

Xero 1 Setting up your Xero datafile to suit your business

This article contains tips for setting up your bank feeds and your Chart of Accounts so that you can be confident your ledger is complete and providing accurate information.



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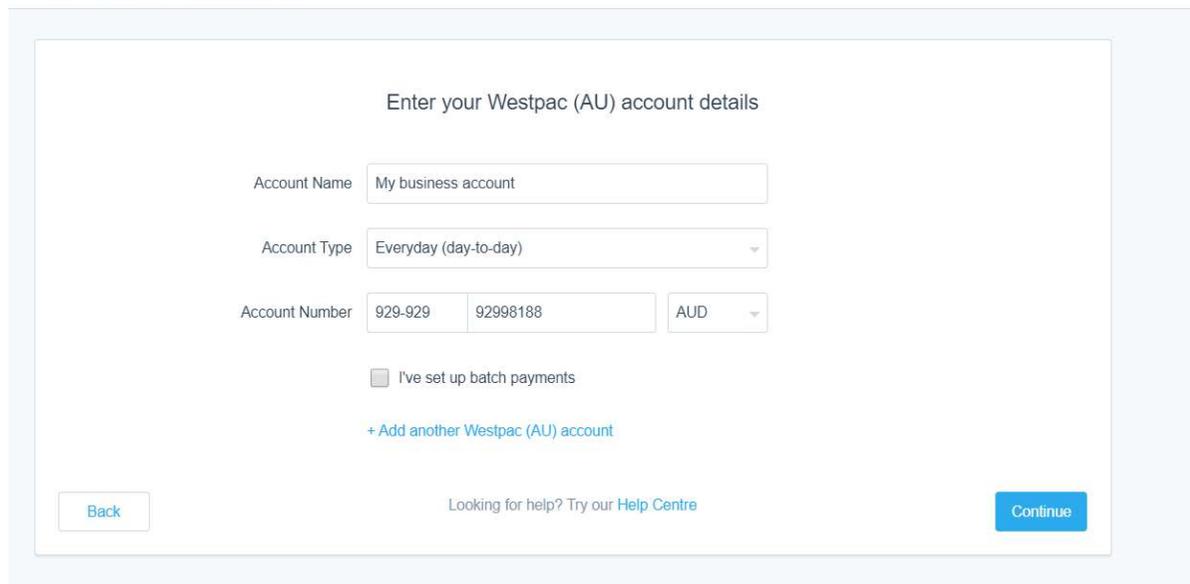
When you buy a Xero subscription, you are given a structure that includes all of the necessities for doing your books (according to the plan you've purchased).

Depending on your needs, you will have at the very least a dashboard and the invitation to "add a bank account" so that you can get started. You may also have a generic chart of accounts.

Get used to operating from the Dashboard – that is always going to be your starting point.

Depending on how many banks or accounts your business has, you are going to need to set up your bank feed.

Add Bank Accounts



The screenshot shows a web form titled "Enter your Westpac (AU) account details". The form contains the following fields and options:

- Account Name:** A text input field containing "My business account".
- Account Type:** A dropdown menu with "Everyday (day-to-day)" selected.
- Account Number:** Two text input fields. The first contains "929-929" and the second contains "92998188".
- Currency:** A dropdown menu with "AUD" selected.
- Batch Payments:** A checkbox labeled "I've set up batch payments" which is currently unchecked.
- Link:** A blue text link "+ Add another Westpac (AU) account".
- Buttons:** A "Back" button on the left and a blue "Continue" button on the right.
- Footer:** A link "Looking for help? Try our [Help Centre](#)".

Put your own Bank and BSB and Account details in, then follow the prompts. Depending on your bank, your bank feed can be functional in Xero anywhere from immediately to a couple of days.

This panel below is what it will look like on your Dashboard:

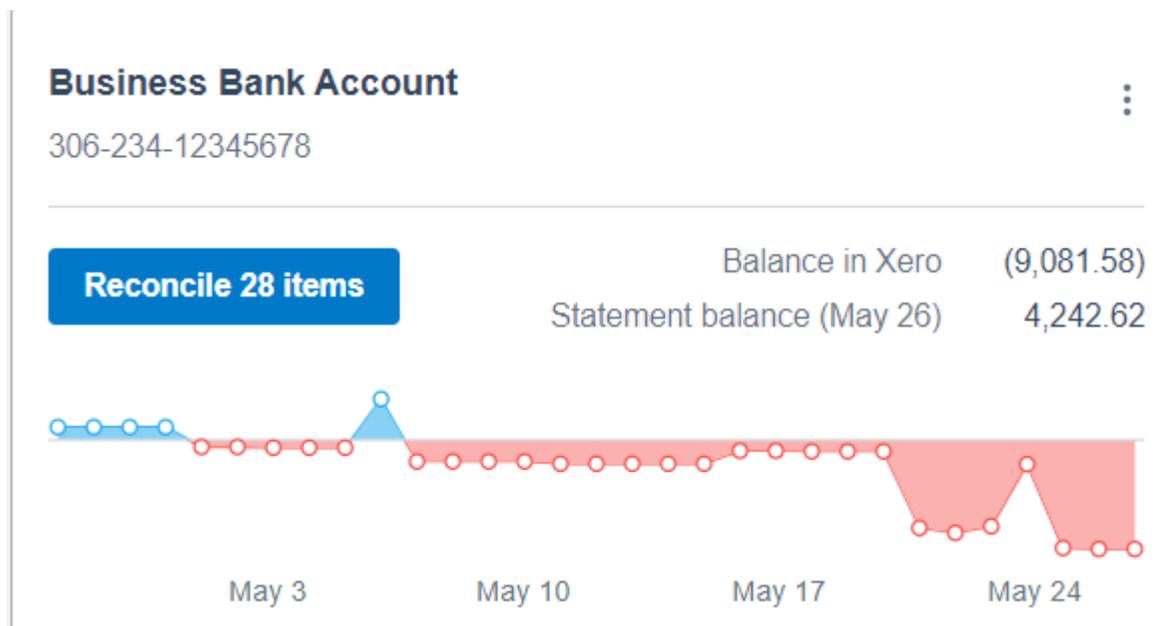


Chart of Accounts.

All accounting ledgers have assets, liability, and equity accounts. All first-year Accounting students learn the Accounting Equation:

$$\text{Assets} - \text{Liabilities} = \text{Equity}$$

In other words, the difference between the assets and liabilities of a business is the value of equity or ownership of that business. We track our values by classifying all financial transactions as one of either asset, liability, or equity types by using the Chart of Accounts.

Revenue, expense, cost of sales are other account types you'll see (and, for the interested, they fit into the equity area via an account called "retained earnings").



To find your Chart of Accounts, in the blue menu across the top of your Dashboard, select Accounting, then scroll down to select Chart of Accounts.

In your beginning adventures in using Xero, you'll find lots of opportunities to "Learn More" on every page.

Chart of accounts



Categorise every transaction in Xero with our full [Chart of accounts](#)

[Hide Help](#)

Financial reports draw on each account to show how your business is performing

[Learn more](#) about customizing the chart of accounts

The Chart of Accounts is the list of all of your accounts. You may need to add more, change some, delete some. Xero won't let you remove all of them, it will insist on keeping accounts known as "control" or "system" accounts.

To begin with, you are probably going to want an account to put your sales into, and some accounts to classify your purchases into. These will depend entirely on your own unique needs. Bear in mind that if you as the business owner are going to want to see reports for your sales of one product and your sales of another product separately, you need to create two sales accounts. Easy! If you're not interested in seeing the value of sales of different products in your accounting reports – that's fine – one account is just fine. It's your decision as to how detailed you want your reporting to be.

Cost of Sales accounts hold accounts where the purchase of items that are directly involved in the items to be sold. The use of cost of sales depends on the type of industry your business is in. The use of cost of sales accounts leads to information on margins.

Ideally your Chart of Accounts will mirror the financial details provided by your Accountant in your Financial Statements.