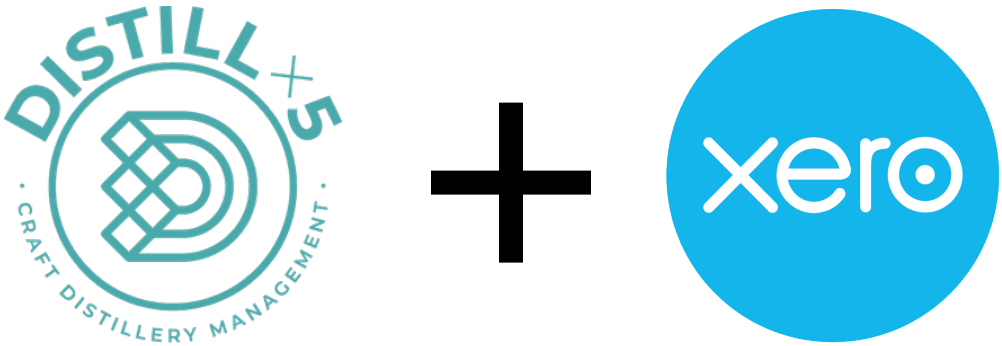


Dx5 + Xero
A Guide for Integration

Updated October 2022

THINGS TO KNOW BEFORE INTEGRATING 4

Optional Assisted Dx5 + Xero Integration 4
How to Enable the Dx5 + Xero Integration 4
How the Integration Works 4

PREPARING FOR INTEGRATION 5

Preparing your DISTILL x 5 System 5
Preparing Accounts 5
Preparing Contacts 6
Preparing Inventory 6

INITIATING INTEGRATION 7

Connecting Dx5 to Xero 7
Accounts Setup 7
Contacts Setup 8
Finished Products Setup 9
Inventory Setup 10
WIP Opening Balance 11

STANDARD BATCH FLOW + INTEGRATION 12

DISTILL x 5 ACTIONS IN XERO 13

RAW MATERIALS & SUPPLIES TRANSACTIONS 13
Purchase Orders 13
Inventory Adjustments 13
Inventory Use: See Batch Actions / Add Material and Bottle Spirit 14
BATCH ACTIONS 14
New Mash/Cook (with Recipe Application) 14
Add Material 14
Batch-to-Batch Transfer 14
Dump 14
Add Spirit: See Transfer 15
Withdraw Spirit 15
Recalibrate 16
Cut Batch 16
Receive Spirit 16
Transfer Spirit in Bond 16
Bottle Spirit 16
Edit Cost 17
FINISHED PRODUCT ACTIONS 17
Add New Finished Product 17
Add Size: See Add New Finished Product 17
Transfer Inventory 17
Adjust Quantity 17
FULFILLMENT ACTIONS 19
Add New Order (Includes Comp/Donation) 19

CHANGE ORDER STATUS 19

RECONCILING ACCOUNT BALANCES 21

BALANCE SHEET (ACCOUNT) RECONCILIATION 21
TRANSACTION RECONCILIATION 21

THINGS TO KNOW BEFORE INTEGRATING

Enabling this integration will allow DISTILL x 5 to submit financial data relating to inventory and production activities to your Xero account according to the behaviors identified in this manual. Neither FIVE x 5 or the Dx5 + Xero integration intend to provide legal or accounting counsel.

The user alone is responsible for monitoring all accounting activities, including (but not limited to) inventory transactions, invoicing/billing, and account activities. By enabling the integration, the user accepts Fx5's terms and conditions for use.

Optional Assisted Dx5 + Xero Integration
The Fx5 support team offers an Assisted Dx5 + Xero Integration service package to distilleries looking for additional assistance in integrating their Dx5 system with Xero. For more information on this package, please refer to our website or contact the support team.

This package is not required to enable the integration.

What the package includes:

- A review of your system with you to make sure everything is ready for the integration
- A walkthrough of the integration process from start to finish
- A review of best practices in the system and answers to any questions you may have after completing integration
- A recorded video of the session to keep as your own internal resource

How to Enable the Dx5 + Xero Integration
The Dx5 + Xero integration is offered to all users as an add-on package to your base DISTILL x 5 subscription. For more information on pricing and adding this integration to your Dx5 system, please reach out to the Fx5 support team.

How the Integration Works
To maintain the fastest-possible performance of Dx5, all Xero transactions are processed via an external queue; this means that while the integration is "live" (i.e all transactions are posted as they're processed), users may experience a slight delay between completing an action in Dx5 and seeing the associated transaction in Xero. All transactions are recorded in the Xero Logs accessible via **Accounting > Overview** for monitoring.

In the case of a failed transaction, all information is retained and stored for resubmission. Users may resubmit failed transactions by clicking the ↻ icon on the row of the affected transaction.

PREPARING FOR INTEGRATION

Preparing your DISTILL x 5 System
Before you take steps to connect DISTILL x 5 with Xero, it's important to review your Dx5 system's inventory and costing information for accuracy. This helps to ensure the accuracy and relevance of the financial data that will be sent to your Xero account. Use the following checklist to ensure your Dx5 system is ready to integrate with Xero:

- ☐ Batch Costing has been enabled and utilized in your system (**Admin > System Settings > Change Settings).**
- ☐ All Bulk and Barreled Spirits (everything from Mash/Cook to Bulk Processing, and everything in between) has a batch cost. The easiest way to check this is by running a current inventory report under **Inventory > Reports > Generate Current Report.**
- ☐ All Finished Products and/or Value Added Products have **Attached Supplies** and have an accurate **Total Inventory Value**.
- ☐ All Raw Materials and Supplies have at least one **Default Supplier** and have an accurate **Total Inventory Value**.
- ☐ Recipes, if applicable, exist under **Operations > Setup** for ease of raw material application.
- ☐ All Contacts (Customers, Suppliers, and In-Bond Recipients) are unique – no duplicate contacts may exist when mapping to Xero. For more information on how contact mapping works, see Preparing Contacts below.
- ☐ No single Finished Product contains more than one of the same size (i.e. a Gin can only have one 750mL, one 375mL, one 50mL, and so on).
- ☐ Fulfillment Orders and Purchase Orders are actively being utilized (or you plan to once integrated).

Preparing Accounts
Dx5 requires specifically designated destination accounts in Xero to properly track financial data. Users may choose to link to existing Xero accounts or to create new accounts during the integration process. Account linking is based on the Xero account ID; renaming or otherwise adjusting accounts in Xero will not affect the integration, though account types may not be changed once transactions have been recorded. Deleting a required account will result in integration errors until a new destination account is linked.

While users are welcome to use any accounts of the specified category and type for the Dx5 + Xero integration, for ease of tracking it is highly recommended that new accounts are created specifically for the integration to allow for easy identification of integration transactions and reconciliation.

Category	Type	Description (Used for)
Assets	Current Assets	Ingredients
Assets	Current Assets	Supplies
Assets	Inventory	Bottled Spirit
Assets	Current Assets	WIP (Work in Progress)
Expenses	Expense	WIP Losses
Expenses	Expense	Inventory Adjustment
Expenses	Expense	COGS – Bottled Spirit
Expenses	Expense	COGS – Bulk Spirit
Revenues	Revenue	Bottled Spirit Income
Revenues	Revenue	Bulk Spirit Income

Note: Throughout this document, accounts will be referred to by their description (i.e. Ingredients, Supplies, WIP Losses)

Preparing Contacts
The integration creates a one-to-one contact link to Xero for any Dx5 customers, suppliers, and/or in-bond recipients. As Xero contacts may be both a customer and a vendor, users may link both a customer/in-bond recipient and supplier to a single Xero contact, but a Dx5 contact may not be linked to more than one Xero contact.

If a contact exists in Dx5, but not Xero, users may create a new Xero contact through the integration process. If a contact exists in Xero but not in Dx5, Fx5 recommends adding that contact to Dx5 before integrating.

Preparing Inventory
Users should have previously enabled Batch Costing and therefore should have inventory unit costs and batch costs prior to initiating integration. Requirements:

- All inventory items on hand (quantity > 0) **should** have average unit costs set prior to integration. While possible to set average unit cost at time of integration, Fx5 recommends ensuring accuracy of costing prior to integration.
- All WIP (active bulk and barreled batches) **should** have batch costs. If not set, batch costs may be adjusted via Batch Actions / Edit.
- Before initiating integration, a Dx5 inventory report can be generated to provide opening balance information for inventory integration.

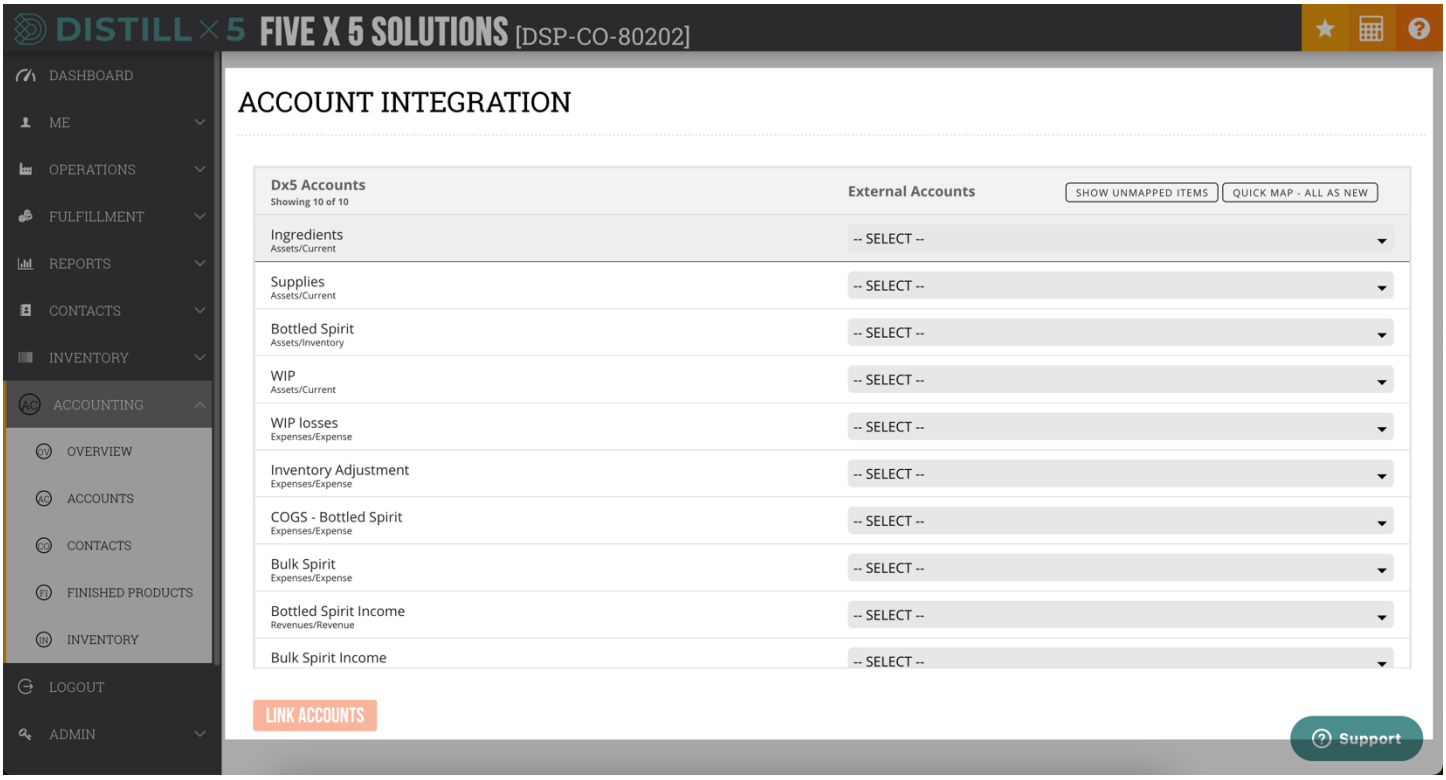
INITIATING INTEGRATION

Connecting Dx5 to Xero

- Navigate to **Accounting > Overview**
- After reviewing the integration agreement, click **Connect to Xero**
- Sign into Xero to give Dx5 permission to send information to Xero
- If you have multiple Organizations in your Xero instance, be sure to select the Organization to which you will send Dx5 financial data

Accounts Setup

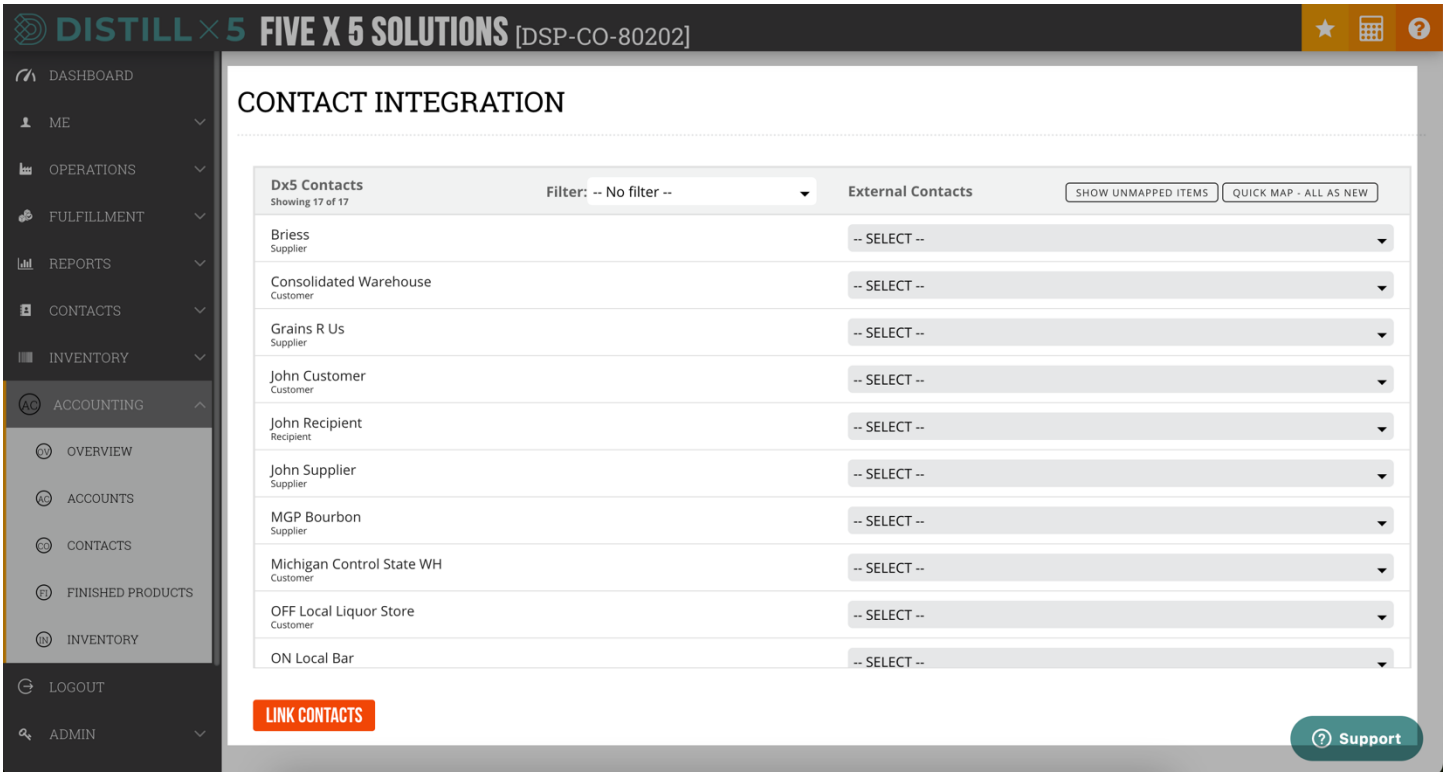
Once a connection is established, users will be automatically redirected to the Accounts section of the integration; it can also be accessed via **Accounting > Accounts**.



For each account listed (see *Preparing Accounts* above), choose the target destination account in Xero or select Add New Entry to create a new Xero account. Users may click **Quick Map – All as New** to specify new accounts for all required destinations.

Click **Link Accounts** to trigger the creation or mapping of specified accounts. The integration will not be usable until all destinations are specified.

Contacts Setup



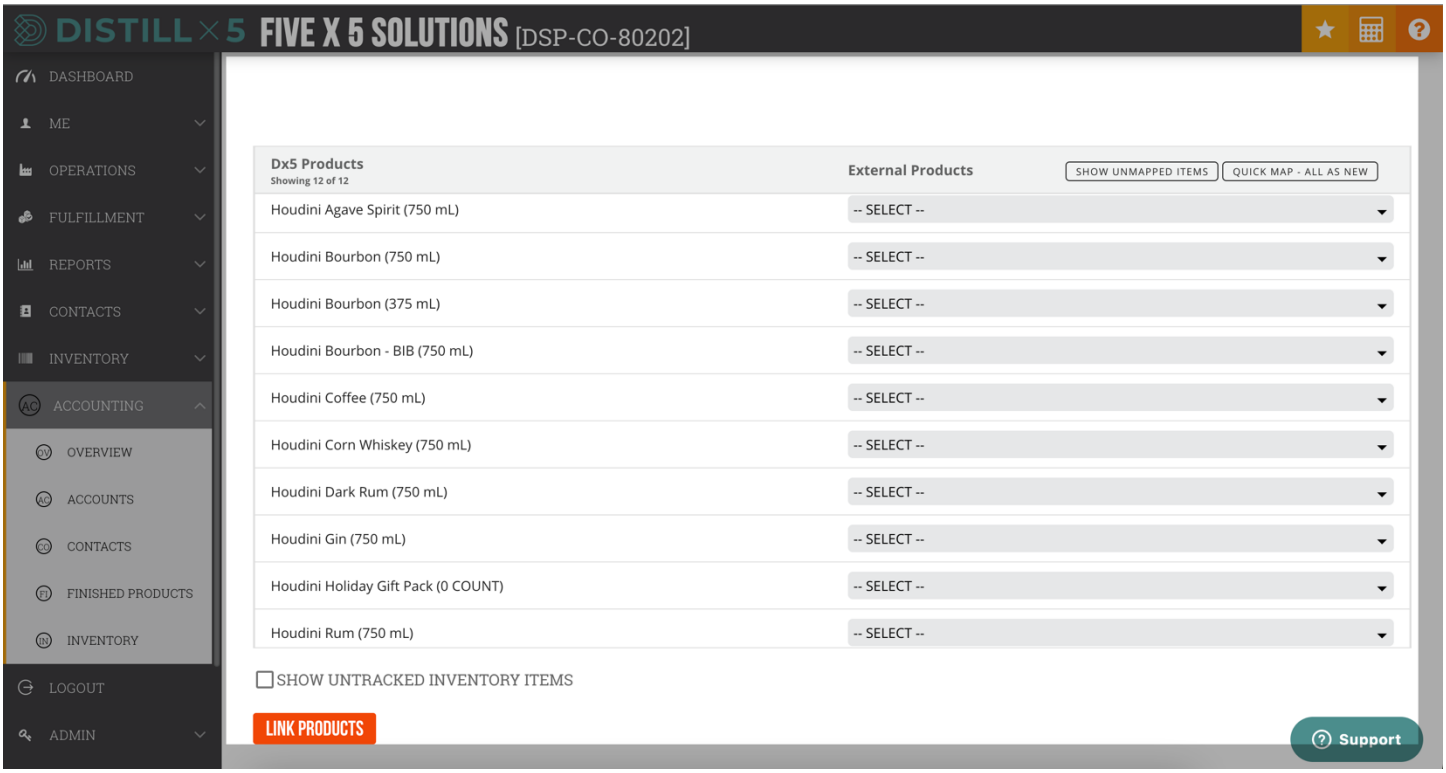
Navigate to **Accounting > Contacts**. All Dx5 contacts will appear; as detailed in *Preparing Contacts* above, each customer, supplier, and in-bond recipient should be mapped to or added as a Xero contact. Displayed contacts may be filtered by Dx5 contact category using the Filter dropdown to view only Customers, Suppliers, or In-Bond Recipients.

If a name-matched Xero contact is found, the External Contact dropdown will default to that matched contact. Users may choose any contact available in the dropdown list for contact mapping; while a single Xero contact may be mapped to multiple Dx5 contacts, each Dx5 contact may only be mapped to one Xero contact.

Users may view all unmapped contacts by clicking **Show Unmapped Items** at the top of the list. Clicking **Quick Map – All as New** will select “Add New Entry” for all contacts displayed.

Click **Link Contacts** to save the mapping for all specified contacts; contacts may be linked in phases, but receipts from and sales to unmapped contacts will not be tied to the appropriate Xero contact unless mapping for those contacts is complete.

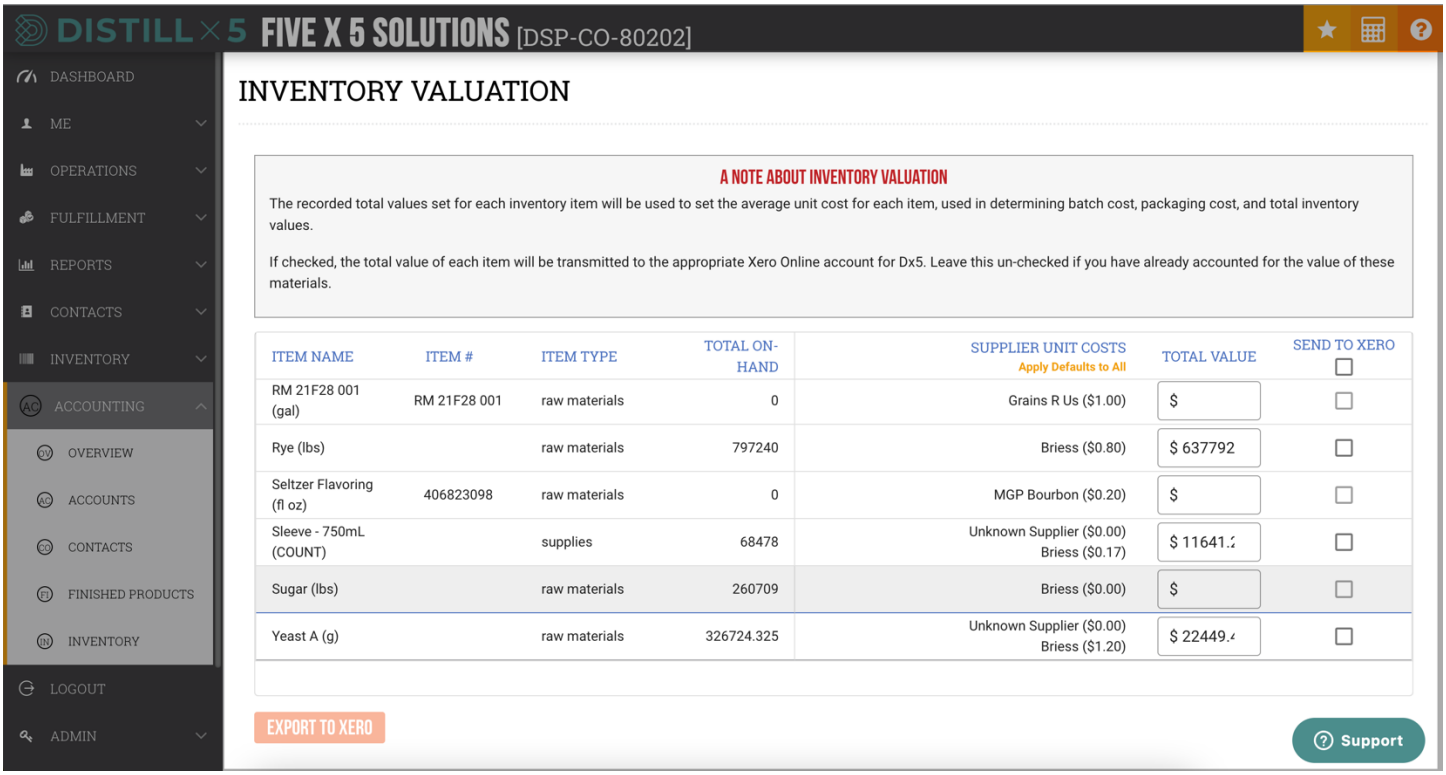
Finished Products Setup



To track finished product inventory and create invoices when orders are shipped, all Dx5 finished products must exist in Xero. Please note that for Xero's purposes, each unique product size is a separate item.

- Navigate to **Accounting > Finished Products**
- For each product size, choose the appropriate Xero product, or select "Add New Entry." Users may also select **Quick Map – All as New** to quickly create new entries for all Finished Products and VAPs.

Inventory Setup



If batch costing is already enabled, inventory average unit costs and total values reflect receipt, use, loss, and gain activity; if not already enabled, this behavior will begin with the activation of the Dx5 + Xero integration.

For all existing inventory, it's critical that an opening inventory balance be set for each type to account for the value of existing inventory. If batch costing has been enabled prior to integration, the current average unit cost will inform the opening balance. If you've kept the balance of the appropriate account (e.g. Ingredients, Supplies) up to date with Dx5 inventory values, you'll simply skip sending that value to Xero.

Note that to accommodate varying inventory costs, inventory is not tracked in Xero as inventory, but rather as an asset; Dx5 should serve as the primary inventory manager with the inventory asset account in Xero holding only the value of inventory.

With Batch Costing Enabled Prior to Integration

- Navigate to **Accounting > Inventory**
- For each item, confirm the total value of the on-hand inventory
- If you have not yet accounted for the value of the materials in Xero or are using Dx5 inventory costs as the source of truth for reconciliation, check "Send to Xero" to submit the value as an adjusting journal entry to Xero
- Any values sent to Xero will appear as a debit to the specified Ingredients asset account and a credit to the specified Inventory Adjustments expenses
- Click **Export to Xero** to submit the total inventory values for the active category, and repeat the process for all other categories as needed

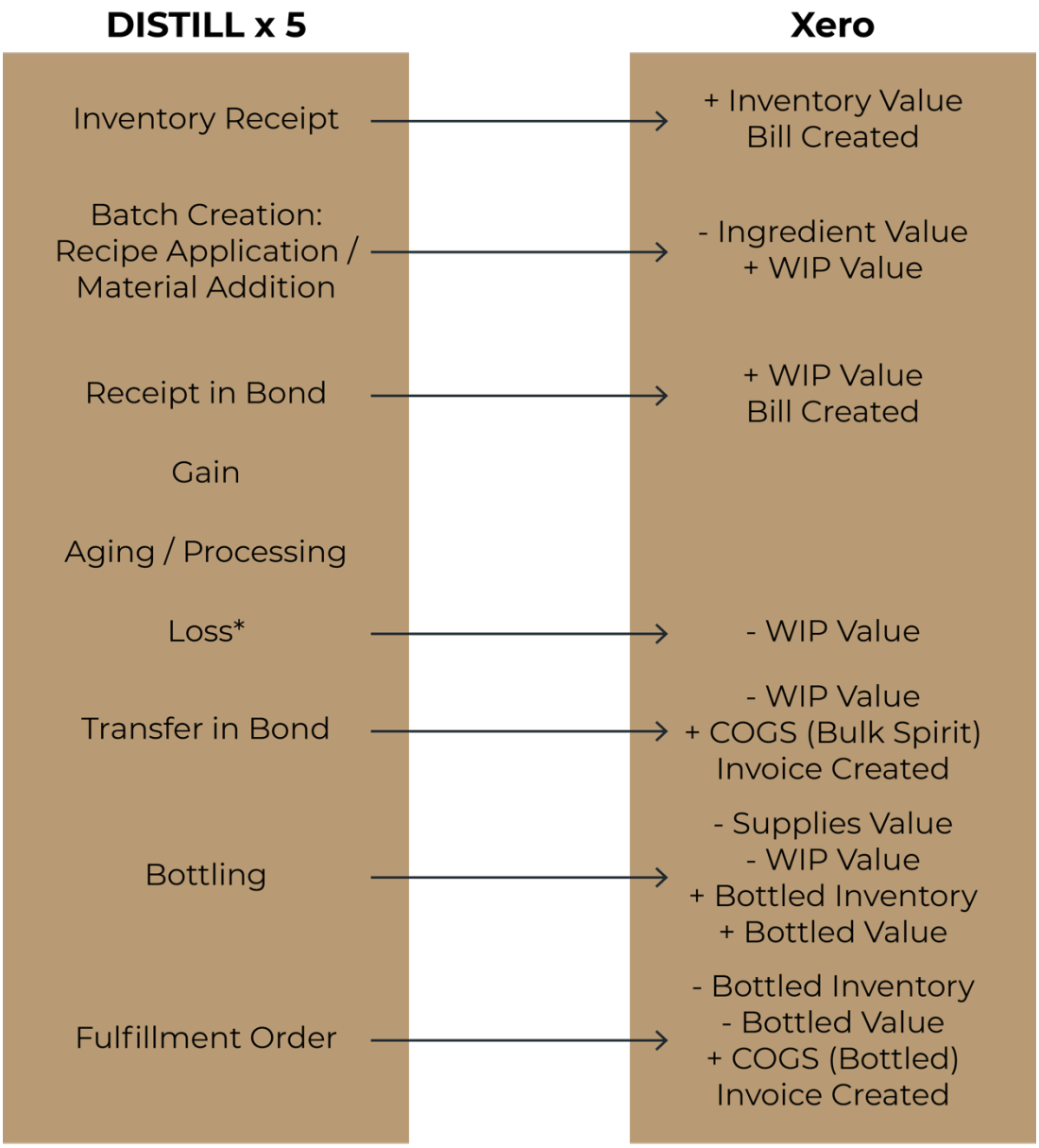
Without Batch Costing Enabled Prior to Integration
If batch costing has not previously been enabled, an initial value must be set prior to integration. Please reference documentation on Adjusting Total Inventory Value to complete this process prior to integrating inventory. Alternatively, users may click **Apply Defaults to All** to use the Default Supplier Cost to determine total value of each inventory item. Please note that this will overwrite any existing **Total Values** on this page and may not be the most accurate representation of inventory value for your business.

WIP Opening Balance
To establish an opening balance for WIP (all active bulk and barreled batches), users will use a Dx5 inventory report and a manual journal entry. From this opening balance, the value of the WIP account will adjust with batch and inventory actions.

To establish an opening balance:

- In **DISTILL x 5**, generate a current Dx5 inventory report
  - Navigate to **Inventory > Reports**
  - Click **Generate Current Report**
  - Users will be notified by email when the report is ready.
- In **Xero**, create a manual journal entry for WIP
  - In Xero, Navigate to **Accounting > Reports** and use the search bar on the top right to search for "journal", then open the Journal Report
  - Click "Add New Journal"
  - Enter journal information
    - Narration: Opening Balances
    - Date: [Today's date]
    - Leave checkboxes for journal behavior as presented
    - In the Account field, find and select the defined WIP account
    - Maintain default tax rate (should be 0%)
    - Enter the total WIP value from the Dx5 inventory as a debit. WIP should include all batch values from:
      - All Production stage batches
      - All Storage Barrels (if applicable)
      - All Bulk Storage and Bulk Processing batches
      - All Processing Barrels (if applicable)
    - Find and select the Inventory Adjustments account and enter the same total WIP value as a credit
    - When finished, click "Post"

STANDARD BATCH FLOW + INTEGRATION



* Value recorded only if marked as loss

DISTILL x 5 ACTIONS IN XERO

RAW MATERIALS & SUPPLIES TRANSACTIONS

Purchase Orders
Note: The Dx5 + Xero integration cannot accommodate multiple invoice/document numbers on a single purchase order. As a result, partial PO receipts will not be pushed to Xero. When the "Mark as Closed" option is selected upon full PO receipt, the full receipt will be pushed to Xero and a bill will be created.

- PO Creation
    - DISTILL x 5: A PO is created in anticipation of inventory receipt from a specified supplier. No price information is captured at this point, though the system predicts the total cost based on the default unit cost.
    - Xero: No action

- Full PO Receipt
    - DISTILL x 5
        - The PO receipt captures the actual unit cost as presented on the supplier's bill of lading.
        - Inventory is added to the total of that item, and the average unit cost is recalculated to account for the additional units at their purchase price.
        - Freight Options
            - *Count freight as an operating expense*. Enter the freight cost directly into Xero, not Dx5.
            - *Divide freight by the number of weight units received*. Divide the freight charged by the number of units received, then add that number to the per-unit cost of each material.
            - *Assign it to one inventory item.* Divide the freight charged by the number of units of that material received, then add it to the per-unit cost of that material.
    - Xero
        - A bill is created to reflect the total owed to the supplier
        - Inventory value is added to the appropriate account (Ingredients or Supplies)

Inventory Adjustments
Note: Adjustments should only be used in the case of found/lost inventory, as there is no compensatory cost transaction for this type of transactions. Adjustments will impact average unit costs. These actions should not impact Xero.

- Increase
    - DISTILL x 5
        - The quantity of units is added, with average unit cost adjusted to accommodate the additional units.
        - For example, if 500 units are on hand at $0.27 each, and an adjusting entry is logged for +100 units, the new average unit cost will be $0.225.
    - Xero: No action

- Decrease
    - DISTILL x 5
        - The quantity of units is depleted, with average unit cost adjusted to accommodate the additional units.
        - For example, if 500 units are on hand at $0.27 each, and an adjusting entry is logged for -100 units, the new average unit cost will be $0.3375.
    - Xero: You may see a corresponding transaction push to a shrinkage account. If you see this, feel free to remove that transaction. There should be no accounting value for this transaction type.

Inventory Use: See Batch Actions / Add Material and Bottle Spirit

BATCH ACTIONS
Note: All gallons refer to physical (wine) gallons

New Mash/Cook (with Recipe Application)
- DISTILL x 5
    - Quantity of raw materials added are multiplied by their respective average unit costs, and the total value of raw materials added are applied to the batch, thus creating the batch cost.
    - The consumed inventory is depleted from totals. Average unit cost remains static and total inventory value decreased by the value applied to the batch.
- Xero
    - The *value* of inventory consumed by the new batch is moved from *Ingredients* to *WIP*. It will stay here until it is lost, bottled, or sold.
    - Journal entries for these transactions will indicate batch name in the Description or Memo field.
    - For more details on how Dx5 gives inventory values to Xero, please see Inventory Transactions.

Add Material
Note: This is the same process as a New Mash/Cook with Recipe Application whether for Recipe, Formula, or Single Material.

Batch-to-Batch Transfer
- DISTILL x 5
    - The batch cost is divided proportionately by the transferred wine volume; for example, if a batch has a total cost of $500 and a volume of 100 gallons, a transfer of 60 gallons will have a batch cost of $300.
    - If the batch size shrinks in transfer (the remainder is marked as lost) the entire batch value will be divided among the remaining volume
- Xero: No action

Dump
- Partial Dump
    - DISTILL x 5: No change to batch value
    - Xero: No action

- Full Dump
    - DISTILL x 5: The entire batch value stays with the batch
    - Xero: The entire batch value is moved from *WIP* to *WIP Loss*

Add Spirit: See Transfer

Withdraw Spirit

- Withdraw Entire Contents
    - Withdrawal Type: Withdraw Spirit
        - Withdrawal for Research or Destroyed
            - DISTILL x 5: The entire batch value stays with the batch
            - Xero
                - No sale log is created
                - The entire batch value moves from *WIP* to *WIP Loss*
        - Withdrawal for any other reason
            - DISTILL x 5: The entire batch value stays with the batch
            - Xero
                - If Bulk Spirit Income is recorded, the batch value moves from *WIP* to *COGS – Bulk Spirit* account and a customer invoice is generated with the recorded sale price
                - If Bulk Spirit Income is not recorded, the batch value moves from *WIP* to *WIP Loss*

    - Withdrawal Type: Transfer Out in Bond
        - DISTILL x 5: The entire batch value stays with the batch
        - Xero
            - The batch value moves from *WIP* to *COGS – Bulk Spirit*
            - A customer invoice is generated with the recorded sale price
- Partial Withdrawal
    - Withdrawal Type: Withdraw Spirit
        - Withdrawal for Research or Destroyed
            - DISTILL x 5: The value attached to the withdrawn volume is lost. The remaining volume retains the remaining value.
            - Xero
                - No sale log is created.
                - The value of the partial withdrawal moves from *WIP* to *WIP Loss*.
        - Withdrawal for any other reason
            - DISTILL x 5: The value attached to the withdrawn volume is lost. The remaining volume retains the remaining value.
            - Xero
                - If Bulk Spirit Income is recorded, the withdrawn batch value moves from *WIP* to *COGS – Bulk Spirit* account and a customer invoice is generated with the recorded sale price.
                - If Bulk Spirit Income is not recorded, the withdrawn batch value moves from *WIP* to *WIP Loss*.

    - Withdrawal Type: Transfer Out in Bond
        - DISTILL x 5: The value attached to the withdrawn volume is lost. The remaining volume retains the remaining value.
        - Xero
            - The transferred batch value moves from *WIP* to *COGS – Bulk Spirit* account
            - A customer invoice is generated with the recorded sale price

Recalibrate

- DISTILL x 5: The per gallon batch value is consolidated/diluted accordingly
- Xero: No action

Cut Batch

- DISTILL x 5: The per gallon batch value is diluted accordingly
- Xero: No action

Receive Spirit

- Receive Bulk Spirit
    - DISTILL x 5: The batch value is equal to the purchase price as specified
    - Xero
        - The total purchase price is added to *WIP* with the batch reference
        - A bill is created for the supplier with the purchase price specified
- Receive Full Barrels
    - DISTILL x 5: Batch cost per barrel is entered determined by user at time of receipt.
    - Xero
        - The total purchase price is added to *WIP* with the appropriate references.
        - A bill is created for the supplier with the purchase price specified.

Transfer Spirit in Bond

- DISTILL x 5: The total value for each barrel or bulk spirit batch remains with the batch and is removed from the system as a bonded transfer.
- Xero
    - The total value of the transfer as calculated from all batches is moved from *WIP* to the *COGS – Bulk Spirit* account.
    - An invoice is created for the customer (in-bond recipient) specified and the defined sale price.

Bottle Spirit

Note: In the case of two-step bottling, all actions will take place on Complete Bottling.

- DISTILL x 5
    - Bottled Batch Cost is determined as a percentage of the original batch volume; if the remainder is marked as lost, the bottled batch cost will be the entire original batch cost.
    - The average unit cost of all supplies used are used to calculate the sum Supplies cost.

    - A Total Packaging Cost (Bottled Batch Cost + Supplies Cost) is calculated for the entire run, with unit costs determined from the total cost.
    - All inventory packaged is added to on-hand inventory quantities. The value of the Total Packaging Cost is added to the Total Inventory Value of the finished product. The new average unit cost is recalculated by dividing the new total inventory value by the new total quantity of units on hand.
- Xero
    - The Bottled Batch value is moved from *WIP* to *Bottled Spirit* as Packaging Cost.
    - The Bottling Supplies value is moved from *Supplies* to *Bottled Spirit* as Packaging Cost.
    - The quantity of finished product units packaged are added to the appropriate bottled spirit product with a value of $0.00.

Edit Cost

- DISTILL x 5
    - Entire batch cost is adjusted to match what is input into the Batch Cost field under the Batch Actions / Edit menu.
    - There is no compensatory transaction within DISTILL x 5
- Xero
    - *WIP* is debited or credited according to the adjusted value
    - *Inventory Adjustments* is debited or credited according to the adjusted value

FINISHED PRODUCT ACTIONS

Add New Finished Product

- DISTILL x 5
    - A new product and/or size will be created with a starting quantity of 0 units and a starting total inventory value of $0.00.
- Xero
    - For each size created in Dx5, an equivalent product will be pushed to Xero.
    - If products exist in Xero, but not in Dx5, contact support for help entering these items.

Add Size: See Add New Finished Product

Transfer Inventory

- DISTILL x 5: Product moves to new warehouse and/or tax status as determined by user. No change in total inventory value or average unit cost is recorded.
- Xero: No action

Adjust Quantity

- Addition
    - Reason: Received
        - DISTILL x 5
            - Inventory quantity is revised to reflect the addition of product.

                - Average unit costs adjust to account for additional product at the specified cost per unit.
            - Xero
                - The quantity of the applicable finished product increases to accommodate the additional units with a value of $0.00 per unit.
                - The total value of *Bottled Spirit* increases to account for the total received value.
                - COGS – Bottled Spirit remains unchanged.
    - Reason: Inventory Overages
        - DISTILL x 5
            - Inventory quantity is revised to reflect the addition of product
            - Average unit costs adjust to accommodate additional product, though total inventory value does not change.
        - Xero
            - The quantity of the applicable finished product increases to accommodate the additional units with a value of $0.00 per unit.
            - No changes are made to the value of *Bottled Spirit*.
- Depletion
    - Reason: Transferred in Bond, Withdrawn Free/Without Payment of Tax, For Exportation
        - DISTILL x 5
            - Inventory quantity is revised to reflect the depletion of product
            - The average unit cost remains stable
        - Xero
            - Inventory quantity for the affected finished product is adjusted to reflect the depletion of product
            - The total value of inventory depleted moves from *Bottled Spirit* to *COGS – Bottled Spirit*.
            - An invoice is created for the specified customer and the defined sale price.
    - Reason: Dumped for Further Processing
        - DISTILL x 5
            - Inventory quantity is revised to reflect the depletion of product
            - The average unit cost remains stable
            - The batch receiving the dumped product will inherit a batch cost equal to the total cost of the dumped units, including the initial packaging cost.
        - Xero
            - Inventory quantity is revised to reflect the depletion of product.
            - The total batch cost of the dumped spirit is moved from *Bottled Spirit* to *WIP*
    - Reason: Withdrawn for R&D, Destroyed, and Recorded Losses
        - DISTILL x 5
            - Inventory quantity is revised to reflect the depletion of product
            - The average unit cost remains stable
        - Xero
            - Inventory quantity is revised to reflect the depletion of product.

                - The value of the inventory depleted is moved from *Bottled Spirit* to *COGS – Bottled Spirit*.
        - Reason: Inventory Shortages
            - DISTILL x 5
                - Inventory quantity is revised to reflect the depletion of product
                - Average unit costs adjust to accommodate fewer units, though total inventory value does not change.
            - Xero
                - Inventory quantity is revised to reflect the depletion of product.
                - There is no change to total *Bottled Spirit* account.

FULFILLMENT ACTIONS

Add New Order (Includes Comp/Donation)

- DISTILL x 5
    - An order is created in anticipation of inventory depletion to a specified customer.
    - Documents for Sales Order, Invoice, and Pull Sheet are immediately available
- Xero: No action

Change Order Status

- Packed
    - DISTILL x 5: No action
    - Xero: No action
- Shipped
    - DISTILL x 5
        - The shipped inventory is removed from the quantity on hand
        - The Total Inventory Value is decreased by the appropriate amount (Quantity Shipped • Average Unit Cost)
        - There is no change to the Average Unit Cost
    - Xero
        - The value of the shipped inventory (Quantity Shipped • Average Unit Cost) is credited to the *Bottled Spirit* account and debited to the *COGS – Bottled Spirit* account.
        - *For Essentials + Plus Only:* An invoice is created for the specified customer reflecting the Dx5-specified Wholesale Cost for the item shipped. This invoice may be edited in Xero before submission to the customer or receipt of payment.
        - *For Plus Only*: The number of bottles in inventory for each of the shipped finished products is decreased by the number of units sold.
- Cancelled
    - From New/Packed
        - DISTILL x 5: The order is removed from Pending; there are no changes to inventory quantities.
        - Xero: No action
    - From Shipped

        - DISTILL x 5: All shipped inventory is returned at the current average unit cost and added to both Quantity on Hand and Total Inventory Value.
        - Xero: No action. Please manually adjust accounts to compensate for this reversal.
- New (From Cancelled)
    - DISTILL x 5: The order is returned to Pending for further action. No inventory transactions occur.
    - Xero: No action

RECONCILING ACCOUNT BALANCES

Users should “reconcile” accounts monthly; while the Xero reconcile function applies only to bank accounts, users may create manual processes to facilitate reconciliation for asset accounts.

Balance Sheet (Account) Reconciliation
At a minimum, account balances should be trued-up monthly to prevent excessive drift between Dx5 and Xero due to rounding, undos, and other activities. To reconcile account balances:

- Generate a current Dx5 inventory report
    - Navigate to **Inventory > Reports**
    - Click **Generate Current Report**
    - The report will be delivered when generated
- Generate a Xero balance sheet
    - In Xero, navigate to **Accounting > Reports**
    - Search for or find Balance Sheet under the Financial Statements section
    - Change Date to Today for parity
- Compare reported balances and adjust as needed

Transaction Reconciliation
For users looking for increased detail during a reconciliation process, transactions provide additional insight.

- Generate a Xero Account Transactions report for each account to be reconciled
- For equivalent Dx5 transactions, navigate to **Taxes & Reports > System Reports**
    - View Inventory Actions for the appropriate period to identify inventory actions that may be reflected in Xero
    - View Batch Actions for the appropriate period to identify batch actions that may be reflected in Xero
    - Please note that Dx5 inventory and batch actions reports may not be inclusive of *all* transactions; reach out to the Support team for assistance if needed.