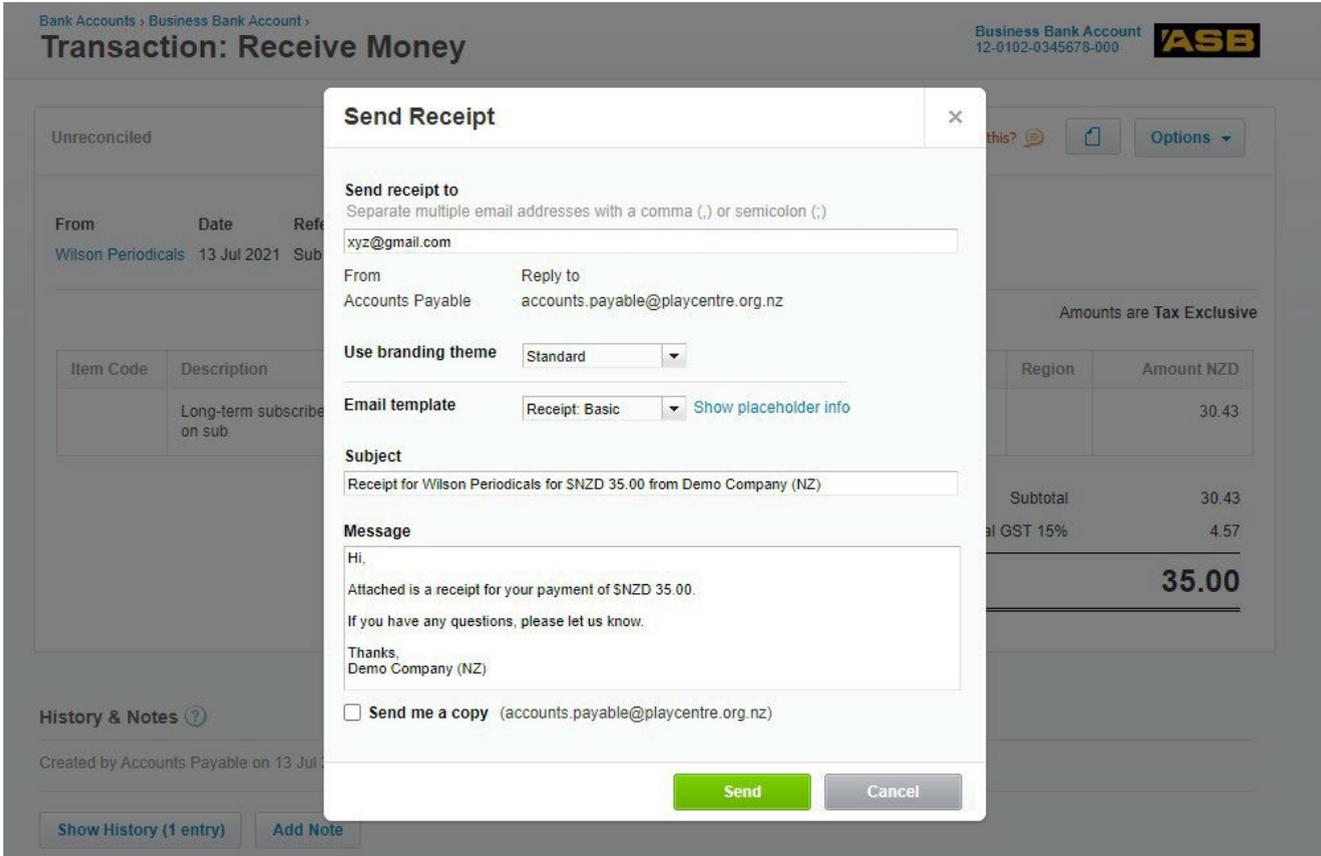
Once the deposits have been reconciled, issue a receipt, in the Xero Dashboard, click on ‘Account Name’ and the ‘Account Transactions’ tab. Under ‘Description’ click on the name of the family you wish to receipt as per the example below:

21 Apr 2017	Hannah Armstrong	25.00	17,008.67	Bank Feed	Reconciled
19 Apr 2017	Michael Linton	50.00	16,983.67	Bank Feed	Reconciled
18 Apr 2017	Bank Transfer to Rapid Save.	1.00	16,933.67	Bank Feed	Reconciled

This opens up the transaction as per the example below. Select Options > Send Receipt/remittance.



This opens up another window where you can type the family's email address in if it isn't already in contacts, edit the message if you wish and send it via email.



What should my receipt have on it?

Donation receipts need to show:

- donor's full name
- the amount they donated
- the date they donated
- a clear statement that it was a donation
- your organisation's name, Charities Services registration number and IRD number
- your official stamp or logo or letterhead
- The full name, designation, and signature of an authorised person from your organisation
- A receipt number, unique to each receipt

Here is a link to Xero training on creating a receipt template.

<https://central.xero.com/s/article/Email-or-print-a-customised-receipt>

## Paying invoices

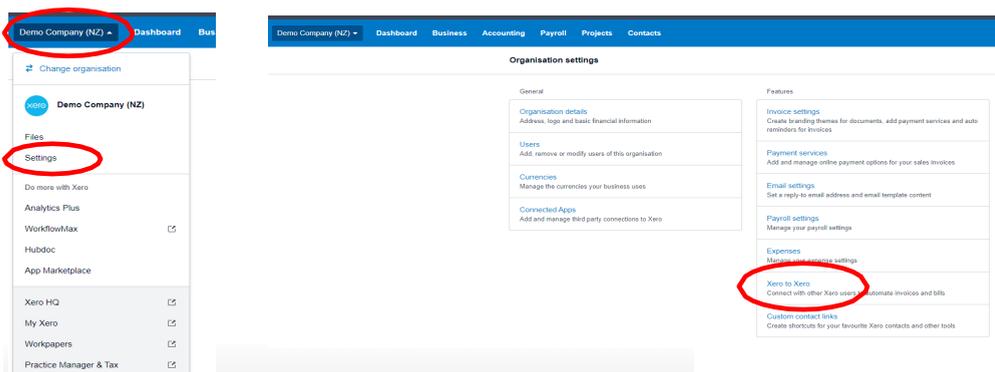
- Collect invoices & statements, noting due dates, collate and take to the centre meeting to be authorised for payment.
- Statements are usually sent out around the beginning of the month, with payment due on the 20th of the month
- Match invoices with statements. Ensure you know that goods/services have been received
- The second signatory needs to view and sign off on any payment before they are paid.
- Set up payments in your bank internet banking prior to the 20th of the month
- File all invoices and statements in the accounts folder.

How to set up Xero so you can send invoices/bills directly to other Xero subscribers

We have used Xero's demo company for this.

Send your Xero network key

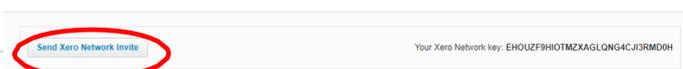
- Click the organisation name, then select Settings.
- Under Features, click Xero to Xero.
- Click Send Xero Network Invite.
- Enter the email address of the organisation you want to receive Xero invoices from.
- Click Send.

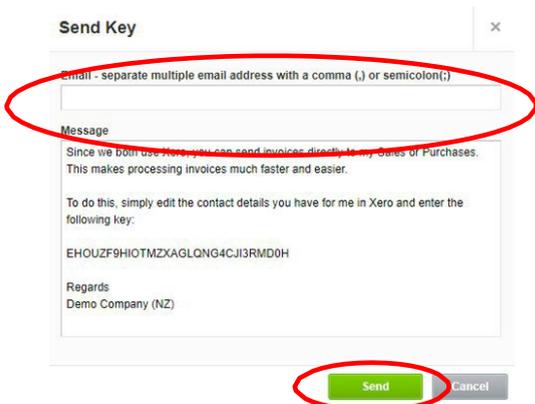


If your suppliers or customers use Xero, connect with them directly.

You can then receive their invoices directly into your Sales and Purchases. Handy stuff!

Connecting is simple, just [send a Xero Network invite](#)





## Processing bills in Xero

We have used Xero's demo company

## Ways of loading bills in Xero

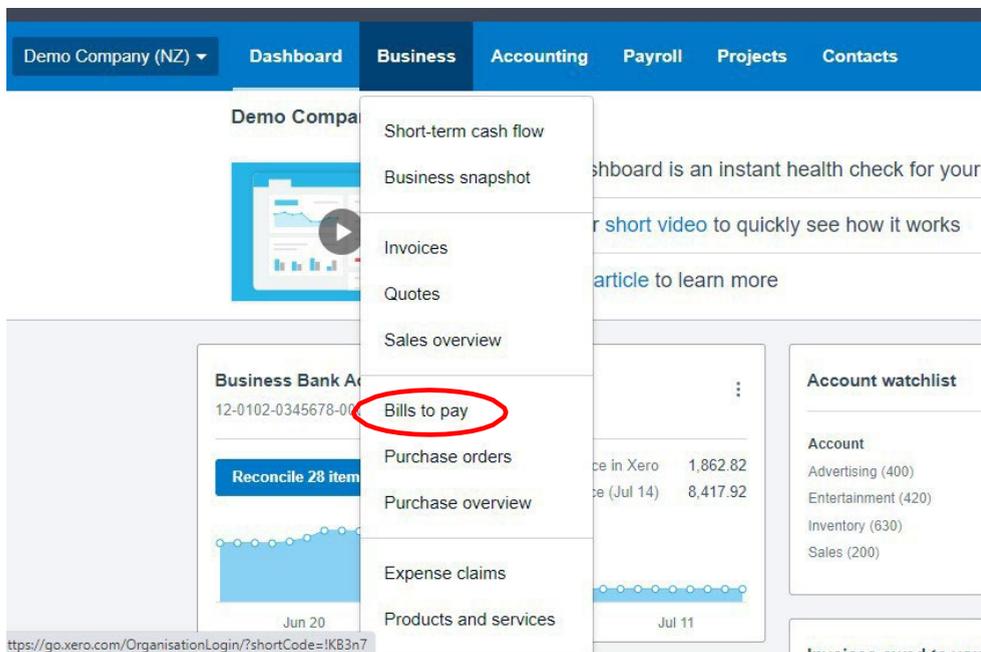
There are 3 ways of loading bills in Xero,

1. Through the Purchases Overview – described in the following slides.
2. Through the bank reconciliation screen via spend money – covered in the Bank Reconciliation PDF
3. Via email to bills. Covered in Powerpoint 2 of Processing Bills in Xero.

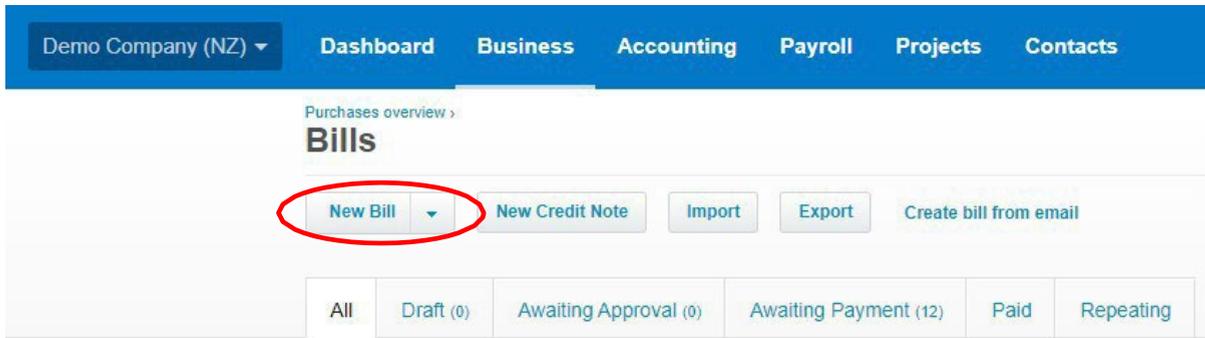
## Loading bills

Dashboard

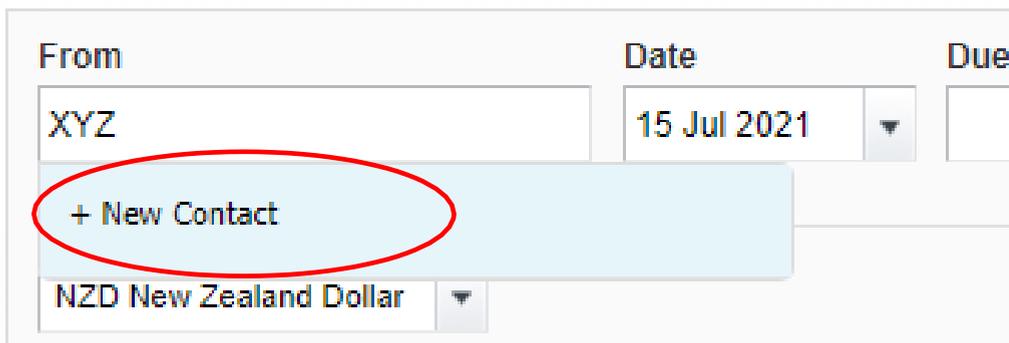
Business – drop down menu  
Click bills to pay



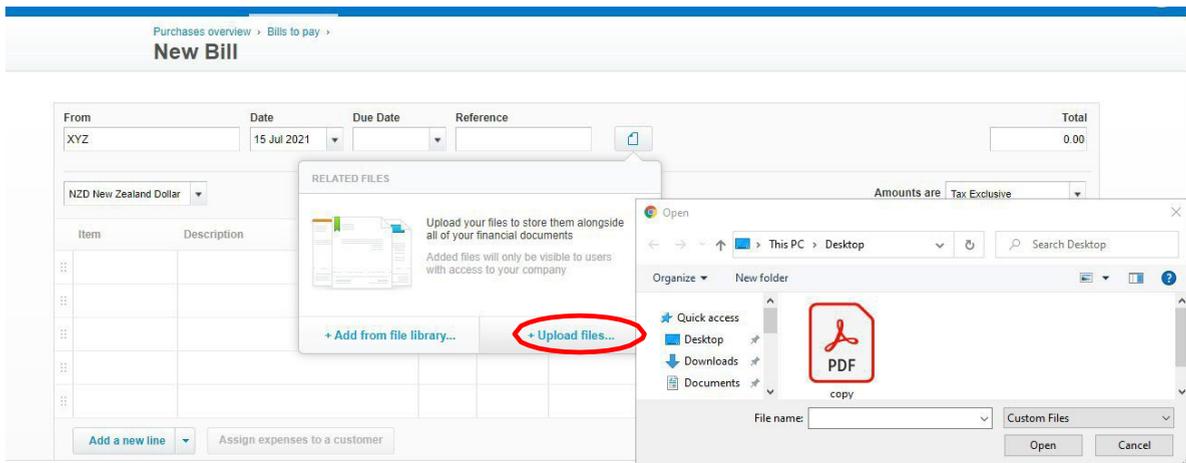
Click new bill



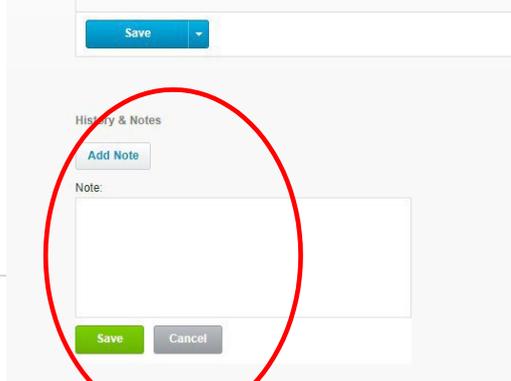
Enter supplier/customer details. If it is a new supplier/customer the blue new contact box will come up, click this. You can go back and add payment and contact details later.



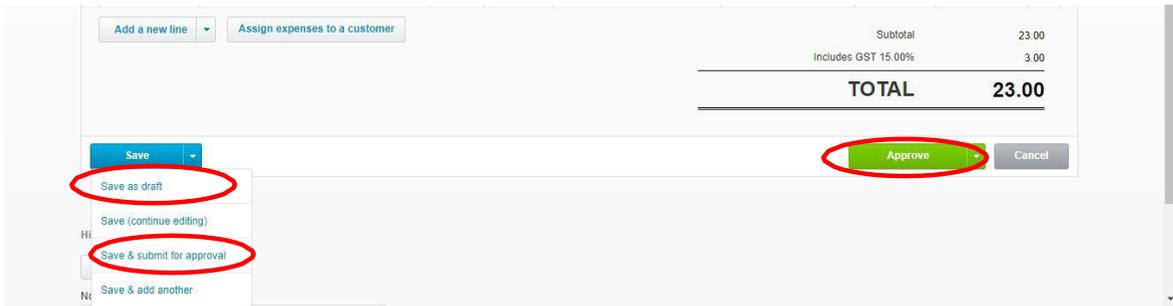
Click upload files, upload the doc from wherever you have saved it on your computer  
If there is any discussion around the payment in email form which may be important I attach a pdf copy of the email, (or take a snip of it) to the payment as well.



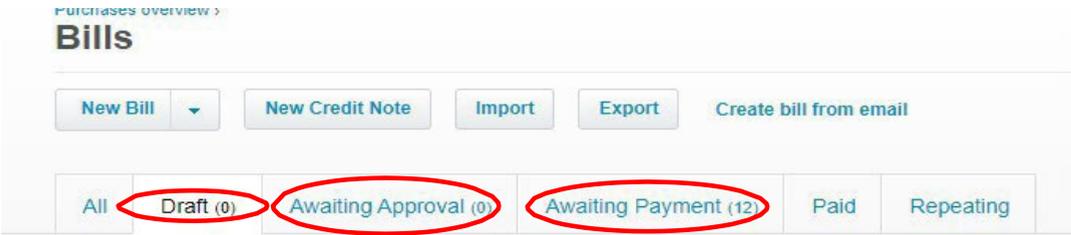
If there is anything you need to say about this payment you can add it in a note at the bottom. Don't forget to save it.



Always attach supporting documentation to your payments. This is important for auditing reasons. Once you have entered all the information into the bill click Approve if you are happy, or if you need to wait for more information save it as a draft. If you have an approvals process at the Centre where someone else checks and approves the invoice before paying then click Save & submit for approval.



The bill will then show up in one of these 3 places. Drafts, awaiting processing, or awaiting approval (this only applies if you have an approval process in place), or awaiting payment.



When you are ready to make the payment, it needs to be done in two places, once at the bank, this is the actual payment and once in Xero so that you have a transaction to reconcile the bank statement with.

To make the payment in Xero you can either put it in a batch if you have multiple payments or pay it individually.

Go to Awaiting Payment

To pay one bill. Click on it.

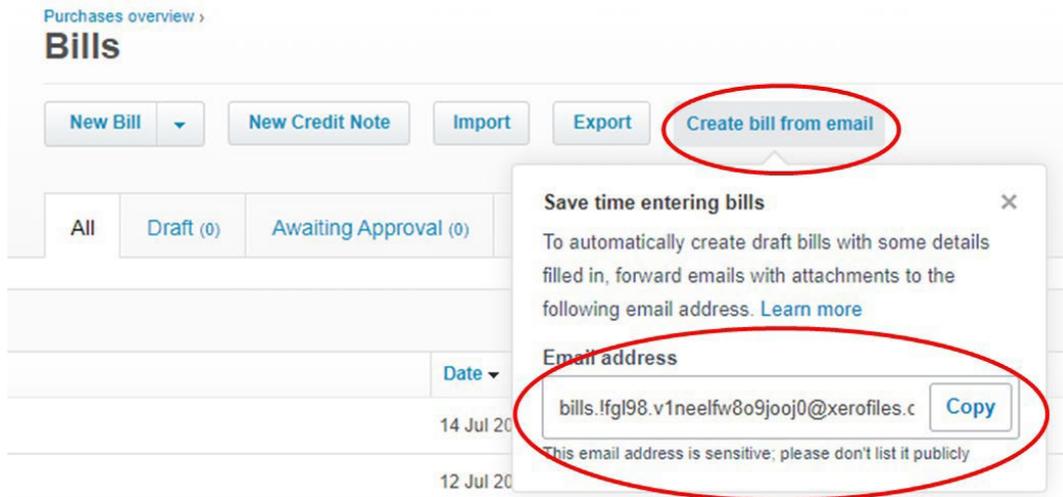
At the bottom LHS click make a payment, enter the details and click add payment, this pays the bill in Xero.

Ref	From	Date	Due Date	Planned Date	Paid	Due
CS815	Capital Cab Co	11 Aug 2021	31 Aug 2021		0.00	242.00
GB1-White	Bayside Wholesale	9 Aug 2021	19 Aug 2021		0.00	840.00
ABC	Young Bros Transport	8 Aug 2021	18 Aug 2021		0.00	125.93
719	ABC Furniture	7 Aug 2021	17 Aug 2021		0.00	1,159.00
RPT453-1	Swanston Security	6 Aug 2021	16 Aug 2021		0.00	59.54
RPT412-1	Xero	6 Aug 2021	6 Aug 2021		0.00	56.35
	Bayside Club	6 Aug 2021	16 Aug 2021		0.00	130.00

## Sending bills to Xero via email

To send bills/invoices from your email to Xero you need to know the email address to send it to. You can find the Xero bills email address by following the below steps:

- In the Business menu, select Bills to pay.
- At the top of the page, click Create bill from email.
- Click Copy to copy your unique bills email address.
- Save the email address to your address book in your email program



In Xero go to:

- Dashboard
- Business
- Bills to pay
- Drafts
- The invoice should be here.
- Follow the normal process for invoices.
- 

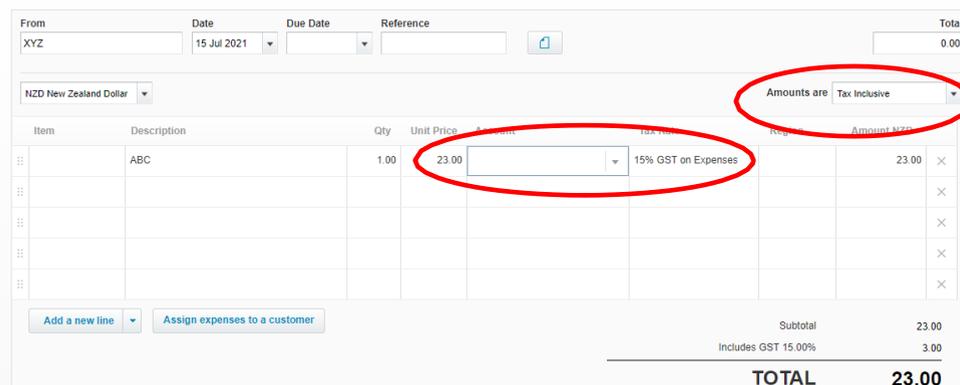
Here is a link for Xero's training on managing supplier bills:

<https://central.xero.com/s/training-plan/a471N000000mDliQAM/manage-supplier-bills>

What do I do about entering GST into the Xero bill?

If you are GST registered, you need to account for GST in the payment if the supplier is GST registered and includes GST on the Bill.

If you choose Tax Inclusive from the drop-down menu then GST is included in each line of the unit price and the total GST will show below the subtotal.



If you choose tax exclusive in the drop-down menu then the GST is accounted for below the subtotal but not on each line.

The screenshot shows an Xero invoice form with the following details:

- From: XYZ
- Date: 15 Jul 2021
- Due Date: [empty]
- Reference: [empty]
- Total: 0.00
- Currency: NZD New Zealand Dollar
- Amounts are: Tax Exclusive
- Item: ABC, Qty: 1.00, Unit Price: 20.00, Tax Rate: 15% GST on Expenses
- Subtotal: 20.00
- Total GST 15.00%: 3.00
- TOTAL: 23.00**

If you are not GST registered the tax should already be set as No Tax in your financial settings, but you can also do it on the invoice.

If you are not GST registered the tax should already be set as No Tax.

The close-up shows the 'Amounts are' dropdown menu with 'No Tax' selected.

## Correcting errors in Xero

Making changes to a batch after you have created it

Go to the magnifying glass (search function) on the RHS of the dashboard

- Enter the batch amount
- Click on the batch
- Edit
- Remove the payment you don't want in the batch

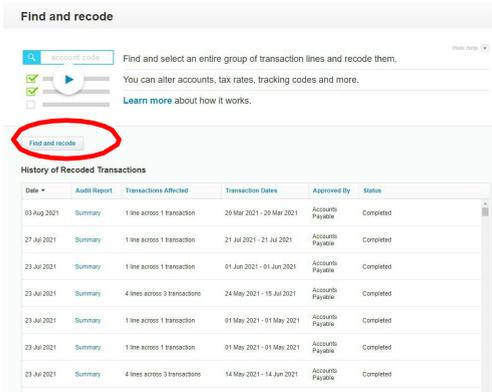
Making changes to a payment in a batch after the batch has been paid (Can't change the \$ amount)

- Search
- enter the batch amount
- Click on the batch
- Right click – print the batch
- Right hand side click options
- Remove and redo
- This will put all the payments back in awaiting payments
- Click on the invoice you want to edit
- Make the changes
- Using the printout of the batch put the same invoices into a new batch, totals should be the same
- Use the same date as the previous batch and send

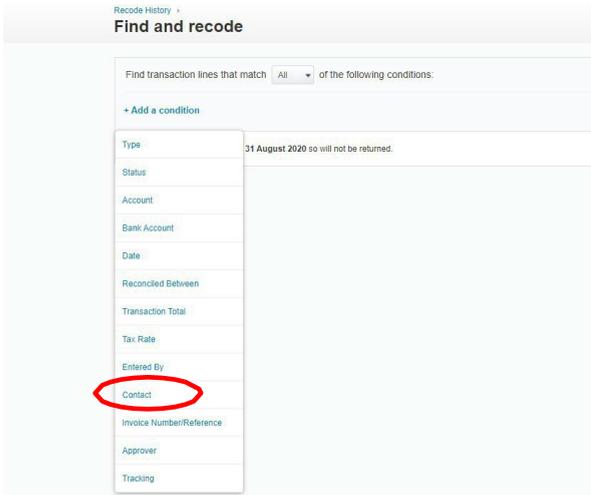
Find and Recode (you can use this if you have advisor status is Xero)

This is the best way to make changes to account codes, tax, especially if you have multiple changes to make or you have paid an invoice and need to change the tax rate or code.

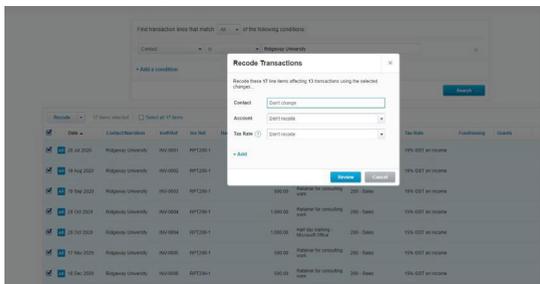
- Accounting
- Find and recode
- Click on find and recode
- Click on add a condition a contact or however you want to search.



- Enter a contact



- Search
- Tick the box for the transaction/transactions requiring change



- Choose what you need to recode – usually account or tax
- Click review
- Click confirm

If you don't have Advisor status contact [askfinance@playcentre.org.nz](mailto:askfinance@playcentre.org.nz) for assistance

Editing an invoice after it has been paid – you can't change tax codes- use find and recode for this

- Open the invoice and click on the blue Payment xxxxx at the bottom of the invoice. This will open the batch that it was paid in.
- Print this batch, so you have a record of it.
- Click on Options, then Remove and Redo which will remove the payment from the batch.
- Go back into the invoice as it is now "unpaid" according to Xero.
- Edit the transaction
- Go to Awaiting Payment tab and select only the transactions in this batch from the printout you did. It MUST be the same amount as the previous on. (take \$ from the printed copy)
- Do everything you normally do for a batch
- 

DD's - If a DD has not been reconciled in Xero after the date when it should have come out.

Look in the Account transactions tab in Xero.

If a DD has gone out it will look like this and show Bank Feed which means the transactions has come to Xero from the bank and found a match:



<input type="checkbox"/>	25 Aug 2021	Payment: multiple items				1,339.68	3,790,624.07	Bank Feed	Reconciled
--------------------------	-------------	-------------------------	--	--	--	----------	--------------	-----------	------------

If it looks like this, with no bank feed and unreconciled you will need to fix it.



<input type="checkbox"/>	Date	Description	Reference	Payment Ref	Spent	Received	Balance	Bank Transaction Source	Status
<input type="checkbox"/>	18 Aug 2021	Payment: Gateway Motors	449	Ref 02761	411.35		(965.10)		Unreconciled
<input type="checkbox"/>	13 Aug 2021	Payment: multiple items	Batch Payment		2,416.57		(553.75)		Unreconciled

To fix it:

- Open the invoice. Is it a DD? Is the due date what you have entered Xero? Is the amount correct?
  - If the answer is no, it's not a DD – remove and re-do the payment and pay it manually.
  - Check that you have the correct date in Xero, if it's incorrect remove and re-do the payment and change to the correct date and it should then find a match.
  - If the answer is no and the amount is incorrect, remove and re-do the payment and change to the correct amount and it should then find a match.
  - If the answer to the above are all yes, remove and re-do the payment, it hasn't come out of the bank. Contact the company and ask them why. If there are a few payments to the same company, check them all first.

## Space invoicing

- Centres to generate invoices for hosting Programmes (previously called “Space venue hire”) through Xero and send directly to Accounts Payable at [accounts.payable@playcentre.org.nz](mailto:accounts.payable@playcentre.org.nz)
- If you are a GST registered Playcentre you tick the GST inclusive box and if you are a non-GST registered Centre you tick the GST exclusive box.
- Please state which Term and year the invoice relates to on the invoice.
- Centres can invoice from the day the Programme starts and the invoices will be paid as soon as they have been approved by the Regional Managers through the Approval Max process in Xero.
- You do not have to put pay by 20<sup>th</sup> of month as we will pay the invoice immediately once approved.
- If for any reason a Programme is cancelled or does not run the full course and the invoice has already been paid, the Centre will need to issue a credit note to Playcentre Aotearoa.
- If you are yet to invoice for previously hosted Programmes, please include those asap.

Before you generate your invoice for hosting a Programme and send it to Accounts Payable, could you please ensure the following:

- The Programme has started.
- You are not invoicing Playcentre Aotearoa for a Programme hosted on a public holiday unless the Centre is open, and the Programme is run on a public holiday as we only receive funding from MoE if the services are open on the day the public holiday is observed.
- The rates are correct. National will reimburse Centres at a rate of \$20 + GST (if GST registered) per session. If there is a change in rates in the future due to lockdown, we will advise Centres of this separately as it could affect different regions or even parts of regions.
- When doing your invoice please be specific in how many sessions you are charging for, do not put 1 x \$200.00. See the examples below. This example shows a GST excl unit price.

Description	Quantity	Unit Price	Amount NZD
SPACE Term 1 2021 - Tuesday	10.00	20.00	200.00
SPACE Term 1 2021 - Wednesday	10.00	20.00	200.00
		Subtotal	400.00
		TOTAL GST 15%	60.00
		<b>TOTAL NZD</b>	<b>460.00</b>

## Bulk funding

Bulk funding is paid at rate set by the Ministry of Education. It is calculated based on the enrolled child’s hours of attendance. There are 3 different rates – under 2 years, over 2 years, and 20 hours ECE.

The rates do get updated regularly so it is best to check the [education.govt.nz](https://www.education.govt.nz/early-childhood/funding-and-data/funding-handbooks/ece-funding-handbook/how-the-ministry-funds-services/2-6-funding-rates/) website for the most up to date information.

Bulk funding is received from the Ministry of Education three times per year in March, July and November. Payments are calculated on the number of child funded hours for enrolled children attending sessions. It is very important that Centres maintain accurate rolls for this purpose.

Months included in FCH	Payment Date
1 <sup>st</sup> October – 31 <sup>st</sup> January	1 <sup>st</sup> March
1 <sup>st</sup> February – 31 <sup>st</sup> May	1 <sup>st</sup> July
1 <sup>st</sup> June – 30 <sup>th</sup> September	1 <sup>st</sup> November

## RS7 Funding Submissions

The number of child funded hours for enrolled children attending sessions during a specific bulk funding period are submitted using an RS7 electronic submission form through Discover SMS system. These are submitted by your Regional Funding Administrator.

Below is the timeline for the bulk funding process, from claim to payment.

Payment Date	Open date for RS7 return – Discover	Final date for RS7 return to meet 1 <sup>st</sup> payment date	RS7 submission late date (if submission is made by this date payment will be 20 <sup>th</sup> of the current month)
1 <sup>st</sup> March	1 Feb	8 Feb	8 March
1 <sup>st</sup> July	1 June	8 June	8 July
1 <sup>st</sup> November	1 Oct	8 Oct	8 November

Once a child is enrolled at school or home-schooling, whether this be at five or six no bulk funding may be claimed for this child.

<https://www.education.govt.nz/early-childhood/funding-and-data/funding-handbooks/ece-funding-handbook/>

## Keeping accurate rolls

The Centre members need to make sure that the child is enrolled via the website for all sessions they are attending and that the paperwork the RFA emails them has been printed, completed as necessary and signed/dated by the parent/caregiver and filed at centre in an orderly manner so it can be reviewed at any stage to confirm funding.

Each parent/caregiver must sign themselves in (if they are staying on session) and the child/ren via the tablet each time they attend a session using their own numbered PIN provided. It is also very important that they sign out also using their numbered PIN as this is what confirms the complete attendance and ensures funding is claimed correctly.

Each month a record of the sessions that children have attended will be emailed to the centre via the RFA and this must be signed by each parent for their individual children and filed at centre in an orderly manner so it can be reviewed at any stage to confirm funding.

If for any reason a child does not appear to be enrolled, so parents are unable to sign them in via the tablet, please ensure they contact the RFA so advise can be given to rectify this.

(For more advise on the tablet use please refer to Tablet Instruction information which should be held at centre)

## Absence rules

Your CA or RFA can help you with absence rules. Below are links to the Govt site.

<https://www.education.govt.nz/early-childhood/funding-and-data/funding-handbooks/ece-funding-handbook/recording-enrolment-attendance-and-absence/6-4-absence-rules/>

<https://www.education.govt.nz/early-childhood/funding-and-data/funding-handbooks/ece-funding-handbook/recording-enrolment-attendance-and-absence/6-7-the-frequent-absence-rule/>

## Excursions or emergency closure of sessions

If all the requirements of the Playcentre Aotearoa excursions policy are met, 1 to 3 ratio (1 to 2 ratio if near water), and qualifications level minimums are maintained, and the 'person responsible' (i.e., the qualified duty team) have approved a risk assessment for the excursion, then bulk funding for the session may be claimed as usual for numbers up to the maximum on the licence. Please note, if some children remain at the Centre while others go on an excursion, then a qualified first aid person must always be with both groups.

An emergency closure occurs when circumstances beyond the control of a Centre cause temporary closures. The Regional Funding Administrator must be notified of an emergency closure as soon as possible so that an application can be made for funding to continue.

## Holiday sessions

Sessions may be held in the school holidays provided that a Centre is licensed to operate on that day and all normal requirements are fulfilled. In this case it is important to let the Regional Office know. Funding Administrator know prior to the school holiday period so that session/s can remain open and enable sign in and out via the tablet, and therefore funding be claimed.

## Accountability for funding

Playcentres are accountable to the Ministry of Education for the bulk funding they receive. The Ministry of Education is responsible for ensuring that Centres meet the licensing requirements under the regulations. The Education Review Office visits Centres on a regular cycle (based on the outcome of the previous visit) to assess how well your Centre is performing and meeting compliance requirements.

ERO issues a report together with recommendations for improvements. Centres are issued with a report after the visit and have the right of reply to challenge any concerns raised or to provide evidence of how they have met any compliance requirements. A copy of the report and any recommendations must always be available at the Centre. It is a public document and must be produced for any new families to read if they wish. A copy of the report will also be published on the ERO website, [www.ero.govt.nz](http://www.ero.govt.nz).

## Reconciling bulk funding

It is very important that you reconcile bulk funding payments you receive correctly. This will give an accurate picture of your income and expenses and correct financial reports.

A bulk funding notice is sent to your [Centre@playcentre.org.nz](mailto:Centre@playcentre.org.nz) email address at the time that payments are processed. If you do not receive it in your inbox check your spam/junk folder.

If you have not received the bulk funding notice by the time the money arrives in your account, contact [accounts.receivable@playcentre.org.nz](mailto:accounts.receivable@playcentre.org.nz) and request a copy.

The Bulk Funding Notice is made up of 3 parts.

- Pg 1 - The bulk funding breakdown showing the gross funding, levies and any equity received
- Pg 2 - An example of how to reconcile your bulk funding payment
- Pg 3 – A tax invoice for the levies portion of your bulk funding. Note: The levies have already been removed before payment is made to your centre. The tax invoice is for your records only.

## Bulk funding breakdown

Bulk Funding Distribution March 2021 - FCH received for the period 1 October 2020 - 31 January 2021	\$ 9,956.02
Bulk Funding Distribution - Roll Adjustments	\$ 0.00
Less 50% on Funded Child Hours - NZPF Levies	-\$ 4,978.01
Less MOE occupancy charge	-\$ 11.50
MoE Equity 1 - Low Socio Economic funding	\$ 417.12
MoE Equity 2 - Special Needs funding	\$ 360.24
MoE Equity Funding - Language	\$ 0.00
MoE Equity Funding - Isolation	\$ 1,187.45
MoE Equity 1 - Low Socio Economic funding - Roll Adjustments	\$ 0.00
MoE Equity 2 - Special Needs funding - Roll Adjustments	\$ 0.00
MoE Equity Funding - Language - Roll Adjustments	\$ 0.00
MoE Equity Funding - Isolation - Roll Adjustments	\$ 0.00
Targeted funding	\$ 0.00
ATIS Funding	\$ 0.00
<b>Net Total</b>	<b>\$ 6,931.32</b>

All sums are inclusive of GST. Please retain this letter for audit purposes.

An example of how to reconcile the payment in Xero

Tax invoice for Levies

### Invoice Number INV 2107-293

**Description:** Xero entries: When reconciling the payment in Xero, enter Ministry of Education as the Contact. Click on 'add details' in the bottom right hand side of the blue box which will take you into the transaction. On the first line change the amount in the Unit Price to the gross amount received (see Page 1 for breakdown). On a new line enter a negative amount for the levies.

**NZPF Levies:** If you have paid MOE Occupancy Fee this is also entered as a negative on a new line. If you have received any equity, ATIS funding or targeted funding these are all entered on separate lines. If you have received any Roll Adjustments relating to a previous period where RS7's were re-submitted very late, please code these as you usually would. Please see the screen shot below for account codes to use. This will equal the net amount received.

**Bulk Funding:** If you have received Targeted Funding, this requires a specific code. Please contact Kim Armstrong - Accounts Administrator (kim.accounts@playcentre.org.nz) to request one.

**May 2021:**

**The levies**  
**This invoice**

From	Date	Reference				
Ministry of Education	5 Mar 2020					
			Amounts are	Tax Inclusive		
Item	Description	Qty	Unit Price...	Account	Tax Rate	Amount NZD
:::	Gross bulk funding received	1.00	10,157.65	1100 - MoE ECE Funding Subsidy	15% GST on Income	10,157.65 X
:::	Levies	1.00	-5,078.83	2100 - Affiliation Levies on MoE Funding	15% GST on Expenses	-5,078.83 X
:::	Low Socio Economic funding	1.00	159.16	1130 - MoE Equity Funding - Low Socioeconomic	15% GST on Income	159.16 X
:::	Special needs funding	1.00	357.29	1131 - MoE Equity Funding - Special Needs	15% GST on Income	357.29 X
:::	Language funding	1.00	95.79	1132 - MoE Equity Funding - Language Kaupapa	15% GST on Income	95.79 X
:::	Isolation Funding	1.00	1,179.53	1133 - MoE Equity Funding - Isolation	15% GST on Income	1,179.53 X
:::	ATIS funding	1.00	353.21	1120 - MoE Annual Top-Up for Isolated Services Funding	15% GST on Income	353.21 X
:::	Roll Adjustment for Low Socio Economic funding	1.00	6.60	1130 - MoE Equity Funding - Low Socioeconomic	15% GST on Income	6.60 X
Subtotal						7,230.40
Includes GST 15.00%						943.08
<b>TOTAL</b>						<b>7,230.40</b>

The tax invoice is for your records only. The levies have already been deducted from your bulk funding before payment is made.

## How to reconcile bulk funding in Xero

When you receive the bulk funding payment, it will look like this in your dashboard in Xero

10 Mar 2021		6,931.32
Direct Credit: TE WHANAU TUPU NGATA		
, Ref. ...		
<a href="#">More details</a>		

Match Create Transfer Discuss Find & Match

Who  What

Why

No GST [Add details](#)

Enter Ministry of Education as the Contact and click [Add details](#) in the bottom right-hand corner of the blue box. Which will bring up the following screen. Then fill in the details using the information on the first page of the bulk funding notice. Levies and ECC Occupancy need to be entered as –ve\$ amounts.

This example demonstrates all the funding types that your Centre could be paid. Not all Centres will receive all of these funding types and some of these are only paid at certain times of the year. This example is to show them all and the Account codes that each item needs to be coded to.

**Received as** Direct Payment

---

**From**  **Date**  **Reference**

Amounts are

Item	Description	Qty	Unit Price	Account	Tax Rate	Amount NZD
...	Gross bulk funding received	1.00	9,956.02	1100 - MoE ECE Funding Su...	No GST	9,956.02
...	Less levies 50%	1.00	-4,978.01	2100 - Affiliation Levies on ...	No GST	-4,978.01
...	EQI1 Low Socio Economic funding	1.00	417.12	1130 - MoE Equity Funding - ...	No GST	417.12
...	EQI 2 Special Needs funding	1.00	360.24	1131 - MoE Equity Funding - ...	No GST	360.24
...	Isolation funding	1.00	1,187.45	1133 - MoE Equity Funding - ...	No GST	1,187.45
...	MoE ECC Occupancy	1.00	-11.50	2780 - Rent / Lease / MoE O...	No GST	-11.50
...	Targeted Funding	1.00		1134 - Targeted Funding	No GST	
...	ATIS	1.00		1120 - MoE Annual Top-Up f...	<input type="text" value="No GST"/>	

[Add a new line](#)

Subtotal	6,931.32
GST	0.00
<b>TOTAL</b>	<b>6,931.32</b>

Save Transaction
Cancel

Once you have entered all the information check that the total equals the Net Total on the bulk funding notice and Save Transaction.

Targeted funding	\$ 0.00
ATIS Funding	\$ 0.00
<b>Net Total</b>	<b>\$ 6,931.32</b>

All sums are inclusive of GST. Please retain this letter for audit purposes.

If your Centre is GST registered all your account codes will be set to the appropriate tax rate. Now the correct information will be available in your Profit and Loss statement and other financial reports

## Profit and Loss

For the 3 months ended 31 May 2021

Mar-May 2021

Trading Income	
Interest Income	10.40
Membership Fees	1,999.00
MoE ECE Funding Subsidy	9,956.02
MoE Equity Funding - Isolation	1,187.45
MoE Equity Funding - Low Socioeconomic	417.12
MoE Equity Funding - Special Needs	360.24
<b>Total Trading Income</b>	<b>13,930.23</b>
Cost of Sales	
Affiliation Levies on MoE Funding	4,978.01

## How to keep track of members donations/fees and fundraiser payments?

Ensure each family is saved as a Contact (and if you include their email address in their contact details you can easily email receipts). Every time you reconcile a payment to them, ensure that when you type the name in the Who box you give Xero time to find the contact, if you speed type you will need to slow down, this will ensure all payments are shown against the contact.

Match Create Transfer Discuss Find & Match

Who **Name of the contact...** What Choose the account... ▾

Why Enter a description...

Region ▾ Tax Rate ▾ Add details

From the dashboard, go to Contacts/All Contacts/Search or scroll to the name/click on name:

 <b>Received money - NAKED BAKER</b> 7 Mar 2018	7 Mar 2018	<b>40.50</b> ▾
 <b>Received money - T1 DONATION FAMILY</b> 7 Mar 2018	7 Mar 2018	<b>50.00</b> ▾
 <b>Received money - PIES X 6</b> 3 Nov 2017	3 Nov 2017	<b>42.00</b> ▾
 <b>Received money - T4 DONATION WILL</b> 16 Oct 2017	16 Oct 2017	<b>30.00</b> ▾

This shows both term fees/donations and money for fundraisers, as long as the payment was allocated to the contact when you reconciled. You can go back and edit a transaction if it hasn't been allocated correctly to the contact.

## Centre members paying for trips/activities

If you're going on a Centre Outing and each member is paying to go, then your Centre will pay one entrance fee when you arrive to make it simple. Use code 1230 Members Receipts for Goods/Activities to record the money paid in. It's not an income or fundraising but does need to be recorded.

## How to track your grant and fundraising spending

As you know you can't code your expenses out of the grant income code. But you need to keep an eye on what's being spent. Try tracking.

Go to the Accounting tab then choose Advanced. Click on Tracking categories then select Add Tracking Category and call this Grants. You can then add Category options where you can enter your funders:

The screenshot shows the Xero Accounting interface. The 'Accounting' tab is selected, and the 'Advanced' option is highlighted in the left-hand menu. The 'Advanced accounting' section is visible, with 'Tracking categories' highlighted in the 'Advanced settings' list. Below this, the 'Add Tracking Category' dialog is shown, with 'Grants' entered as the tracking category name and 'Gogs' and 'Pub charity' as category options.

When you look at any transaction now, it will add a new column for Grants:

From	Date	Due Date	Reference	Total				
	27 Aug 2021			0.00				
NZD New Zealand Dollar								
Amounts are Tax Exclusive								
Item	Description	Qty	Unit Price	Account	Tax Rate	Fundraising	Grants	Amount NZD

When you click on this, it will give you a dropdown box to choose one of your categories (COGS or Pub Charity in this example).

Don't stop there, why not add a Tracking code for Fundraising? Do the same as above and add a new tracking code and categories:

**+ Add Tracking Category**

Grants Fundraising

**Tracking category name**

Fundraising ✕ Rename

**Category options**

Movie Night ✕ Rename

Quiz Night ✕ Rename

Sausage Sizzle ✕ Rename

**+ Add another option**

Now you will have two options in any transaction. Use the dropdown box to select the category:

To	Date	Due Date	Invoice #	Reference	Branding	Preview			
	13 Aug 2021		INV-0044		Standard				
NZD New Zealand Dollar						Amounts are	Tax Inclusive		
Item	Description	Qty	Unit Price	Disc %	Account	Tax Rate	Fundraising	Grants	Amount NZD

If you have any other questions, please don't hesitate to email [askfinance@playcentre.org.nz](mailto:askfinance@playcentre.org.nz)