Institute of Certified Bookkeepers Software Review

Conducted by Lara Manton MICB

November 2024

About you

Lara Manton runs LJM Bookkeeping Ltd. She was named ICB's Small Practice of the Year 2021 and Influencer of the Year 2023. She has been nominated for multiple Accounting Excellence awards, including a Highly Commended in both Bookkeeping Team of the Year 2023 and Digital Transformation 2024. Lara was also named as one of the Top 50 Women in Accounting in both 2023 and 2024. She sits on the ICB Advisory Council and works with several software providers to help test and give feedback on various parts of their software. Running her practice for over 10 years, she helps clients of all sizes with their finance function needs, consulting on implementing the right software for them and ensuring they have the most efficient systems.

Summary of Review

Zoho Books has tried to make its system fit the business rather than vice versa. I don't think I've ever seen a system with quite so many modules included, and with six pricing plans, you're going to find an option for most clients.

The added functionality might confuse the basic users, but it does mean that as a business grows, it shouldn't outgrow Zoho. If clients scale rapidly, then they have all the other range of products in the suite, such as Analytics and Billing.

It is built for client needs. Some of the bookkeeper tools are a bit clunkier, but I'm sure you'd get used to using them quickly. I can only see the integration list growing, and I can see that they would add MTD ITSA compatibility as well.

They have a range of new features coming up, so definitely keep an eye on the roadmap and announcements if you think you might want to start offering Zoho to your clients.

Interestingly, they've been established for years but not heavily tapped into the UK market. I've had clients use their free invoicing platform and their document side before, but I'm coming across more enquiries for Zoho Books. There's definitely an opening with only 17 UK partner accountants and no bookkeepers on their partner list currently.

Company Background

They were founded in 1996 Headquartered in Austin, Texas, with an international office in Chennai, India, where the founders originated from. They have more than 55 products across the suite of items, but we're only looking at Zoho Books in this accreditation.

They have 30 locations and pride themselves on being local to the countries they serve. The UK and European headquarters are based in the Netherlands but are opening more European offices. The main product is supported in India, but the local offices will help users across various time zones. They have over 100 million users across the whole suite of products. From the finance side, they started in 2008 with Zoho Invoice.

In 2021, they made it a free solution. Zoho Books was launched in 2011, and country-specific versions were launched in 2014. There are now 16 different editions. The UK version was launched in 2015 and became MTD-compliant in 2018. In addition to products in the Zoho ecosystem, Zoho Books integrates with a wide range of external products, such as banks, payment solutions, expenses, inventory, e-commerce, shipping, and document portals. You can also connect it to Zapier for additional integrations.

Zoho Books prides itself on being a cloud-first system; privacy is important to them. They're fully GDPR compliant in the UK and across all regions they cover.

The Product
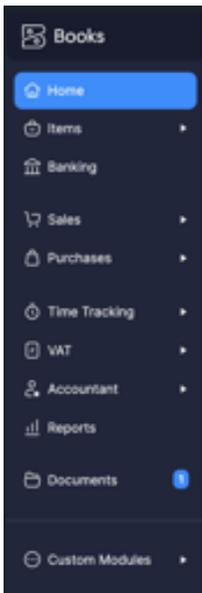
Zoho Books is designed as a full accounting suite, offering inventory, sales and purchase orders, prepayments and payment portals as part of the core offering. It is fully MTD for VAT-compliant and allows businesses of all sizes to find a solution right for them.

Zoho Books has multiple modules covering everything you might need to do when running a business. You can access these modules via the settings in the top right-hand corner. However, as a default, they turn on inventory, the ability to file VAT returns, and the invoices and purchases sections. Sales and purchase orders are additional, as are approvals, branches, and payments. These can all be turned on from this settings menu.

Also, in the settings menu, you can enter your opening balances if you're coming from other software or are not starting from scratch as a new business.

The left-hand menu will be your most used feature, and you will navigate to all the different sections of the software. You will notice that most of them are expandable.

It also has a help section, updates and announcements tabs on the home screen.

Dashboard

The dashboard is the first screen you'll visit when opening Zoho Books. It gives you the ability to view high-level reports. These include a cash flow statement and profit and loss (which you can either set to show as an accrual or as a cash basis), as well as identifying your top 6 expenses.

Your cash flow statement is customisable, as are some of the widgets on this dashboard. Still, they are designed as high-level reports rather than being able to drill down into the details that you can do under a different module.
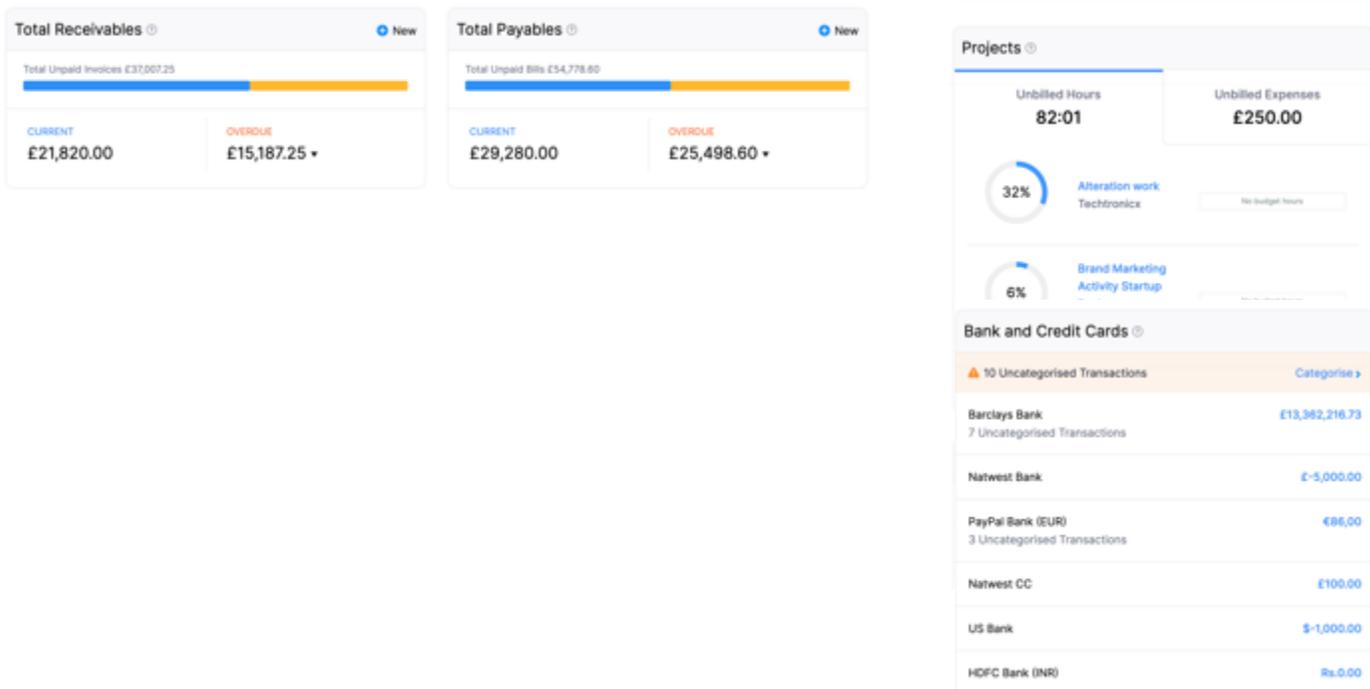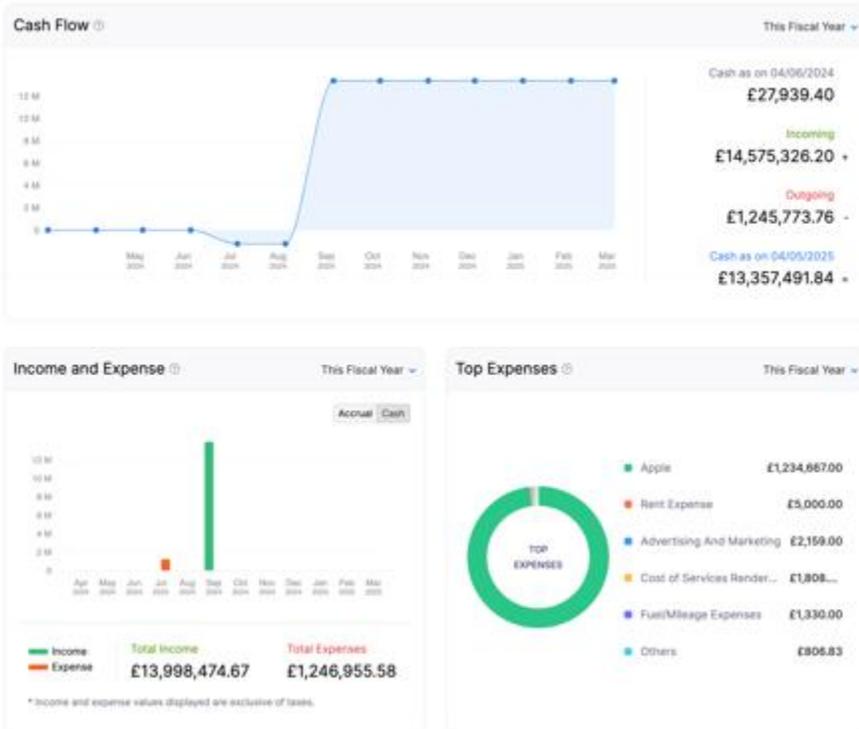
You can also see your unbilled tasks, expenses, and uncategorised transactions from this widget.

If you have the accounts watch list set up, clicking on any item will take you to transactions within that nominal code. You can also add sales by customer and additional reports by clicking under 'My View'. This dashboard customisation is for you only and isn't available across the whole business. This means that if you have different users accessing Zoho, they can customise the dashboard to what they need.

Sales

The sales section is divided into multiple options, so rather than having everything on one screen, you have the different sales parts within that, such as invoicing, credit notes, and quotes. You can then see the various stages of invoices within that list. This is all navigated from the drop-down on the left-hand side. You can import new customers via a spreadsheet or add them one by one, depending on what stage your business is in.
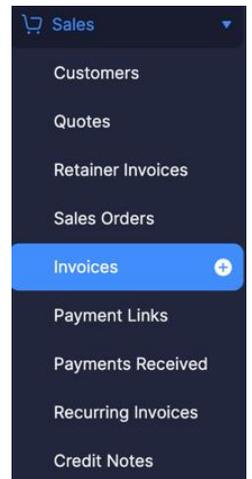
Your customers, get their own customer portal, where they can view and download all their quotes, invoices, statements and associated documents. It's also where they can make payments, as Zoho has embedded payment functionality, which means you wouldn't need an additional add-on for accounts receivable. This makes it very easy for your customers.
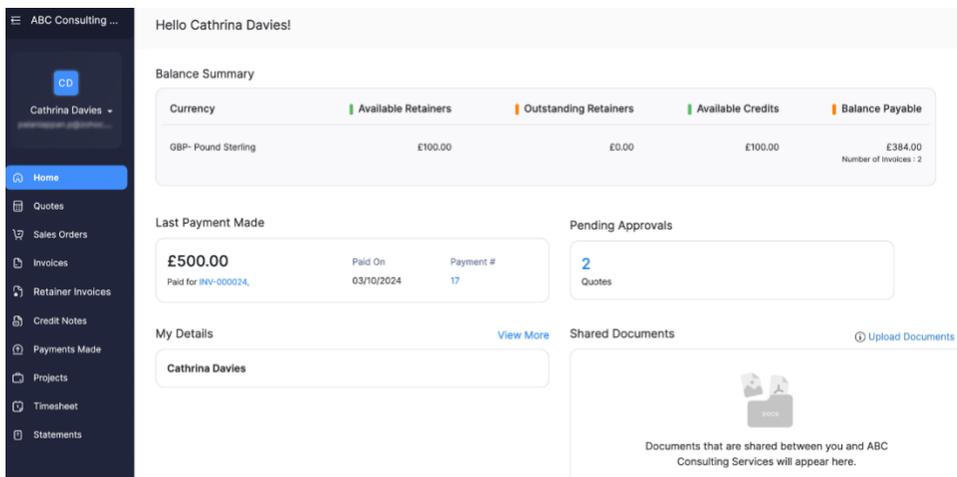
Within the invoices and quotes, you can assign them to projects and tag them with up to 10 categories (with 500 options) and labels to easily view and find information. To do this with the quotes, click the 'show

additional information' button to ensure you have the full view. Once you've sent a quote, customers can enter their portal and accept or comment on it. It would then be converted to a sales order or an invoice, and you can set up custom views within the system to see where different items are.

Invoices also have a pop-up to show you additional relevant customer information, such as how many unpaid invoices there are for that customer.

You can add detailed terms and conditions and notes and attach documents to the invoices.

The work flow is quote > sales order > invoice, but obviously, you can skip the quote or sales order part if not required.

The sales order acts as a pro forma; if you're selling items and have them turned on and the tracking turned on, it lists them as committed stock. It wouldn't automatically reduce the stock level to start with, but once a quote was accepted, and the sales order was created, it would ring-fence that stock for that order. Then, when you've invoiced the customer, the stock will be reduced by that amount.

You can save everything as a draft before you send it. If you need the ability to go through an approval process, for example, if an admin person within the team needs approvals from a higher level, you would have to turn on the multi-level approval within the settings. If approvals are turned on, they are only sent out, and stock is reduced until the final approval has been completed. It only affects your stock or report, such as your profit and loss, once it's been fully approved. Anything in drafts or awaiting approval has not yet hit your profit and loss. They also can do retainer invoices. These are not repeating invoices; they are designed for billing in advance of work being completed, such as invoicing before preparing the accounts. For this reason they are classed as income in advance, and they would go to a balance sheet code rather than hitting the profit and loss.

Retainer invoices sit completely separate from sales invoices. At the point at which you want that sale to be recognised, say if you're invoicing a month in advance and then in November you produce that work, you would need to raise an invoice and then apply the retainer payments to it, at which point it would move to the profit and loss.

They're almost again that pro forma for services rather than goods. It's a way of requesting payment from the customer, and they can use the portal to make that payment. The idea is that you've got they've got paperwork to be able to make that payment at the start.

They also can do recurring invoices, so you can set up repeat invoices every month or however many days, whatever you need. You can also put those to draft, auto approve, send, auto approve and charge. For example, if a customer has added their card details, that would automatically charge their card on the set date. That's good as an alternative way for direct debits. If customers use the portal and have entered their card details, you can automatically collect them without using a third-party system such as Stripe.

You can also import invoices from previous accounting software or elsewhere. You clone invoices, not copy them, so it's just a change in wording compared to other systems.

You can send a payment link via the portal without sending them an invoice. You can request a payment, which will sit on the customer account. When you raise a sales invoice, you can apply that payment to the sales invoice. Also, if you don't want to go down that route, you have the payments link as a separate option.

This gives lots of flexibility to different business models and needs but could be confusing for in-house teams, so you need to be careful not to end up with retainers and payments but no sales on the profit and loss.

Purchases

It has an in-built OCR extraction tool for all purchase invoices via email or drag and drop. As each contact has document storage, you can also attach contracts, statements and notes via the document workflow and store these as well, which means it acts more as a CRM than just a document capture.
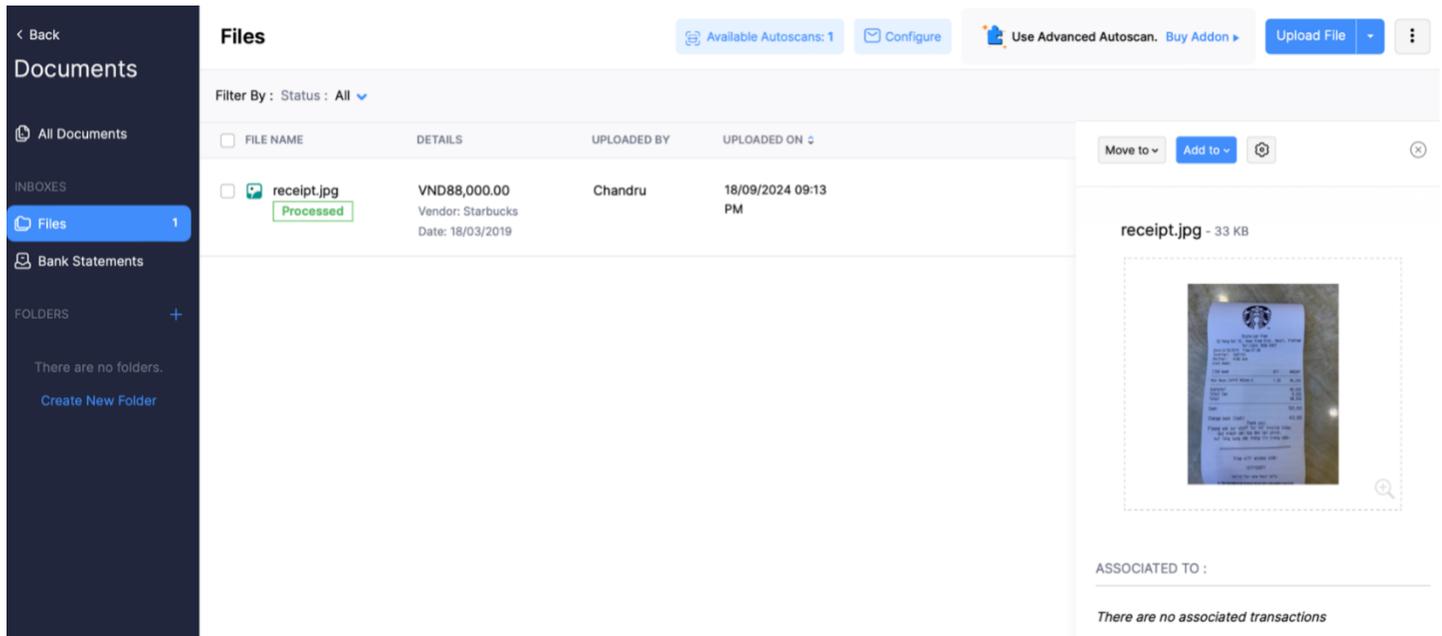
They are building out networking, meaning if your supplier or customer is also using Zoho, you can send that automatically from one Zoho account to the other, and they are already set up for e-invoicing in countries where it's available. You can also use Zoho billing, which will allow you to manage subscriptions, SaaS products, and employee expenses. This is where the Zoho network comes into place with all these different items and modules, not just in Zoho Books but across the wider area.

Purchases have the same configurable approvals at sales, each working independently of the other and the inventory approval workflow. You turn them on and customise them from the settings.

Sales Approval   **Purchase Approval**   Inventory Approval

Purchase Approval Preferences

○ Don't configure Purchase Approval

○ All the approvers can approve

◉ Configure multi-level approval with specific approvers

⋮⋮ **Level 1** : Approver | Lara Manton   ⌄ | ⊖

Remove Approver

⋮⋮ **Level 2** : Approver | Oscar Adams   ⌄ | ⊖

⊕ Add New Level

NOTE:
1.) Admins can bypass multiple levels of approval and approve transactions once and for all. They can do this by selecting the transaction > More > Final Approve.

Notification Preferences

☑ Send email and in-app notifications when transactions are submitted for approval

☑ Notify the submitter when a transaction is approved

The easiest way to bulk pay invoices and net them off against bank transactions is to do them from the payments screen, and you don't have to go into your customers or suppliers to find the purchases you need to pay. However, at the moment, this would not send the payments out to the supplier. It is just a reconciliation feature rather than reconciling back from the bank statement (which is designed more for single-item payments)

You have an expenses module within the system, allowing you to add mileage, which is handy as you don't need additional tools. Again, you'd need to turn this on from the modules in the settings. You can also choose purchases and expenses to be billable back to your customers so they would sit on the account and show up when you were creating invoices. You can also bulk-add expenses.

If you want to use Zoho to track your billable expenses, you can have different billing methods depending on whether it's a fixed price, project, staff hour, or task times, and you can define the user and task rates for each item.

It has a time tracking functionality, allowing you to log time, start a timer, or add manually, and then you can choose whether that's billable for your client. It also has a Chrome extension for time tracking, so you don't necessarily need to be in Zoho Books to do that. You can add project items from any new transaction and create and apply projects, so they are more linked to your sales and purchases than on a stand-alone basis.

Everything links back to one another, so purchase orders (that work in the same way as sales orders) can be connected to an invoice, as can expenses, allowing to see the complete picture of each purchase easily.

Banking

Zoho Books' bank reconciliation is a 2 step process. As expected, you can connect to bank feeds to all the major banks. You can also manually add accounts if you need petty cash or credit card accounts, and you can import them in and use the bank feeds module.

Dashboard Account Summary	7 Uncategorised Transactions From Bank Statements	All Transactions In Zoho Books					
DATE ⌄	REFERENCE#	TYPE	STATUS	BRANCH	DEPOSITS	WITHDRAWALS	RUNNING BALANCE
19/09/2024		Retainer Payment Customer: Conrad Healy	Manually Added	Head Office - London	£200.00		£6,170.42
18/09/2024		Vendor Payment Vendor: Leo Thomas	Manually Added	Head Office - London		£75.00	£5,970.42
18/09/2024		Vendor Payment Vendor: Jake Holland	Manually Added	Head Office - London		£20.00	£6,045.42
18/09/2024		Vendor Payment Vendor: Jack Oliver	Manually Added	Head Office - London		£20.00	£6,065.42
18/09/2024		Customer Payment Customer: Cathrina Davies	Manually Added	Head Office - London	£100.00		£6,085.42
18/09/2024		Customer Payment	Manually Added	Head Office - London	£898.15		£5,985.42

Barclays ⌄

			DEPOSITS	WITHDRAWALS

Amount in Zoho Books
£6,170.42

Dashboard Account Summary	7 Uncategorised Transactions From Bank Statements	All Transactions In Zoho Books ▾		Multi-Select & Match

☐	DATE ⌄	STATEMENT DETAILS	DEPOSITS	WITHDRAWALS	🔍
		Description: Food Expenses Payee: John Smith			
☐	06/09/2024	Reference#: Ref-8674 Description: Migration Charge Payee: Paul Adams	£900.00		
☐	04/09/2024	Reference#: Ref-9832 Description: Hotel accommodation Payee: John Smith		£100.00	
☐	03/09/2024	Reference#: Ref-9872 Description: Opening Balance Payee: Cathrina Davies	£2,500.00		
☐	02/09/2024	Reference#: Ref-2134 Description: Advance Payment Payee: Conrad Healy	£200.00		
☐	01/09/2024	Reference#: Ref-1900 Description: Cheque deposit Payee: Patrick Luis	£5,000.00		

MATCH TRANSACTIONS   CATEGORISE MANUALLY   ✕

Best Matches 01 ⌄

Customer Payment for £2,500.00   **Match**
Dated 01/09/2024
Peter Brown

Possible Matches   SELECT ALL ▽
Transactions upto 01/12/2024

Invoice for £900.00   ✓ Select
Dated 18/09/2024
Jordan Smith │ Invoice# : INV-000010

Customer Payment   ✓ Select
for £898.15
Dated 18/09/2024
Anton Fredrick

Invoice for £675.00   ✓ Select
Dated 10/09/2024
Derek Williams │ Invoice# : INV-000005

Invoice for £600.00   ✓ Select
Dated 25/09/2024

Match   Cancel

In Zoho, they are called uncategorised transactions, and you have a drop-down on your banking screen to choose between uncategorised transactions, matched transactions, or categorise manually. You can create transaction rules for automatic categorisation, see which items have been recognised, and review them before categorisation. If you don't want to categorise them automatically and you want to be able to review those transactions before they are posted. In that case, you can do full automation or partial automation.

Barclays - Reconciliation

☑ Show based on grouped bank statements │ View Reconciliation Status

Period: 01/01/2024 to 30/09/2024   4 Selected Transactions

STATEMENT DETAILS	DATE	TRANSACTION DETAILS	TYPE	DEPOSITS	WITHDRAWALS	SELECT ☐
	01/01/2024	*** Opening Balance ***		£0.00		
Manually Added	01/09/2024	Accounts Receivable	Invoice Payment Customer: Patrick Luis	£228.00		☐
Manually Added	01/09/2024	Accounts Receivable	Invoice Payment Customer: Peter Brown	£2,500.00		☐
Manually Added	02/09/2024	Advertising And Marketing	Expense		£100.00	☐
Manually Added	05/09/2024	IT and Internet Expenses	Expense		£12.00	☐
05/09/2024 £1,500.00	05/09/2024	Unearned Revenue Ref #: Ref-5346	Customer Payment Customer: Conrad Healy	£1,500.00		☑
08/09/2024 £350.00	08/09/2024	Unearned Revenue Ref #: Ref-8943	Customer Payment Customer: Cathrina Davies	£350.00		☑
09/09/2024 £1,000.00	09/09/2024	Prepaid Expenses Ref #: Ref-3245	Vendor Payment Vendor: Leo Thomas		£100.00	☑
	09/09/2024	Accounts Receivable Ref #: Ref-3245	Credit Notes Refund Vendor: Peter Brown		£900.00	☑
Manually Added	10/09/2024	Unearned Revenue	Customer Payment	£421.27		☐

Save and Reconcile Later   **Reconcile**   Cancel   Closing Balance: £10,000.00 │ Difference: £9150.00

To match multiple lines to one bill, you need to be able to turn on the multi-select, or you can select various bills from the match screen and do it the other way around rather than matching it from the bank, matching it from the purchase ledger back to the bank.

The first step is to categorise your transactions, and the second step is to reconcile. Their banking system is much more like Sage or QuickBooks than Xero's. You enter the closing balances and then tick off the items to ensure your bank balance matches the transactions.

Inventory

In Zoho Books, the inventory module is called items. These can be imported and can be goods or services. If you turn on inventory tracking, it also has basic stock tracking. You don't need to set the items up before you invoice, which is handy as you can add items when required. You can also make stock adjustments from the inventory module, where you can helpfully adjust both the value of the stock or the quantity of the stock and add reasons why. This can be pretty handy if you have discrepancies, such as a couple of pence in the inventory account, and need to write it off.

If you've turned inventory tracking on and have purchase prices in the system, it will automatically release these to the cost of goods when sales invoices are fully approved.

As the integrations include Amazon, Etsy, Square, and eBay UK, if you've got customers running e-commerce platforms, they can manage their sales and inventory without additional add-ons.

Multi-Currency

Payment due period	Credit Limit
Net 30	No Limits

Receivables

CURRENCY	OUTSTANDING RECEIVABLES	UNUSED CREDITS
USD- United States Dollar	$131.18	$0.00
GBP- Pound Sterling	£3,600.00	£0.00
NZD- New Zealand Dollar	NZD2,527.61	NZD0.00
TOTAL (GBP)	£4,900.00	£0.00

Zoho does allow you to handle multicurrency transactions and overseas and EU invoicing. However, there are multiple versions of this. Your basic multicurrency plan will enable you to bill only one currency per customer. However, the advanced multicurrency plan allows any customer to be billed in any currency, so you can invoice one customer in GBP, USD, and euros instead of the basic plan, which would just allow you to invoice one customer in euros.

They have an exchange rate ability, where they pull in the exchange rate so that you can automatically convert it back for reporting purposes. However, as with other systems, you can manually override the exchange rate.

VAT

From within the settings, you can adjust your VAT settings. It can cope with reverse charge transactions both outside the UK and domestic reverse charges. It can also cope with the flat rate, but like other systems, you'd have to put in your adjustment for year 1 of the scheme. It also comes with EU VAT, and you must put your VAT number into the portal.

You can enter your organisation details and connect your agent account to any client or MTD for VAT. What you can't do is connect all of your clients at once. If you're using Zoho Books for multiple clients, you must go into each VAT module for each client, re-enter your VAT agent details, and connect to HMRC using the link. It won't recognise that you have already entered it elsewhere and that that client is on your agent list. The same applies to the 18-month reauthorisation. You must go individually into each client and reauthorise them for VAT.

Interestingly, you can mark a VAT return from within Zoho as filed. You don't have to submit it to HMRC. You can still mark it as filed if you've got a group or are using bridging software or other systems. However, there are some complications when doing a first VAT return reclaim. For example, you can only adjust boxes one and 14 within the VAT return. You cannot change any other boxes, for example, 6 or 7. However, it will automatically pick up items not included in previous VAT returns after you've done the first one. It will pick up those late claims that need to go in, and you can also automatically choose the dates for your first return. Unfortunately, you can't see the full VAT calculation report from within Zoho unless you export it. You've got your front page of transactions as you would expect anywhere, so those boxes 1 to 8, with your calculation of what needs to be paid to HMRC. But the actual audit report that sits behind that with all of your individual transactions showing on where they sit on the account, You can't view that unless you export it into CSV because, otherwise, you'd have to click into each section and scroll through them all, then go back to the VAT return, click into the next section, and scroll view them all. If you're doing a VAT review process, the easiest way would be to export that.

Reporting

You have over 70 different reports within Zoho Books itself. You have reports such as time to get paid by customers and currency reports, and you can add comparisons to previous project periods and add them by project branch, which is similar to tracking categories or tags. And you can arrange these in whichever way you want and use multiples at once. However, it is designed that if you want more customisation on your reports, such as grouping or editing reports, you would need to use, and pay for the additional Zoho Analytics. You can't do that directly from within Zoho Books.

They have made it so that the reports there are helpful for most small businesses and their bookkeepers, especially those that can filter and view based on tags and projects. For example, there's the expected report packs of P&L, balance sheet, cash flow statement, but they also include some cash flow forecasting, business performance ratios and equity movement. There are full ledger and transactions reports, and audit and activity

reports if needed. While it doesn't have a payroll element you can run CIS reports from it as well. All reports are customisable if you need to tweak the layout or information included.

If you're on the Ultimate Plan, you'll have access to Zoho Analytics included in your bundle, unlocking even more powerful insights and customisation options to meet your specific requirements, including being able to create tailored dashboards and bespoke reports.

Reports can also be regularly scheduled if you are happy that the bookkeeping is up to date, you don't have to remember to run the monthly P&L, but set it to automatically run on a specific day of the month.

Bookkeeper (Accountant) Tools
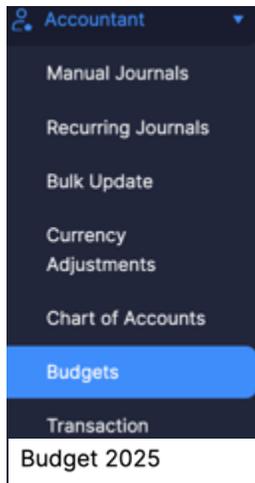
As with other accounting tools, you have your journals, which work the same way as everyone should expect, and you can also do recurring journals as needed, reverse journals, and set some defaults up.

You have the bulk update, similar to find and recode within Xero, allowing you to view multiple transactions and adjust them as a bulk.

The chart of accounts is slightly different because it doesn't have default numbers. We're all used to 5000 or 200 codes, but

Update Transactions with a New Account

Select an account to replace the existing accounts in all the selected transactions.

Existing Account	[3243] Sales
New Account	Petty Cash

Please Note:
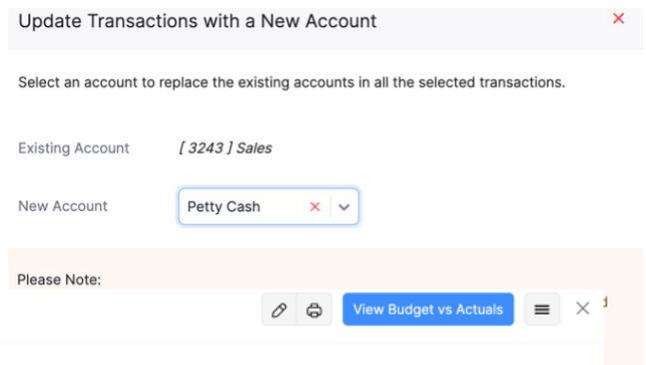
Budget 2025

FISCAL YEAR	BUDGET PERIOD	BRANCH
Apr 2024 - Mar 2025	Half Yearly	Head Office - London

Profit and Loss

ACCOUNT	APR 2024 - SEP 2024	OCT 2024 - MAR 2025	TOTAL
Profit and Loss			
Income			
Income			
General Income	6000	0	6000
Interest Income	1200	0	1200
Other Charges	1000	0	1000
Sales	20000	0	20000
Shipping Charge	1000	0	1000
Total for Income	29200	0	29200
Other Income			
Total for Other Income	0	0	0
Total for Income	29200	0	29200
Expense			
Cost Of Goods Sold			
Total for Cost Of Goods Sold	0	0	0

Zoho defaults only to wording rather than numbers. However, if you are used to that, you can add in numbers manually. As well as the default chart for accounts, you can also export and import in charge for accounts. Zoho also has a basic budgeting system; you can add in your budgets and run budgets versus actuals; you can also create budgets based on previous actuals to autofill a budget. You can also lock transaction periods.

If you or your client likes to work on a monthly or quarterly locking basis after a VAT return, you can lock specific areas or overall areas at different points or whatever points you do. Unlike other systems, if you lock a period, this applies to all users, including you as an admin user or an accountant. Hence, you must be sure you won't make any other adjustments during that period.

Integrations

One of the things that Zoho is very proud of is the number of integrations it has with different systems. For payroll, it doesn't have its payroll module within Zoho Books, but it does integrate with Employment Hero. As we've said, it has payment gateway integrations for receiving customer payments via card or other banking methods. It also has integrations with Twilio for SMS messages so that you can send texts from the system. It connects to Uber for Business.

You can connect it to WhatsApp Business and Slack, so you have multiple ways to communicate internally or with your customers, and it also integrates with Zapier. So there are many options to do whatever you want if you want to connect it to other systems it doesn't integrate with. But they have thought of multiple ways to simplify your life and integrations.

Settings

There is an extensive range of options within the settings menu.

If you've had problems with user permissions on other systems, Zoho has it covered with highly customisable options.

Key Benefits

- ○ Very customizable with a wide range of options in lots of different areas
- ○ Customer portal with integrated payment system, and a supplier portal for document sharing

- o   Phone support on paid plan
- o   Inbuilt OCR and document storage

Strengths

- Sales orders, purchase orders and projects built-in
- Wide range of integrations
- Tags and branches give more reporting splits
- Granular settings for approvals, modules and users
- Availability of automations, to speed up routine tasks

Areas to improve

- It would only be an issue if you have a lot of VAT-registered clients, but the fact that you have to authorise each one individually would be time-consuming.
- The bank reconciliation could take some getting used to if you currently do all your categorising from the banking screen
- Not being able to check the VAT transaction report on screen quickly might add time to the VAT review process
- Retainer and payment links could confuse basic users, leading to payments but no sales invoices
- No payroll module

Value for Money

From a pricing perspective, they have five different plans, all allowing you to pay annually and monthly. Their professional plan is the most popular, but they also have a free plan that you can use even if you are VAT-registered. However, depending on your needs, you must work up or down through the plans. The paid plans have email, chat, and telephone support, which I know some people will love.

Zoho's support team is based out of India but supports customers globally. Support for UK clients is available via Phone, Call and Chat during UK business hours. Zoho also offers a Consulting Program for Bookkeepers.

If you become a Zoho consulting partner for finance apps you have access to a global brand with a comprehensive suite of financial tools (Zoho Books, Zoho Expense, Zoho Inventory, Zoho Billing and Zoho Commerce) and earn commissions. Zoho provides extensive training and resources in order to get you ready for offering it to your clients The program is free to join. To know more details- you can register here - https://www.zoho.com/partners/partner-signup.html

STANDARD	Most Popular PROFESSIONAL	PREMIUM	ELITE	ULTIMATE
Efficiently organize your transactions, accounts, reports, and books	Confidently take on projects, track your inventory, and handle purchases	Enhanced customization and automation to streamline business processes	Advanced accounting bundled with full-fledged inventory management	Gain deeper insights with advanced business intelligence capabilities
£12 £10	£24 £20	£30 £25	£99 £85	£199 £165
Price/Org/Month Billed Annually	Price/Org/Month Billed Annually	Price/Org/Month Billed Annually	Price/Org/Month Billed Annually	Price/Org/Month Billed Annually

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