



**Institute of Certified
Bookkeepers
Software Review
2018**

Zoho Books

Company Background

Zoho Books originates from the USA (the company originally founded in 1996 under the name AdventNet), and now has support centres all over the world. This accounting solution comes from a suite of other products under the Zoho brand – CRM, HR, email & collaboration solutions, which can work together to provide a whole business management solution. Zoho Books is also a standalone product. I tested the GB version, and, without wanting to give the game away completely, let's just say, have fallen helplessly in love!

Setting Up

Sign up process: quick and easy sign up just using an email address and password – there is a free 14 day trial to get you up and running. Registering for an account triggers a welcome email which contains links to a 'how to' video and the (very helpful) help section. You can also set up two factor authentication on your account (now or later) which is becoming standard but by no means general practice and is recommended. There are some webinars available to give an overview on how it all works, but actually I found these too wordy and a bit unclear – which is exactly the opposite of my general experience with the product so don't let that put you off! Might be useful if you are good at learning that way, but I like to dive straight in, and luckily this is a really intuitive system!

In the opening screen you input basic company details and can then choose which additional modules of the software you want to use (if any). Those provided are Estimates, Retainer Invoices, Timesheet for Time Tracking, Price Lists, Sales Orders, Purchase Orders, and Inventory. These features, whilst not all individually tested, enable the software to be very flexible to different business needs – retail businesses or general management of stock for example would provide a good option for someone needing those extras. If billing by the hour, having this facility built in to your accounts is a great feature.

Also in set up you get the chance to integrate a payment scheme via Go Cardless, PayPal, Stripe etc. I loved that this was so easy to do from the get-go as its proved quite long winded in other programmes to link to payment merchants.

Opening balances are easy to set up through the menu prompts. New accounts can be created as you go. You can save opening balances before you've balanced them – the system will create an opening balance adjustment which can later be corrected. The layout is very clear, with debits and credits in separate columns. You can go back and edit the opening balances at any time.

All the settings can be changed or updated at any time through the settings menu on the dashboard.

Chart of Accounts

This is also part of the set up, and is organised by type of account but you can also order it by name, or you can give each nominal an account code and organise it that way too. Very flexible. Some of the accounts can be deleted, others not, but you can edit the names of the accounts if you wish. I

wasn't clear as to why some of the accounts couldn't be deleted (air travel expense, for example) but it's a minor niggle. There is a facility to attach a file to each nominal if you wish. You can also look at all transactions held in the account on this page. Really easy to add new nominals under each type of account (income/ asset etc). You can also import or export the chart of accounts via a .csv file. A template for import is provided so you can cut and paste data in from a different system.

Bank Feeds

These are pretty standard now in online software and no exception to that, Zoho offers feeds to most UK banks. I set up my trial version with a feed from Yorkshire Bank. Once pulled through (which it did without fuss) the interface is really clear and laid out well, again with credits and debits separated out into columns and lots of transactions visible at any one time due to the nature of the layout.

Other settings

Reporting Tags can be set up too – these will track any transaction in the same way as Sage Departments – by location/ salesperson etc. Again – easy and quick to set up and simple to apply at any stage. There isn't currently an option to make them compulsory, although I understand that this is in development and can be enabled shortly. The tags are entirely user generated and are two level – e.g. City – Leeds/ York etc and you can have multiple tags on a transaction as long as they come from a different heading – i.e. you couldn't tag Leeds & York in the above example as they both come under Cities. There are other settings that will link this solution from others in the Zoho suite, but these were not tested in this exercise.

Appearance & Layout

The screen presentation is always uncluttered and clear, whichever menu you are in– very easy to read and well laid out. The side bar with the menu options remains in sight at all times (although you can minimise it), which is important and useful. I did try to use it on a half screen on my desktop whilst writing the review and it didn't look good – but a minor gripe to do with formatting more than anything else.

Menu's are laid out logically and (nearly) everything is where you expect it to be. I would like to have seen Suppliers information under the Purchases menu and Customers under Sales, but these are all held in Contacts at the top of the menu – again – a minor niggle.

If a heading doesn't have a drop down menu, it can be opened in a new browser tab or window, which is essential if you are cross referencing between bank and invoices for example. I recently tested another product where this couldn't be done and it was SO frustrating!

Dashboard

Once you're set up you can have a good look around. The dashboard is where you will find the graphs and charts that seem to be in every solution but that I never take any notice of at all... everything here is pretty and clearly labelled, and clickable, but I am going to head straight into the rest of the side bar menu....

Sales

When entering your first sales invoice a menu appears to set your preferences around discounts/ shipping charges etc and VAT treatment. You can also add a salesperson if you wish, to track sales by individual.

Customers can be added when creating invoices with minimal required information, but plenty of info recordable if that's what you need, including the client's social media tags! You can also assign a user contact per customer to restrict other users looking at customers not in their remit. The system auto generates invoice numbers, but these can be amended if you wish to start at whatever number you choose, or you can manually enter them each time. Item details can be typed in, or you can set up an item list if selling stock items. VAT is easy to add, it can be included or excluded from totals, and you can set up new VAT rates if you wish.

The invoice templates are easy to customise (although they look pretty good anyway!) although my logo looked a bit pixelated when I uploaded it. You can change fonts etc and add extra fields and add T&C's at the bottom (editable for each customer). You can store different templates for different customers if you wish. If you can take payments by PayPal this link is added to the footer. Recurring invoices are easy to set up and invaluable for businesses like mine where the invoices are the same every month.

Once complete, you can save and share/ print/ send or even schedule when you want to send it – this would be enormously useful for one of my clients and not something I have found before. You can also tick a box to send the customer a statement at the same time as the invoice – really useful for clients who have multiple invoices and another great feature. It's the little things that make a difference!

Each invoice holds its own mini audit trail where you can see when it was created/ sent etc. At the bottom of each created invoice is an option to see the journal behind the transaction – I love this feature and will find it very useful.

Receiving Payments

Payments can be recorded in the invoices screen by clicking on the red Record Payment button – you can enter all the relevant info here. Straightforward to receive payments to any of the bank accounts or cash, part payments or payments in full, AND you can tick a box to send a thank you note to the customer which gets automatically emailed on saving the payment. Fab!

Small niggle is that if you receive a payment on account, or overpayment from a client, you can't enter this in the Record Payment screen, it has to be done through Payments Received in the Sales sub- menu – I struggled to find this for a while and wondered why it wasn't built into the Record Payment screen. The payment can be allocated to the next created invoice at draft stage if you wish, so easy enough to do, just a bit of a workaround in terms of menus.

Bank

The bank feed shows all transactions coming in. You can filter the transactions to show those that are recognised or potentially matched in the system – and then tick to accept/ categorise those that are correct. Its worth checking them though as, as with other systems, its not infallible!

Opening an unrecognised (i.e. unmatched) transaction line will show you any suggested matches or likely postings based on your transaction history, and these are simple to accept or edit.

You can post all other transactions direct from the bank feed – click on the line item to categorise/ allocate an account, vendor, date, VAT etc plus spaces for a reference and description and you can also attach receipts. You can easily create a Rule to post regular transaction using the same criteria – the option to do so pops up once you have saved a transaction. This is SO useful – I have never found the rules work in Xero as its slightly complicated (!) but this was super easy. You still need to 'categorise' each entry (i.e. open and save it) but the details are prepopulated based on the rule.

By categorising a line entry, the system posts the entry and then removes it from the screen showing the bank feed line items. Categorised lines then need to be Reconciled through bank reconciliation – the tab for which is a bit hidden away in the settings button on the top right of the screen. I'd like a bigger button making it clear where to reconcile the account or pull reconciliation reports, in the banking screen. Being a bank rec addict I like this extra step of reconciling to statement, which is very similar to Quickbooks, as it ensures that you have captured everything correctly in the period, but Xero doesn't require this step and often bank feed errors mean that the balances are wrong, which then take ages to notice and find. If you have matched a transaction on the bank screen it will be auto selected in bank rec, so if you have categorised everything already, the reconciliation will balance and you just need to press reconcile to clear the history down. Super easy.

Multi – currency is enabled by default, and exchange rate feeds are enabled to give you a date linked value – so useful if you have clients that travel and come back with acres of receipts in euros etc! When posting a transaction you can determine the currency you want to use and the exchange rate conversion means the actual value of the transaction in your base currency is automatically recorded.

Purchases

Purchase invoices are created per Vendor (rather than supplier). Invoice numbers have to be created by the user. The help says that they 'don't need to be auto generated' but actually I wish they were - it's very much easier to find things, especially if they are paper invoices. Luckily there is the ability

to create additional custom fields on the invoices (sales & purchases) including the ability to add a consecutive number sequence as mandatory which is easy to do and neatly gets around this

Here's an odd thing - when you create an invoice from a supplier, it creates a PDF that looks exactly like a sales invoice with your company logo etc. I have no idea why? You can attach a PDF or photo of the actual invoice to the record, but this doesn't appear except as a link. I found this a little confusing – it works well in the sales invoice screen, but I kept thinking I was in sales when actually it was purchases.... Would be better if you screen shot the actual bill and that appears in the window instead?

A nice touch though is that when creating a purchase invoice, you can choose whether to make the expense billable to a customer – and/ or assign it to a Project (different to Reporting Tags and relate to time keeping per client). If an expense is marked as billable you assign it to a customer and it will pop up as a reminder when you next create an invoice to the customer. In the meantime it is flagged as UNBILLED in the expenses transaction log.

Autoscan/ Document Upload

Hidden away in the document folder icon top right of the screen, is the option to enable Autoscan (at additional cost) – this will scan uploaded purchase invoices/ receipts etc and categorise them, entering basic info for you to view and save. It takes a little while! Once processed, you open the document in the folder and assign to a transaction type and then the captured data is prepopulated. In the example I tried, it correctly assigned a vendor name, total payable and date of issue without any problem. I've not used autoscan before so good to know it works, and it's a useful component here instead of having to pay for third party scanning via Receipt Bank etc, although I'm guessing for large volumes of transactions you may still want to out source this element. Up to 50 scans are charged at £4 a month with a sliding scale thereafter

You can also enable a default mail box, to which you can send emailed documents. These can also be scanned and turned into prepopulated transactions as above, or held as a document for you to then assign to a transaction type and fill in all the information. Helpfully, if you do this, it opens the document and keeps it open while you log all the info.

Journals

One of my bug bears is an accounting solution where journals are hard to locate (Quickbooks!) or you can't journal to bank accounts etc (Xero!). In Zoho, the Manual Journal tab is top of the list under the Accountant menu and journals are really easy and user friendly to post. You even get a 500 character notes section which means you can write pretty comprehensive notes if you need to. You can journal to bank accounts and assign transactions to a contact to post to a debtor or creditor account. Once created you get another PDF style document appear, so you can see exactly what is in the transaction. You can also see the list of journals created, which are sortable by date, number etc.

Contacts

Every customer or vendor you create in Zoho gets stored away under the Contacts tab in the side bar menu. This means you can easily find anyone you have done business with. You can choose to see everyone, or just customers or vendors etc from the wide range of options in the drop down menu depending on how you have categorised your contacts. Clicking on a contact will open up their log, where you get a really comprehensive overview, plus tabs for Comments (write notes to remember salient points), list all the transactions you have had with them, see emails you have sent (if you link your account via gmail it will suck through all conversations you have had), and a statement of what's gone in and out to them in any given time period. I love the fact that you can get statements for suppliers as well as customers which some solutions don't seem to think is important (it totally is!) and that you can print, email or share it straight away from that screen.

The only sticking point for me is that you can't have a contact who is a customer AND a vendor – you have to have separate contact logs for each.

Payroll

There is no payroll option with Zoho, but you can bet your life they are working on it.... And in the meantime the ease of posting journals will make it easy enough to work around.

VAT

The VAT return screen is under Reports on the side bar menu, and, as with everything in this programme, is quick and easy to use. The programme supports flat rate, cash and accrual VAT, plus international VAT and reverse charging too. If you have transactions that miss the quarter end filing they can be included in the next return by simply ticking a box – no complex exception reports here!

Enter the dates of your regular returns and you can view a VAT100 for the period. The totals shown in the relevant boxes are all clickable to show transactions included. You can leave comments on the return (for your own use) which is a good feature. The VAT100 can only be exported as a PDF, although the individual reports per line can be downloaded as excel etc too.

Bulk export all transactions of VAT Return in a single file is available. Finding the single report that detailed all of the transactions captured in the VAT return was very well hidden - I would have liked this to have been much more clearly accessible as its a feature I use a lot with clients

MTD

Currently you cannot file your VAT return within Zoho, just mark it as filed, but online filing is coming online in April 2019, and is already possible via a BETA version currently being trialled. I have no doubt that this will be an excellent and easy to use addition to the existing VAT reporting.

Reporting

There are multiple reports available, from the standard P&L to Refund Histories, Activity Logs & API usage. All reports are customisable although there didn't seem to be an option to save a particular format to use in future periods. You can also schedule a report to generate and be emailed to a contact on a specific date and time, which I imagine would be very useful. Reports can be pulled using a combination of set up tags to really focus the data, and all can be exported to PDF, or Excel files. I liked the simplicity of some reports - Customer Balances as opposed to Ageing summary for example, and think many of my clients would understand these a lot better too!

Automation

Under settings the Automation modules enable you to create rules to perform certain actions automatically. These are created as Workflow rules, and it took me a while to get my head around this – but it could potentially be really useful in a large scale business with many team members... The example given in the help is that of a congratulatory email being automatically sent to team members if an estimate of over £1000 is accepted by a client – although a huge range of variables can be chosen to produce a vast range of automated responses. The steps to explain the process are clear, but lengthy. I tried to set up an alert to email me when a payment against an invoice was created, but I got a bit lost in the process and it didn't work, but this will be entirely down to my abilities! As a bookkeeper for small businesses (sole traders and companies with just a handful of employees) I'm not sure I would use this functionality myself, but it might be a good selling point for a large client, particularly if you possess the skills to set them up with workflow rules that tell them when important events have occurred around their finances.

Mobile App

The phone app for Zoho is just as user friendly as the desktop version, and, again, I found it easier to do certain things than in the Xero app, which is quite limited, especially around bank transactions. Sadly, it doesn't have the automated photo recognition option that the Quickbooks app has to categorize receipts, but hey, I can live with that. It has LOADS of good and useful functions, and would be an excellent option for people who want to manage their business on the run.

Help

Each page has a pop up help 'page Tips' with FAQ on each topic on that page. All are clickable and will open in a new tab. The general Help pages are really easy to search and had answers to everything I asked of it, although some of the answers were quite brief!

Other stuff

Within Zoho is the ability for clients to log in to your businesses portal to see their invoices, estimates and to make payments. The portal is defined by a URL which you can partly alter if you wish before sharing with clients. Nice touch and similar to Xero but without the need to set up an account which is good.

You can have multiple users per account (at extra cost) and user permissions can be clearly defined to give access to only certain parts of the system. A single user (£6 a month) can invite in an advisor for no extra cost, £12 a month will get you 3 users, £18 a month will get you 10 users. The packages also give a sliding scale of number of contacts etc. As an accountant you can apply to be an advisor, attend a free webinar, and then use Zoho for your own books for free whilst offering out the service to clients. I am definitely doing this!! The marketing around the programme is also slick and impressive without being too showy-offy (!) or trying too hard. A great balance and made a great impression on me.

Summary

Great Things about Zoho Books!

- Set up process – very quick and easy with good clear steps to get up and running
- Payment processing (PayPal etc) and bank feeds very easy to set up from the beginning
- Straightforward and uncluttered interface and headings
- Menu's that are comprehensive and clear
- Bank rules that are super easy to set up
- Multi-currency available with exchange rate feeds enabled
- Scheduling sending of invoices
- Option to send a statement with an invoice – genius!
- Thank you notes emailed when payments posted against an invoice
- Reporting tags
- Billable expenses – that flag up for inclusion on customer invoices
- Everything is editable!
- Autoscan on documents (at extra cost)
- Transactions that are entered after a VAT quarter has been closed will be included in next quarter just by ticking a box on the VAT return
- Ability to schedule reports to be sent by email on specific dates and times.

- Great mobile app
- Affordable and realistic pricing
- Additional custom fields on invoices that allow you to auto generate reference numbers plus many other useful options.
- Loads of exciting looking extras that I just didn't have time to test around stock, time billing, projects, advanced analytics (customised reports to track against KPIs anyone?!) the workflow automation etc plus all the other Zoho suite products!
- Automation of workflow – useful for large scale businesses

Not so great things.... (and really, I'm being picky here.....)

- Customer payments on account or overpayments can't be applied in the Record payment screen
- Purchase ledger creates 'bills' that look like sales invoices?
- Help topic statements were occasionally a bit brief, and videos a bit wordy and full of 'umm's' and 'errr's'

The developers are also keen to state that modifications are happening all the time – and if a feature is missing, you can always request its considered for implementation!

On balance

Zoho Books is a really heavy weight solution with huge functionality, in a beautifully simple package. So many extras and features – it was like all my Christmases came at once! Loved this solution so much I am going to swap my own accounts from my beloved Xero into Zoho as soon as possible! The more I delved into it the more things I found – so much scope here that I really hope it gets the attention it deserves and I'm sorry that I didn't have more time to play with it before the review deadline. A great, unpretentious, user friendly solution for all levels of business. Zoho Books – you rock!

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