

Reconciling the Bank Account

Statement Balance – this is your real bank account balance

Balance in Xero – this is the balance in Xero with all the transactions that have been allocated codes and reconciled. The mission here is to boldly go and reconcile every item and as if by magic the Statement Balance will be exactly the same as the Balance in Xero

Now you can start reconciling the bank – **go to the dashboard**, and **click on the reconcile Items button**.

The screenshot shows the Xero dashboard for a trial account. At the top, there's a navigation bar with 'Dashboard', 'Accounts', 'Payroll', 'Reports', 'Adviser', 'Contacts', and 'Settings'. Below this, the main content area is titled 'Ramsay Brown and Xero Trial' and includes a 'Reconcile 122 Items' button. To the right, there are sections for 'Add your first invoice' and 'Add your first bill'. The dashboard also displays account balances and a calendar view.

11:36
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You are currently using a trial account. Upgrade now Have any questions?
Ramsay Brown and Xero Trial Laurie Slavin
Dashboard Accounts Payroll Reports Adviser Contacts Settings
Ramsay Brown and Xero Trial Your last login: 20 minutes ago from United States
The Xero Dashboard is an instant health check for your business Hide Help
Check out our short video to quickly see how it works
See our help article to learn more
Main bank account 12-34-56-1235678 Manage
Reconcile 122 Items Balance in Xero 24,400.00
Statement balance (21 Jun) 120,147.00
27 Sep 4 Oct 11 Oct 18 Oct
Automatic bank feeds are available for this account Get bank feeds
Add your first invoice Send beautiful, customisable invoices to your clients and receive payments online. New sales invoice
Add your first bill See upcoming bills and planned payment dates so there are no surprises. New bill

What you will see is a list of items that have been downloaded into the program from the bank. All you need to do is to fill in some details:

In the **WHO** field, specify identify the person paying or being paid.

In the **WHAT** field, specify the code from the chart of accounts. If you start typing the detail of the code, Xero will make suggestions from the chart of accounts, and if the code is not there, **go back to the settings – chart of accounts** and make that account code

In the **WHY** field enter the details as you would like to remember them.

The screenshot shows the Xero mobile app interface. On the left, there is a list of transactions with columns for date, description, and amount. Each transaction has a 'More' link and a 'Create rule' link. The transactions are:

Date	Description	Amount
2 Apr 2015	Mrs Medusa - Travel Nurse	1,190.00
3 Apr 2015	COF Aspiration	6,865.00
3 Apr 2015	Tesco	557.00
4 Apr 2015	Seniority	1,160.00
4 Apr 2015	Amspar	445.00
5 Apr 2015	Rent Reimbursed	8,695.00

On the right, the 'Create rule' form is shown. It has a header with 'Match', 'Create', 'Transfer', 'Discuss', and 'Find & Match' buttons. The form fields are:

- Who: Mrs Medusa
- What: 181 - Salaries and Wages
- Why: Travel Nurse
- Activities: Travel Clinic
- Tax Rate: No VAT

An 'OK' button is located in the middle of the screen, between the transaction list and the 'Create rule' form.

When you have done all that, you should see an **OK** button in the middle, **click that** and the transaction is processed.

Another great feature of Xero is that it remembers how you have treated items, so if it recognizes certain parameters it will fill the fields for you. All you have to do is either click OK or edit some of the WHAT, WHY or WHO fields and click OK. So the more you use Xero, the more intuitive and helpful it is:

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What's this?

Review your bank statement lines...

	Spent	Received
15 Apr 2015 Dementia		663.00
20 Apr 2015 Nursing Home Retainer		1,000.00
1 May 2015 Global Sum		60,145.00
1 May 2015 Net Wages	29,556.00	
2 May 2015 Correction Factor		12,556.00
2 May 2015 Salaried GP Costs	8,566.00	
2 May 2015 Mrs Medusa - Travel Nurse	1,332.00	
3 May 2015 QOF Aspiration		6,865.00
3 May 2015 Tesco	755.00	
4 May 2015 Seniority		1,160.00

...then match with your transactions in Xero

	Spent	Received
Who: Name of the contact... Why: Enter a description... Activities: Tax Rate		
Who: NHSE Why: Global sum for April GMS/PMS: No VAT		400 - Global Sum
Who: April Wages Why: Enter a description... GMS/PMS: No VAT	181 - Salaries and Wages	
Who: NHSE Why: Correction Factor for April GMS/PMS: No VAT		404 - Correction Factor
Who: April salaried GPs Why: Enter a description... GMS/PMS: No VAT	184 - Salaried GP	
Who: Mrs Medusa Why: Travel Nurse Travel Clinic: No VAT	181 - Salaries and Wages	
Who: NHSE Why: Aspiration for April GMS/PMS: No VAT		421 - Current Year QOF
Who: Tesco Why: Telco - sandwiches for meeting GMS/PMS: No VAT	185 - Staff Welfare	
Who: NHSE Why: Seniority April 2015 GMS/PMS: No VAT		410 - Seniority

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You will remember that we set up two **tracking** categories, and you can see in the examples shown here we have specified which activity we want the payment assigned to. Suppose that we have a single payment that we want to split between activities, in this case, suppose the electricity bill to EDF covers both the main GMS/PMS practice and the Travel Clinic. If you **click on the add detail button** on the bottom right of the reconciling suggestion, you can split the payment between different activities:

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17 Apr 2015 EDF 400.00

Find & select matching transactions below

1. Find & select matching transactions - 0 transactions selected

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

Spent as Direct Payment

To EDF Date 17 Apr 2015 Reference

GBP British Pound Amounts are No Tax

Item	Description	Qty	Unit Price	Account	Tax Rate	Activities	Amount GBP
	Electricity for April	1.00	350.00	295 - Heat and Light	No VAT	GMS/PMS	350.00
	Electricity for April	1.00	50.00	295 - Heat and Light	No VAT	Travel Clinic	50.00
Subtotal							400.00
TOTAL							400.00

Save Transaction Cancel

3. The sum of your selected transactions must match the money spent - Spent 400.00 GBP - Total is out by 400.00

Click on save, then click on reconcile. Although Xero will record the total EDF payment in heat and light, when we want a report for the different activities, the GMS/PMS and the travel clinic, Xero will apportion the costs between the two activities.