



# **Xero Small Business Health Check**

**Monthly Bookkeeping Checklist  
for Small Business Owners**



# Monthly Checklist for Small Business Owners

At Varntige, we believe that accurate financial data is the foundation of smart business decisions. That's why we've created the **Xero Small Business Health Check**—a monthly checklist designed specifically for small business owners to help ensure their Xero file is up-to-date, accurate, and ready to support confident decision-making.

This checklist is based on best practice and reflects the same processes we use with our own clients. Whether you're a sole trader or managing a growing team, completing this health check each month will help you:

- Catch and correct common errors before they become costly;
- Maintain clean and reliable financial records;
- Prepare for tax time with less stress;
- Gain clearer insights into your business performance.

Think of it as your monthly “financial hygiene” routine - simple, practical, and powerful. Let's make sure your numbers are working for you, not against you.



If you need help any point or want to discuss working with us, please feel free to reach out to us at [office@varntige.co.nz](mailto:office@varntige.co.nz) or call **07 870 1669**.

## 1. Bank Reconciliation

This needs to be completed for every 'bank account' loaded in Xero – this could include credit cards and loan or asset finance accounts.

- All transactions reconciled in Xero.
- Xero bank account balance matches actual bank account balance.
- Supporting documents for Spend or Receive money transactions over \$50.
- Run Xero's reconciliation report and confirm balance is correct.

## 2. Accounts Receivable

- No invoices sitting as drafts or awaiting approval.
- Credit notes/Overpayments created and allocated correctly.
- All invoices have been sent to customers.
- Bonus: Invoice Reminders set-up and running.

## 3. Accounts Payable

- No bills sitting as drafts or awaiting approval.
- Credit notes/Overpayments created and allocated correctly.
- Source documents attached to each bill.
- Bonus: Add planned dates to all bills to give a quick glance of the amounts due on a particular date.



## 4. Suspense & General Expenses

- Suspense account cleared. Or a plan in place to get this clear.
- General Expenses reviewed and recoded if needed.

## 5. Contacts

- Remove duplicate contacts.
- Archive old or unused contacts.

## 6. IRD & PAYE

- IRD Payments reviewed and correctly allocated - both in IRD and Xero.
- PAYE balances match payroll software.
- Wages & Salaries are coded correctly.
- Employee reimbursements are coded correctly.

## 7. Coding Errors

- Run General Ledger Exceptions report. Review transactions.
- Compare P&L with previous months. Investigate unusual variances.

## 8. GST

- Check Trial balance matches GST Return amount.
- Returns are all filed with IRD and payments have been allocated correctly.
- Run GST reconciliation report in Xero.



## 9. Loans/ Hire Purchases

This includes new purchase on interest free plans e.g. new mobile phones with Spark.

- New loans/purchases documented and set-up in Xero.
- Loan payments correctly allocated to loans.

## 10. Fixed Assets

- Minor assets (under \$1,000) correctly coded to minor asset code.

Only complete the remaining checks/actions if you have accounting experience.

- Register new assets in Fixed Assets Module.
- Remove sold/written-off assets.
- Fixed asset schedule matches balance sheet.
- Depreciation has been run for the month.



## 11. Additional checks for Larger or more Complex Businesses

These are additional checks for larger or more complex businesses and may not be relevant for all businesses.

- Complete and check inventory/Stock balances and adjustments.
- Record and check Wages/Leave liability journals.
- Update shareholding values to reflect changes in number of shares held or share value (e.g. Fonterra).
- Has all revenue in advance or accrued income been accounted for.
- Joint costs split across tracking categories.
- Inter-entity transactions balanced.



## 12. Review and Monitor Business Performance

Now that you are sure your Xero file is in tip-top shape you can accurately review your business performance.

- Compare P&L and Balance Sheet to budget and/or prior years.
- Identify significant variances.
- Assess profitability trends.
- Review cashflow and drawings.
- Confirm tax and savings set aside are sufficient.



# Need a hand?

If you're working through this checklist and something doesn't look quite right or you just want a second pair of eyes. We're here to help. At Varntige, we support small business owners like you to make sense of the numbers and stay on top of your financial health.

Reach out to our team for support, guidance, or a personalised review of your Xero file. Let's make sure your business is running smoothly and confidently.

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**varntige.**