Tools to keep track of your expenses

Any business worth its salt knows where its cash is going, so which tools are best for keeping track of bills and expenses?

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Follow the money

Tracking bills and expenses can be extremely time-consuming. Which data capture tools are best for keeping on top of them all, and reconciling it with your accounts?

Making sure you fulfil your obligations is a fundamental element of running any business. Without careful management and data capture of expenses, it's easy to fall behind both in payments and accounts.

But with so many advanced apps allowing near instant data extraction, instant receipt capture and automated submission reminders, what should firms and finance functions be prioritising in their bills and expenses capabilities?

"For a lot of companies, the most important thing to bear in mind is how your business operates," says Rachel Martin, founder of Accountant_She. "The trigger point for a lot of businesses is getting a line of credit for the first time.

"For a hairdresser, for example, when all of the revenue is cash but they get credit for the first time, how do they keep track of payment terms, due dates and cash flow? That is often the push point to move onto software."

1 Maximum efficiency

"When we discuss [bills and expenses] with clients, we're looking for something that creates maximum efficiency within their business," explains Andy Sullivan, founder of accounting firm CompleteHQ.

"What we find when we work with business owners looking to transition away from doing accounting tasks, is that they are looking for

simplicity – whether that's through bringing someone in to do that role, or through outsourcing to someone like us. As such, we look for tools that drive automation, so it's easy to embed."

2 User experience

"User experience is key," Sullivan says. "The simplest form of expense management for a sole

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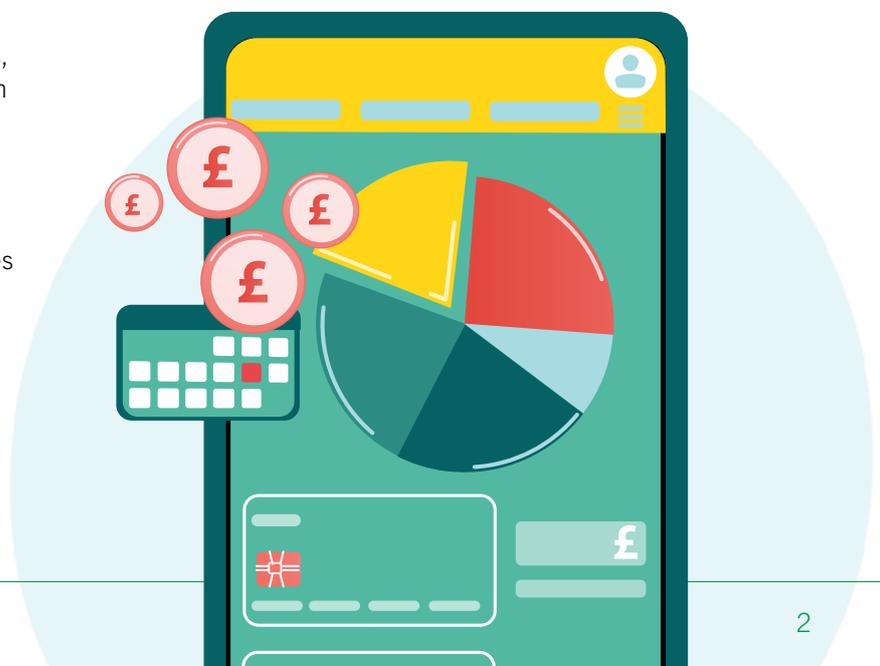
trader or a contractor, who just needs a way to deal with their receipts, they are not really going to be doing expense claims because they're just going to be paying for everything out of their business account anyway. Having a combination of expenses software, where they can upload from emails, and an app on their phone, that's all going to synchronise into their accounting software and match against their bank account. It's perfect. When you get to the realms of more than one person spending money on behalf of your business, that's when you need to have additional controls in place."

It's important to keep things simple, Martin says.

"Do you just want software to tell you what to pay and when? Or do you want to make that decision yourself based on a report? Normally you'd need it to be aesthetically pleasing and simple."

3 Set the tone

"What we sometimes find is that some of the people we work with don't want the hassle of dealing with expense claims in the traditional way. They just want to give their team or team members a card. For that, we use Pleo, which can be topped up every month and has a spend limit."

This has an in-built implication for culture, Sullivan says, as it confers an additional level of trust to team members with cards.

"We find the more progressive businesses, which are more comfortable with tech and with their culture, are happy to give their team a card and let them spend on it. As long as you spend what you need to within reason and as long as the receipts are uploaded to keep the records up to date, there's not really an expense claim process and it's all dealt with."

4 Review

Human error remains the biggest limitation for many apps on the market, so building up good habits, such as submitting receipts as and when they occur, helps run things smoothly.

"Some accountants think that by giving clients an app, the problem is solved, but it isn't that simple," says Martin. "We do an hour's free one-to-one training with every client, so that by the time we get to their year-end, it's easy and works for everyone. It also provides us with oversight and monitoring transactions is a really good way to keep track of clients.

"If they have a lot of transactions they haven't posted yet, you know there's an issue that would prompt us to call them."

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For your app stack

Making sure you have the right analysis tools for your organisation is paramount. Here are some of the most widely used options on the market

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Receipt Bank

Receipt Bank automates the extraction of data from receipts, bills, invoices and bank statements, and processes them through to cloud accounting software. Capable of sorting by supplier, categorising costs and matching them in your accounting software and bank account, along with splitting tax payable and reclaimable expenses on a single document.

Requirements: Clear Books, FreeAgent, FreshBooks, KashFlow, MYOB, QuickBooks Online, Sage 50cloud, Sage Business Cloud, Twinfields, Xero.

Price: £10 / month with a 14-day free trial.

Pleo

Pleo offers smart company cards that work directly with Xero and Quickbooks and allows employees to buy the things they need for work. Business owners or team leaders are notified just when making a purchase, and the receipt is collected with a snap from their phone. All expense data is collected through the card, auto categorised and receipt and the expense are matched automatically. Company spend can be monitored, and limits can be set per transaction, monthly or in total.

Requirements: MYOB, QuickBooks Online, Xero.

Price: £6 / month with a seven-day trial.

Soldo

Like Pleo, Soldo provides smart company cards that work directly with accounting software and allow employees to make purchases. It offers a wide variety of customisable spending controls, which can be managed by individual or by team, while spending can be viewed across the business in real-time.

Requirements: Clear Books, Exact, FreeAgent, FreshBooks, KashFlow, QuickBooks Online, Sage Business Cloud, Xero.

Price: £5 / month with no trial period

Bills and expenses tools in action

"Expenses software can change the way you see your business"

Freeing up space

While it may seem like the implementation of a simple process and automation, introducing expenses software can have major knock-on effects and benefits, as Q Accounts founder and director Farid Gasanov points out.

One client of his, a restaurant in London, was able to free up significant storage space for as a result of adopting expenses software.

"They've been trading for many years and they used to keep all the receipts in a storage room. It's a pretty small restaurant, which meant they didn't have big suppliers and they would have lots of receipts.

"Eventually, once we started using Receipt Bank, they didn't have to do that and they began using that space to store goods, inventory and stock, so they were very happy. If you're in London, you're dying for space and every metre counts, especially for small restaurants. It gave them additional space they could use, but also, if there was an HMRC investigation, they could access the records very quickly, rather than manually searching."

Enabling growth

For one electrical contractor that CompleteHQ founder Andy Sullivan works with, it was a combination of company growth and their accounts administrator taking maternity leave that prompted a move to bills and expenses tools.

"When we took them on, they were turning over around £500,000 per annum and had three employees and a couple of subcontractors. Today they have 12 employees and 10 subcontractors they pay every week, so they've grown significantly. That, combined with their key accounts administrator taking maternity leave, meant they had to put systems in place — so a combination of us and the business owner could oversee the accounts process while she was on leave.

"We did that by adapting the existing systems we had with Receipt Bank and building out the expense claims system so it worked more efficiently."

Building understanding with expenses

Expenses and bills software was a key element of establishing the business for one sole trader client that Accountant_She founder Rachel Martin took on in 2020.

Martin's client set up a limited company offering hair care products after developing her products while she was pregnant.

"We took her from selling her products to friends and family all the way up to incorporating, using Xero and automating her expenses.

"She now turns over a very decent sum every month and is certainly someone who is textbook afraid of finance. She can now do her bank and expenses reconciliation. It's changed the way she sees her business."

It built in a natural separation between the client's expenses and personal spending, Martin says. "That's something a lot of business owners struggle with and introducing this software eliminated that."

Tips to get started

1. Be efficient

Making sure the software choice fits in easily with your business is vital, as it should facilitate the monitoring of your spending, rather than incurring major changes in how you work and spend.

2. Build in good habits

Enter your receipts and invoices into your system as soon as you get them to ensure everything is up to date. Don't keep your receipts to be entered later. That's how you create discrepancies.

3. Understand limitations

It sounds obvious, but these apps are only as good as the information they're given, and they won't prevent errant spending without you taking the time to set restrictions. Make sure you understand the parameters you've set and that you're comfortable with them.

4. Keep track

Clients and colleagues may not be well-versed in finance and can find it hard to ask for help, so make sure they know how to use their apps and software, and keep track of their progress.
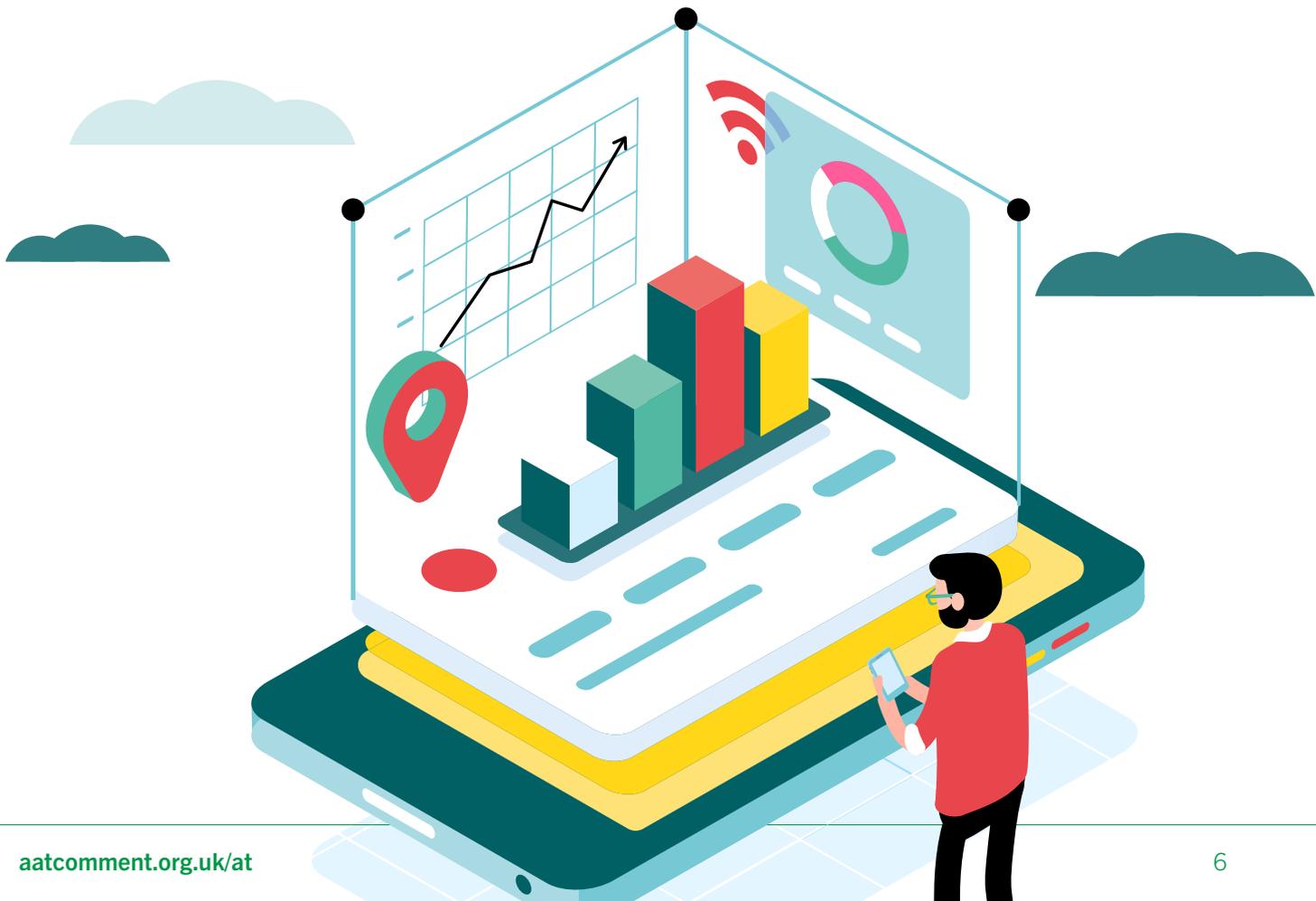
Any questions?

We hope you've enjoyed our overview of bills and expenses tools.
Please get in touch if you have any questions or feedback.

Call us on **+44 (0)20 3735 2400**.
Lines are open 09.00 to 17.00 (UK time), Monday to Friday.

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