The Institue of Certified Bookkeepers

Kashflow

Kashflow
An Accreditation Review for ICB

Kashflow is an online bookkeeping solution, now owned by IRIS (popular with accountants everywhere) and aimed at the small business who wants to manage their own accounts but have the accountant also access the figures and clean it up at intervals.

Kashflow has two portals – one for advisers where you can group all your Kashflow clients on one dashboard (Orbit) and manage your branding/ invoicing etc, and the end user bookkeeping system itself. The latter is the focus for this review.

The product has been voted Best Accounting Software for SMEs for the last 6 years, and boasts 95.55% customer satisfaction. Having used Kashflow for one client for a few months, I was glad to do this review – partly so I could poke about a bit more and explore features without fear of causing irreparable damage to a client's figures, and partly because I hadn't been feeling the love and was hoping to be converted… The test file I was using was, already set up for me so I was unable to test the initial set up of the software for a new company, but I can see that it would be easy enough to do with a modicum of thought. If you are changing software, it's worth noting that there is a facility to import accounts direct from Sage 50 products, as well as import trial balances, etc from other systems, as csv files.

The Dashboard
Once logged in, (and with some data entered) the dashboard offers a snapshot of the bank accounts, debtors and creditors and a couple of graphs showing P&L movement/ bank movement etc. You can choose what is shown on this screen, within certain parameters, and it's a useful springboard direct to sections of the accounts that you most often access. With most of the screens in Kashflow the upper right hand corner of the screen is where the settings/ editing toggles are for that particular page.

On the left hand side of every screen is a static menu with links to all the main ledgers, reports, settings etc. This is the main navigation area and where we access all the areas in this review.

The layout and appearance of the whole programme is very clean, but not as visually pleasing as other solutions. There are a lot of gridlines and table layouts on most pages and I find the text too spread out and difficult to quickly see where to go next, to make it a pleasure to use.

Sales

Through the sales menu, invoices can be created, amended etc. Creating invoices is quick and straight forward. You can add new customers, products/ projects on the fly. Amounts can be entered excl VAT or incl VAT depending on the box you complete and there are numerous VAT percentages to choose from. You cannot, however, add new nominal income codes from this screen, so those need to be set up via the chart of accounts in settings separately.

Once you have saved your invoice, there are lots of things you can do with it! You can email it direct from the programme, save it to a linked dropbox account (see below), create a packing slip, print it (or make a PDF) or delete it! You can also log a received payment, or issue a refund. If you have a GoCardless function, you can set up a direct debit or request payment from the client. You can also add your own notes, or attach more files (from dropbox or elsewhere). So a fair bit going on here and whilst not all functions are useful for everyone, certainly covers all the bases I would need with my clients.

In terms of the look of the invoices, there are a number of standard templates you can use and adapt to reflect your own company logo and house style, and additional info on the invoices such as bank details etc. To do this you need to navigate through the Settings button on the left hand menu to PDF settings. There are further options available for what's included on invoices in Invoice Options, also in Settings. Slightly confusing to have this in two places perhaps…

From the Customers button on the main menu you can view existing customers with totals invoiced to date and balances outstanding. You can drill down from here to view invoices and payments etc, and also perform tasks such as receive payments, including advance payments (Quickbooks online take note!), view stats on the customers speed to pay, add notes, change default codes on invoices, default invoice layouts, produce addressed envelopes and many other functions. This part of the programme is very comprehensive and very useful to have so much info in an easily accessed format. Sales invoicing and the Customer accounts in Kashflow are not something I have accessed previously as my client does this herself, so it was a pleasant surprise to find how straight forward it was.

Purchases

The suppliers and purchases functions are very similar to the sales & customer areas, although obviously linked to a different set of ledgers. You can add new suppliers when creating invoices, attach files, save to dropbox, email suppliers and so on. You can also enable the use of purchase orders to send out to suppliers.

The purchases have automatic numbering, so you always have a reference for the transaction (take note, Xero!) If you want to use your own numeric reference, Kashflow will offer you the next number in your sequence when you create a new invoice – very handy where you want to use customised numbering. One thing you don't seem to be able to do is create a new invoice in the same screen as one you have just saved, you have to go back through the purchases tab to create a new one.

From the suppliers menu you can have a look at what you owe, and how much you have paid, and drill down to look at stats on when you first used a supplier, the last time you were billed and a list of invoices received, also drillable.

Where I find Kashflow a little odd (and just a teensy bit annoying...) is in the rules where you can post things. To 'simplify' the system for the non-accountant, they have divided the transactions type into three 'areas'. Depending on which ledger you are in, there are 'purchase codes' (which seem to be 'outgoing type' but must have an invoice attached), sales codes (AKA 'sales type') and 'bank codes' (AKA 'bank transaction type') which covers everything from petty cash to gross wages.

So, when creating a new account under 'chart of accounts' you select whether the account is for current assets/ cost of sales etc, and then you have to select an Area. You have to choose between a 'sales type' a 'bank transaction type' or an 'outgoing type'. Creating a pension control account caused a bit of head scratching.... (it's a bank transaction type apparently). The retained profits account is also 'bank transaction type'– all a bit confusing for me, let alone a small business... For example, my bank issues invoices for bank charges, which it deducts from my account at a later date, so normally I would post the invoice through the purchase ledger and add the payment later. In Kashflow though, bank interest is set to 'bank transaction type' which means you can't post to that account through the purchase ledger, (admittedly you could change the type...), you can only post it through the bank account. Conversely, a debit card payment for some stationery, for example, would, in my view, be one to enter through the bank register direct to the nominal code, but here you can't do that, you have to post a purchase invoice and then add the payment, because 'stationery' is an 'outgoing type', not a 'bank transaction type. Urgh.

To further confuse things, there is another screen you can access via the profit and loss, and re-classify your incomings and outgoings as to where they should sit on the P&L or balance sheet. Why isn't this the on the Chart of Accounts screen? In trying to simplify for the 'non-financial mind' I think they have made it doubly confusing for everyone.... ☹

Apart from that, there are some really useful functions! When adding a new account, for example, you can tell it where it would go on your self-assessment tax return (or not as the case may be). You can also pre-fill descriptions and rates when the code is selected (v useful on purchase and sales invoices).

Projects
Kashflow has a 'project' function which works a lot like Departments in other solutions, and enables you to allocate invoices and expenditure etc to specific projects for cleaner reporting. You need to turn this function on, and there a lot of possible options in the settings to what areas you can allocate transactions.

It took me a while to work out that to view the reports on projects you need to go in through the project menu and the project name, not the standard reports, which I found a bit odd. I would like to see an option where you can also see a 'whole company P&L' divided out across the projects, as you can in Xero. Nevertheless, a useful tool with good reporting possibilities, once you've worked out where to find them…

VAT

The VAT reporting and nominal's all work well. You can include late claims and set the system to calculate VAT on a cash or accruals basis, or under the flat rate scheme. Kashflow is also the only solution I have worked with that deals extremely well with flat rate clients – it calculates and even posts the adjusting journals to balance the Net VAT due to the correct flat rate percentage when you save the return.

You can also add and amend VAT rates, choose how VAT is shown on your invoices – as line items or as a total, change your reporting period and you can set up Kashflow to file your return directly with HMRC, or save it to file independently.

My only gripe with the VAT section is that the back-up data behind the VAT 100 is in excel, so you can't see the related transactions by drilling down, and the report is not very well laid out.

Bank & bank reconciliation

You can set up as many bank accounts as you like, and there is an option to automate the bank feeds if your bank supports this function.

The Bank rec is one of my favourite bookkeeping tasks (sad, I know,) so I have to say I was a bit disappointed with this one….

When reconciling without bank feeds (which I couldn't test) it's a very traditional method of ticking the transactions that match the bank and saving the completed reconciliation. You can put it 'on hold' too, which means it can save what you've done and you can go back to it. This is just as well, because if anything is missing you don't seem to be able to add it in the screen you are in, but have to go back through purchases or sales etc to post missing items, negotiating those darn 'areas' on the way. Neither can you click through an entry in the bank rec to amend it.

The thing I found frustrating with this was not being able to 'find' transactions that I wanted to amend. Because you can't drill down you have to know how the entry was posted (what 'type' of transaction), or use the search box in the top left hand corner (its TINY!). The search function does work however and will search on numbers or text to show transactions or customers/ suppliers that include the search parameters.

Support

The support is web based, accessed via the Help button on the main menu. The search facility is quick and you get a good selection of results from the Knowledge Base that generally relate to the

term you searched for. The knowledge base has recently been updated, and is a lot better than it was previously, where results included answers that related to Iris and had no bearing on Kashflow.

If you can't find the answer to your problem, you also have the option to email a query through direct to the support team, who promise a 'prompt reply'. You can also grant them access to your file to help answer the query or help sort the problem. There is no telephone support.

Backups

Unlike many other cloud systems, you can actually back up your data! You can set it to email you a full back up at monthly intervals, and the back-up can be opened in excel or imported to Sage 50. This is a big plus as a worry with using the cloud is often that you can't access your numbers once you stop using the product. You don't seem, however, to back up whenever you want to – which would be a useful addition.

Dropbox & other integrations

You can set up Kashflow to link with Dropbox – (this wasn't on my test company, but the client I have on Kashflow uses this function) where you can deposit your receipts, invoices etc. The function allows you to save items to the dropbox, or upload a file/document to a transaction. It's not as well thought out as it is in Quickfile but is useful and a good add on.

Other integrations include Paypal imports, GoCardless, Mailchimp, Viapost and Tradeshift but none of these were tested on this test.

There is also a payroll add-on which can be purchased and feeds journals direct into Kashflow. Again, not tested here.

Reporting, Chart Of Accounts and Journals

Reports are very comprehensive. All the usual financial reports are there and most are drillable, and feature a little icon to click to open your line detail in a new window (very useful!!). Reports can also mostly be exported to csv files.

There are a few glorious additions to reports such as the Health Check which gives you an opinion on how your cash flow is doing and whether you should be looking at widening your customer net… On the sales side you can view your income by customer, by product, by payment method or by source… you can pull an overdue invoices report and a monthly sales report amongst others. In purchases you can pull an 'expenditure trend report' which shows you whether certain expenses are increasing/ decreasing over time. Whether you'd actually ever use all these reports I have no idea, but it's nice to have them!

The COA that comes with the product is straightforward (except for the 'area' thing as already mentioned). You can easily add/ rename/ renumber accounts, you can also delete the not vital ones, but those that are vital, like debtors control etc, are locked and cannot be deleted, which is useful when in the hands of a gung-ho client!

You can post journals too, which is good, but you can't journal against customer or supplier accounts, or the control accounts, leading to some interesting workarounds for some tasks.

Other stuff

It has to be said that Kashflow is packed with functionality. It has a stock control management system, foreign currencies, automatic credit control, CIS functions, and a quotation system amongst many, many features. It's more of a one-stop-shop than many of the other solutions I've looked at. I just wish I loved the look of it more…

However, at the moment the 'additional user' function is in development. This seems a fairly fundamental option, so hopefully this will be coming on online very soon.

What my client said…

In the spirit of research I asked my client who uses Kashflow if she could summarise why she liked the product, this is what she said:

"The main reasons I like it are:-
- Cheap!
- Simple – I'd never done any accounts before but fiddling with it has taught me quite a lot I think.
- Good customer service, although not quite as good since the telephone support was taken away
- Lots of different bank accounts so I could record my client account transactions so they comply with Solicitors Regulation Authority Accounts Rules
- Invoicing and quotes are easy and can automate for repeat transactions. You can get them to look as you like with a bit of help from their customer service centre.
- Reports are good
- Can load PDFs against transactions and write notes too"

So – from a non-bookkeepers perspective a good straight forward choice. Pricing is a little hard to find on the website, which states that it 'starts at £5 a month'. This is the starter package which looks to be for sole traders, the Business package (ltd companies) is £10, or with payroll included its £15 (all excl VAT). So yes, competitively priced and certainly affordable.

A quick word about Orbit…

Orbit is the accountants' portal for Kashflow, where you can access and manage your client's subscriptions, either directly or just access their accounts. You can see everything the client can, and it's free. You also get an account for your own business use and get access to certain promotional tools, such as setting your clients subscriptions to have your branding at the top of their screen. There are lots of tools on there to help with practice management. I've not tested these, but do use the Orbit log in to access my client's accounts, which is very straightforward to set up. You can also place your practice in their directory of accountants & bookkeepers, so those businesses using Kashflow that are local to you can find someone to help

Summary for Kashflow

Things we loved:

- A straightforward system offering loads of useful tools and (generally) fast data entry
- VAT straightforward to record and report
- Flat rate VAT automatically calculated and the journal done for you to correct VAT due & income codes
- All transactions can be edited, deleted or amended once created without fuss.
- You can do back-ups!!!
- Great additional reports to the normal fare
- Good attention to detail in many areas with loads of functionality
- Projects are well thought out – except for finding the reporting…
- Dropbox integration and upload facility to help reduce paper records
- Support was comprehensive and easy to search
- Accountants portal has good tools and functionality
- Search function to find transactions by text or number/ amount

Things we weren't loving so much:

- The interface – too many gridlines!
- Those darn 'Areas' in the chart of accounts……
- No drill down possible on VAT return - exports to excel in unattractive format
- No drill down through Bank Rec screen or 'add transaction' button
- Can't journal direct to supplier and customer accounts or Control accounts
- No 'add new' button to create additional invoices from the same screen
- No telephone support

All in all, an impressive array of features, good functionality and (mostly) easy to use. Affordable, accessible and suitable for most SME's with little or no accounting knowledge. I wouldn't say it was a product I would choose in place of my tried and tested favourites, but it beats other mainstream solutions hands down, and offers a competitive and safe option for those looking for a cloud based system in a confusing and crowded marketplace.

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May 2015