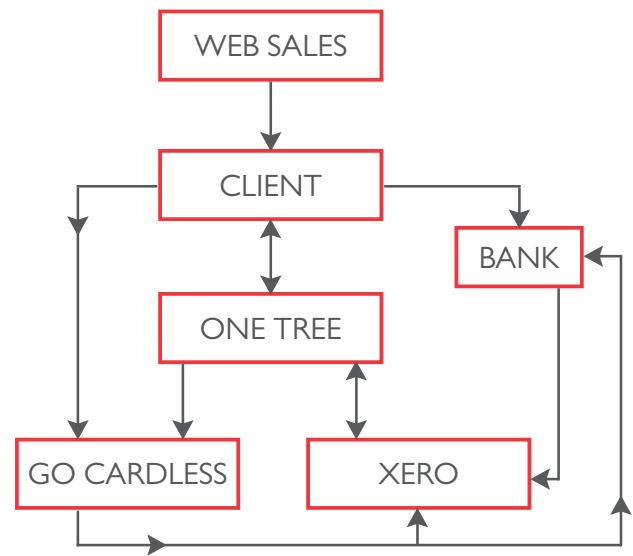




One Tree Software sell a gift voucher system to clients including hotels, restaurants and leisure businesses.

The web-based application provides an online shop that is embedded directly into their clients' own websites. One Tree then charge a commission fee on each transaction and fulfil the orders for the client.

One Tree use Xero accounting software for their overall book-keeping, and GoCardless to process direct debit payments.



1. Sales from client website

A gift voucher is purchased on the client's website. The payment is processed within the One Tree software and the funds are paid directly in to the client's bank account.

One Tree's commission on the sale is calculated. Rep commission is also calculated based on the value of the sale.

2. One Tree web application

The One Tree system generates a monthly invoice to each client totalling the individual commissions generated on sales during that period.

Commission invoices sent to the client via the One Tree system are automatically imported into the Xero sales ledger.

3. Payments by direct debit

If a client pays their invoices by direct debit, an instruction is sent automatically from the One Tree system to GoCardless to collect the required amount on the specified date.

Once the payment has been marked as 'Confirmed' in GoCardless, it directly updates the One Tree system with the payment details and the invoice is marked as paid. (It is done this way due to the delay between GoCardless collecting payment from the client and actually paying One Tree.)

When direct debit payments are collected by GoCardless, the total figure paid to One Tree as a single amount can be made up of payments from multiple clients. GoCardless provide a report listing all the individual payments from clients to allow for easy bank reconciliation.

GoCardless deduct their transaction fee from individual collected payments. This means that the payment received by One Tree differs slightly from the invoice total. To compensate for this, an adjustment is made when reconciling the invoices and payments.

4. Non-direct debit payments

If the client does not pay by direct debit, they simply make a payment to One Tree via their bank. No instruction is sent to GoCardless.

Once the payment is received by One Tree, it is reconciled to the invoice in Xero. Xero then automatically updates the invoice in One Tree to mark it as paid.

5. Accounts integration

When payments are received in the One Tree bank account, the bank file is imported into Xero and the bank reconciliation is done. This also allocates the individual payment to each invoice.

One Tree carries out bank reconciliation manually out of preference, allowing them to easily account for commission and deductions from direct debit payments.

6. Credit control

Accounts that have not been paid 14 days after the due date are automatically marked as overdue in the One Tree system.

The One Tree system then produces a report listing unpaid items, allowing One Tree to use discretion on how and when statements and reminders are sent.

7. VAT adjustments

The One Tree system calculates VAT on a sub-total basis, whilst Xero calculates it line-by-line. As a result, there can sometimes be a small discrepancy in the VAT calculation due to rounding. Where such a discrepancy occurs, the difference is automatically posted as an adjustment in Xero.