FreeAgent

Company Background

FreeAgent Central Ltd was founded by Ed Molyneux (CEO), Olly Headey (CTO) and Roan Lavery (Product Director) and incorporated in February 2007.

FreeAgent Central's cloud-based business accounting solution is their primary offering so the company is not distracted by other revenue streams.

Based in Edinburgh FreeAgent is UK based and remains focussed on a solution that is tailored to UK markets although offer their service globally including pricing in US dollars as well as sterling.

The Product

This review is based on the service provided for a Sole Trader business in April 2014 and a Limited company in June 2014. There are three options (excluding VAT):

Sole Trader   *£15 per month* This includes self-assessment filing.

Partnerships / LLPs *£20 per month* This includes a profit-share calculation.

Limited Companies   *£25 per month* This includes dividend vouchers and filing of a corporation tax return

These prices include access for an unlimited number of users, so you can choose who can see and access your business information from internal staff to external bookkeepers and accountants.

To use FreeAgent with multiple clients, there is an accountant edition which is priced as follows:

1 – 9 licenses   *£17.50 per license per month*

10 – 99 licenses   *£15.00 per license per month*

100 – 499 licenses   *£12.50 per license per month*

500+ licenses   *£10.00 per license per month*

FreeAgent Contact Details

Address:

40 Torphichen Street
Edinburgh
EH3 8JB

Email:

support@freeagent.com
accountants@freeagent.com
General: hello@freeagent.com
Media: media@freeagent.com

Phone:

http://www.freeagent.com

Support: **0800 288 8691** or **0131 543 3201**
Accountants: **0800 025 3900** or **0131 543 3172**
Head Office: **0131 447 0011**

Key Benefits *(as advertised)*

- ✓ Brings all your finances together into one place
- ✓ Export tax payment and invoice dates to your calendar
- ✓ Free support and regular software upgrades
- ✓ Bank-level security and data protection

Send Estimates & Proposals - Build professional **estimates and proposals** which can be tracked through to approval and converted to invoices.

Invoice with ease - Charts of **invoice payments** show you, month-by-month, what payments are due, overdue or have been paid.

Manage those Expenses - Track what your company owes you by adding **out-of-pocket expenses**, including scanned expense receipts.

Tame the Bank Account - Reconcile **money in and out** of the business via your electronic bank statements and build monthly balance charts.

Wrangle the Accounts - Visual **Profit and Loss statements** show you how much money your business is making and spending.

Prepare for Tax Time - A unique **tax timeline** shows you what you owe the taxman and when. Export this to your Outlook or Google calendar

Using the software

Having signed-up to FreeAgent you are prompted to enter your business type, details and accounting dates, VAT details (dates, scheme and number) followed by your bank account information so that electronic statements can be uploaded automatically. If you do not wish to include your bank details straight away, this may be configured later, as can credit cards and PayPal accounts. You can then upload your company logo so that invoices and estimates are branded to your business if desired. Having completed these steps, the fundamentals are in place.

You will then need to enter any opening balances. This can be achieved using Journal entries from the "Accounting" menu. Each balance will have to be entered separately with the opposite entry being automatically posted to a suspense account. Until the accounts balance, a warning is shown whenever you enter into the Journal Entries area that you have unbalanced entries. The account names can be edited using the "Settings" menu and then selecting "Income and Spending Categories" from the "Accounting, Tax and VAT" section.

The next section you may wish to complete is your business contacts (customers and suppliers). FreeAgent can import contacts using the popular 'vCard' format or alternatively from Outlook using comma separated values. A link is available from the FreeAgent screen to help you export your contacts from Outlook, Google Mail, Apple Mail and FreshBooks. Alternatively you can simply click a "Create Contact" button and enter the details manually. This mechanism also lets you set appropriate defaults relating to charging VAT and displaying customer VAT numbers on your invoices and also automatically generating sequential invoice numbers.

Having entered your contact details you can then enter all customer and supplier invoices. FreeAgent also recommends when to simply enter payments made for goods and services that are not from a credit supplier, as well as business expenses incurred that may have been settled personally.

As well as Invoices, FreeAgent may be used to generate quotations (referred to in the software as 'estimates'). Depending on your business type, you may also find the "Project" facility of FreeAgent useful; whereby all costs relating to a piece of work including supplier invoices and time spent by your business on the project are tied together. By linking your customer invoice to the project you can also see the profitability of the project.

It should be becoming clear that FreeAgent offers a wide range of services and options. To give you an idea, here is the "Settings" screen where you can choose how these options are configured:

Settings

My Company

Company Details
Edit your address details, contact details and other company information.

Company Logo
Upload or change your company logos for use on invoices, estimates, and within FreeAgent.

Users
Add and manage users, passwords and control user access levels.

Export All Data
Export all FreeAgent data from your account in Excel (XLS) format.

Delete All Data
Delete all data from your account, except your basic company details.

Date Format
Choose what date format to use throughout your FreeAgent account.

Emails
Edit preferences for emails you receive from your FreeAgent account.

FreeAgent URL
Change the web address you use to access your FreeAgent account.

Invoices & Estimates

Email Templates
Manage your New Invoice, Reminder and Thank You email templates.

Price List & Stock
Manage your list of commonly sold product or service items.

Theme Gallery
Choose a template for your invoices and estimates or create your own.

Accounting, Tax & VAT

Accounting Dates
Set your Company, FreeAgent start and other Accounting Dates.

Initial Tax Data
Your Losses Brought Forward and Asset Pool Value for Corporation Tax.

VAT Registration
Set your VAT Registration status, including Flat Rate and EC VAT Reporting.

Income & Spending Categories
Manage your categories for sales income, admin expenses and cost of sales expenses.

Payroll
Manage the frequency of your PAYE/NI payments and opt-in to the Employment Allowance.

Integrations

Calendar Feeds
Enable and subscribe to iCal timeline feeds.

Basecamp
Import your Basecamp contact and project data into your FreeAgent account.

Approved Applications
Manage the third-party applications you allow to speak to your FreeAgent account.

GoCardless
Accept online payments for your invoices with our GoCardless integration.

Stripe
Accept online payments for your invoices with our Stripe integration.

Figure 1 – FreeAgent Settings screen

Having entered opening balances, customers, suppliers, invoices, bank details and payment transactions you have largely completed the basic bookkeeping activities required to produce an up-to-date trial balance. This and other reports that are available can be found under the "Accounting" then "Reports" menu:

Reports

High Level	**Profit & Loss**	**Balance Sheet**	
	Your business's income less its day-to-day running costs over a given period of time.	What your business owns and owes as at a given point in time.	

Breakdown	**Aged Debtors**	**Aged Creditors**	**Capital Assets**
	Shows you customers who owe you money and how long that money has been outstanding for.	Shows you supplier bills that you've yet to pay and how long those suppliers have been waiting for payment.	A list of the capital assets owned by your business and how they depreciate over time.
	Dividend Vouchers		
	A list of all the dividends paid to all the shareholders in your company.		

Detailed	**Show Transactions**	**Trial Balance**	
	A breakdown of what's in all or any of your FreeAgent categories.	A list of the total amounts in all of your FreeAgent categories at a given point in time. You can also export this report.	

Figure 2 – FreeAgent Reports screen

You do not need to run reports to find out a snapshot of how things stand, as there is a user-friendly dashboard of charts (see page 8).
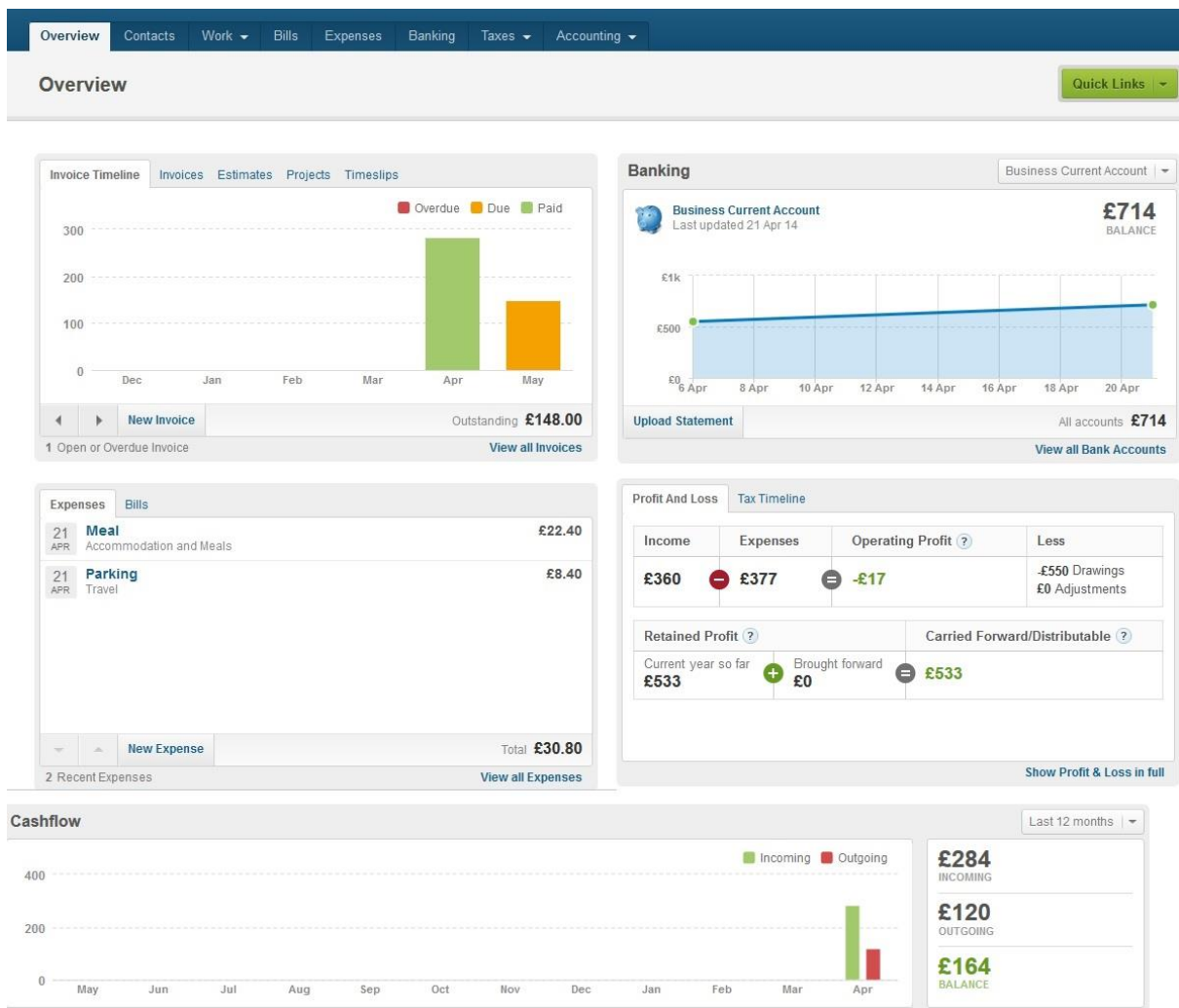
Figure 3 – Dashboard of charts in Overview

Having correctly entered all the relevant transactions for the business in a quarter, everything that is required to file a VAT return can be found under the "Taxes" menu. By selecting 'VAT' a summary of the returns together with any liability is shown, then each return can be viewed in detail by clicking on it. Further details that show how the figures in each of the VAT return boxes have been derived can be found by selecting a "Full Report" tab.

The Taxes tab will also include transactions relating to PAYE / NI that have been entered from your Payroll system. (FreeAgent is not a Payroll software package). Depending on the product that you have purchased you may also have the option to complete a Self-assessment and / or Corporation Tax Return.

Strengths

It is easy to sign-up to FreeAgent with a 30 day free trial and no credit card details are required. The company aims to make bookkeeping / accounting for small businesses simple and to enable transactions to be entered without needing to understand a complex chart of accounts. FreeAgent succeeds in this goal.

Support is free, friendly and efficient and there is a live help facility during working hours, with access to accountants, which should mean that all users can enter their business transactions effectively.

The software also enables accounting / bookkeeping practices to manage their FreeAgent clients and has an 'accreditation' facility whereby accredited practices may be entered into a practice directory so that FreeAgent users who require a bookkeeper or Accountant can view practice details. This facility could help practices to increase their number of clients.

As FreeAgent is under continuous development with new features and updates being applied automatically you always remain on the latest version, but this also means that the interface may not remain consistent over time.
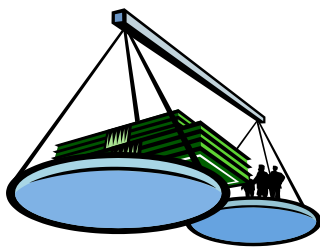
Weaknesses

Some bookkeepers and accountants may find a few activities rather fiddly compared to other software packages. For example if a large journal is to be entered using a number of credits and debits across a range of accounts (a prime example being payroll or initial opening balances) each account has to be entered individually and the whole journal cannot be entered all at once.

You need a reliable internet connection and suitable means to access FreeAgent. As is the case with all cloud-based services, the ongoing fees mean that you are tied to paying for the service on an ongoing basis, as opposed to a one-off fee with desktop software which is yours to use for as long as you like. It is also possible that having subscribed to FreeAgent the fees may increase or service be terminated in the unlikely event that the company fails.

A common issue with most cloud-based accounting packages including FreeAgent is that it is not easy to import data from other accounting packages, similarly exporting data into a format that is accepted by other packages is not easy. For this reason you are fairly tied in once you have migrated to FreeAgent and could only easily migrate away after year end accounts have been prepared. That said there is a facility to export your data into an Excel Spreadsheet that has tabs for different types of transactions. This is a good means of ensuring that you do not miss anything should you choose to migrate.

Value for Money

The price of the various options for FreeAgent is comparable with other cloud-based accounts services. Free support and unlimited users is a definite bonus for users that may need more of a helping hand and businesses who need to share their data with several people.

Testimonials

"*Using FreeAgent is the best thing I've ever done for my business.*" James Kennedy, Kennedy City Bicycles

Tweets from users:

"*Made the switch over to @freeagent a few days ago and have to say it's so much better than everything else I've used!*"

"*Great #CustomerService from @freeagent this afternoon. A great system for looking after finances of small business.*"

"*Every day I realise how @FreeAgent is essential for a one man UK company*"

"*Have I mentioned that @FreeAgent is the best thing since sliced bread? Don't run a one man UK Company without it.*"

Summary of Review

The FreeAgent accounting service has been around for a number of years and is growing in popularity with new interfaces and add-ons being released. It is a comprehensive offering with an intuitive interface and, being reasonably priced with a no-obligation free trial, should be considered when evaluating your options for bookkeeping / accounting solution.

Disclaimer

The Institute of Certified Bookkeepers having reviewed the FreeAgent software as supplied in April 2014 cannot be held responsible in any way for the actions of the company, FreeAgent Central Ltd or their software. This review is merely an unbiased overview of the software package. Any enquiries should be directed to support@freeagent.com