USER MANUAL

Connect: Xero for Magento 1

Online Version

An online version of this user manual can be found here.

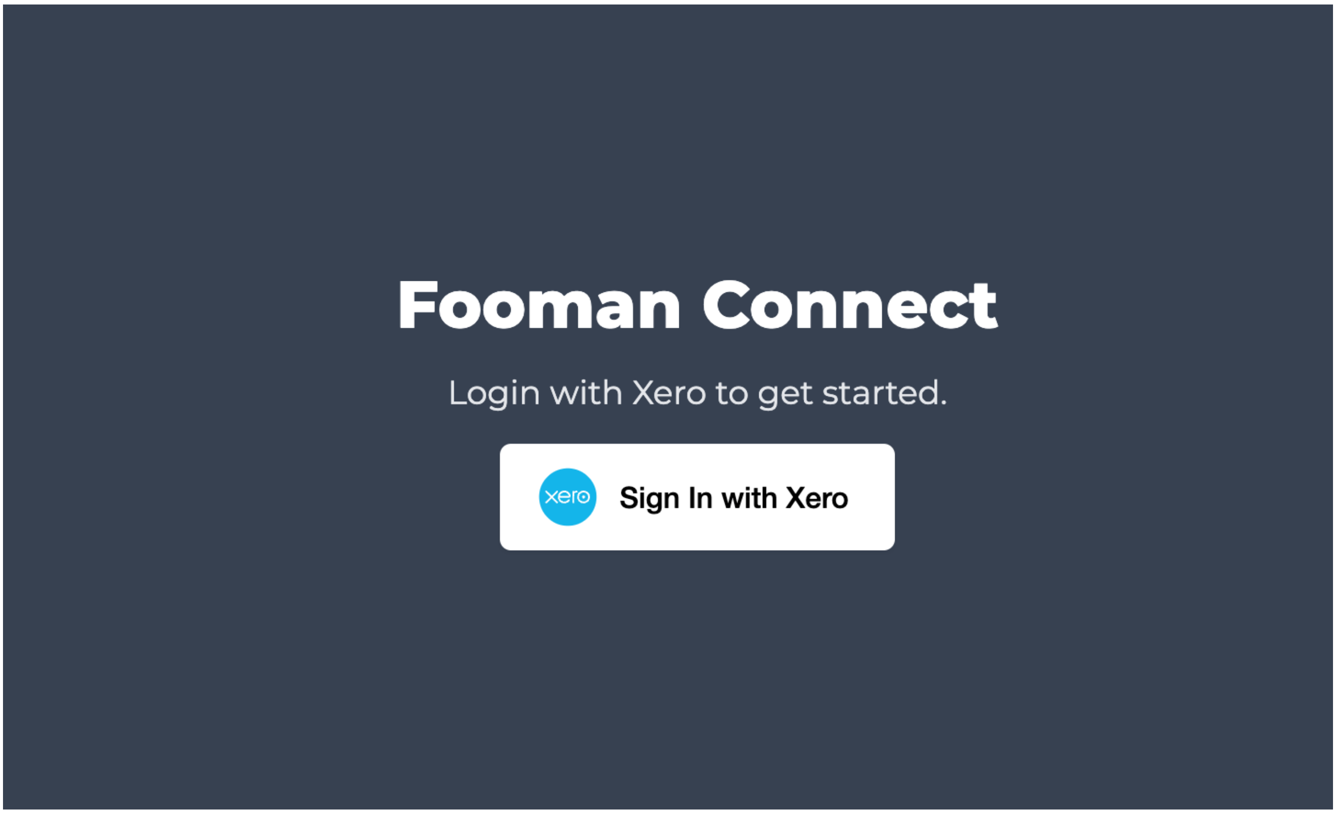
Quick Links

This User Manual is structured in the following sections:

Install + Set Up (User Manual)

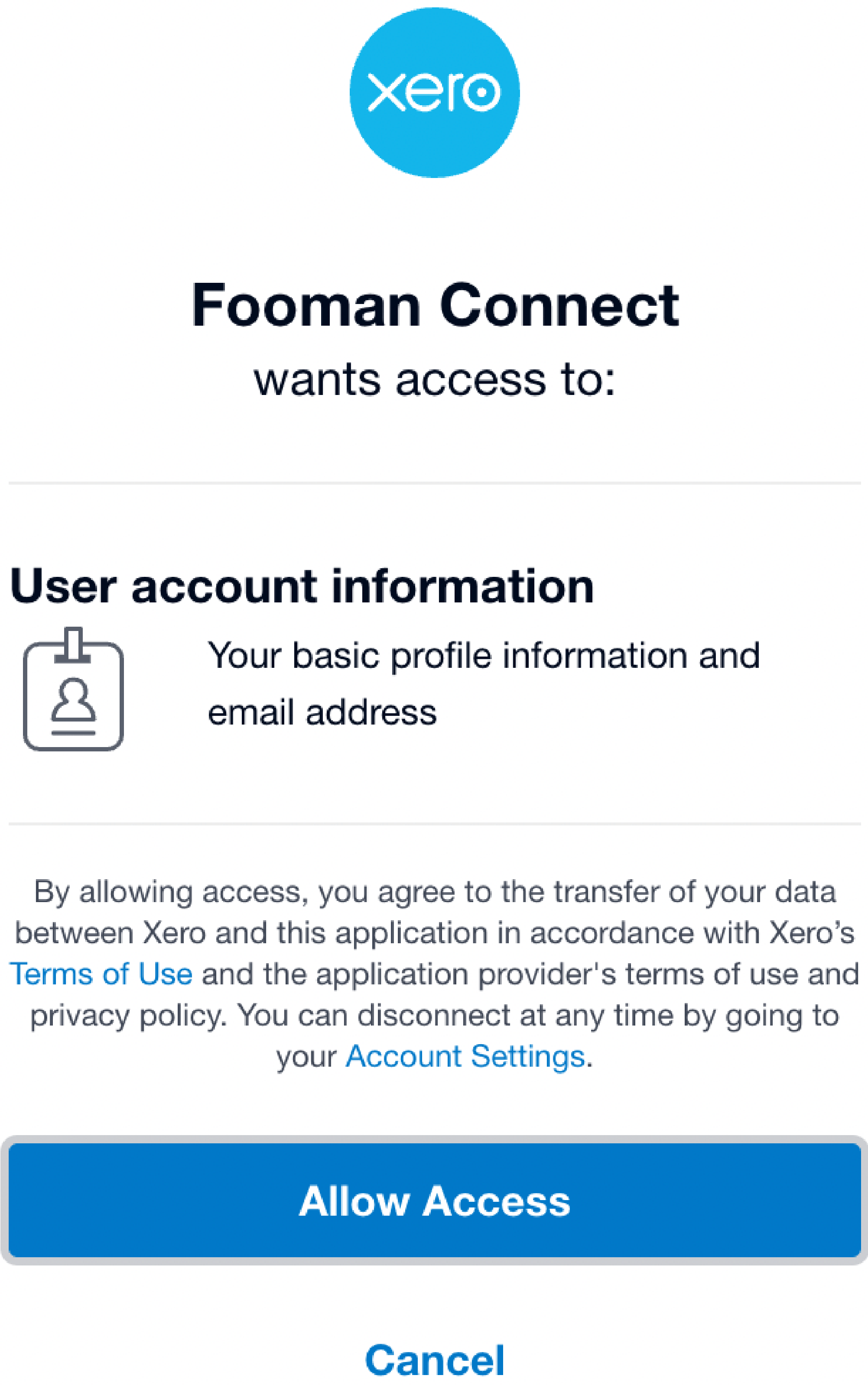
1. Head to connect.fooman.com to set up the connection to Xero. You will need a Xero login which authorises the connection and the Fooman Serial Number which you can find in your account on our site.

2. Click the Sign In with Xero button



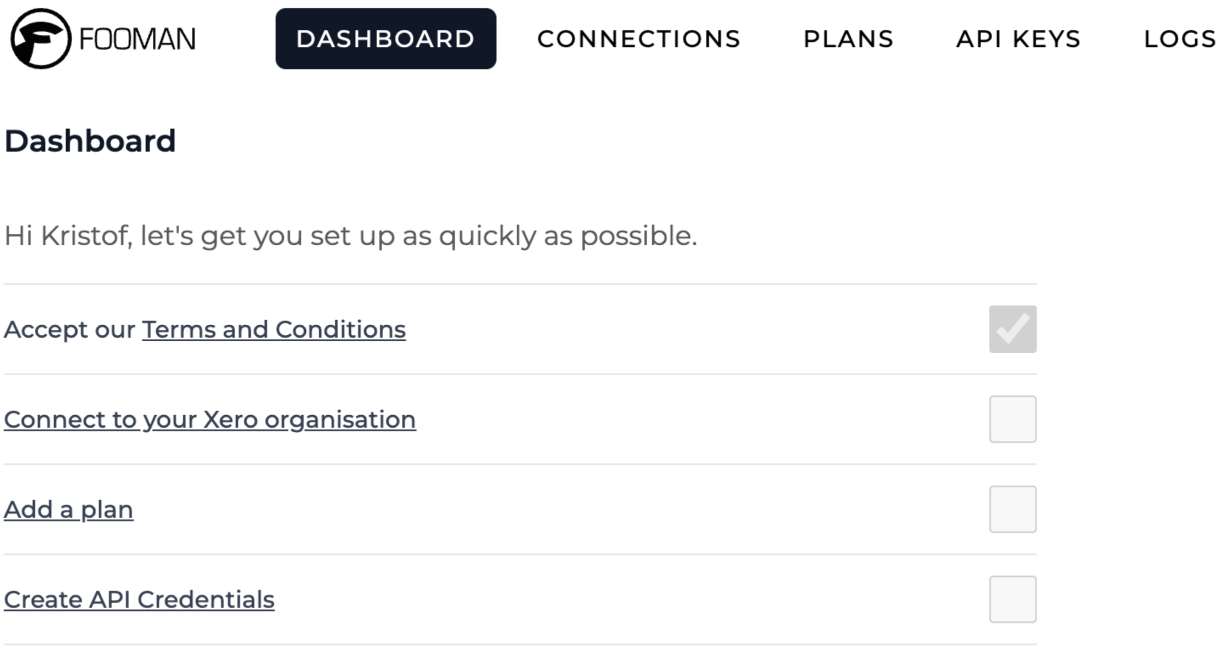
and log into Xero as you normally would.

3. Allow us to use your name and email address to create a matching account on our end

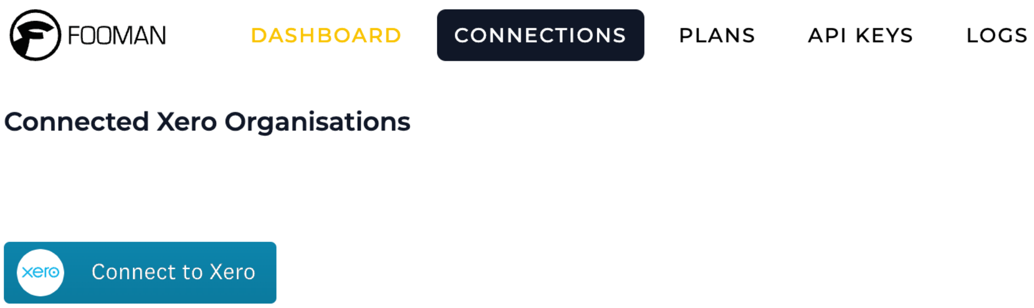


4. You will be redirected back and logged into connect.fooman.com.

5. Please review and accept the Terms & Conditions



6. On the Connections Page click Connect to Xero



7.Once back on the Xero side select the organisation you want to use with our Magento integration service. You can find details on the permissions sought here.

Fooman Connect wants access to:

Demo Company (NZ)

Organisation data

Demo Company (NZ)
View and manage your organisation settings and business transactions

User account information

Kristof Ringleff
View your name, email, and user profile.

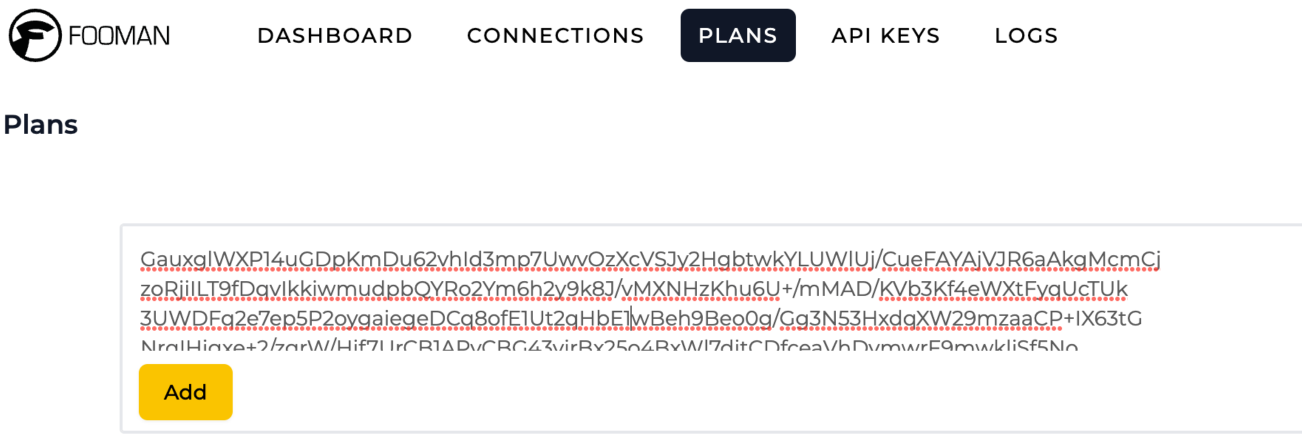
By allowing access, you agree to the transfer of your data between Xero and this application in accordance with Xero's Terms of use and the application provider's terms of use and privacy policy.

You can disconnect at any time by going to Connected apps in your Xero settings.

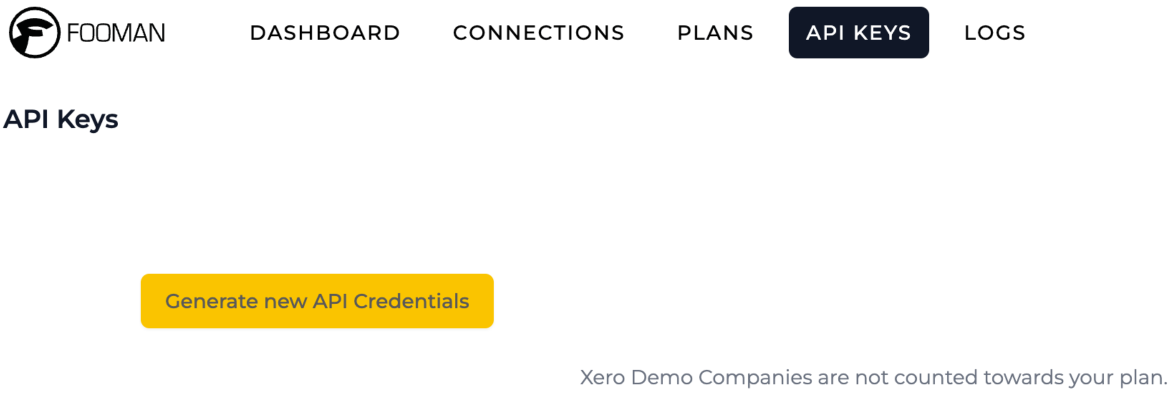
Allow access

Cancel

8. Head to the [Plans page] to enter your serial number and press the Add button



9. On the Api Keys page press Generate new Api Credentials



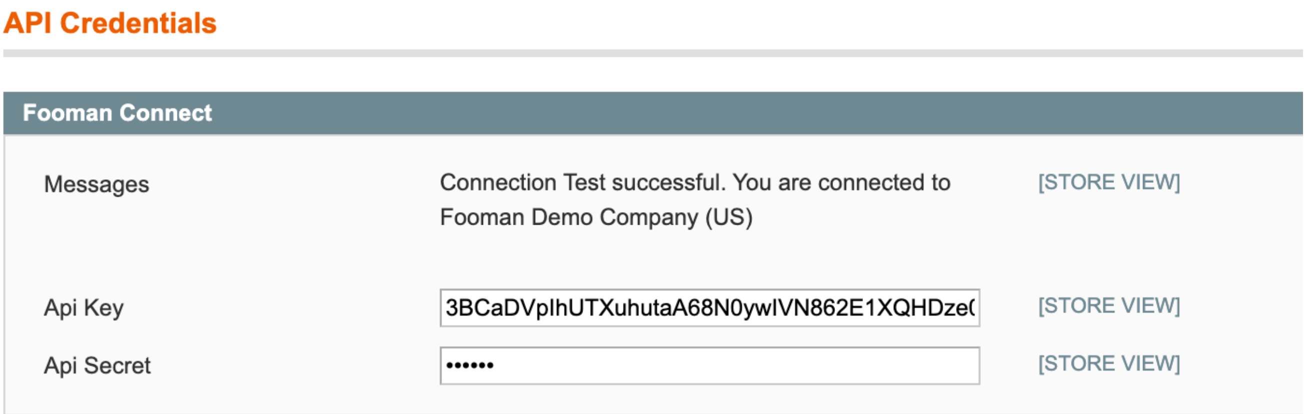
If you have multiple Connections and/or Plans you will be able to select which one to generate the credentials for.

Step 2 - Enter Api Credentials

1. In your Magento admin head to System > Configuration > Fooman > Api Credentials

2. Copy and Paste both the Api Key and Api Secret, then hit Save Configuration.

3. You should now see a successful connection Test



Optionally you can connect more Xero organisations if provided by your plan by repeating the API Key and Api Secret generation process and applying these settings per store view scope.

Step 3 – Configure Magento

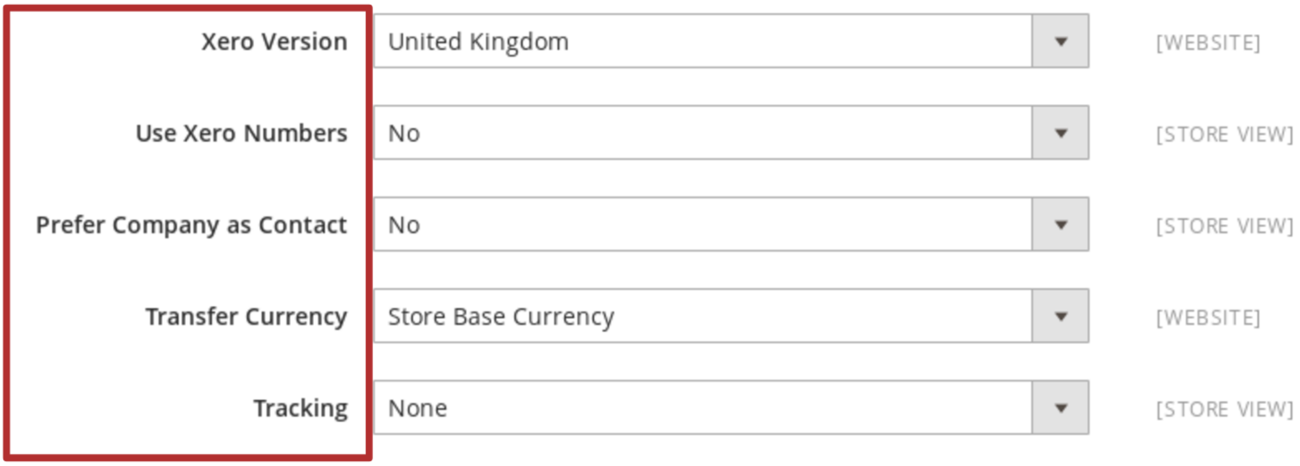
1. Log into your Magento store backend. Go to **Stores > Configuration > Fooman Connect**

2. Set up the ‘Xero - General’ fields shown below, then click ‘Save Config’:

Enabled (v1.0+)

Select “Yes” to enable Fooman Connect.

3. Magento will now connect to Xero to retrieve your organisation's information like account codes and tax rates. Once your information has been retrieved from Xero, configure the remaining fields in the backend, and click save configuration.

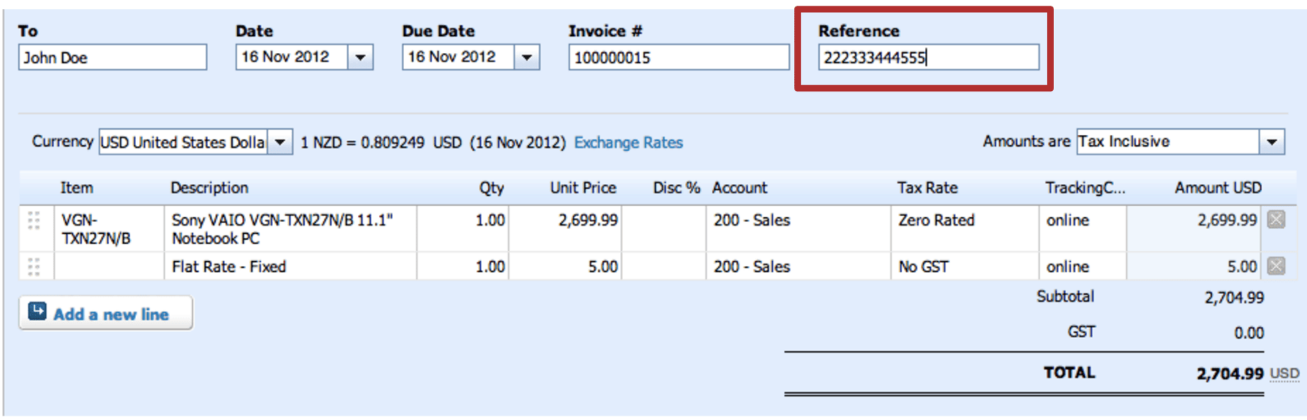


Xero Version (v1.0+)

Select the Xero version you are using from the drop down list.

Use Xero Numbers (v1.0+)

When set to "Yes", orders/credit memos exported to Xero will use the Xero assigned number rather than the Magento assigned number.



Prefer Company as Contact (v1.0+)

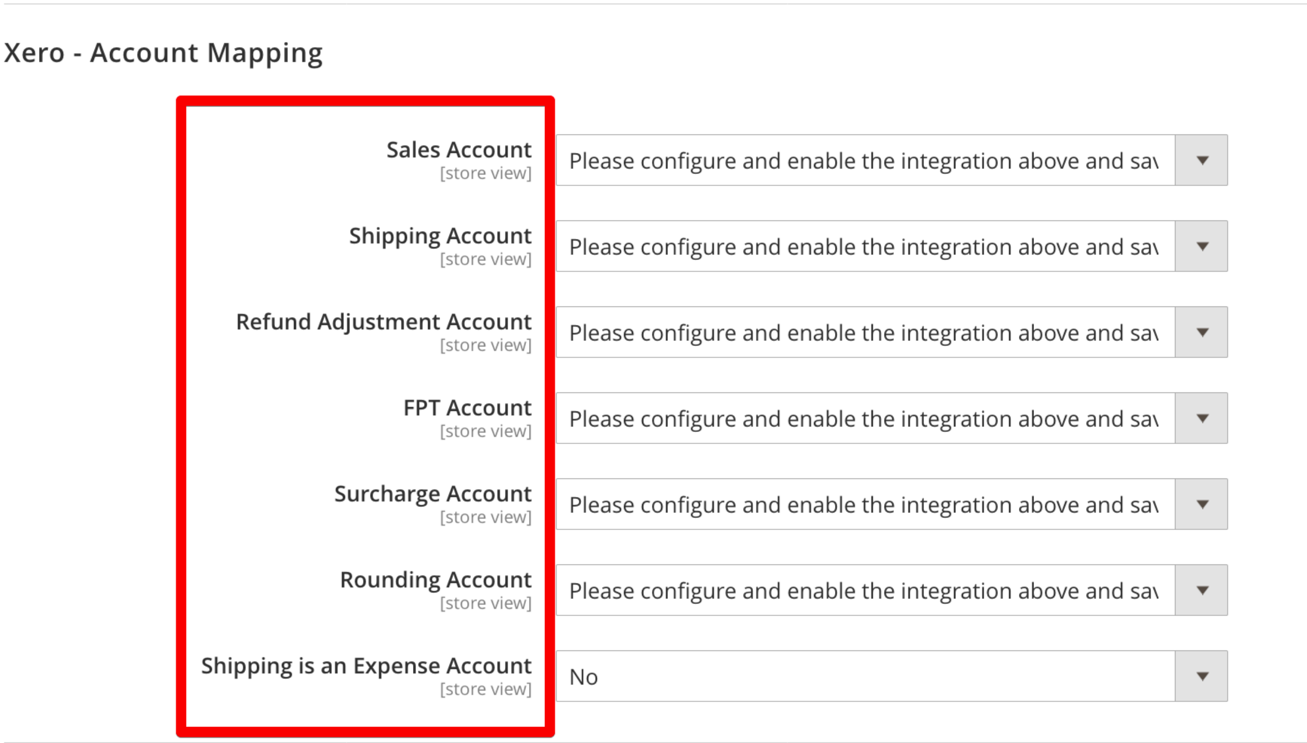
When set to "Yes" and the billing address contains a company this will be used as the contact name in Xero instead of First Name + Last Name of the customer.

Transfer Currency (v1.0+)

Choose to export orders/credit memos in store base currency or order currency.

Tracking (v1.0+)

Use this optional setting if you already use tracking categories in Xero and want to track your online sales channel. Choose a tracking option to record online transactions exported to Xero.



Sales Account (v1.0+)

Select the Xero account where you want to record sales (and any refunds). This setting applies on a per store level.

Shipping Account (v1.0+)

Select the Xero account where you want to record shipping.

Refund Adjustment Account (v1.0+)

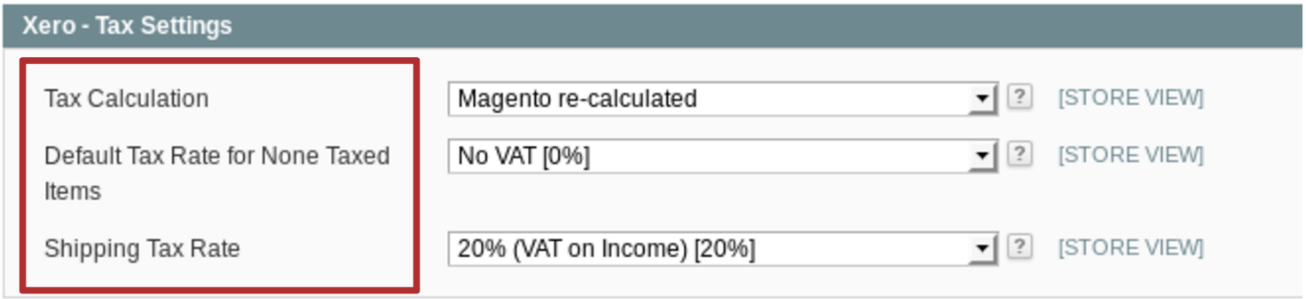
Select the Xero account where you want to record refund adjustments made on credit memos in Magento. Note this only covers the adjustment portion of the refund - the refunded item amount is credited against the Sales Account.

FPT Account (v7.0.3+)

Select the Xero account where you want to record fixed product taxes.

Surcharge Account (v1.1.0+)

This setting is only available if you are also using the Fooman Surcharge extension. Select the Xero account where you want to record surcharges.

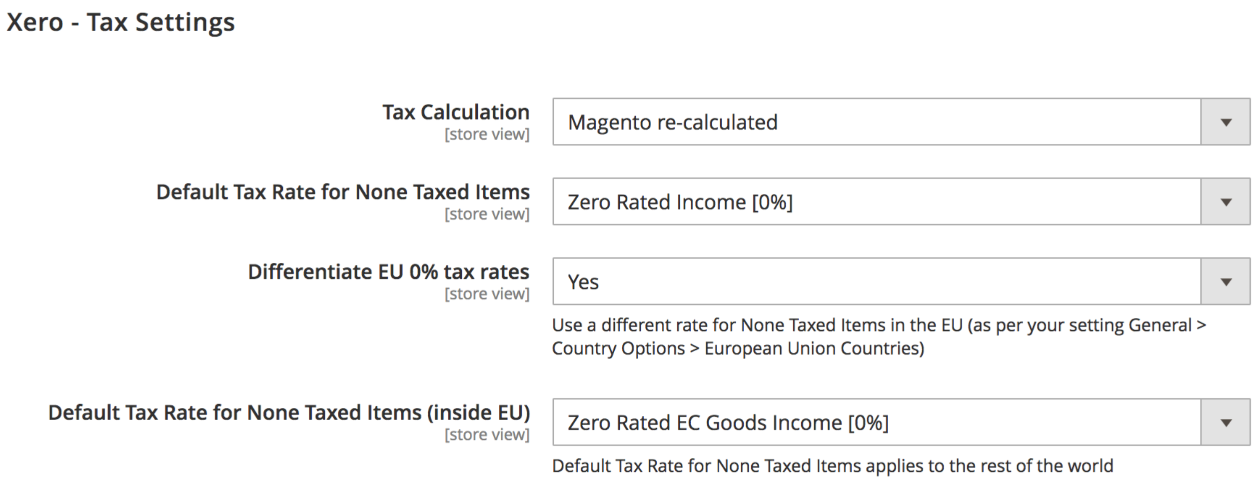


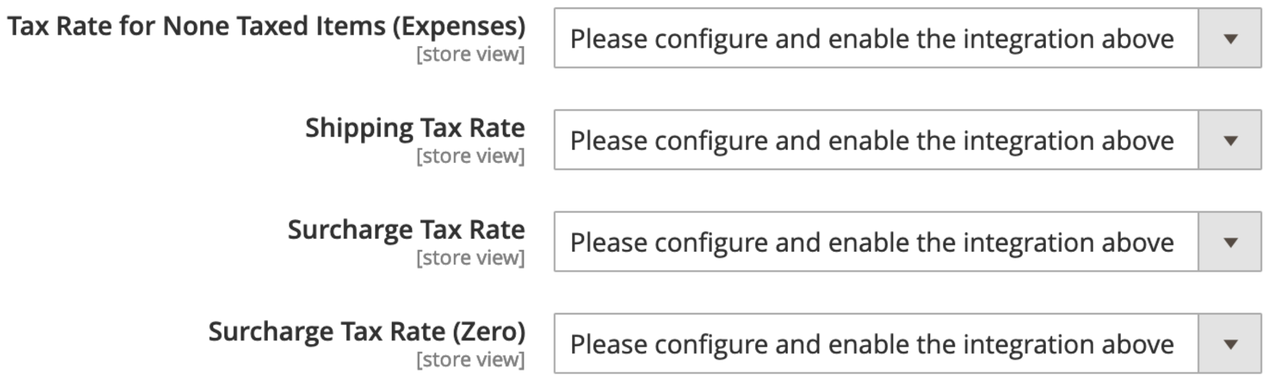
Rounding Account (v1.0+)

Select the Xero account where you want to record rounding amounts.

Shipping is an Expense Account (v1.0+)

When set to “Yes”, shipping costs paid by the customer will be classified as an expense in Xero, rather than as a sale.





Tax Calculation (v1.0+)

Choose your preferred option for calculating tax:

- Magento Calculated = take Magento's value directly - requires it to calculate exactly like Xero to not get rejected
- Magento Re-calculated = attempt to bridge the gap by creating rounding entries
- Xero Re-calculated = let Xero recalculate completely based on the line total, could change qty to 1 if unit amounts with more than 3 digits can't be aligned

Why do I need to choose this? Unfortunately Magento and Xero do not always agree on how to calculate taxes. Differences in the 2 systems exist in tax, rounding, bugs, etc, which can occasionally cause Xero to reject any data which does not match its expectations.

Default Tax Rate for None Taxed Items (v1.0+)

Select the tax rate to use when the item has no other tax rule applied and the tax amount is zero.

Differentiate EU 0% tax rates (v7.1.2+

If you require a different zero percent tax rate for countries inside the EU set this to Yes. The list of countries considered in the EU is configured in General > Country Options > European Union Countries)

Default Tax Rate for None Taxed Items (inside EU) (v7.1.2+)

Select the tax rate to use when the item has no other tax rule applied and the tax amount is zero and the billing address country is inside the EU.

Tax Rate for None Taxed Items (Expenses) (v1.0+)

This setting is for expense items only. Select the tax rate to use when the expense item has no other tax rule applied and the tax amount is zero.

Shipping Tax Rate (v1.0+)

Choose your shipping tax rate.

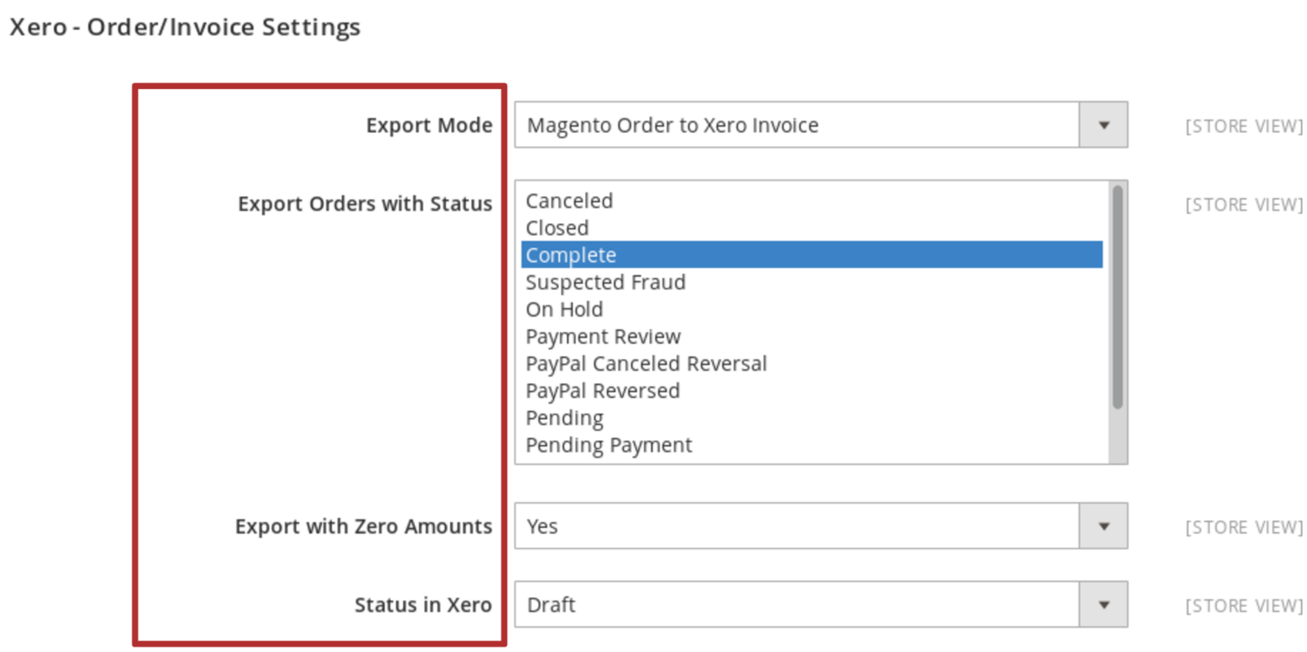
If you select “Use Item’s Tax Rate”, the shipping tax rate will be the same as the tax rate of items included in the order. If your orders contain multiple products with different tax categories, we don’t recommend using this option.

Surcharge Tax Rate (v6.1.0+)

Choose the Xero tax rate that is applicable to surcharges.

Surcharge Tax Rate (Zero) (v6.1.0+)

Choose the Xero tax rate that is applicable to non taxed surcharges.



Export Mode (v1.0+)

The integration can either work by exporting Magento orders to Xero invoices (useful if Magento does not create the invoices straight away and with delayed payments) or by exporting Magento invoices to Xero invoices.

Export Orders with Status (v1.0+)

Choose which status/statuses will trigger export to Xero. Different status options are available depending on which export mode you chose (Magento Order to Xero Invoice or Magento Invoice to Xero Invoice).

The first time a new order/invoice reaches this status, it will be exported to Xero. Multiple statuses can be selected, as each one will only be exported once.

Choose the status/statuses that best match the workflow of your payment methods and corresponds to money hitting your Xero accounts. Choosing to export orders with 'complete' status will be sufficient for most store's needs. However, please note that your payment method may use a different workflow to standard Magento so you should consider this. [Compare your payment method workflow to standard Magento 2 workflows](#).

All credit memos are automatically exported when created.

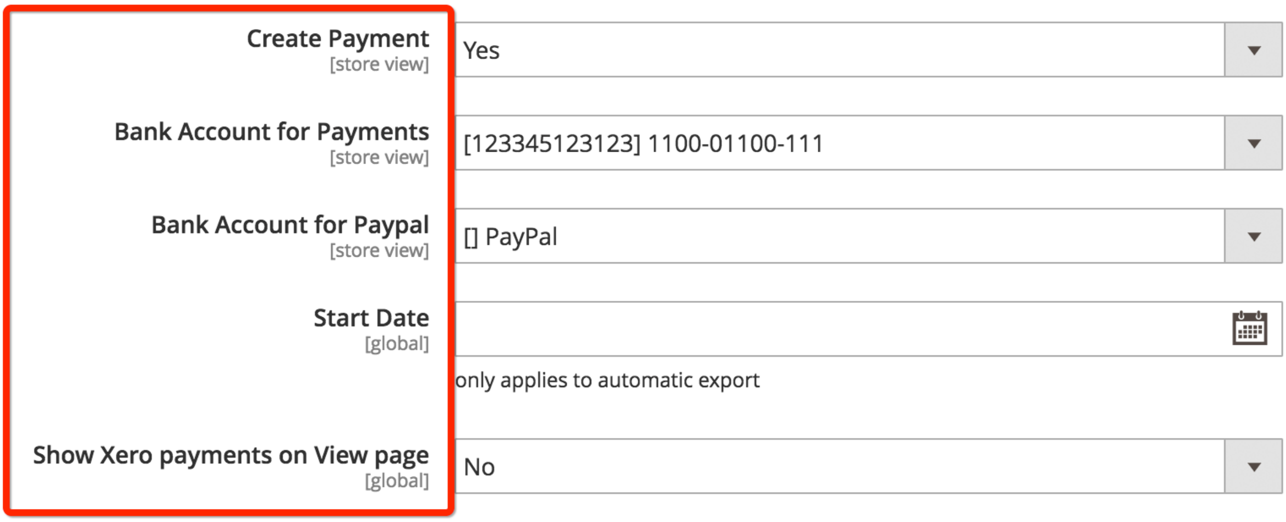
Export Orders with Zero Amounts (v1.0+)

When set to “Yes”, zero amount orders (free products) will also be exported to Xero.

Status in Xero (v1.0+)

The initial status of the invoice when exported to Xero:

- Draft: Invoices need approval in Xero before payments can be reconciled against them (this can be done in bulk). Invoices will appear in Xero under "Draft", and may be deleted if you choose.
- Authorised: Payments can be reconciled with no approval/further action required. Invoices will appear in Xero under "Awaiting Payment", and can only be voided (not deleted).



Create Payment (v5.1.0+)

This setting is only available when "Status in Xero" is set to "Authorised".

When set to “Yes”, a Xero payment into your chosen bank and/or Paypal account (you must select these below) will be automatically created for the full amount of the invoice.

This feature is great to use when the whole Magento invoice amount (e.g. sale worth $49) hits your bank account (e.g. $49 deposited). All that’s left for you to do is to reconcile the bank statement line in Xero.

We don’t recommend using this feature if the Magento invoice amount is different to the sum that actually hits your bank account. In these cases, we recommend reconciling the invoices directly to the bank statement line for the deposit and Xero will automatically create the payment for you. Examples:

- From a $49 sale, only $48.50 is deposited into your bank account after payment processing fees are deducted, or

- The amount paid combined multiple Magento orders - e.g. $196 is deposited covering 4x $49 Magento orders received that day

Bank Account for Payments (v5.1.0+) if using Create Payment feature

If you’ve set “Create Payment” to yes, choose the bank account the money is deposited into for the invoice payments (includes bank deposits and credit card transactions).

Bank Account for Paypal v5.1.0+) if using Create Payment feature

If you’ve set “Create Payment” to yes, choose the Paypal account the money is deposited into for the invoice payments (only use for Paypal transactions).

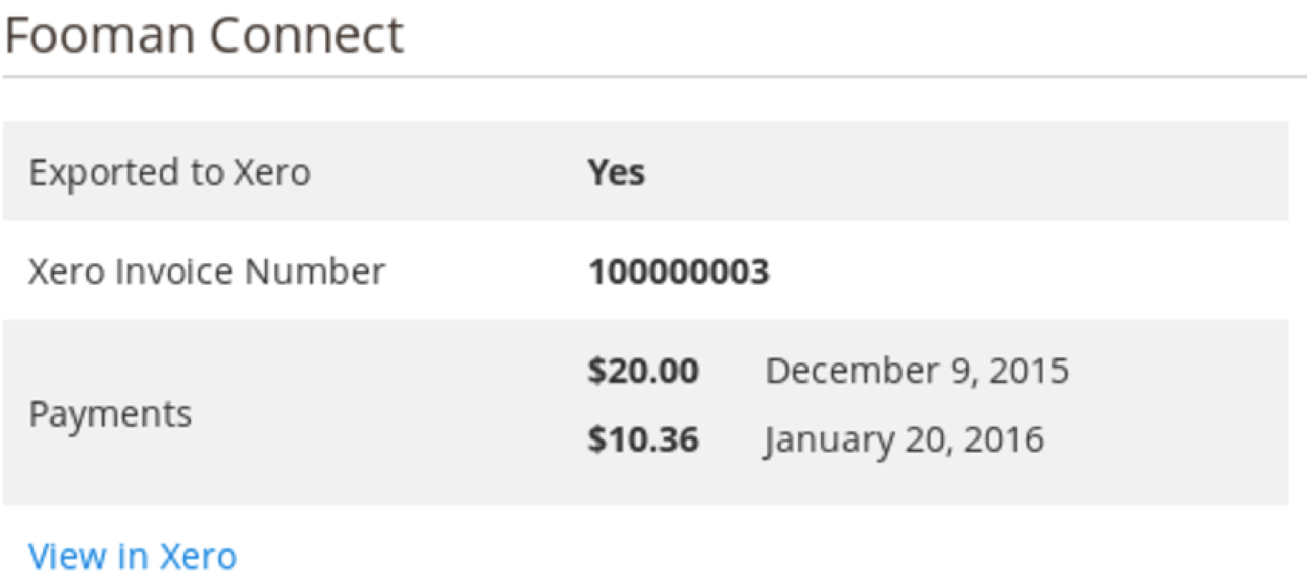
Start Date (v1.0+)

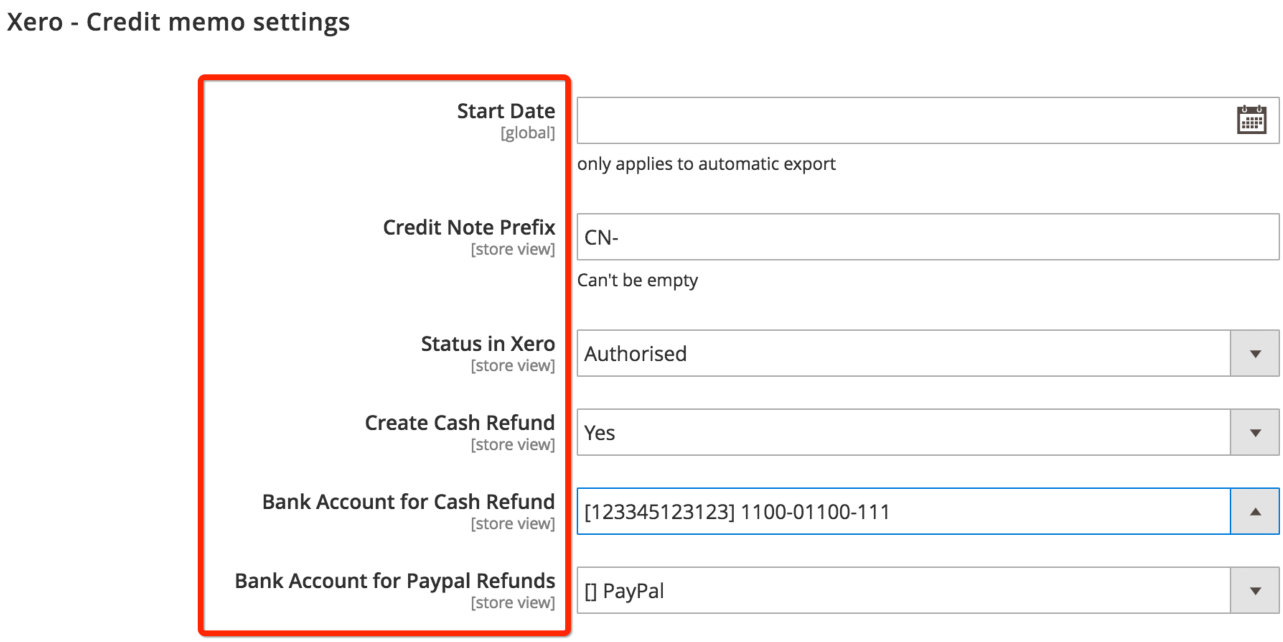
If you wish to backdate automatic exporting of orders, enter a date in this field. Dates should be entered in UTC (GMT) format. If no date is entered, automatic exporting will commence from the time of the process being set up and will not be backdated.

Show Xero Payments on View Page (v1.0+)

When set to “Yes”, a new box called “Fooman Connect” will be created in each individual order view page in Magento. This will show:

- If the order/credit memo has been exported to Xero
- If and on which date payment has been received (when the payment has been reconciled in Xero)





Start Date (v1.0+)

If you wish to backdate automatic exporting of orders, enter a date in this field. Dates should be entered in UTC (GMT) format. If no date is entered, automatic exporting will commence from the time of the process being set up and will not be backdated.

Credit Note Prefix (v1.0+)

Enter your chosen prefix to differentiate credit memo numbers from order numbers. While these numbers are the same in Magento, Xero requires these numbers to be unique.

Status in Xero (v1.0+)

The initial status of the credit memo when exported to Xero:

- Draft: Credit memos need approval in Xero before refunds can be reconciled against them (this can be done in bulk). Credit memos will appear in Xero under "Draft" and may be deleted if you choose.
- Authorised: Payments can be reconciled with no approval/further action required. Credit memos will appear in Xero under "Awaiting Payment", and can only be voided (not deleted).

Create Cash Refund (v5.1+)

This setting is only available when "Status in Xero" is set to "Authorised".

When set to “Yes”, a Xero payment from your chosen bank and/or Paypal account (you must select these below) will be automatically created for the full amount of the credit memo.

This feature is great to use when the whole Magento credit memo amount (e.g. sale worth $49) is taken from your bank account. All that’s left for you to do is to reconcile the bank statement line in Xero.

We don’t recommend using this feature if the Magento credit memo amount is different to the sum that actually hits your bank account. In these cases, we recommend reconciling the credit notes directly to the bank statement line for the deposit and Xero will automatically create the payment for you. Examples:

- From a $49 sale, only $48.50 is refunded from your bank account after payment processing fees are deducted, or
- The amount refunded is combined with multiple Magento orders - e.g. $196 is paid covering 4x $49 Magento refunds that day

Bank Account for Cash Refund (v5.1+)

This setting is only available when "Status in Xero" is set to "Authorised" and "Create Cash Refund" is set to Yes.

If you’ve set “Create Cash Refund” to yes, choose the bank account the money is deposited into for the invoice payments (includes bank deposits and credit card transactions).

Bank Account for Paypal Refunds (v5.1+)

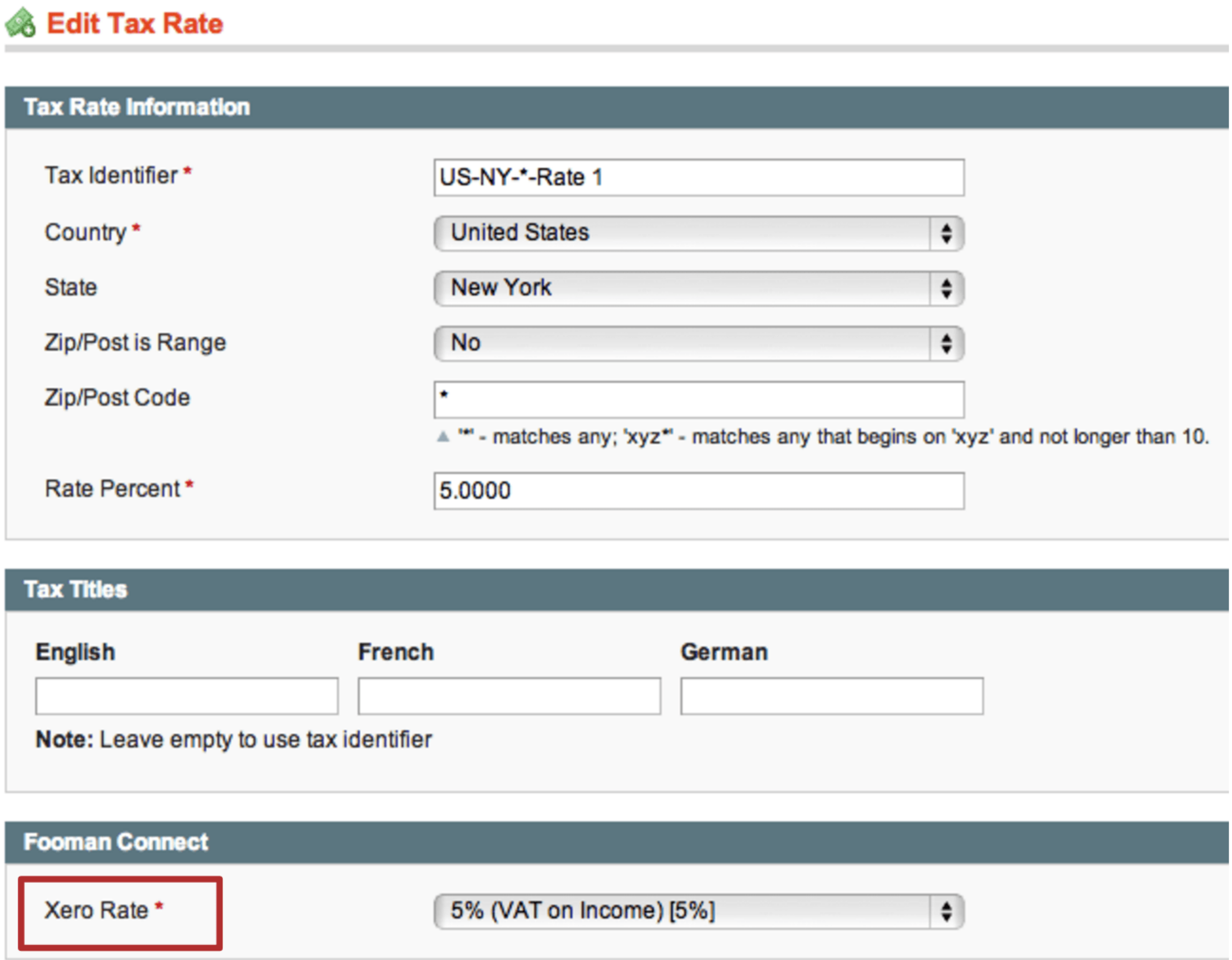
This setting is only available when "Status in Xero" is set to "Authorised" and "Create Cash Refund" is set to Yes.

If you’ve set “Create Cash Refund” to yes, choose the Paypal account the money is deposited into for the invoice payments (only use for Paypal transactions).

Step 4 – Map Tax Rates

Mapping tax rates allows Magento to remember the correct tax rate in Xero when exporting transactions.

1. Go to **Sales > Tax > Manage Tax Zones & Rates**
2. Go into each individual Tax Rate and under “Xero Rate” choose the appropriate Xero tax rate from the dropdown menu under Fooman Connect. Even if the correct tax rate is already shown, you still need to click Save for this to take effect.
3. It is important to map tax rates with the same effective tax rate – ie. A tax Xero rate of 15% should be matched to a Magento tax rate of 15%. Choose a tax rate on income unless you have a specific reason otherwise.
4. Repeat this for every tax rate in your store.



Step 5 – Confirm Set Up via Manual Export

To confirm that transactions are being exported to Xero according to your intended settings set up in step 3 and step 4, we strongly recommend manually exporting a handful of representative orders and/or credit memos from Magento to Xero before setting up the automatic export process.

Note: The manual export function can also be used in other circumstances:

- To manually export orders/credit memos from before the automatic export process was activated (it is also possible to use the “Start Date for Orders/Credit Memos” feature in step 6, which will achieve the same purpose).

- To manually exclude orders/credit memos from the automatic export process.
- Tick any checkboxes next to all orders/credit memos that you want to manually exclude, click “Never Export Selected” on the Action dropdown menu, then Submit.

Instructions

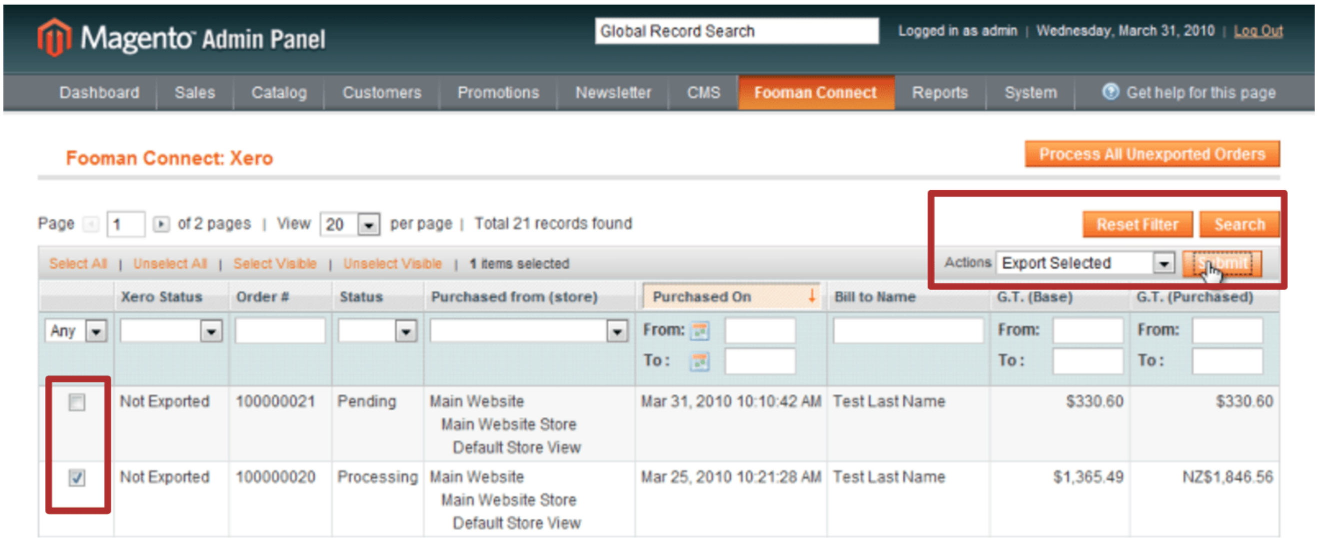
1. Go to the **Fooman Connect > Xero – Orders** tab (or to the **Fooman Connect > Xero – Credit Memos** tab if you also chose to manually export credit notes)

2. Tick any checkboxes next to all orders/credit memos that you want to manually export, and click “Export Selected” on the Action dropdown menu. If you want to export all orders/credit memos, click on “Process All Unexported Orders”/“Process All Unexported Credit Memos”.

3. Click Submit

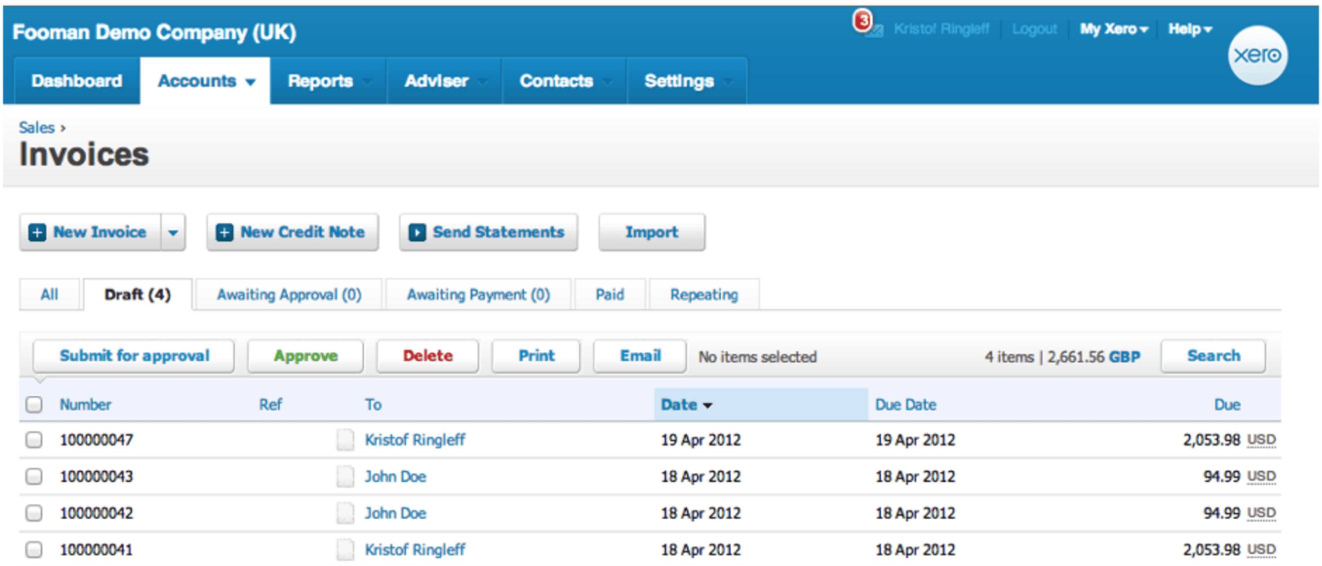
Manual exports are processed straight away without delay, however keep in mind that attempting to process large volumes at once may cause time out errors. We recommend processing one page of orders/credit memos at a time to avoid any issues.

An error message when exporting indicates an issue during setup. If this occurs, click into the individual order to see a more detailed error message, then provide these details to us so we can help.



4. Go to the Xero website and review the exported orders/credit memos under Draft Invoices.

All orders/credit memos appear as individual line items with the product name. The tax rate and account codes are also automatically filled in for you. All that's left for you to do is approve and reconcile the invoice/credit memo.



Customer Records

During the export process, invoices/credit memos will be matched to existing customer records, and customer records will be automatically created for new customers with their address, phone number and email address.

Item Details (v1.4.0+)

During the export process, the Xero field “Items” will be automatically populated with the

Magento sku. This allows you to run reports in Xero on sales by item.

You can view the overall item categories in Xero – go to **Settings > General Settings > Inventory Items**.

Xero allows a maximum of 30 characters in the "Item" field. If the Magento sku is longer that 30 characters, when exported to Xero it will be added to the invoice/credit memo description, but will not appear in the "Item" field.

5. Check that everything has been exported as expected, according to the settings chosen in step 3 and step 4. If you need to update any settings, do this now and then repeat this step to confirm the set up.

Step 6 – Set Up Automatic Exports

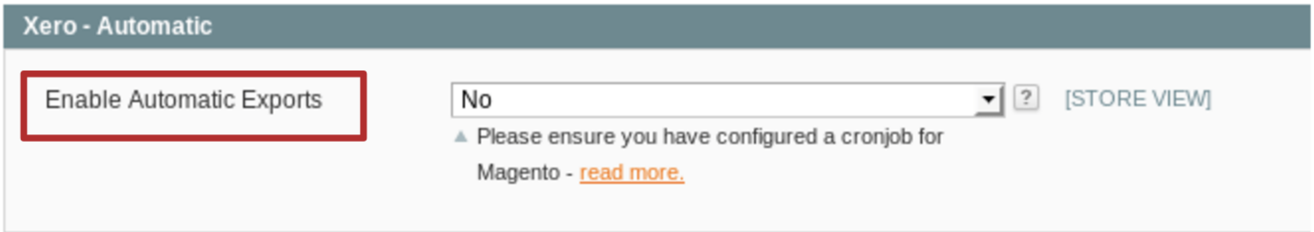
In Magento, configure Fooman Connect to automatically send your new Magento order data to Xero every five minutes.

Please note:

- Xero's API limit is 60 requests per minute
- If you receive an error message because the Xero API limit has been exceeded, Fooman Connect: Xero will automatically try to export the failed transactions again. If this issue persists for longer than 24 hours (ie. a 'catch up' did not occur where the failed transactions were successfully exported in less busy periods), please get in touch with us to work out what options may be available.

Instructions

1. Go to **System > Configuration > Fooman Connect**
2. Configure the following settings and click Save Configuration.



Enable Automatic Exports (v1.1.0+)

Select “Yes” to enable Fooman Connect: Xero.

Even though the automatic export is scheduled to be run every 10 minutes, it cannot run faster than the system cron job. It is important to verify that a Magento cronjob was correctly configured during the initial set up of your Magento store, as this is essential to the automatic export function of Fooman Connect. If in doubt, please check with your web host or system administrator to confirm this.

Where can I find my Fooman Connect serial number?

If you are upgrading from an older version of Fooman Connect (below 1.4+), you now need to enter serial number under **System > Configuration > Fooman Connect**.

To access your serial number, login to the My Account section on the Fooman website. Click on "Your Orders", and then click "Print Order". A pdf document will be generated which contains your serial number.

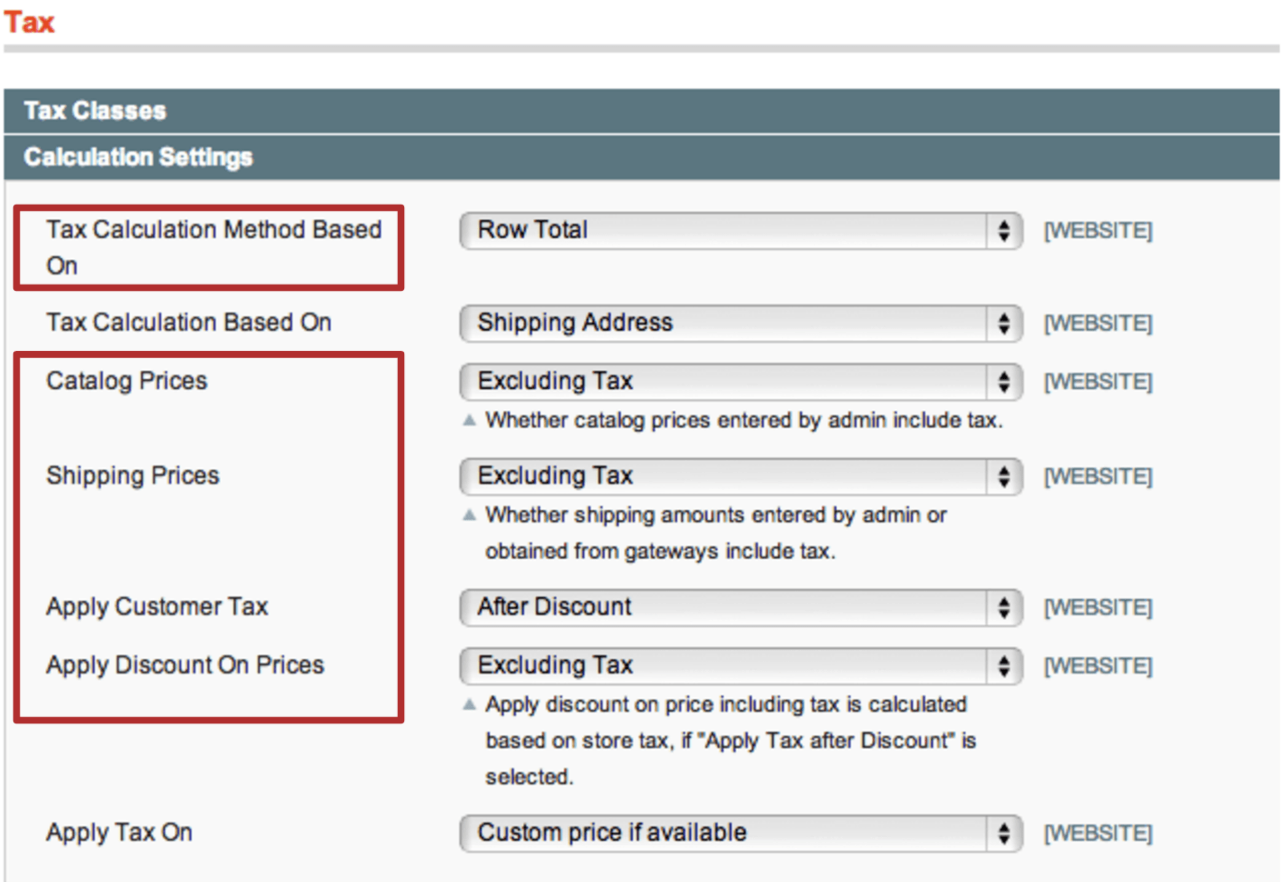
Potential tax calculation issues and recommended settings

Magento and Xero calculate tax amounts in different ways. In certain circumstances, this can cause Xero to reject exported transactions which don't comply with its own tax calculations.

The best way to minimise this is to set up Magento and Xero to calculate tax amounts in the most similar way possible. We recommend using the following Magento tax settings under System > Configuration > Tax > Calculation Settings, as these settings most closely match Xero's own tax settings:

- Tax Calculation Method Based On: Select “Row Total”
- Catalog Prices: Select “Excluding Tax”
- Shipping Prices: Select “Excluding Tax”
- Apply Customer Tax: Select “After Discount”
- Apply Discount On Prices: Select “Excluding Tax”

Please check with your accountant to confirm that these settings meet your business requirements.



Even using the settings above, it can still occur that Magento and Xero tax amounts do not match exactly. Fooman Connect: Xero provides a workaround by rounding the Magento tax amount in Xero to match the amount Xero expects to receive. Any adjustments that need to be made will appear in Xero's rounding account.

How do I change from a demo/trial account to an active subscription in Xero?

If you are connecting your Magento account to a different Xero account and you want to include the orders you previously exported please follow this process:

1. If enabled, turn off the automatic export under **System > Configuration > Fooman Connect > Xero - Automatic**
2. Delete the following settings: Private Key Consumer Key Consumer Secret
3. Set Enable Reset to Yes

Once the above configuration is saved navigate to **Fooman Connect > Xero - Orders**

You will see a new button called Reset - hitting this will wipe all tables in Magento that have stored the state of the exports to Xero.

From here you can start from step 1 of our set up guide again to connect to the new Xero account.

Using Fooman Connect: Xero

Once set up, Fooman Connect will run automatically according to your chosen settings. Simply log into Xero and all your Magento data is there - orders, items, credit memos and customer data.

You can also perform a manual export at any time, via the process detailed in step 5.

How do I reconcile Paypal payments?

Reconcile orders with Paypal payments (via the Xero feed) in the same way that you would do with a bank/credit card payment in Xero feed. When Xero imports Paypal transactions, it is imported as two separate line items:

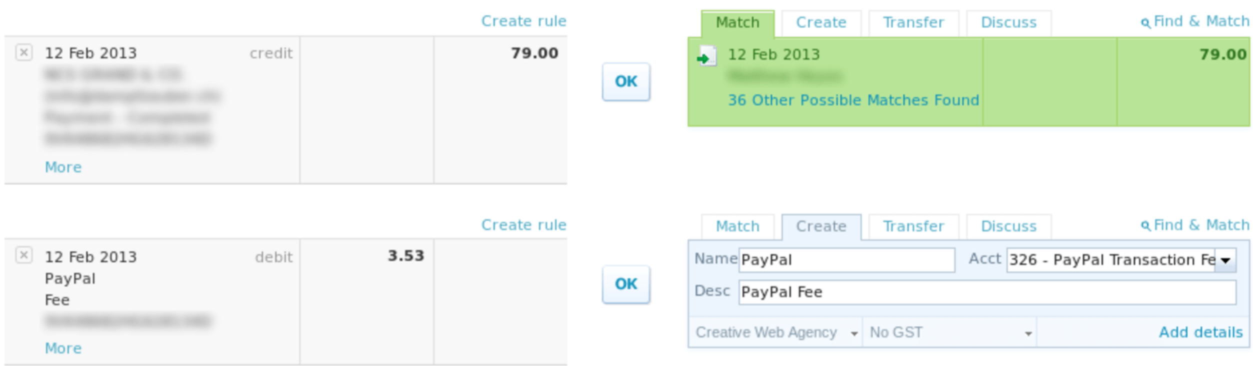
1. One has the amount matching your order grand total from Magento, which you can reconcile against the imported order Xero feed

2. The second has only the Paypal fee component, which you can reconcile against your chosen account (eg. cost of goods sold account).

Setting up Paypal transactions

For directions on how to set up a Paypal account as a bank account in Xero, refer to [Xero's instructions](#).

Once set up, Paypal transactions can be reconciled against orders from your store:

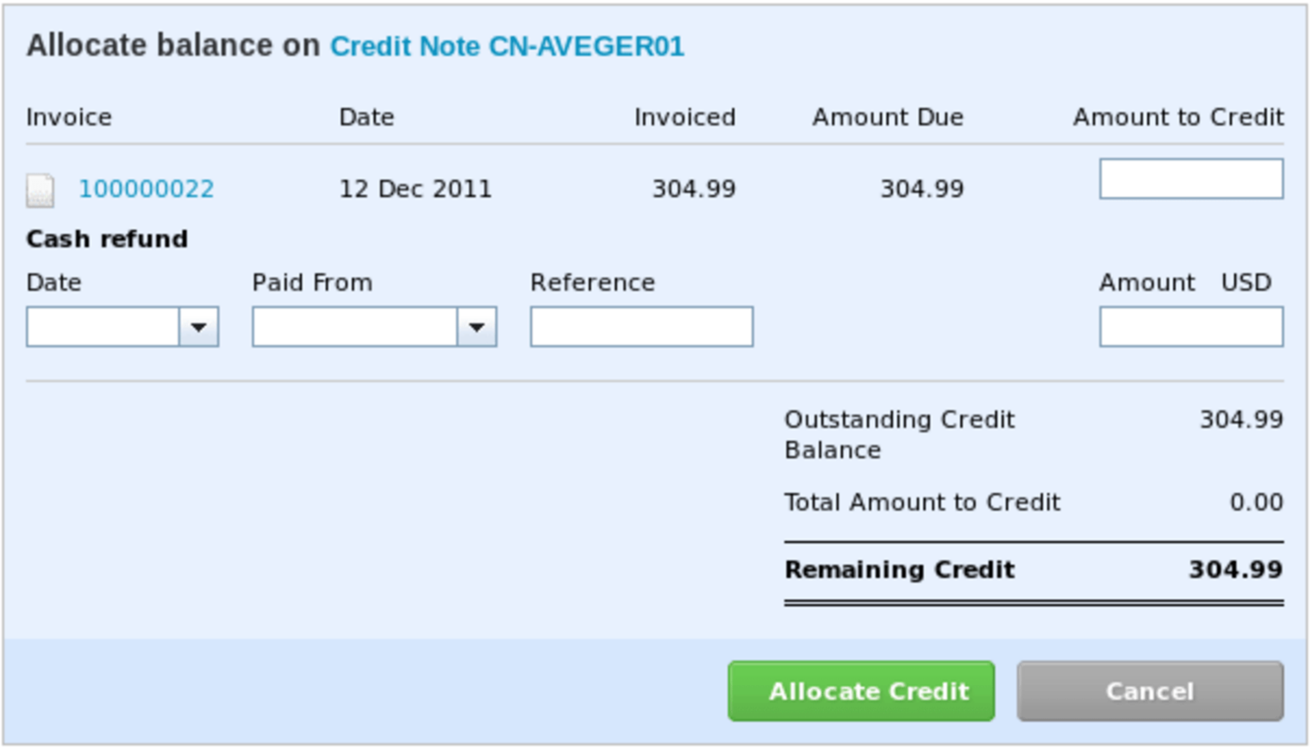


One line will match the order grand total, and the second line is the Paypal fee. Reconcile these both manually in Xero (as you would with a standard bank or credit card transaction reconciliation).

Processing Credit Notes

There are 2 options for processing credit notes:

Scenario 1: The credit note can be applied to a Xero invoice, via the Allocate Balance screen that will appear once the Credit Note is approved:



Scenario 2: The credit note can be turned into a [cash refund in Xero](). We usually recommend this as the preferred method if most payments to your store are made by credit card.

Understanding Magento order statuses

Note: Magento credit memos are always exported to Xero as Credit Notes.

Scenario 1: Order is placed and cancelled

Action	Order Status after Action	Available Actions
Order placed	Pending	Invoice, Ship, Cancel
Cancel	Canceled	

Cancellation could happen automatically when for example a payment is taken via a third party website and the payment does not go through. Only in scenario 1 would an order be considered 'cancelled' in Magento.

Scenario 2: Order is refunded before it is shipped

Action	Order Status after Action	Available Actions
Order placed	Pending	Invoice, Ship, Cancel
Invoice	Processing	Ship, Credit Memo
Credit memo (all items)	Closed	

Scenario 3: Order is shipped, then returned completely by customer for a refund

Action	Order Status after Action	Available Actions
Order placed	Pending	Invoice, Ship, Cancel
Invoice	Processing	Credit Memo
Ship	Complete	Credit Memo
Credit memo (all items)	Closed	

Scenario 4: Order is shipped, then returned partially by customer for a refund

Action	Order Status after Action	Available Actions
Order placed	Pending	Invoice, Ship, Cancel
Invoice	Processing	Ship, Credit Memo
Ship	Complete	Credit Memo
Credit Memo (some items)	Complete	Credit Memo

Reporting Any Issues/Bugs

We are proud of our quality extension code - it’s been widely tested and we stand by it 100%. If something does happen and you think you might be experiencing an issue or bug, please contact us via support@fooman.co.nz and we will help you out.