ICAEW Accreditation Scheme

Financial Accounting Software Evaluation

Xero Live Ltd

Xero
(Release date / Version 28 May 2008)

Evaluation carried out by: Kevin Salter FCA CTA(Fellow) –BBS Computing Ltd

Date Completed: June 2008

Signed: *Kevin Salter*

This evaluation covers the software that is available as at 28 May 2008. Any changes subsequently made to the software may not be accurately reflected within this document. Potential users should consider the effect of any changes against their requirements.

© ICAEW Version 0707.01(c)

Table of Contents

1 Summary

1.1 Introduction

The suitability of accounting software for each particular user will always be dependent upon that user's individual requirements. These requirements should therefore always be fully considered before software is acquired. The quality of the software developers or suppliers should also be considered at the onset.

1.2 Fundamentally, good accounting software should:

Be capable of supporting the accounting functions for which it was designed.
Provide facilities to ensure the completeness, accuracy, confidentiality and continued integrity of these accounting functions.
Be effectively supported and maintained.

It is also desirable that good accounting software should:

Be easy to learn, understand and operate.
Make best practical use of available resources.
Accommodate limited changes to reflect specific user requirements.

It is essential, when software is implemented, for appropriate support and training to be available.

2 Approach to evaluation

2.1 Objective
To evaluate Xero against a set of criteria developed by the ICAEW to ensure that the software meets the requirements of Good Accounting Software, as laid down in the summary.

2.2 Approach and Work performed
In order to effectively evaluate Xero**,** a product specialist from Xero Ltd completed the detailed questionnaire and provided it to the evaluator to examine. The evaluator then checked the operation of the various aspects of the software assisted by a member of Xero's technical staff to confirm their validity. The questions were individually reviewed and commented on and the majority of assessments were confirmed.

The evaluator discussed the assessments with a member of Xero's staff in order to clarify certain points. In the event of disagreement between Xero and the evaluator, the evaluator's decision was taken as final and the response changed accordingly.

Xero Online was used throughout the evaluation. The evaluation covered the fully integrated sales, purchase and general ledgers and where appropriate sales order processing, sales invoicing, purchase order processing and stock software, separate reports have not been prepared for each ledger. Instead a composite report has been prepared with references made to the appropriate ledger as necessary. At the date of evaluation the product did not cover sales or purchase order processing or stock so these elements were not part of the evaluation.

When the evaluation had been completed, the responses were completed by the evaluator and a draft copy sent to the ICAEW for review before completion of the final report.

2.3 Software/hardware utilized

At the core of Xero is a relational multi-tenanted SQL Server 2005 database that handles the load and complexity of accounting data with ease. This shared infrastructure approach, where a single instance of the application serves every customer, leads to simpler management and greater capacity for economies of scale. Authorisation and security policies ensure that each customer's data is kept safe from that of other customers.

ASP.NET has been used as the application platform which offers the power, flexibility and security to build complex web-based front-ends. Web technologies that allow rich interaction, such as Ajax, are used to deliver state-of-the-art user interfaces and provide a richer user experience.

The solution has been designed to work optimally with Windows Server 2003 and Internet Information Server (IIS).

Xero is a fully hosted solution with all hardware and data held in a secure data centre facility with biometric security, redundant power systems (including diesel generator and fault-tolerant UPS systems), redundant network with automated fail-over, fire detection and suppression systems, and 24/7 monitoring. All the server hardware is situated behind high grade redundant firewalls. All data is backed up nightly with tapes stored off-site. High availability and redundancy is built into every layer of our solution to provide better than industry standard levels of uptime and service.

2.4 Report structure

The report has been broken down into its main constituents in the contents page. The evaluation questionnaire was provided by the ICAEW and has been used without alteration or amendment.

3 Matters to consider before purchase

3.1 General overview

Xero aims to provide a full online accounting function to businesses using accountants as the conduit to the marketplace. Following extensive testing and feedback from users the product is being brought to the marketplace by way of seminars, roadshows and other promotional activities. There is one product - Xero. The application is made available to users with restrictions on which features can be accessed.

This accreditation covers the accounting package but not the method by which it is delivered. Potential users need to satisfy themselves on the security aspects and licensing of the system and any data protection issues of their own and customer/supplier information contained therein being held on the system.

3.2 Supplier background

Xero was founded in July 2006 by successful technology entrepreneur Rod Drury and specialist small business accountant Hamish Edwards. Xero is now listed on the New Zealand Stock Exchange and is a fast growing company with offices in Wellington and Auckland.
The foundations for Xero were established back in 2003 when Rod Drury and Hamish Edwards worked together, building the award-winning software company AfterMail – Rod as chief executive and Hamish as the virtual CFO, running his own accounting practice.
But it wasn't until 2006 with growing internet access and advanced web development techniques, along with increasing acceptance of the internet that the time was right to begin development.
Listing on the NZX in June 2007, meant that Xero grew from a small start-up software company to a listed company within a year.

Xero's goal remains to build a long-term global business from New Zealand, creating an environment that's attractive to the country's very best people.

3.3 Product background and Suitability for user

Broadband connection is advisable for maximum benefit but is not essential. The product will run on any system platform, with any Internet browser.

3.4 Typical implementation

The product is suitable for any size of business looking for a software as a service solution to its accounting function. It enables access from any web browser and therefore allows the outsourcing of accounting functions to home workers, bookkeepers, accountants or even overseas.

3.5 Vertical applications

N/A

3.6 Software and hardware specifications

As mentioned above, the only real requirement for the product is an Internet browser. There are no platform limitations. Broadband connection is recommended but not essential

3.7 Software installation and support

No installation is required as this runs in a web browser. Support is available should any settings need to be adjusted to enable the product to display correctly.

3.8 Partner network and related accreditation process

The company markets direct and as such currently has no sales partners. However, there is a network of Xero partners who are accountants.

3.9 Limitations

There is no menu level access to restrict users to e.g. just Purchase ledger or just Sales ledger (however there is restricted access to submission of expense claims and invoices only).
No batch processing (but this is not generally used these days).
Only the profit and loss account and balance sheet formats can be tailored to re-order and group accounts. Other report formats can be amended by Xero or a VAR partner if required.
There is no archiving of transactions (but given the nature of the software this is not considered to be an issue).
Purchase credit notes /sales debit notes can only be entered against specific invoices – a general credit note /debit note cannot be entered directly.
There are no sales and purchase ledger day book reports – but listings are viewable from the VAT reports.
Unallocated cash e,g, payments /receipts on account cannot be posted to a sales/purchase ledger account – needs to match an existing invoice.
No system log of error messages or security violations (Xero maintain this log internally and can make it available to users on request).
Interest not calculated for late payments.
No audit trails of changes to tables or account master files or standing data files.
The system cannot handle reverse charge VAT.
VAT figures are auto calculated and cannot be overridden (but a workaround is available and noted in the Help section of the program)
System does not handle VAT flat rate, retail schemes or margin schemes.
VAT Scale charges not automatically catered for.
No VAT tolerance levels built in.
VAT invoices do not clearly show Exempt or zero rated sales rates.
No warnings if switching retrospectively to VAT cash accounting.

No warnings if default setting is standard reporting and cash basis report is selected (and vice versa)
No notes on how to switch from cash to invoice accounting (or vice versa) for VAT.
System does not handle directly discounts and early settlement discounts.
No consolidation features are available for multiple companies – but is available for departments through Tracking.
Duplicate invoices are not clearly marked as duplicates.
No EC sales lists are currently available.
There is no VAT Return identifier to enable cross referencing to a VAT Return. (11.7)
Intrastat report is not produced.
There is no proprietary report generator (but data can be exported to Excel for reporting).
System does not enforce printing of period end reports (but retrospective reports can be printed at any time).
System does not prompt for posting of draft invoices etc.
No formal pro forma invoices (under development).
It is possible for duplicate sales numbers to be entered (without warning) and auto sequencing can be overridden (without warning or logging – but the invoice number must be unique.)
No POP and SOP or stock control modules.
No printed user documentation except for online help (as this is an online application this is a perfectly acceptable solution).

4 Evaluation conclusion

There were no areas in the evaluation that gave concern given the target marketplace for this online product. Xero is well designed and well specified for the business market and the company is committed to its future development and enhancement.

Disclaimer

Any organisation considering the purchase of Xero should consider their requirements in the light of proposals from Xero or its dealers and potential suppliers of other similarly specified products. Whilst the contents of this document are presented in good faith, ICAEW cannot accept liability for actions taken as a result of comments made herein.

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question | Supplier Response | Evaluator's Comment

5 Security and continuity of processing

5.1	What security features are included to control access to the application?	**Privacy: All access to Xero runs through a secure link which enables full encryption of all communication between the browser and our servers.**	Confirmed
		Authentication: All access to Xero requires authentication through our membership system. All web pages in the Xero system require secure access - there are no parts of the system that are open to the public.	Confirmed
		Segmentation: Our database is designed utilising a multi-tenanted architecture. This means that the data for each individual organisation is separated from the data of every other organisation. No other Xero customer can access your data through Xero – our architecture doesn't allow it and cannot be manipulated in any way to allow it.	Noted
5.2	Within the software application how is access controlled at:- 5.2.1 Menu level (ledger)?	**There are three defined roles that give access to all or part of the system. There are no restrictions to individual menu items within two of the roles but the third permits employees (with suitable permission) to enter expense claims and invoices only).**	Confirmed
	5.2.2 Function level	**As above**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question	Supplier Response	Evaluator's Comment
(sub ledgers)?		
5.2.3 Field level?	**As above**	Confirmed
5.3 Passwords 5.3.1 Is access to the software controlled by password? Does this apply to single user systems?	**Yes** **Yes**	Confirmed Confirmed
5.3.2 Please state the basis of control available (e.g., role based etc).	**Role-based (as above)**	Confirmed
5.3.3 If there is no password facility please state how confidentiality and accessibility control can be maintained within the software?	**N/A**	Confirmed
5.3.4 Are single user systems access controlled by password?	**All Xero systems are controlled through password access.**	Confirmed
5.3.5 Does the software allow for each user to have separate log on (user ids)? If No:- 5.3.5.1 How does the software track user activity?	**Yes - but the log on then applies to all companies to which they have been invited to access**	Confirmed
5.3.6 Is each user required to have a personal password?	**Yes**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
5.3.7	Are passwords one-way encrypted? [i.e. Is it impossible for anyone to see other user's passwords in the software]	**Yes**	Confirmed
5.3.8	Is password complexity available at application level?		
	If Yes:- 5.3.8.1 Please specify [e.g. Number of digits, requirement for special characters, numeric, upper/lower case etc.]	**Yes - 8 characters requiring at least one number**	Confirmed
5.3.9	Is there a facility to enforce password changes after a chosen period of time?	**No** **(this is a future enhancement)**	Confirmed
5.3.10	Is there a facility to specify a minimum age for passwords (e.g. 1 day)?	**No**	Confirmed
5.3.11	How many previous passwords are retained by the system to limit users recycling passwords (e.g. 24 or 32)?	**N/A**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
5.4	Please state how security allows for access to be specified separately for :- 5.4.1 Read?	**All users have full access**	Confirmed
	5.4.2 Read and write?	**All users have full access**	
	5.4.3 Delete and amend?	**All users have full access**	
5.5	Can the menus be tailored so that an individual user can only see those functions they are authorised to access? If Yes is the tailoring by:- 5.5.1 Software house?	**No – all (currently) have full access to all menu options within the role specified.**	Confirmed
	5.5.2 Educated user?	**N/A**	N/A
5.6	How does the software control changes to master files?	**All software and data is housed at Xero's data centre. Users cannot access the files directly other than through using Xero.**	Confirmed
5.7	Does the software provide specific levels of password control to authorise master file amendments?	**N/A**	N/A
5.8	Is it impossible to delete a software generated transaction?	**Once posted a transaction cannot be deleted – it can be “voided” which posts a reversing entry**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
5.9	Please specify the specific security procedures (by passwords or warnings) over the:- 5.9.1 Update of ledgers	**All postings update ledgers in real time – there are no month end or period updates required to be run.**	Confirmed
	5.9.2 Closing of accounting periods	**As above**	Confirmed
	5.9.3 Deletion of transactions	**Not possible - all journals are versioned and are not able to be deleted**	Confirmed
	5.9.4 Archiving of transactions.	**No archiving facility exists**	Confirmed
5.10	How are deletions controlled by the system?	**Cannot delete posted transactions – can only "void" them**	Confirmed
5.11	Are deleted transactions retained in the audit trail and denoted as such?	**Yes - any deletion (draft entries only) or void creates the relevant reversal journals for a complete audit trail of all accounting transactions.**	Confirmed
5.12	Can a report be produced detailing all current users and their authority levels and/or access rights?	**Yes**	Confirmed
5.13	Is the level of security (described with this section) appropriate for the expected size of business using the software?	**Yes-target market is small to medium sized businesses**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question Supplier Response Evaluator's Comment

5.14 Is there a clear indication in the software or manuals as to how the data is:- 5.14.1 Backed-up? 5.14.2 Recovered?	**Yes –this is online software so taken care of by Xero**	Confirmed
5.15 Back ups How are back ups provided:-		
5.15.1.1 Within the software application?	**No facility for manual backups**	Confirmed
5.15.1.2 Within the operating software?	**Backups and data recovery are operated by Xero and done on the server**	Confirmed
5.15.1.3 Both	**No - the backups are handled automatically by the system to provide real-time backup capabilities**	Confirmed
5.15.2 Are backup procedures automatic?	**Yes.**	Accepted
5.15.3 Is the user forced or prompted to back-up at certain intervals?	**No.**	Confirmed
5.15.4 Can the intervals be customised?	**N/A**	N/A
5.16 Recovery 5.16.1 Please state how the software facilitates recovery procedures in the event of software failure? (E.g.	**Being SaaS the server does all the work. In the unlikely event of failure the database is restored to the last possible transaction. This is a feature of SQL Server.**	Accepted – built in function of SQL Server

Question			Supplier Response	Evaluator's Comment
		roll back to the last completed transaction).		
	5.16.2	If software failure occurs part way through a batch or transaction, will the operator have to re-input the batch or only the transaction being input at the time of the failure?	**Incomplete transactions will be rolled back.**	Accepted
	5.16.3	Are these automated?	**Yes**	Accepted
	5.16.4	Do the recovery procedures work?	**Yes - tested regularly**	Accepted
5.17	What features are available within the software to help track down processing problems?		**Full double entry system with automated checks to ensure transactions balance.**	Accepted
5.18	Are software messages clear?		**Yes**	Confirmed
5.19	Are user responses		**Yes - we have a range of**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
	properly structured to ensure that erroneous key strikes do not lead to inappropriate actions?	**usability features to ensure that proper input is used e.g. it asks for confirmation prior to voiding a transaction.**	
5.20	Is there a software log which details:- 5.20.1 Error messages?	**The SQL database and its related security features provides us with a log which we can make available to users if requested.**	Accepted
	5.20.2 Security violations?	**Yes - we have a complete audit trail via SQL Server**	Accepted
.			
5.21	Audit trail 5.21.1 Does the software have a detailed audit trail? M	**Yes**	Confirmed
	5.21.2 Is it impossible to turn off or delete the audit trail? M	**Yes**	Confirmed
	5.21.3 Are all master file changes recorded in the audit trail? 5.21.3.1 Does each change have a system generated reference allocated?	**Not as standard – can be added if required** **N/A**	Confirmed N/A
	5.21.3.2 Are the originator and authoriser identified?	**Not as standard – can be added if required**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question	Supplier Response	Evaluator's Comment
5.21.4 Are all standing data changes recorded in the audit trail? 5.21.4.1 Does each change have a system generated reference allocated?	**Not as standard – can be added if required** **N/A**	Confirmed N/A
5.21.4.2 Are the originator and authoriser identified?	**Not as standard – can be added if required**	Confirmed
5.21.5 Is all input data included within the audit trail, including amendments, deletions, journals etc?	**Yes - all journals are stored completely.**	Confirmed
5.21.6 Does the software allocate a system generated unique reference number to each transaction?	**Yes.**	Confirmed
5.21.6.1 Is this stamped with a user id?	**Yes.**	Confirmed
5.21.6.2 Is this unique reference number presented to the user at time of input?	**No. However all journal numbers are viewable in reports as required.**	Confirmed
5.21.6.3 Is the transaction	**Dated – not timed**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question	Supplier Response	Evaluator's Comment
date and time stamped?		
5.21.7 Are all imported /interfaced transactions allocated a software generated reference number?	**CSV import is from a trial balance – individual underlying transactions are not imported**	Noted
5.21.8 How are transactions differentiated within the audit trail?	**As above – only the Trial Balance is imported so there is no need to differentiate types of posting.**	Noted
5.22 What are the procedures for handling dates? (E.g. 2 digit years, 4 digit years).	**Dates can be input in any natural format e.g 01/01/08, today, 1 Jan 2008 etc. However dates are displayed as d mmm yyyy in the software**	Confirmed
5.22.1 In the case of two digits what is the break point for the century?	**N/A - we enforce 4 digits. Users are able to enter 2 digits however it is formatted in the user interface to 4 digits to remove the possibility of date issues.**	Confirmed
5.22.2 Are dates handled consistently throughout the software?	**Yes.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question | Supplier Response | Evaluator's Comment

6 Input of transactions

The following sections in Input of transactions, File maintenance, Processing and Reports are primarily aimed at the three main accounting ledgers and where applicable Sales Order Processing, Sales Invoicing, Purchase Order Processing and Stock Control.

6.1	Is data input controlled by self-explanatory menu options?	**Yes.**	Confirmed
6.2	Are these menus application-specific?	**Yes.**	Confirmed
6.3	Does the software provide input validation checks such as account code validation, reasonableness (limits, VAT or discount checking) and validity checks (VAT check-digit calculations)?	**Yes. Account from popup list, VAT calculated automatically (cannot be changed). No reasonableness checks**	Confirmed
6.4	Can the user amend data on an input screen prior to update?	**Yes – but not VAT amount**	Confirmed
6.5	What control features are within the software to ensure completeness and accuracy of data input?	**Complete validation of all transactions (to ensure double entry) before committing to the database.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
6.6	Are all input transactions subject to this control?	**All that require validation or consistency checking are validated prior to update.**	Confirmed
6.7	How does the software ensure uniqueness of the input transactions? (i.e. to avoid duplicate transactions)	**Bank statement lines can only be processed once if using import features. Invoice number is unique for accounts receivable.**	Confirmed
6.8	Does the software allow for batch control totals? If Yes:-	**No batch processing.**	Confirmed
6.8.1	Are batches automatically numbered?		
6.8.2	Are batches forced to balance before ledger update?	**N/A**	N/A
6.8.3	Does the software allow the temporary halting of input of a batch to allow for queries or other activities to take priority (e.g. set up a new account)	**N/A**	N/A
6.8.4	Is the user forced to confirm batch totals?	**N/A**	N/A
6.9	Is attempted posting of unbalanced journals rejected? (G/L).	**Yes.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
6.10	Are input errors highlighted?	**Yes.**	Confirmed
6.11	If Yes are they:- 6.11.1 Rejected and reported on screen?	**Yes.**	Confirmed
	6.11.2 Rejected and error reports generated?	**No.**	Confirmed
	6.11.3 Accepted and posted to suspense?	**No.**	Confirmed
6.12	Does the software have an automatic facility to correct/reverse/delete transactions?	**Yes.**	Confirmed
	If Yes:- 6.12.1 Are all the double entry transactions documented in the audit trail? M	**Yes.**	Confirmed
6.13	What are the controls to ensure the internal integrity of the ledger(s) or the accounting information, e.g.,	**Invalid data cannot be saved to the database without going through the required consistency and validation checks.**	Confirmed

Question	Supplier Response	Evaluator's Comment
control of accounts.		
6.14 Is it possible to allocate input values directly to ledger control accounts? If Yes:- 6.14.1 Please note the mechanisms available to allow the user to establish why the total balances on individual accounts do not agree to a respective control account?	**Not to sales or purchase ledger control - our ledger control accounts are managed through subsidiary ledgers system to ensure consistency between the general ledger and subsidiary information. It is possible to post direct to VAT control – but the entries are correctly picked up on VAT reports.**	Confirmed
6.15 Can automatic accruals or prepayments be generated?	**No - this is a future enhancement**	Confirmed
6.16 Will these automatically be reversed after the period end? (G/L)	**Accruals and prepayment journals can be reversed.**	Accepted
6.17 Does the software have a purchase invoice register?	**No**	Confirmed
6.18 If Yes are the values shown as entries within:- 6.18.1 Purchase	**N/A**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question	Supplier Response	Evaluator's Comment
ledger? 6.18.2 VAT form 100?		
6.19 Does the software permit multi debit/credit journals?	**Yes.**	Confirmed
6.20 How are transactions identified on screen/reports as to:- 6.20.1 Type? 6.20.2 Debit or credit?	**It's contextual - in some cases debits and credits are shown in different columns, other times they're shown as debit or credit positive - but we always make this clear to the user.**	Confirmed
6.21 Can separate nominal analysis codes be input for each invoice line?	**YES**	Confirmed
If Yes:- 6.22 Does this cover:- 6.22.1 Sales ledger? 6.22.2 Purchase ledger? 6.22.3 Stock?	**YES** **YES** **N/A**	Confirmed Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
6.23	Can receipts and payments be matched to specific invoices? If Yes:- Is this ♣ Automatic? ♣ Manual? ♣ Either?	**Yes.We have a memorised system for automating suggestions of matches but must be confirmed by the user.**	Confirmed
6.24	Will the software permit part payments?	**Yes.**	Confirmed
6.25	Will the software allow:- 6.25.1 Payments to be made to customers?	**YES**	Confirmed
	6.25.2 Receipts to be received from suppliers?	**YES**	Confirmed
6.26	Does the software handle purchase credit notes?	**Yes – but only against specific invoices at present.**	Confirmed
6.27	Is there an ability to automatically amend stock if applicable?	**N/A**	N/A
6.28	Can the software generate sales credit notes?	**Yes – but only against specific invoices at present.**	Confirmed
6.29	Does the software handle discounts and promotions?	**Not directly- can be done via part payment and credit note for discount element**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
6.30	Does the software provide for early settlement discounts?	**No.**	Confirmed
6.31	Can early settlement discounts be automatically generated?	**No.**	Confirmed
6.32	Are there controls over accepting settlement discounts (e.g. time limits)?	**No.**	Confirmed
6.33	Is VAT treated correctly on early settlement discounts?	**N/A**	N/A
6.34	Will the software permit the posting of unallocated cash to the ledgers? Does this apply to:- 6.34.1 Sales ledger?	**No.** **Yes – cash has to be allocated to a specific invoice**	Confirmed
	6.34.2 Purchase ledger?	**Yes – cash has to be allocated to a specific invoice**	Confirmed
6.35	Are unallocated cash/credit notes specifically reported for follow up?	**No. Covered by 6.34 above.**	Confirmed
6.36	Are outstanding transactions displayed for allocation? If Yes does this apply	**Yes.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
	to:- 6.36.1 Sales ledger?	**Yes.**	Confirmed
	6.36.2 Purchase ledger?	**Yes.**	Confirmed
6.37	Is it possible for new accounts to be created during input?	**Yes.**	Confirmed
6.38	Does this cover the following ledgers:- 6.38.1 Sales?	**Yes.**	Confirmed
	6.38.2 Purchases?	**Yes.**	Confirmed
	6.38.3 General?	**Yes.**	Confirmed
	6.38.4 Stock?	**N/A**	N/A
6.39	What controls are there over the creation of new accounts?	**Currently all roles have the ability to create new accounts.**	Confirmed
6.40	Is the originator and/or authoriser identification logged by the software?	**No**	Confirmed
6.41	Is the user prevented or warned from overriding credit limits or discounts? (S/L).	**N/A**	N/A

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
6.42	Does the software have a bank reconciliation facility?	**Yes.**	Confirmed
6.43	Does the software enable transactions to be posted to the ledgers whilst performing a bank reconciliation (e.g. standing charges, bank charges etc)?	**Yes.**	Confirmed
6.44	Are these adequately reported?	**Yes.**	Confirmed
6.45	Does the software accept input files from other computer packages?	**Yes.**	Confirmed
If Yes:-			
	6.45.1 What formats are accepted?	**Any format can be supported however the preference is for CSV or fixed length flat files and XML.**	Noted
	6.45.2 What controls are in place over the interface?	**All inputs are validated and the schema is validated with friendly error messages.**	Noted
6.46	Does the software have a facility for calculating interest on late payments?	**No.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question Supplier Response Evaluator's Comment

7 File maintenance

7.1	Are ledgers:- 7.1.1 Open item? 7.1.2 Balance forward? 7.1.3 Either?	 **Yes, open transactions are available after the period is closed.** **No.** **No.**	 Confirmed
7.2	Does the above cover:- 7.2.1 Sales ledger? 7.2.2 Purchase ledger? 7.2.3 General ledger?	 **Yes.** **Yes.** **Yes.**	
7.3	Is a month end routine required to be undertaken?	**No - rolling balances are carried forward automatically**	Confirmed
7.4	Is the creation or amendment of standing data (e.g. customer account details) controlled by menu options?	**Yes –but there are other means of adding standing data e.g. during posting**	Confirmed
7.5	Are menus:- 7.5.1 Application specific? 7.5.2 User specific? 7.5.3 Both?	 **Yes.** **Role specific.** **Yes.**	 Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question | Supplier Response | Evaluator's Comment

7.6	Is it impossible to delete accounts if the balance is Nil but transactions have been recorded against the code. M	**Yes - they must be archived (which can be viewed and restored at any time).**	Confirmed
	Does this apply to:- 7.6.1 GL?	**Yes.**	Confirmed
	7.6.2 SL?	**Yes.**	Confirmed
	7.6.3 PL?	**Yes.**	Confirmed
	7.6.4 Stock?	**N/A**	N/A
7.7	Are there any other constraints over the deletion of accounts?	**You cannot delete system accounts or accounts that are in use by our repeating transactions system.**	Accepted
7.8	What is the size and format of reference numbers and descriptions within:-	**50 characters reference 256 character descriptions per line item.**	Confirmed
	7.8.1 GL?	**As above**	
	7.8.2 SL?	**As above**	
	7.8.3 PL?	**As above**	

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question | Supplier Response | Evaluator's Comment

	7.8.4 Stock?	**N/A**	
7.9	Is the scope of the reference number adequate to permit sufficient depth of analysis?	**Yes.**	Confirmed
7.10	How does the software guard against/warn about, duplicate account numbers on set up?	**Real-time validation messages.**	Confirmed
7.11	Does the software enable the traceability - from, to and through the accounting records - of any source document or interfaced transaction? Explain how this is achieved.	**Yes - report driven interface allows all documentation to be hyperlinked and accessible through all reports.** **Almost every screen operates like a report but also works like all other web-applications where all relevant information is hyperlinked to provide more detail. This allows a user to interrogate almost any figure all the way through to the source document. Because we don't archive data like other accounting systems this includes the ability to drill into all historical information.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question Supplier Response Evaluator's Comment

7.12	Can reports be invoked which identify all the fields which have been modified?	**No.**	Confirmed
7.13	Can the reports show a complete record of all master file changes?	**No**	Confirmed
7.14	If the software uses a lot of standing information which changes frequently or regularly, does the software allow for such changes to be effected through the use of parameters or tables? If Yes: – Is the use of such parameters or tables adequately reported?	**There is no standing information that changes frequently so N/A**	Confirmed
7.15	What controls are within the software over changes to parameters and tables e.g. reporting, password etc?	**N/A**	N/A
7.16	Does the software allow selective archiving of old data on a user-defined basis?	**No - it's not necessary.**	Accepted
7.17	Can archived data be	**Yes - all data is accessible**	Confirmed

Question		Supplier Response	Evaluator's Comment
	used for reporting purposes?	**for reporting.**	
7.18	Does the software allow for the restoration of archived data for audit without affecting current accounting data?	**N/A. Due to the nature of SaaS we do not require the user to archive data as they would in other accounting systems. All historical data as entered by the user will be always available to them.**	Confirmed
7.19	What controls are in place over the handling of archived data?	**Readily viewable and restorable at any time – archived data in this respect refers to removing accounts from view if no longer required.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question | Supplier Response | Evaluator's Comment

8 Processing

8.1	Does the software ensure that menu options or programs are executed in the correct sequence (e.g. ensure outstanding transactions are processed before month end procedures run)?	**No.**	Confirmed
8.2 M	After an external document (e.g. sales invoice or cheque payment) has been generated and posted to the accounts is it impossible to amend this data?	**Yes - you cannot amend information that has legal implication - however changes to general ledger accounts or deletion/voiding can be made.**	Confirmed
8.3	Is there an audit trail of all changes to transactions which have updated the ledgers?	**Yes.**	Confirmed
8.4	Can the software calculate prices or values by reference to master file data?	**No.**	Confirmed
8.5	Does the software provide automatic recalculation, where appropriate, of data input? (e.g. VAT)	**Yes.**	Confirmed
8.6	Does the software warn the user when the ledger is out of	**Yes - the general ledger cannot get out of balance as it is not possible to post an**	Confirmed

Question		Supplier Response	Evaluator's Comment
	balance?	**unbalanced entry**	
8.7	How is this done e.g. when the software is switching on or on ledger update?	**In posting routine**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question Supplier Response Evaluator's Comment

9 Performance of requisite accounting functions

9.1	What control features are provided by the software to support effective user controls?	**We support roles – which offer additional functionality to an "administrator" user**	Confirmed
9.2	Is there: 9.2.1 Transaction sequencing?	**Yes.**	Confirmed
	9.2.2 Automatic dating of posting transactions?	**No.**	Confirmed
	9.2.3 Identification of user id or source of document?	**Yes**	Confirmed
9.3	Is the software available as: 9.3.1 Single user?	**Yes.**	Confirmed
	9.3.2 Multi user?	**Yes.**	Confirmed
9.4	Can the same function be used by more than one person at the same time, whilst still retaining the separate user identities?	**Yes.**	Accepted
9.5	Is the software available as multi-company?	**Yes.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question | Supplier Response | Evaluator's Comment

	If Yes:- How many companies are supported?	**Unlimited.**	Confirmed
9.6	Is a group consolidation facility available?	**Not at this time for multiple companies – unless set up as departments inside one entity.**	Confirmed
9.7	Can the software consolidate entities with different charts of accounts?	**N/A**	N/A
9.8	How many levels of nominal analysis can be handled by the software?	**Unlimited – by use of categories**	Confirmed
9.9	How does the software handle cost centres, departments, divisions?	**Through tracking categories**	Confirmed
9.10	How many accounting periods can be set up?	**Unlimited**	Confirmed
9.11	Can the length/ number of periods be adjusted to suit different user requirements?	**No - limited to calendar month and 12 calendar month financial years.**	Confirmed
9.12	How many accounting periods can be open at any one time?	**Unlimited - though the administrator can lock periods back from a specific date.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
9.13	How many years can be open at any one time?	**As above (9.12).**	Confirmed
9.14	Can a period or year be re-opened after it has been closed? If Yes what controls are in place over this function?	**Yes.** **Only a user with the "financial advisor" role can do this.**	Confirmed
9.15	Can data from all accounting periods be accessed at any given moment?	**Yes.**	Confirmed
9.16	Can previous months be accessed for enquiries or reports?	**Yes.**	Confirmed
9.17	Does the software handle posting date as well as document date?	**No.**	Confirmed
If Yes:- 9.18	How are transactions analysed, by 9.18.1 Posting date? or 9.18.2 Document date?	**N/A**	
9.19	How are periods handled by the software?	**Limited to calendar month and 12 calendar month financial years.**	Confirmed
9.20	Are the ends of accounting periods determined by the user or set by the	**By the software.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
	software?		
9.21	Does the software allow posting to more than one accounting period at a time?	**YES – using repeating journals**	Confirmed
9.22	Does this cover:		
	9.22.1 General ledger?	**YES**	Confirmed
	9.22.2 Sales ledger?	**YES**	Confirmed
	9.22.3 Purchase ledger?	**YES**	Confirmed
9.23	Is it possible to allocate transactions to:		
	9.23.1 Future periods?	**Yes.**	Confirmed
	9.23.2 Previous closed periods?	**Yes - closed period can be done by the a user having an "advisor and manage users" role.**	Confirmed
	9.23.3 A previously closed year?	**Yes - as above**	Confirmed
	If Yes:-		
	9.23.4 What controls are in place e.g. level of authorisation and on screen warnings?	**"Financial Advisor and manage user" role required.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
	9.23.5 Will the software revise subsequent periods accordingly?	**Yes**	Confirmed
9.24	How will transactions outside the current period be:-		
	9.24.1 Reported	**They will show on any report covered by those dates.**	Confirmed
	9.24.2 Accounted for in the VAT return?	**They will show on the VAT return for the period covered by the report (unless period closed when it will appear on next "open" period VAT Return).**	Confirmed
9.25	Does the software permit use of budgets and provide comparisons between budgets and actuals?	**Yes – it does both.**	Confirmed
	If Yes:- How many versions of budgets/forecasts can be maintained on the system?	**One.**	Confirmed
9.26	Are budgets available for:		
	9.26.1 General ledger?	**Yes.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
	9.26.2 Sales ledger?	**No.**	
	9.26.3 Purchase ledger?	**No.**	
	9.26.4 Overheads?	**Yes.**	
	9.26.5 Balance sheet?	**No.**	
9.27	Can budgets be set by:		
	9.27.1 Period?	**Yes.**	Confirmed
	9.27.2 Annually?	**Yes.**	Confirmed
9.28	Can the software automatically generate budgets? If Yes:- Please state how this is achieved.	**No.**	Confirmed
9.29	What is the maximum value of transactions and of totals that can be handled by the software?	**922,337,203,685,477.58**	Accepted!
9.30	What is the maximum number of transactions that can be handled by the software?	**Unlimited.**	Accepted
9.31	What is the maximum number of accounts		

Question	Supplier Response	Evaluator's Comment
on each ledger: 9.31.1 Sales ledger?	**Unlimited.**	Accepted
9.31.2 Purchase ledger?	**Unlimited.**	Accepted
9.31.3 General ledger?	**Unlimited.**	Accepted

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question | Supplier Response | Evaluator's Comment

10 Reports

10.1	Are all reports adequately titled and dated? (E.g. report name, client name, data, period, batch, last entry number, period end, pages, numbers etc.)	**Yes.**	Confirmed
10.2	Do the reports provide totals where applicable?	**Yes.**	Confirmed
10.3	Are these totals calculated or taken from a control file? Please state the reports that do not feature calculated totals.	**Calculated**	Accepted
10.4	Is it clear when the report has ended? (totals or end markers)	**Yes**	Confirmed
10.5	Can reports be saved in electronic format (as distinct from just printing)?	**Yes (in PDF, Excel and in the system)**	Confirmed
10.6	Are such files adequately protected from deletion or amendment?	**The whole point of export to other software e.g. Excel is to permit manipulation!**	Confirmed
10.7	Is a report writer provided as part of the software or as an add on? Please state the name of any third party package.	**No. Report customisation is only available through Xero Customisation Services. But data can be exported to Excel for own reporting requirements.**	Confirmed
10.8	What level of knowledge is required to use the report writer e.g. beginner, regular user, expert?	**N/A**	N/A

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
10.9	Can the report writer make use of user-defined fields (including external fields)?	**N/A**	N/A
10.10	Does the report writer cover all ledgers (transactions) files and balances (all value fields e.g. prior year etc.)?	**N/A**	N/A
10.11	Can users define the parameters or selection criteria used on reports reported?	**Yes**	Confirmed
10.12	Are standard reports always produced, even when they are nil returns?	**Yes.**	Confirmed
10.13	Is there an option for reports to exclude nil balances?	**No – automatically filtered out**	Confirmed
10.14	Can screen layouts, reports and transaction formats be easily adapted to users' requirements?	**At present only the profit and loss and balance sheet reports can be tailored to re-order and group accounts. These layouts can be saved and shared between organisations.**	Confirmed
10.15	Can a hard copy be produced of all screen enquiries?	**Yes.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
10.16	Can transaction files for all previous periods of the year be retained in the software to permit enquiries and reports?	**Yes.**	Confirmed
10.17	Are reports of all master file changes automatically generated or stored for later printing?	**No.**	Confirmed
10.18	Are all transactions on all reports individually identifiable?	**Yes - you can drill in as far you want.**	Confirmed
10.19	Do the reports show whether items are debit or credit?	**Yes, where applicable.**	Confirmed
10.20	Do they give sufficient narrative and coding to enable cross referencing?	**Yes.**	Confirmed
10.21	Can the software produce all requisite reports:- Day books		Confirmed
10.21.2	Trial balance	**Yes.**	
10.21.3	Profit and loss account	**Yes.**	
10.21.4	Balance sheet	**Yes.**	
10.21.5	Aged debtors	**Yes.**	
10.21.6	Aged creditors	**Yes.**	
10.21.7	Aged stock	**N/A**	
10.21.8	Aged unallocated cash (debtors)	**No.**	
10.21.9	Aged unallocated cash (creditors)	**No.**	
10.21.10	Budgets	**Yes.**	
10.21.11	Cash flow statement	**Yes.**	

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question	Supplier Response	Evaluator's Comment
10.21.12VAT reports 10.21.13 VAT form 100 10.21.14 EC Sales Listings 10.21.15 Intrastat returns (SSD)	**Yes.** **Yes.** **No.** **No.**	
10.22 Are the above reports standard within the software or do they have to be written?	**Standard.**	Confirmed
10.23 Is the age criteria fixed or user definable?	**Fixed**	Confirmed
10.24 Can the age analysis reports be in summary and detail?	**Summary on face of report - detail obtained by drilldown to underlying data**	Confirmed
10.25 Do standard reporting options give sufficient flexibility to tailor individual reports?	**Yes.**	Confirmed
10.26 Can all reports be reproduced after the period end but @ the month end date:-		
10.26.1 Transaction listings?	**Yes.**	Confirmed
10.26.2 Day books?	**No.**	Confirmed
10.26.3 Trial balance?	**Yes.**	Confirmed
10.27 Is it possible to print out retrospective month end aged sales and purchase ledger reports that agree	**Reports can be printed – however there is the possibility that the aged debt /creditors report may differ**	Confirmed

Question		Supplier Response	Evaluator's Comment
	back to the month end trial balance control account figures as at the month end?	**from the trial balance in some circumstances e.g. where a payment has been matched against an invoice in a later period. However, a warning message does appear.**	
10.28	Do the standard budget reports provide sufficient analysis of variances?	**Yes.**	Confirmed
10.29	Do such reports provide exception reporting, percentage analysis and comparatives?	**No exception reporting or comparatives but does show percentages**	Confirmed
10.30	Do standard reports show sufficient analysis of trading results? (E.g. sales analysis by region)?	**Yes – depending on nominal code structure**	Confirmed
10.31	Are all movements during each accounting period shown on ledger detail reports?	**YES**	Confirmed
10.32	Do these reports show how all partial payments or allocations (unallocated cash) have been treated?	**YES – on drilldown into detail**	Confirmed
10.33	Does the trial balance report show balances carried and brought forward and detailed posted transactions?	**No – only movements in selected period as to be expected from a TB report.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question	Supplier Response	Evaluator's Comment
10.34 Can the management accounts, profit and loss account and balance sheet be sufficiently analysed by: 10.34.1 Project/job	**Yes – using definable categories**	Confirmed
10.34.2 Cost centres	**Yes – using definable categories**	Confirmed
10.34.3 Department	**Yes – using definable categories**	Confirmed
10.34.4 Division 10.34.5 Company 10.34.6 Group (if applicable) 10.35 Can the above be user defined by	**Yes – using definable categories** **Yes – using definable categories** **No - future enhancement**	Confirmed Confirmed Noted
10.36 Period/ range?	**Yes**	Confirmed
10.37 What controls are there in place so that the user is aware of partly processed transactions:- 10.37.1 Unposted invoices 10.37.2 Uninvoiced dispatches 10.37.3 Payments 10.37.4 Receipts	 **Draft invoices are listed separately.** **N/A** **An entry appears in a "Paid" column on the aged reports** **As above.**	 Confirmed N/A Confirmed Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
10.38	State the controls that are in place to ensure that the correct price/discount has been applied to invoices/credit notes? (e.g. Gross Margin reports)	**N/A**	N/A
10.39	Detail all automatically generated documents for external use. (E.g. sales invoices and statements, remittance advices.)	**Sales invoices including integral remittance advice, credit notes, statements**	Confirmed
10.40	Can the software reproduce source documents? Please list documents.	**Yes - all sales invoices and credit notes are reproducible.**	Confirmed
10.41	Are the duplicates an exact replica of the relevant financial and VAT accounting information as stored on original documents [i.e. they do not take account of any subsequent changes to the standing data]?	**YES and NO.** **If address has been changed it would reflect new address – but financial data cannot be changed. If invoices are "published" to PDF a true duplicate is then available.**	Confirmed
10.42	Are these clearly identified as duplicates?	**No.**	Confirmed
10.43	Does the software force the production of month-end reports?	**No.**	Confirmed
10.44	Can the reporting function make use of external data files?	**Reports can be exported to Excel**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
10.45	Does the report writer have the facility to scroll up and down when output to screen?	**Yes.**	Confirmed
10.46	Can all reports be run without the need for period-end procedures to be initiated?	**Yes.**	Confirmed
10.47	Does the report writer allow print previews of all reports?	**Yes.**	Confirmed
10.48	Can transactions and standing data be output directly to other formats e.g. CSV, txt etc. for any period of time required?	**Yes – transactions** **No – standing data e.g. contacts**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question | Supplier Response | Evaluator's Comment

11 Value Added Tax

The following sections detail the general requirements/features of an accounting package in handling VAT. It cannot cover all eventualities or all users and where necessary members should contact their local HMRC office for detailed guidance. The overall objective is to accurately record the accounting for VAT in order to support VAT returns to HMRC.

Software features		
11.1 Does the software have the facility to hold the following VAT information:-		
11.1.1 UK VAT registration number?	**Yes.**	Confirmed
11.1.2 Intrastat code?	**No.**	Confirmed
11.1.3 EC Code?	**No.**	Confirmed
11.1.4 EC VAT registration numbers (10)?	**No.**	Confirmed
11.1.5 VAT rates (please specify number available)	**Yes (Vat on income 17.5% & 5%, Vat on expenses 17.5% & 5%, exempt on exps and inc 0%, no vat, zero rated on exps and income 0%).**	Confirmed
11.2 How does the software handle roundings?	**All inputs values are rounded and stored at 2 dp and calculations are made at a fixed precision.**	Accepted
11.3 Is this applied consistently?	**Yes.**	Accepted

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
11.4	Does the software handle VAT Scale charges with automatic double entry processing?	**No.**	Confirmed
11.5	Does the software handle VAT calculation tolerances? If Yes do any discrepancies produce:- 11.5.1 Warning?	**No** **N/A**	Confirmed
	11.5.2 Appear in the audit trail	**N/A**	
	11.5.3 Appear in the VAT exception report?	**N/A**	
11.6	What security features (password/ audit trail) are in place to control changes made to: 11.6.1 General ledger VAT control accounts?	**Determined by VAT type – so if Vatable will appear on VAT return correctly – even if a journal entry – if Non Vatable does not appear on VAT return and does not affect control account.**	Confirmed
	11.6.2 VAT tables set up and change?	**We don't allow VAT table changes – it is system controlled at present.**	Confirmed
	11.6.3 Tolerance levels?	**N/A**	N/A

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
	11.6.4 Invoice sales number table?	**No security**	Noted
	11.6.5 Changes on VAT code on customer files?	**We currently don't store VAT code for customer and supplier data.**	Confirmed
	11.6.6 Changes on VAT code on stock files?	**N/A**	N/A
	11.6.7 VAT calculated on sales invoices or credit notes?	**You can't change it – it is calculated in real-time by the system.**	Confirmed
11.7	Does the software store and report a VAT return identifier [VRI]?	**No**	Confirmed
11.8	How does the software ensure that each eligible posting is reported only once in a VAT return?	**The VAT return is date driven. A lock is applied at the end of each VAT period which finalises the entries.**	Confirmed
Method of operation			
11.9	VAT basis. Can the software handle: 11.9.1 Invoice (standard) accounting?	**Yes.**	Confirmed
	11.9.2 Cash	**Yes.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
	accounting?		
11.10	If the software can handle both invoice (standard) and cash methods of accounting for VAT is the basis clearly identified during set up?	**Yes.**	Confirmed
11.11	Does the software allow for a switching between methods? .	**Yes.**	Confirmed
11.11.1	If Yes:- Is the change fully supported by audit trails to ensure proper VAT treatment of all transactions?	**N/A – can produce reports under both bases**	Confirmed
11.11.2	Is this ability to change a basis of accounting clearly flagged, i.e. users warned etc.	**It is a drop down option and users have to select the method. No warning is produced.**	Confirmed
11.11.3	Does the software alert the user that they require HMRC authorisation if they attempt to apply, retrospectively, the 'Cash	**No.**	Confirmed

Question		Supplier Response	Evaluator's Comment
	Accounting Scheme' for VAT accounting?		
11.11.4	Does the software provide useful and relevant information on switching in the software help section?	**No.**	Confirmed
11.12	Can the software handle the following VAT schemes:-		
11.12.1	Annual accounting scheme?	**YES – by selecting 12 month date range for VAT reports**	Confirmed
11.12.2	Flat rate scheme?	**No.**	Confirmed
11.12.3	Retail schemes?	**Not directly – but the defined VAT rates of purchases at standard and zero rate allow the production of figures which can be used in calculations.**	Confirmed
11.12.4	Account for VAT on the margin?	**No.**	Confirmed
11.13	Can the software be configured to handle partial exemption methods?	**No.**	Confirmed
11.14	Please state the	**We currently operate 9**	Confirmed

Question		Supplier Response	Evaluator's Comment
	number of VAT codes available for VAT analysis.	**VAT codes:** • **VAT on Income 17.5%** • **VAT on Income 5%** • **VAT on Expenses 17.5%** • **VAT on Expenses 5%** • **VAT Exempt on Income 0%** • **VAT Exempt on Expenses 0%** • **VAT Zero-Rated on Income 0%** • **VAT Zero-Rated on Expenses 0%** • **No VAT 0%**	
11.15	How does the software handle:- 11.15.1 Outside scope?	**We assign a No VAT code.**	Confirmed
	11.15.2 Distance selling (supply to an unregistered EC customer)?	**Currently only through zero-rated, exempt and no-vat codes.**	Confirmed
11.16	How does the software handle EC VAT:- 11.16.1 Goods and related service?	**Currently not yet implemented.**	Confirmed
	11.16.2 Services only?	**As above.**	Confirmed
	11.16.3 Process?	**As above.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question | Supplier Response | Evaluator's Comment

Question	Supplier Response	Evaluator's Comment
11.16.4 Triangulation? .	**As above**	Confirmed
11.17 Does the software include the functionality to identify EU acquisitions? .	**Not yet implemented**	Confirmed
If Yes:- 11.18 Can the software generate acquisition tax?	**N/A**	
11.19 Can a report be generated of all EU acquisitions and the amounts of acquisition tax generated?	**N/A**	N/A
11.20 Does the software include the functionality to identify transactions liable to reverse charge VAT?	**No**	Confirmed
If Yes:- 11.21 Can the software generate reverse charge VAT?	**N/A**	N/A
11.22 Can a report be	**N/A**	N/A

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
	generated of all transactions liable to reverse charge VAT, and the amounts of tax where so generated?		
11.23	Does the software have a facility to reconcile the VAT returns amounts for input, output and net VAT payable/recoverable to the General ledger control account?	**No**	Confirmed
11.24	How does the software handle late transactions posted outside the closed VAT return period?	**Included in subsequent VAT Return**	Confirmed
Input VAT (purchases)			
11.25	Can the software handle VAT inclusive amounts and automatically calculate the input VAT?	**Yes.**	Confirmed
11.26	Does the software require the following to be entered:- 11.26.1 Supplier reference?	**Name required**	Confirmed
	11.26.2 Supplier document reference?	**No.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
11.26.3	Internal document reference?	**No.**	Confirmed
11.26.4	Invoice tax point date?	**Yes**	Confirmed
11.26.5	Invoice posting period date?	**No - based on invoice date.**	Confirmed
11.26.6	Invoice gross total?	**No - calculated automatically if entered net and VAT. Yes if entered gross and net and VAT calculated**	Confirmed
11.26.7	Invoice VAT amount?	**No - calculated automatically.**	Confirmed
11.26.8	Individual invoice lines:-		
11.26.8.1	net amount	**Yes.**	Confirmed
11.26.8.2	VAT rate (optional from VAT code, product supplier)	**Yes.**	Confirmed
11.27	Does the software validate individual invoice line VAT amounts against the total invoice of VAT (less early settlement at discount) and accept or reject the amount subject to the software tolerance?	**No**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question | Supplier Response | Evaluator's Comment

11.28 Can the user override the software derived input VAT amount and input VAT as shown on the supplier invoice?	**No.**	Confirmed
11.29 Does the software allow VAT to be reclaimed on the basis of registered but unposted invoices?	**No.**	Confirmed
If Yes:- 11.30 Does the software flag the status as:- 11.30.1 VAT not yet reclaimed?	**N/A**	N/A
11.30.2 VAT claimed?	**N/A**	N/A
Output VAT (sales)		
11.31 Does the software generate sales invoices?	**YES**	Confirmed
If Yes:- 11.32 For each invoice generated is the following information included on the sales invoice:- M 11.32.1 Unique software generated invoice reference	**YES**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
11.32.2	Your name, address, EC country code and VAT number?	**YES (but not EC code as do handle sales to EC customers**	Confirmed
11.32.3	Name, address, EC country code and VAT number	**N/A**	N/A
11.32.4	The time of supply (tax point)	**YES**	Confirmed
11.32.5	Date of issue (if different to the time of supply)	**NO**	Confirmed
11.32.6	Your customer's name (or trading name) and address, EC country code and VAT number (if applicable)	**YES – Only deal with UK sales at present**	Confirmed
11.32.7	The unit price [applies to countable goods or services. E.g. an hourly rate; or a price for standard	**YES**	Confirmed

Question	Supplier Response	Evaluator's Comment
services.]		
11.32.8 A description which identifies the goods or services supplied.	**YES**	Confirmed
11.33 Does the software identify supplies that are zero-rated or exempt on an invoice and that there is no VAT payable?	**NO – does not differentiate**	Confirmed
11.34 Is this by way of a report?	**NO**	Confirmed
11.35 Does the software handle Proforma invoices?	**NO (this is a future enhancement)**	Confirmed
If Yes:- 11.36 Are the invoices clearly identified as "this is not a tax invoice"? M	**N/A**	N/A
VAT Reporting		
11.37 Does the software produce a VAT 100 form as standard?	**YES – figures and box references (not facsimile form)**	Confirmed
If No:- 11.38 Does the software have a means of producing reports that support the completion of the	**N/A**	N/A

Question		Supplier Response	Evaluator's Comment
	VAT return?		
11.39	Is the VAT return information available by report on a three monthly basis or any other specified period?	**YES**	Confirmed
11.40	Is there a detailed and summary analysis of all transactions included in each return sorted by VAT code and transaction type making up the total in each of the boxes on the VAT 100 Form?	**YES**	Confirmed
11.41	Can the VAT return be recreated showing all the transactions which were included in the original VAT return?	**YES (via publishing them – which holds a copy within the software)**	Confirmed
11.42	Does the software have a separate VAT audit log?	**NO - not considered necessary.**	Noted
11.43	Note where the software details the following non routine event in the audit trail or VAT audit log etc:-		
	11.43.1 Changes to VAT tables.	**N/A**	N/A
	11.43.2 Change from	**N/A**	N/A

Question			Supplier Response	Evaluator's Comment
		invoice /cash VAT accounting or other Schemes.		
	11.43.3	VAT tolerance.	**N/A**	N/A
	11.43.4	Changes to VAT rates on customer, supplier, product master files.	**N/A**	N/A
11.44	Are the above changes noted above stamped with a:-			
	11.44.1	User id?	**N/A**	N/A
	11.44.2	Software generated unique reference number?	**N/A**	N/A
	11.44.3	Date and time?	**N/A**	N/A
11.45	VAT postings		**YES**	Confirmed
	11.45.1	Are all VAT postings recorded in the audit trail or VAT audit log?		
	11.45.2	Does the software denote whether each transaction	**This is tracked in the database but is currently not exposed to the user.**	Accepted

Question	Supplier Response	Evaluator's Comment
has been included in a reconciled VAT return?		
11.45.3 How does it denote which VAT Return the transaction has been included in?	**As above.**	Accepted
11.46 Does the software produce a VAT Exception report detailing such transactions as:- 11.46.1 VAT amounts outside tolerance levels?	**NO**	Confirmed
11.46.2 Manual changes to software generated VAT?	**NO**	Confirmed
11.46.3 Write offs	**NO**	Confirmed
11.46.4 Zero value invoices?	**NO**	Confirmed
If No for any of the above:- 11.47 How does the software document these occurrences?	**Recorded in audit trail but not "flagged"**	Confirmed
11.48 Does the software handle "intra-community" supply of	**NO**	Confirmed

Question		Supplier Response	Evaluator's Comment
	goods?		
11.49	Does the software support production of an EC Sales List?	**NO**	Confirmed
If Yes:- 11.50	Does the report show the country code, the customer name, their EC VAT number, the invoice reference and indicators for different types of despatches?	**N/A**	N/A
11.51	Does the software produce invoice level reports that enable every value on each EC Sales List report to be traced to source documents?	**N/A**	N/A
11.52	Does the software have a means of ensuring that each eligible posting on the EC Sales List is reported only once? (Please state how this is done within the software).	**N/A**	N/A
11.53	How does the software handle triangulation? E.g. a movement of goods without a related invoice transaction.	**We do not have a stock system so do not currently handle this.**	Confirmed
11.54	Does the software produce the relevant	**NO**	Confirmed

Question		Supplier Response	Evaluator's Comment
	documents in a format [e.g. CSV or XML] that can be uploaded direct to the HMRC gateway?	**This is a future enhancement.**	
11.55	Can these be electronically transmitted direct from the system?	**N/A**	N/A
11.56	Does the software produce INTRASTAT reports where applicable?	**NO**	Confirmed
11.57	How are errors on VAT accounts corrected?	**The user has to handle this manually either through posting manual journals or by voiding and reposting source documents.**	Confirmed
11.58	How does the software handle the VAT on purchase and sales ledger contras?	**It has to be done via a contra bank account.**	Confirmed
11.59	How does the software handle partially allowable expenditure, e.g. VAT on petrol invoices where employees are provided with petrol (adjustment required for own use)?	**The user has to handle this manually through posting manual journals**	Confirmed
11.60	Can the software handle cheque refunds to customers?	**YES – via direct entry in bank account**	Confirmed
If Yes:-			
11.61	How is the VAT	**Manual decision depending**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator’s Comment
	accounted for under cash accounting?	**on reason for refund and how treated initially**	
11.62	Can the software handle invoices with multiple rates of VAT?	**YES – each line item in an invoice can have it’s own tax rate.**	Confirmed
11.63	How does the software handle write off of bad debts and the related VAT?	**Journal entry to adjust**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question Supplier Response Evaluator's Comment

12 Currency

Xero does not currently support multi-currency, however this is a future enhancement to the software.

12.1 Is multi-currency processing available? If Yes:- 12.1.1 State number of currencies available. 12.1.2 Does this cover:- 12.1.2.1 General ledger		
12.1.2.2 Sales ledger		
12.1.2.3 Purchase ledger		
12.1.2.4 Stock		
12.1.3 Is conversion to sterling automatic? If Yes:- 12.1.4 Does this cover- 12.1.4.1 General ledger		
12.1.4.2 Sales ledger		
12.1.4.3 Purchase ledger		
12.1.4.4 Stock		
12.1.5 Can the user select which currency to value each of the ledgers? If Yes:- 12.1.6 Does this cover:- 12.1.6.1 General		

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question	Supplier Response	Evaluator's Comment
ledger 12.1.6.2 Sales ledger 12.1.6.3 Purchase ledger 12.1.6.4 Stock		
12.1.7 What are the currency capacities?		
12.1.8 What are the maximum and minimum exchange rates?		
12.1.9 What approach will the Software House take towards handling the EURO?		
12.2 What currency information is held: 12.2.1 Currency Code/description?		
12.2.2 Country?		
12.2.3 Currency rate table?		
12.2.4 Date rates effective from-to?		
12.2.5 Previous rates held?		
12.3 Can a base currency be selected?		
12.4 Can the user over ride the exchange rates during a transaction?		
12.5 Can the user change		

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
	the exchange rates per account?		
12.6	Is there a restriction on accounts to a single selected currency? If Yes:- 12.6.1 What controls are in place over any changes?		
12.7	Can the user manually over ride the currency calculation?		
12.8	Are gains or losses on currency calculations automatically processed?		
12.9	Can the user over ride the calculation /processing of currency gains and losses?		
12.10	Can a user override an exchange rate on each transaction?		
12.11	Can the user define the treatment of foreign exchange gains/losses i.e. where posted to in the general ledger?		
12.12	Can ledger accounts be defined to take invoices/payments in specified currencies/		

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question	Supplier Response	Evaluator's Comment
multiple currencies?		
12.13 Does the software prevent the deletion of the active currency?		
12.14 Does the software prevent use of duplicate currency codes?		
12.15 Can currency transactions be entered in selected currency and/or base currency?		
12.16 Can transactions be entered in multiple currencies?		
12.17 How does the software handle exchange differences?		
12.18 How does the currency treat revaluations relating to: 12.18.1 Ledgers (sales/ purchases) 12.18.2 Monetary assets/ liabilities 12.18.3 General ledger accounts?		

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question Supplier Response Evaluator's Comment

13 Sales Order Processing and Invoice Production

Currently we do not support sales orders or invoice production outside of our accounts receivable module.

13.1 Does the software start with a quotation or the sales order?	N/A	N/A
13.2 Are recurring or schedule orders handled?		
13.3 At quotation or initial order stage state how does the software: 13.3.1 Checks stock availability. 13.3.2 Highlight alternative stock.		
13.4 How does the software check credit status of customer: 13.4.1 On receipt of order? 13.4.2 Prior to dispatch?		
13.5 Can the software block: 13.5.1 Customer orders? 13.5.2 Deliveries? 13.5.3 Invoice production?		

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
13.6	Where stock is not available is a "back order" raised and a purchase order issued?		
13.7	Does the software handle forward orders? If Yes is this:- 13.7.1 Only when stock is now available? 13.7.2 Allocated from future planned stock?		
13.8	Can multiple addresses be held for each customer (invoice and delivery address).		
13.9	Are the following documents produced: 13.9.1 Quotations? 13.9.2 Order confirmation? 13.9.3 Picking lists? 13.9.4 Labels? 13.9.5 Dispatch /Delivery note? 13.9.6 Invoices?		
13.10	Are the following		

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question	Supplier Response	Evaluator's Comment
reports available: 13.10.1 Quotes for which orders not received? 13.10.2 Orders received (analysis)? 13.10.3 Items placed on backorder and/or purchase orders raised? 13.10.4 Items dispatched not invoiced? 13.10.5 Items ordered but not dispatched due to stock out? 13.10.6 Gross margin (by invoice or item)?		
13.11 Are invoice details derived from order input? (e.g. prices, quantity*)*		
13.12 Can picking lists /dispatch notes be amended for non availability of stock?		

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question	Supplier Response	Evaluator's Comment
If Yes:- 13.12.1 Is this reported? 13.12.2 Are the items dispatched reflected in final invoice?		
13.13 Is there one dispatch note and invoice per order?		
13.14 How does the software ensure all dispatches are invoiced? e.g. where multiple dispatches are raised per order, or several orders on a single dispatch note.		
13.15 Can manual invoices be raised (i.e. without a sales order)?		
13.16 Does the software produce proforma invoices as required?		
13.17 Can returned goods be processed to produce credit notes? 13.18 Are these referenced to the original order/invoice?		
13.19 Will the product accept orders from the		

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
	Web?		
	If Yes:-		
13.20	How are web orders integrated with the sales order processing ledgers?		
13.21	What control features are available for checking web orders before processing?		

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question Supplier Response Evaluator’s Comment

14 Purchase Order Processing

We currently do not have purchase order processing.

14.1	Does the software generate suggested orders?	N/A	N/A
14.2	Can orders be generated by the user?		
14.3	Is the software easy and efficient to use, i.e. scroll backwards and forwards in the product file, tagging more than one item per order?		
14.4	Can more than one supplier be allocated to each product?		
14.5	Does the software hold details of substitute products if applicable?		
14.6	Based on automatic and manual order generation (above) does the software produce a list of proposed purchase orders, if so, can these be easily amended?		
14.7	Is stock availability updated for stock on order?		
14.8	Can the software		

Question	Supplier Response	Evaluator's Comment
handle partially completed orders and returns?		
14.9 Are receipts checked to orders and discrepancies reported?		
14.10 Are purchase invoices checked to purchase orders, confirmed receipts and discrepancies reported?		
14.11 Are the following reports available: 14.11.1 Purchase Orders raised (analysis)? 14.11.2 Purchase Orders not received? 14.11.3 Goods received discrepancies? 14.11.4 Invoice to goods received discrepancies 14.11.5 Goods received not invoiced?		
14.12 Can the software handle "back to back" ordering?		

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question Supplier Response Evaluator's Comment

15 Stock Control

We currently do not have stock control systems.

15.1	What information is held in respect of stock (and are there any limits):- 15.1.1 Item numbers/ description?	N/A	N/A
	15.1.2 Location(s)?		
	15.1.3 Quantity, (available, allocated, on order)?		
	15.1.4 Minimum and maximum stock levels?		
	15.1.5 Reorder lead times?		
	15.1.6 Supplier(s)?		
	15.1.7 Prices/cost/ discount details?		
	15.1.8 Batch/serial number?		
	15.1.9 Weights etc?		
	15.1.10 Other – please specify?		
15.2	How is stock updated? 15.2.1 Dispatch of goods?		
	15.2.2 Receipt of goods?		
	15.2.3 Adjustments?		
	15.2.4 Transfers between		

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question | Supplier Response | Evaluator's Comment

locations?		
15.3 Is negative physical stock allowed?		
15.4 Can the software handle "sale or return" stock?		
15.5 Can the software handle variations to a standard pack of products?		
15.6 What methods of stock valuations are allowed? 15.6.1 Average		
15.6.2 FIFO		
15.6.3 LIFO		
15.6.4 Standard cost		
15.6.5 Other – please specify		
15.7 How can stock enquiries be made, i.e. by product code, short name/supplier etc.		
15.8 Does the software track orders and enable enquiries by date, e.g. list of all stock due on a particular day; stock to be dispatched on a set date?		
15.9 Does the software		

Question		Supplier Response	Evaluator's Comment
	facilitate the regular counting/ inspection of physical stock (e.g. by producing random/defined stock check lists)?		
15.10	Can the software handle more complex situations such as: 15.10.1 Bill of materials		
	15.10.2 Links to CAD/CAM systems		
	15.10.3 Job costings to collate and value WIP.		

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question | Supplier Response | Evaluator's Comment

16 User Documentation

This section applies to any of: online, hardcopy or other (e.g. WWW) documentation – specify which are applicable.

16.1	Is the manual clearly laid out and understandable?	**YES**	Confirmed
16.2	Is the manual comprehensive and accurate?	**YES**	Accepted
16.3	Is there an index to the manual?	**YES**	Confirmed
16.4	Is it easy to locate specific topics in the manual when required?	**YES – help centre or context specific depending upon the data entry screen displayed**	Confirmed
16.5	Is it easy to follow through all procedures in the manual?	**YES**	Accepted
16.6	Does the manual include:		
	16.6.1 A tutorial section?	**All help topics are laid out in a tutorial style utilising our demo company as the example.**	Confirmed
	16.6.2 A guide to basic functions?	**YES**	Confirmed
	16.6.3 Pictures of screens?	**YES**	Confirmed
	16.6.4 Completed examples included in the	**YES**	Confirmed

Question		Supplier Response	Evaluator's Comment
	manual?		
16.6.5	Specific "error correction" procedures?	**YES**	Confirmed
16.6.6	VAT information?	**YES**	Confirmed
16.7	Does the documentation clearly specify the actions to be taken by users at each important stage of processing?	**YES**	Confirmed (except there are no notes on how to change from invoice to cash accounting within the user documentation)
16.8	Are help screens available relating to the task in hand? (context sensitive help).	**YES**	Confirmed
16.9	Do they provide on-line instructions on how to use particular features of the software?	**YES**	Confirmed
16.10	Can they be edited or prepared by the user?	**NO**	Confirmed
16.11	Will the Software House make the detailed program documentation (e.g. file definitions for third party links) available to the user, either directly or by deposit with a third party?	**NO**	Noted

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question | Supplier Response | Evaluator's Comment

17 Efficiency

17.1	Are the various functions of the software menu-driven, or otherwise easy to initiate?	**YES**	Accepted (subjective)
17.2	Is there a good response time in the initiation of functions?	**YES**	Accepted
17.3	Is data entry easily repeated if similar to previous entry?	**YES**	Confirmed
17.4	Does the software prevent access to a record while it is being updated?	**NO**	Accepted
17.5	Is there locking at file or record level?	**NO**	Accepted
17.6	Does the software allow for the running of reports whilst records are being updated?	**YES**	Accepted
17.7	Does the software retain a log of file updates until the next occasion on which the relevant information is reported or the relevant file used in a regular control procedure?	**NO**	Accepted
17.8	Can regular reports be	**YES**	Accepted

Question		Supplier Response	Evaluator's Comment
	easily duplicated if required?		
17.9	Does the software warn the user when space is becoming short?	**This is not an issue with our system as it is hosted**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question Supplier Response Evaluator's Comment

18 Integration and www facilities

18.1	Are the different accounting modules integrated?	**Yes**	Confirmed
18.2	Are they integrated on real time basis or batch basis?	**Real-time**	Confirmed
18.3	Can the integration of batches be by batch, weekly or monthly?	**No batch posting**	Confirmed
18.4	Is the ledger updating process satisfactorily controlled by the production of control reports?	**NO**	Confirmed
18.5	What operating systems does the software run under?	**All contemporary operating systems currently available – only requirement is a modern browser.**	Accepted
18.6	Which databases can be used?	**N/A**	N/A
18.7	Can more than one software function be performed concurrently?	**Not as a single user**	Confirmed
18.8	Can the software be linked to other packages e.g. word processing, graphics, financial modelling, to provide alternative display and reporting facilities?	**YES – reporting links directly to Excel and PDF.**	Confirmed

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question			Supplier Response	Evaluator's Comment
18.9	Can definable links to spreadsheets be created?		**NO**	Accepted
18.10	Does the software integrate with any web trading software?		**NO – but can be integrated as required by end users**	Accepted
	18.10.1	External or		
	18.10.2	Suppliers own?	**N/A**	N/A
18.11	Note which other business application software that can be linked to the software:		**None – but we're currently working on linking with various systems.**	Accepted
	18.11.1	Payroll?	**NO**	
	18.11.2	Time/fees?	**NO**	Accepted
	18.11.3	MRP?	**NO**	Accepted
	18.11.4	Fixed assets?	**NO**	Accepted
	18.11.5	Document manage - ment software?	**NO**	Accepted
	18.11.6	Job costing?	**NO**	Accepted
	18.11.7	CIS?	**NO**	Accepted
	18.11.8	Other – please specify?	**N/A**	N/A
18.12	Is the software compatible with XML standards? If so in what respect? (input/ output/ other)?		**The software fully complies to the XML standard. We have also have the ability to import and export in csv files – these are also provided via xml technology.**	Agreed – tested exports to Excel

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question | Supplier Response | Evaluator's Comment

19 Support and maintenance

Question	Supplier Response	Evaluator's Comment
19.1 How is the software sold: 19.1.1 Direct from Software House?	**YES**	Confirmed
19.1.2 Via Value Added Reseller (VAR)?	**YES**	Accepted
19.1.3 Either?	**See above**	Noted
19.2 How is the product supported:- 19.2.1 Direct by Software House? 19.2.2 By VAR? 19.2.3 Either	**The software is supported by both our in-house customer support team and also through our partner network (which includes accounting firms and resellers)**	Accepted
19.3 Is the software sold based upon number of users or number of concurrent users?	**Neither – it's sold on a per business entity basis with unlimited user access to each**	Confirmed
19.4 Do VARs have to go through an accreditation process? 19.4.1 If Yes please note the process. 19.4.2 If No please explain how organisations are chosen to be VAR?	**YES** **they must go through our Xero Partner programme which includes training and joint marketing. There is no cost for this.**	Accepted
19.5 In the event of a dispute between	**Xero would ensure this is resolved**	Accepted

Question		Supplier Response	Evaluator's Comment
	Supplier and VAR how can the situation be resolved?		
19.6	Detail the types of cover available.	**Full UK telephone support (8:30am-6.00pm), 24/7 email support, and open forums**	Accepted
19.7	Please note all method of support available :- 19.7.1 Telephone. 19.7.2 Modem link. 19.7.3 Internet. 19.7.4 Other – specify.	**Internet (emails, forums and through our integrated issue ticketing system). GotoAssist Remote support software is used.**	Noted
19.8	Please provide an indicative cost of cover.	**All support is included in the subscription fee.**	Accepted
19.9	Are bug fixes free of charge?	**YES – all bugs are placed in the release queue and are prioritised as required.**	Accepted
19.10	For how long?		
19.11	How often are general software enhancements provided?	**On average every 4 weeks**	Noted
19.12	Will they be given free of charge?	**YES**	Accepted
19.13	How are enhancements and bug fixes provided to customers?	**The system operates on a Software-as-a-Service basis model so all distribution of the application is done over the internet and updates**	Accepted

Question	Supplier Response	Evaluator's Comment
	flow to every customer in real-time.	
19.14 Is "hot line" support to assist with immediate problem solving available? 19.15 If so, is there an additional cost involved? 19.16 At what times will this support be available?	**YES (as in 19.6 above)**	Noted
19.17 Who provides training: 19.17.1 Direct from Software House? 19.17.2 From a VAR? 19.17.3 Either?	**Xero trained product specialist either in-house or through our Partner network.**	Accepted
19.18 Is hardware and maintenance provided by: 19.18.1 Software House? 19.18.2 VAR?	**NO**	Accepted
19.19 Is a warranty offered in respect of specification of the software?	**NO**	Noted
19.20 Will the software supplier/dealer make	**NO**	Noted

Functional requirements questionnaire
Product Xero (Release date 28 May 2008)

Question		Supplier Response	Evaluator's Comment
	the program source code available to the user, either directly or by deposit with a third party (Escrow)?		
19.21	Are there any unduly restrictive conditions in the license for the software?	**NO**	Noted