



THRIVE

3

**SIMPLE
RECORD-KEEPING
STEPS TO TAKE**

**when you're not ready
for an accountant**



**Hassle-free starter accounting for
the early B2B tech founder**



**At the start of your journey to build a scalable,
successful B2B tech business?**

This guide will set you up with the

right habits

NOW

**so you're spending less with
an accountant LATER.**



Why you're really here

Hint:

It's not because you have a love for bank reconciliations.

You're here because you know you have some accounting things you need to be doing for your business.

And you want to make sure you're doing the right things in the most stress-free way.

It can be tempting to think a cheap accounting solution is the best option for your budget in the early stages.

Here's why it might not be in your best interests:



You actually don't need a cheap accountant to manage the basics yourself



A cheap accountant could do more harm than good and have you unravelling a costly mess later down the road.

The most important thing you need to be doing on a regular basis is keeping a good record of your expenses.

That involves a little bit of setup and a regular, low maintenance habit. It's less time consuming than you might think.

Are you sure you're not ready for an accountant?

Quick check in before you read more about doing this yourself.

If you're making/spending money and have to pay VAT, it's often in your best interests to work with an accountant.

VAT is the worst of all the taxes because:

- It's easy to get wrong
- There's lots of money involved
- You know HMRC will inspect your business at some point

When you've got all these other plates to spin and things to be good at, you don't want to be doing VAT yourself. Some of our clients have gone VAT registered very early on.

If that's you right now, our best advice really is to talk to us. We work with tech businesses **all along the journey** from startup to series A. We can help you figure out exactly what you need for the stage you're in.

VAT isn't the only reason you might want to seek out a tech specialist accountant early on, though. Here's more **reasons to hire an accountant** in the startup phase.

Okay, enough interruption. Let's get back to it...



There are only 3 steps you need to take to be in good stead with your record keeping

1

Set up a business bank account

2

Sign up for a Xero starter subscription

3

Connect your bank feed to Xero and manage your expenses





1

Set up a business bank account

Your business finances need to be completely separate from your personal finances, so you can manage spending easily and there's no confusion when it comes to taxes.

Additionally, **Personal credit cards need to be avoided like the plague.** You don't want those anywhere near your business.

Here's a list of business bank accounts we recommend:



Starling

Great app and customer service and green credentials.



Wise

Strong for multi-currency and teams and open accounts where others may have refused you.



Natwest

Least-worst of the big banks if you're looking for security beyond the FSCS guarantee.

Get an account set up, so you can start seeing your business transactions separately.

Don't let your bank do your accounting for you

Some of these banking apps do say they'll do extra things for you, like your VAT return. It can be very tempting to run open armed into that offer.

If you were a solo window cleaner, we'd say fine. Go for it.

If you've got ambition to grow a scalable, successful B2B tech business, you're going to need to use proper accounting software eventually for your business.

It's more advisable to set up good habits in an accounting software now, so you've got the best systems as you grow. Which leads us to step 2.

2

Sign up for a low-cost Xero subscription

Xero is an accounting and finance software built for growing businesses.

You can subscribe to Xero's standard plan for the cost of an average Deliveroo order per month or the starter subscription for even less. You can explore the features each subscription comes with on [Xero's pricing page](#).

Trust me when I say, in 101% of cases spending the money on Xero is a better, less stressful option than using an excel spreadsheet.



Think **Excel spreadsheet**: like using a Paper map



Think **Xero**: like using GPS

While it's possible to get from point A to point B with a paper map, it's time-consuming, takes your full attention and leaves you at risk of error.

Using Xero is like upgrading to a GPS system. You get real-time information to drive you. You can focus on more important things, while your GPS keeps you on track.

Your accounting system works for you without needing all the manual input. **Once you've got your Xero account, you'll want to connect your shiny new business bank account to it.**

Xero has this helpful video tutorial showing you exactly how to:

- Add your business accounts in Xero
- Reconcile your accounts in a few clicks
- Reconcile on the go with the Xero mobile app
- Monitor your accounts from the Xero dashboard

It only takes a few minutes to watch and learn. You can come back to the video whenever you need to remember how to reconcile your account, until it sticks!



Connect your bank feed to Xero and manage your expenses

When it comes to managing your expenses, the bare minimum you want to be doing is:

- 1 Going through the bank reconciliation
- 2 Telling Xero what each item of expenditure is
- 3 Categorising it
- 4 Attaching the invoice or receipt

The better way to do it



AUTOMATION.

If you sign up for the standard Xero subscription, you can add on a tool like Dext Prepare and begin automating some of these processes.

With Dext Prepare you can capture and upload invoices and receipts by phone or email. The app will automatically upload the details on your invoice or receipt and deposit it straight into Xero.

This means rather than just keeping track of receipts, you can also keep track of invoices to be paid. You can create a list in Xero of who you need to pay and by when.

Here's a link to [explore how Dext Prepare works.](#)

You'll thank yourself for taking those 3 steps when it comes time to register for VAT

There are two reasons you'll register for VAT:

1 >

Because you've reached the VAT threshold of £85k and must

2 >

Because you've voluntarily registered - some B2B tech companies will register before they need to, mainly because the VAT you pay out can be recovered. Being VAT registered can also give suppliers and customers the impression a business is more 'established' and reliable.

When the time comes, for either reason, you can recover VAT you've paid on services over the previous six months, (longer on physical things like IT kit). You'll want to quickly be able to lay your hands on the information you need to do that.

You may not need an accountant yet, but you want to make it easy for when you do have one.

You don't want to be going back through 12 months of emails to search for receipts and invoices, or worse, miss opportunities to recover VAT when the time comes to register.

When you're using accounting software (and using it well) it's a lot easier for your accountant to recover VAT and save you money, where possible.

Get into a good habit of keeping your records up to scratch

In his book Atomic Habits, James Clear says:

“Every action you take is a vote for the type of person you wish to become”

We'll end by reframing that for your startup tech business:

Every action you take now is a vote for the type of business you wish to run.

You may find you need an accountant sooner rather than later. And when the time comes, **we're here to help**. We help B2B tech businesses make decisions that are commercially right across the business, considering people, planet and profit.

But until then, get into a good habit of uploading invoices and expenses as you go. You may be a small business now, but you can set yourself up with the systems and processes for big success later.



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