

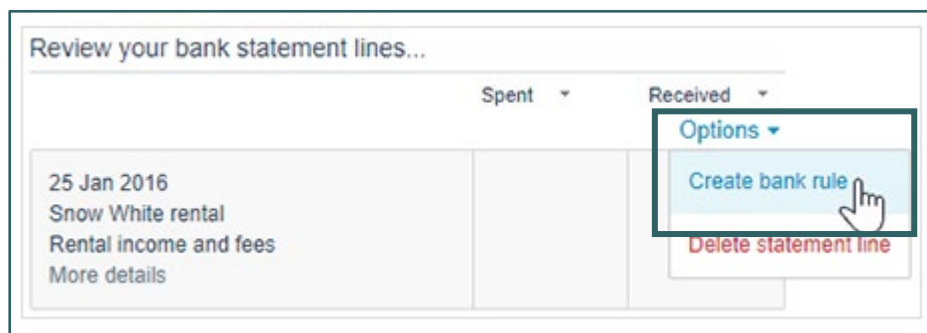
Top tips to become a Xero Hero

Use bank rules to speed up the reconciliation process

Bank rules are a great feature in Xero, which, if set up correctly can greatly speed up the reconciliation process.

Bank rules are great for regular payments or receipts that do not have an invoice to balance them off against. Examples include payment of salaries, bank fees and interest received. By setting up a bank rule for these transactions, you are telling Xero how these statement lines should be coded. This saves time, ensures consistent coding, and reduces human error.

The easiest way to set up a bank rule is when in the **'bank reconciliation'** screen:



There are 3 types of bank rules which can be set up:

- **Spend money rules** – for bank payments
- **Receive money rules** – for bank receipts
- **Transfer money rules** – for transfers from one account to another

When setting up a bank rule in Xero, you will note they are split into two parts:

- 1) **Bank statement line conditions** – this is the information Xero looks for in the bank statement to know when to apply the rule.
- 2) **Account transactions details** – this is for when the rule applies, what information Xero will include to create it. These details include the Account code, tax rate, contact and reference.

Bank statement line conditions

The conditions of a bank rule determine how loose or restrictive the rule is. A restrictive rule will only apply when very specific criteria are met. A loose rule might apply when a transaction meets any of the conditions you specify or when any part of the bank statement line matches your conditions.

Example bank rule set-up

1. Set the condition.

Spend money rule Receive money rule Transfer money rule

1. When money spent on the bank statement matches Any of the following conditions...

Any text field contains Central City Parking

[Add a condition](#)

In the example, I have set that any text field **contains** 'Central City Parking'. So, if the narrative on the statement was 'Central City Parking 01' the bank rule would still be applied.

2. Set the contact.

2. Set the contact...

The contact will be an existing or new contact Central City Parking

Enter the **name of the contact** to which the transaction relates.

3. Automatically allocate fixed value item lines.

3. Automatically allocate fixed value line items...

No fixed value line items

[Add a new line](#)

You will **only** need to use this step **if you wanted to split the posting** of a transaction to more than one account code – if not, skip this step.

4. Set the transaction details.

4. With the remainder, allocate items in the following ratios...

Description	Account	Tax Rate	Region	Percent...
Parking	493 - Travel - National	Zero Rated Expenses		100.00%
TOTAL				100.00%

[Add a new line](#)

Enter the **description, account code and tax rate**.

5. Set the reference.

5. Set the reference...

The reference will be set from the Reference

You can change this to suit your preference by selecting from the **drop-down menu**.

6. Set a target bank account.

6. Target a bank account...

Run this rule on

Let Xero know which **bank account** you want to run the rule on. Note: the same rule can be run on multiple bank accounts if required.

7. Give the rule a title.

7. Give the rule a title...

This is the last step. Give your rule a **name** and select **save**.

Once set up bank rules can be edited or deleted. To find bank rules that have already been set up go to

- **Accounting menu**
- **Bank accounts**
- **Bank rules**

Harold says: The two biggest mistakes people make when setting up bank rules are:

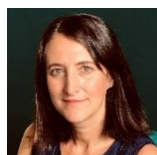


- **Setting the condition wrong** - taking the exact narrative off the bank account instead of thinking what part of the narrative appears **every** month.
- **Not checking the vat rate is correct** when setting the condition.

Looking for more top tips?

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Cathy Samuel
Cloud accounting specialist
T: 0161 926 0424
E: cs@haroldsharp.co.uk

