FreeAgent

Essentials

A step-by-step guide to FreeAgent’s core functionality

2025

freeagent.com

Welcome!

In this manual, you will:

- learn which types of business FreeAgent is suitable for
- understand how to use your Practice Dashboard
- get to grips with adding clients to FreeAgent
- understand how to use FreeAgent with your clients

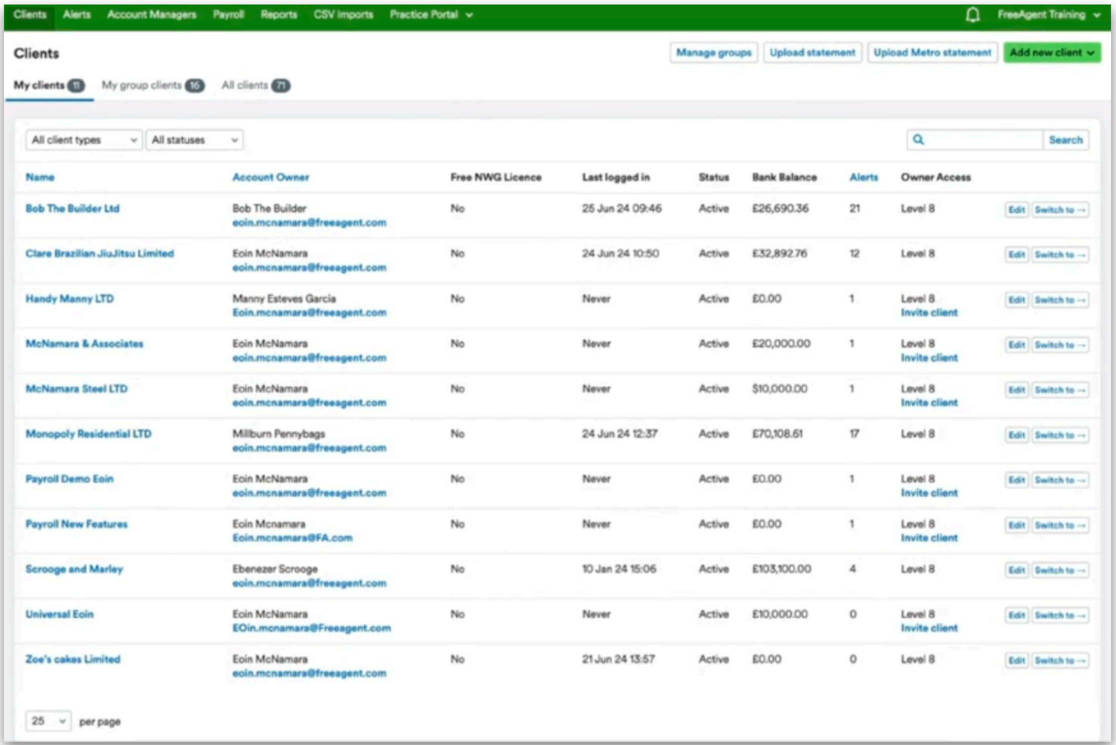
Contents

1. Your Practice Dashboard

Clients area

The Practice Dashboard is where you can add your clients, view their details and access their accounts.

When you log in to your Practice Dashboard, the Clients area is the first screen you'll see. This allows you to easily access your clients' FreeAgent accounts without needing a login for each individual account.

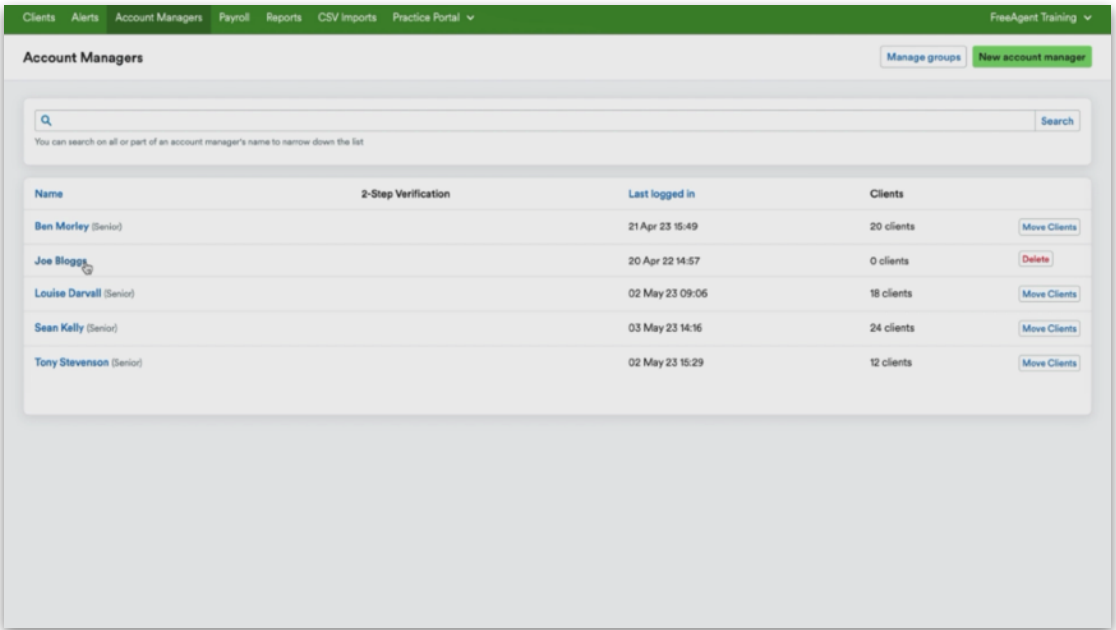


Account managers

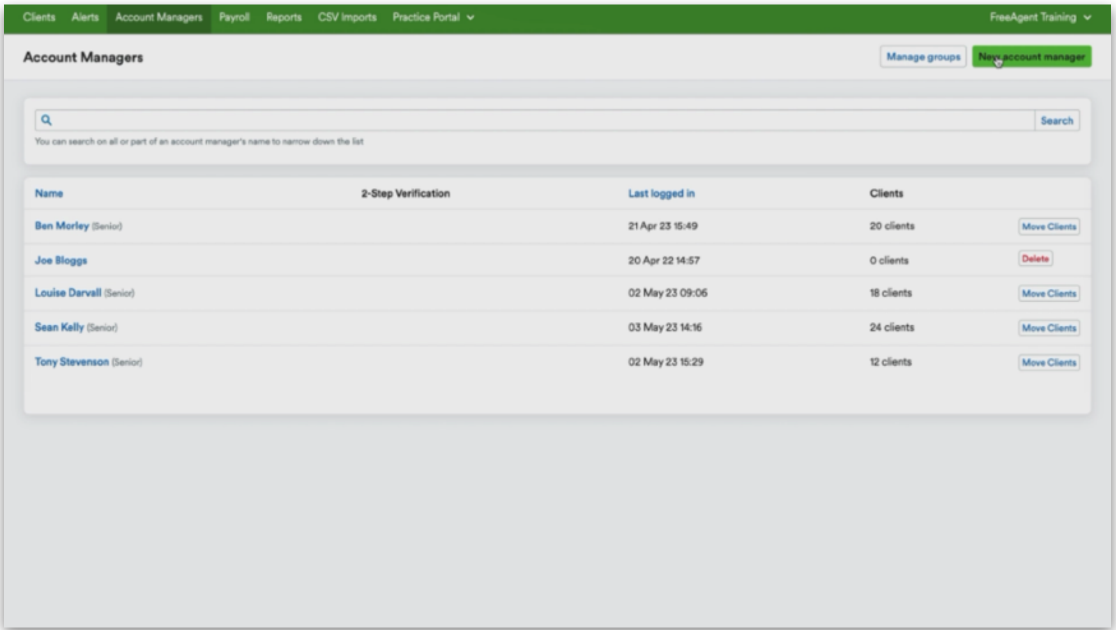
An account manager is anyone from your practice who requires access to a client's FreeAgent licence.

There are two levels for account managers. The main difference between the senior and regular account manager levels is their client access.

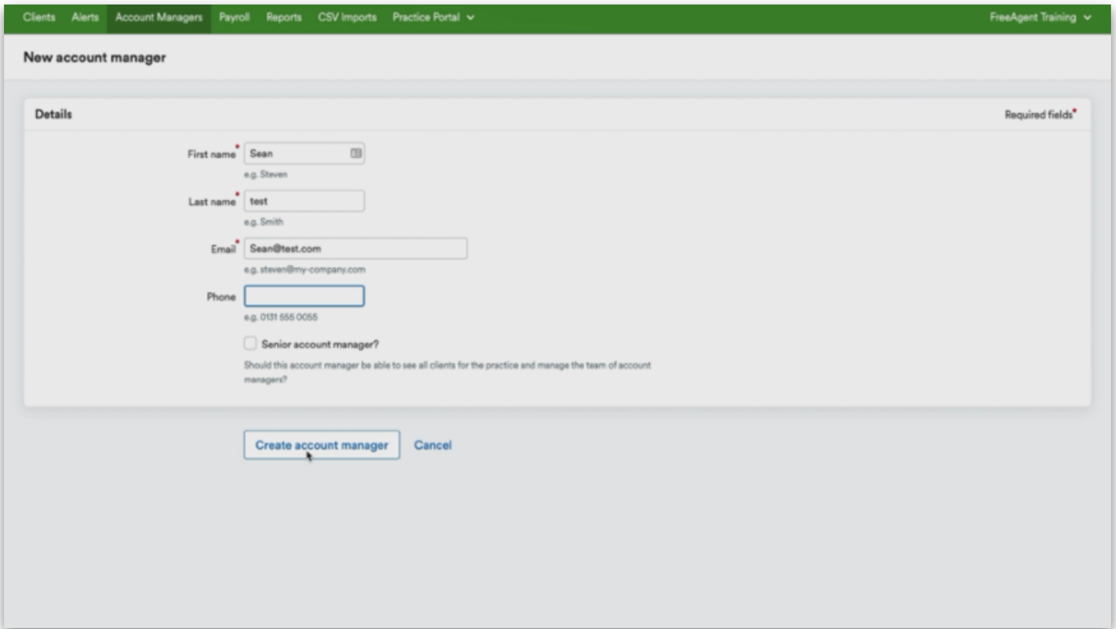
There are three tabs on the Clients page: 'My clients', 'My group clients' and 'All clients'. A senior account manager can access all of the practice's client accounts in FreeAgent. Non-senior account managers can only view and access the clients who are assigned to them or added to the same account manager and client group.
You can view, add and edit your practice's account managers via the Account Managers tab on the green navigation banner at the top of the screen.



To add additional account managers, click the green 'New account manager' button in the top-right of the screen.

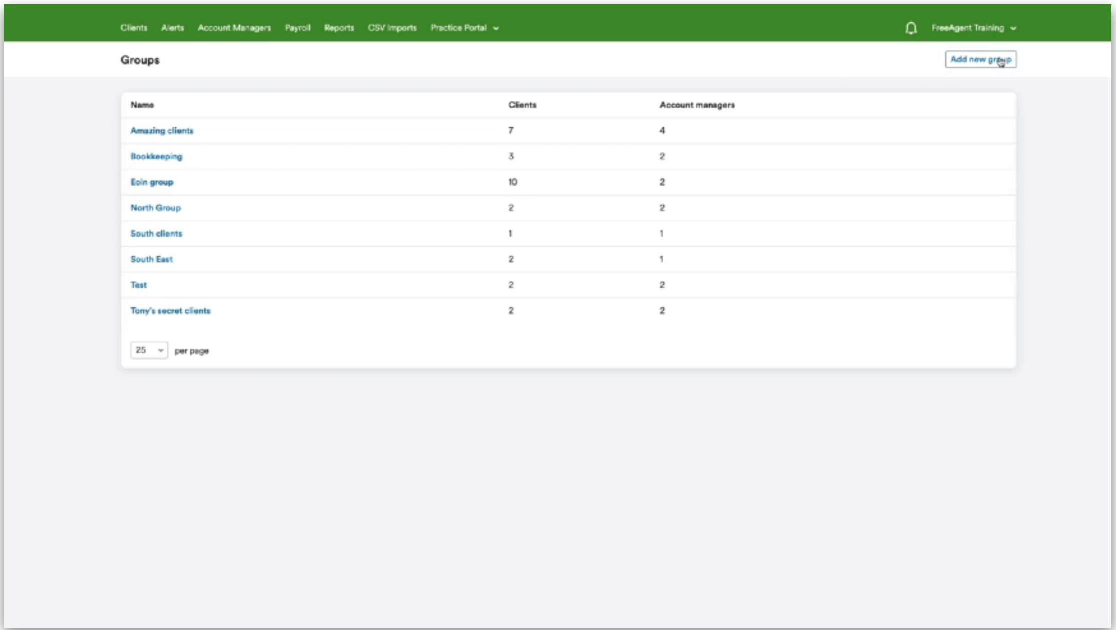


Next, enter their contact details. If you want this person to be a senior account manager, tick the 'Senior account manager' checkbox.



There's no limit to the number of staff you can add to your practice's FreeAgent account; however, it's important to make sure each member of staff is added to the account individually.

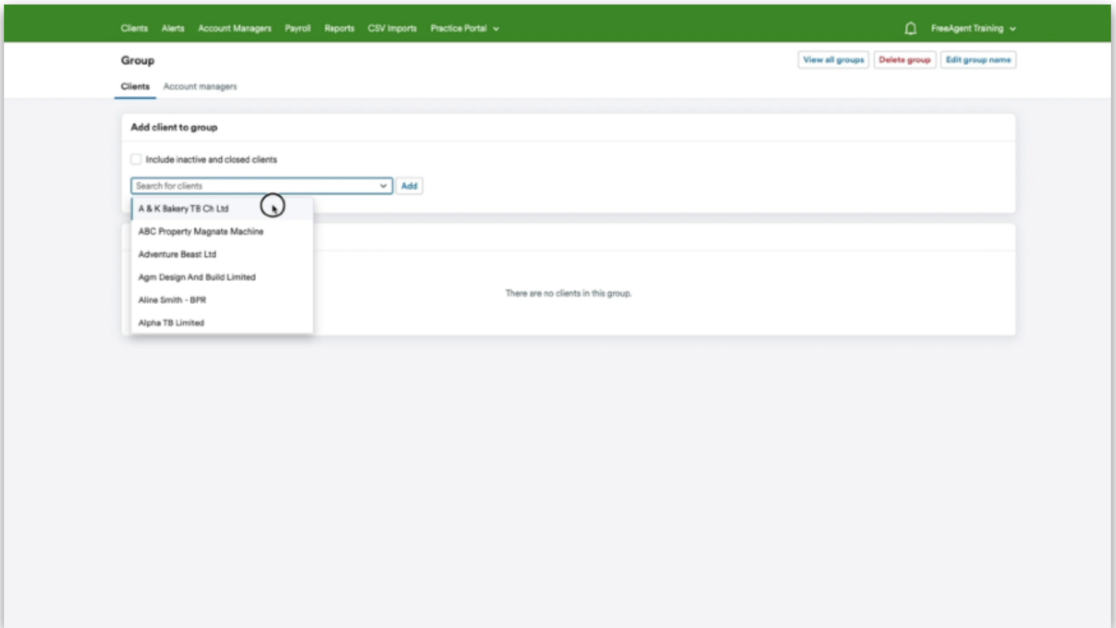
Each user has an individual login and password to keep their details secure. This also means we can communicate with all members of your practice about feature updates and improvements, so everyone is kept up to date.



Account manager and client groups

Navigate to either the ‘Account Managers’ or ‘Clients’ area and select ‘Manage groups’. Alternatively, select ‘Settings’ from the drop-down menu in the top-right of your Practice Dashboard and select ‘Groups’.

Select ‘Add new group’.



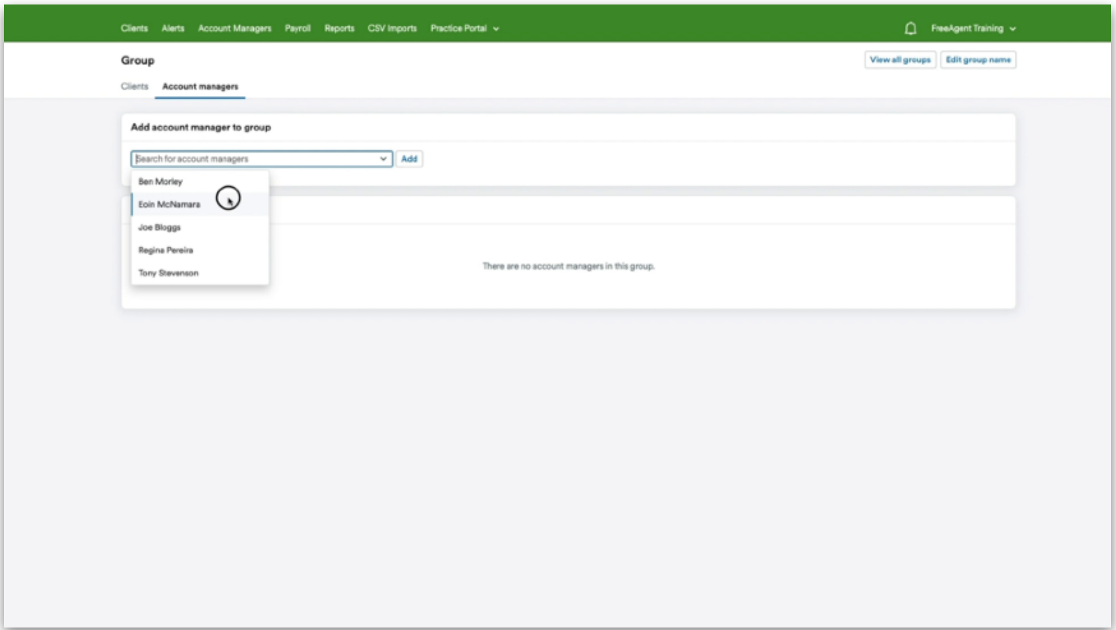
Enter a suitable name for the group and select ‘Create new group’ to complete the process.

You can then add clients and account managers to the group.

To add a client to the group, select the client from the drop-down menu and select ‘Add’. Repeat this process for each client you want to add to the group.

If you’d like inactive and closed clients to appear in the drop-down menu, tick the ‘Include inactive and closed clients’ check box. You can see which clients have been added to the group, along with the details of any other group(s) they’ve been added to, in the ‘Clients in group’ panel.

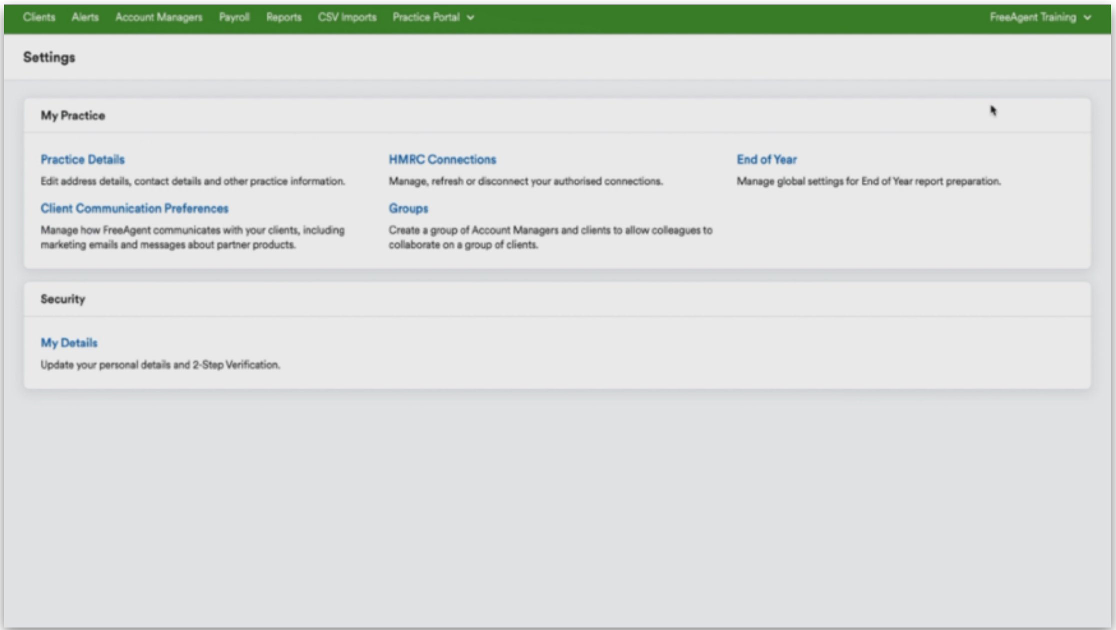
To add an account manager to the group, select the ‘Account managers’ tab. Select the account manager from the drop-down menu and select ‘Add’. Repeat this process for each account manager you want to add to the group.



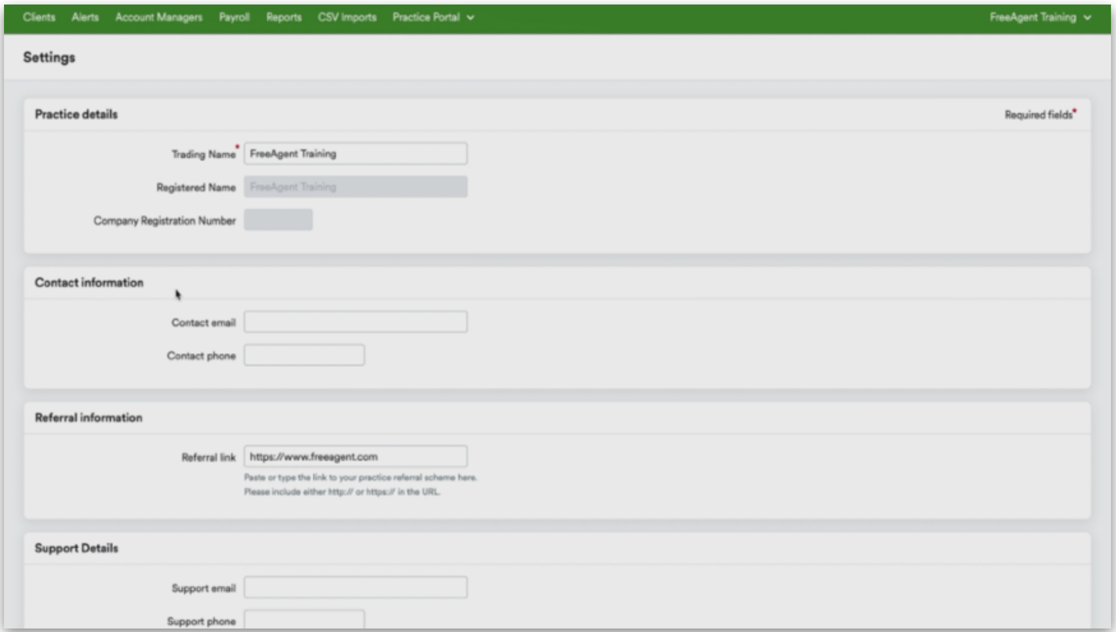
You can see which account managers have been added to the group, along with the details of any other group(s) they’ve been added to, in the ‘Account managers in group’ panel.

Settings

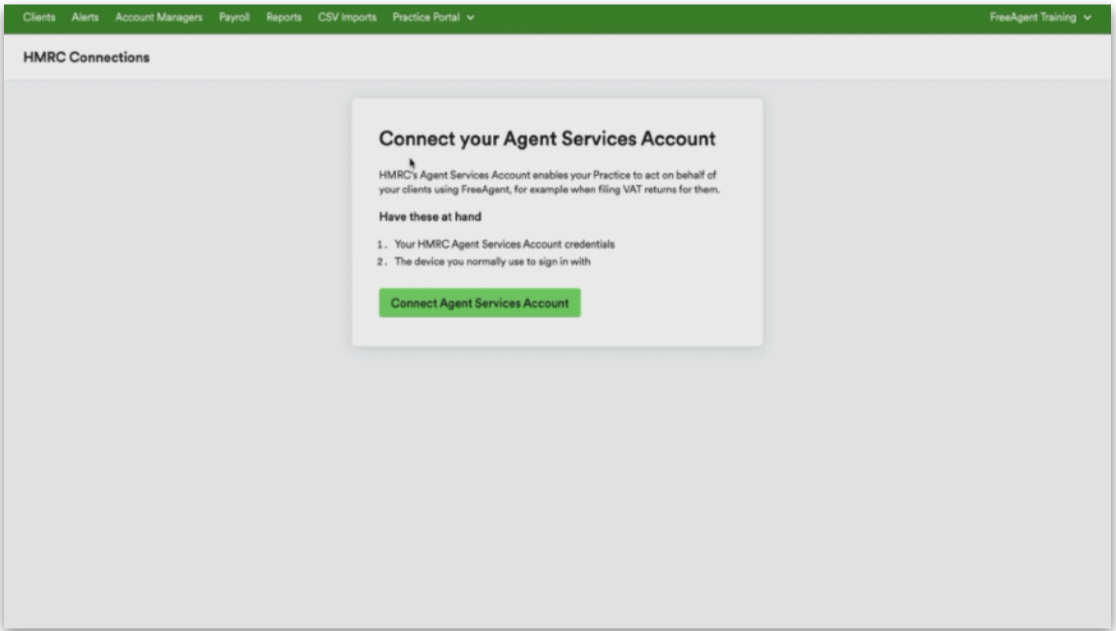
The Settings area is where you can manage your practice details in FreeAgent. To get there, click on your practice's name at the top-right of your screen and click 'Settings' from the drop-down menu.



In the 'My Practice' section, you'll find 'Practice Details', which can be used to update your practice's contact information and logo.



In the 'HMRC Connections' section, you can set up an 18-month digital connection between FreeAgent and your Agent Services Account, allowing you to file your clients' MTD VAT returns.

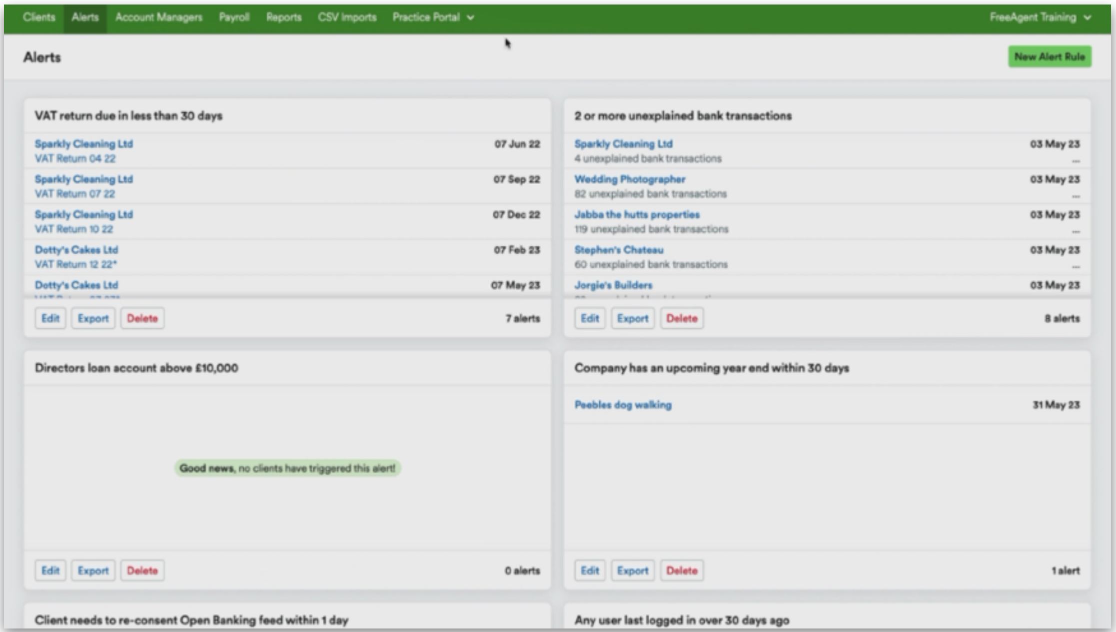


This connection only needs to be set up by one account manager and will allow all account managers on the dashboard to use the connection to file MTD VAT returns for the relevant clients.

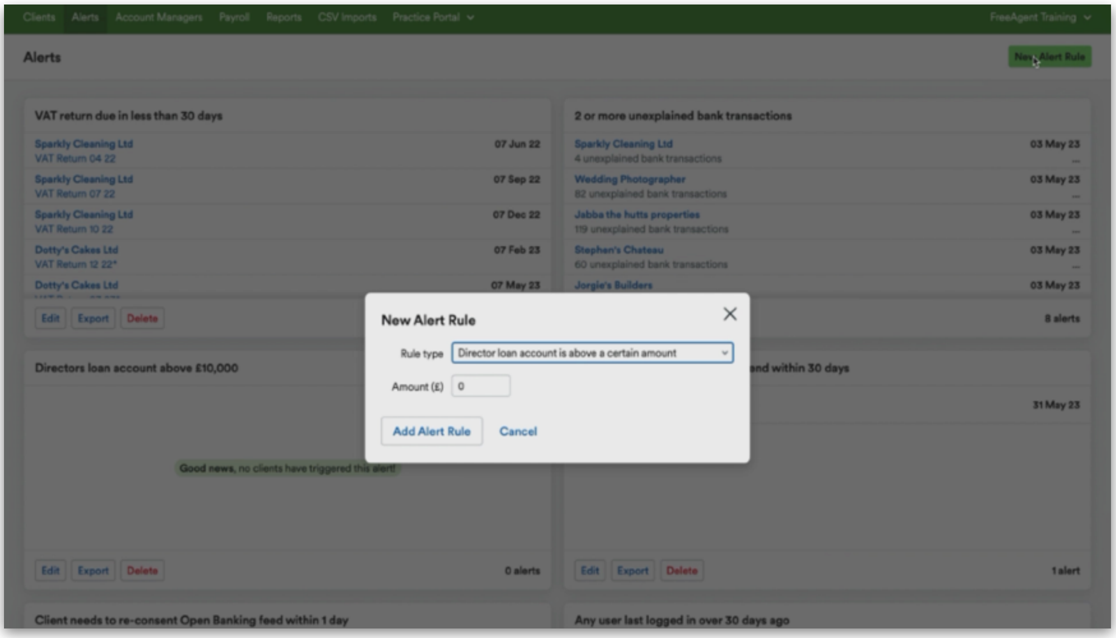
Once the 18 months is up and the connection expires, an account manager will need to navigate back here to reconnect the Agent Services account with your FreeAgent Practice Dashboard.

Alerts

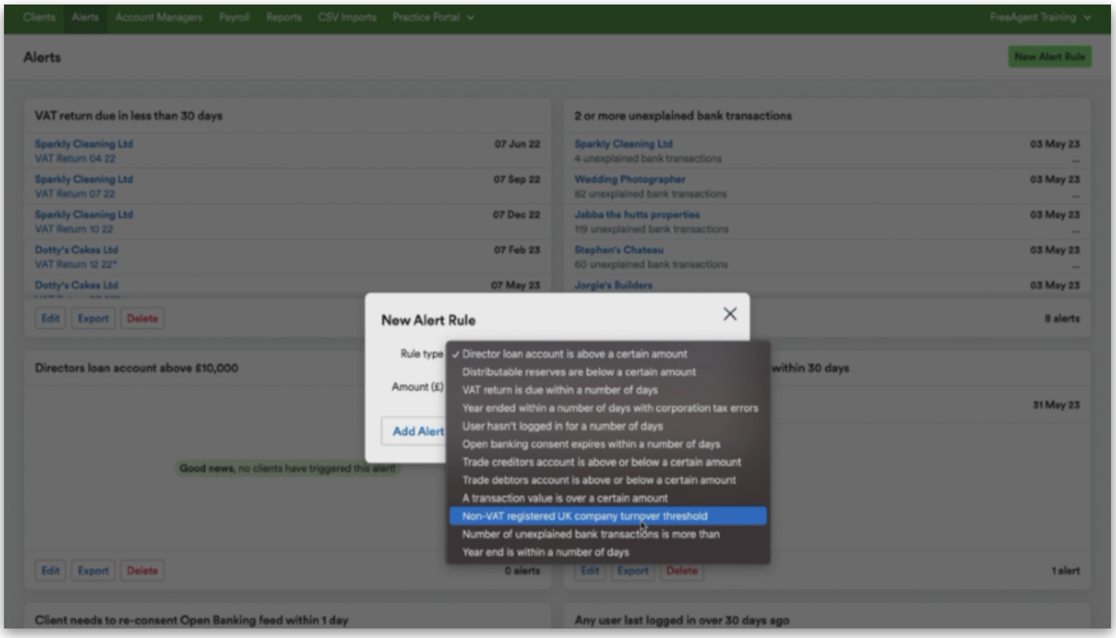
The Alerts tab provides a way for you to track key aspects of your clients' accounts without having to manually access each client's account individually.



Let's create a new alert rule. Begin by clicking the 'New Alert Rule' button in the top-right of the screen. In the pop-up window, click 'Rule type' and select which option you'd like to track within your clients' accounts from the drop-down menu.



Two of our most commonly used rules are for tracking turnover for your non-VAT-registered clients and a rule that will alert you when VAT return filing is due for your VAT-registered clients.



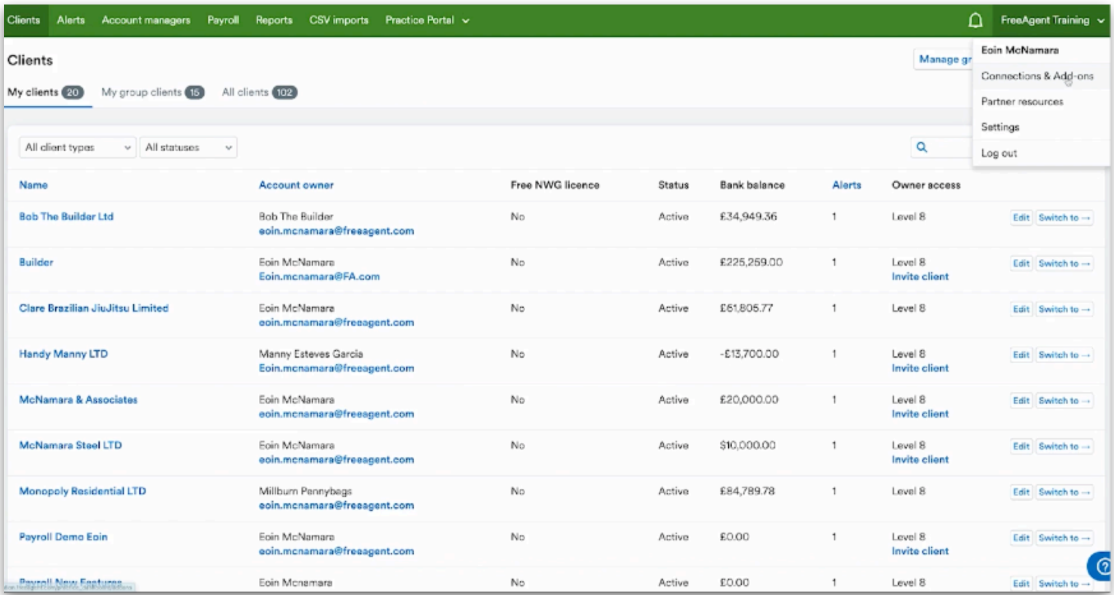
Add-ons

FreeAgent is packed with functionality that makes life easier for you and your clients, but we appreciate that some businesses have particular needs and would benefit from specialised tools. These tools take the form of add-ons that your clients can choose to subscribe to.

You can set up default settings for your practice that control whether your clients can activate add-ons themselves (if they're the account owner or have full (level 8) access to FreeAgent), and whether the subscriptions will be paid for by the practice or by the client. These default settings can be overridden for individual clients.

Until the practice's default settings have been confirmed, clients will be able to activate add-ons and be responsible for the cost of the add-on.

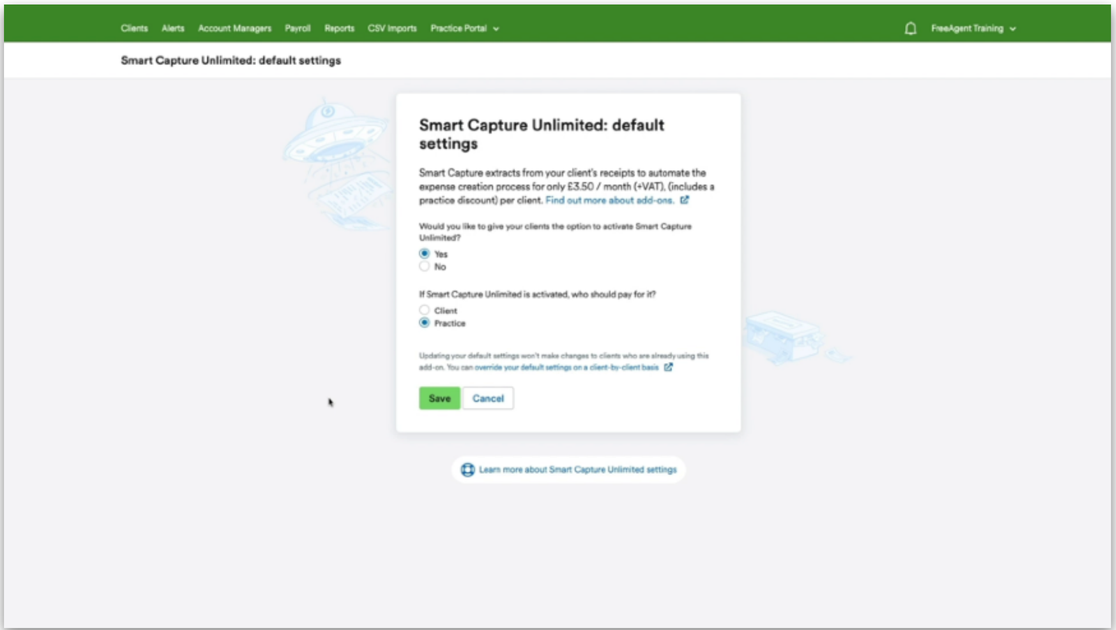
A practice's default settings can be confirmed by following the steps below. Select 'Connects & Add-ons' from the drop-down menu below your practice name.



Select 'Manage' on the relevant add-on panel.

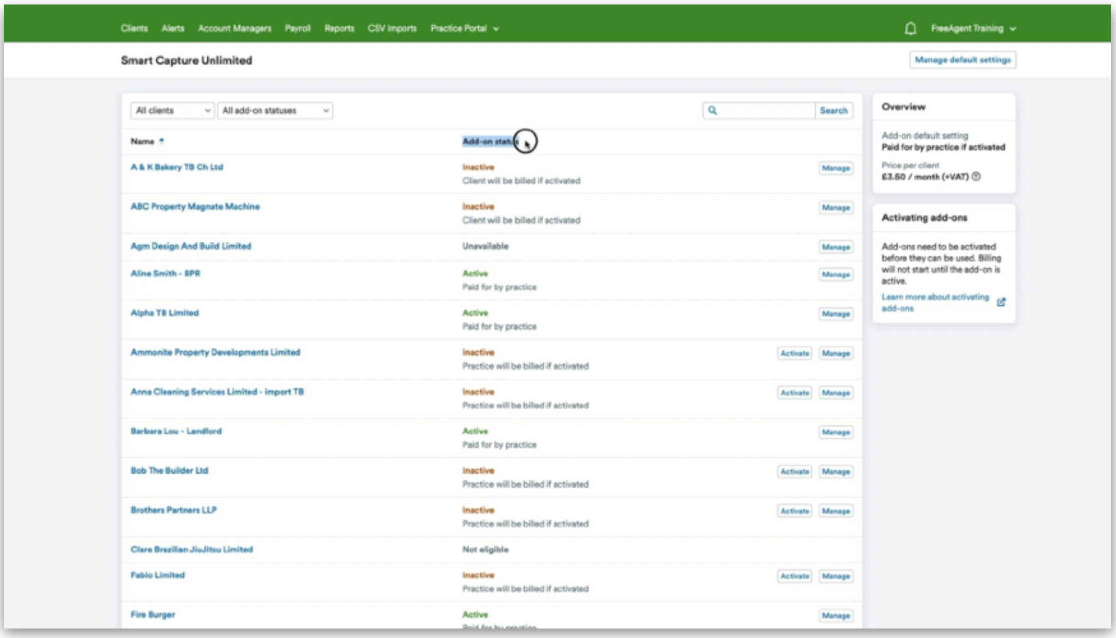
First, select whether or not you'd like your clients to be able to activate the add-on themselves, by default. Selecting 'Yes' will allow your client to enable the add-on within their FreeAgent account if they're the account owner or have full (level 8) access.

When this is set to ‘No’, your client will still be able to see and access the add-on within their account, but if they try to enable the add-on they’ll be presented with a message informing them that the add-on has been disabled and to contact their accountant directly.



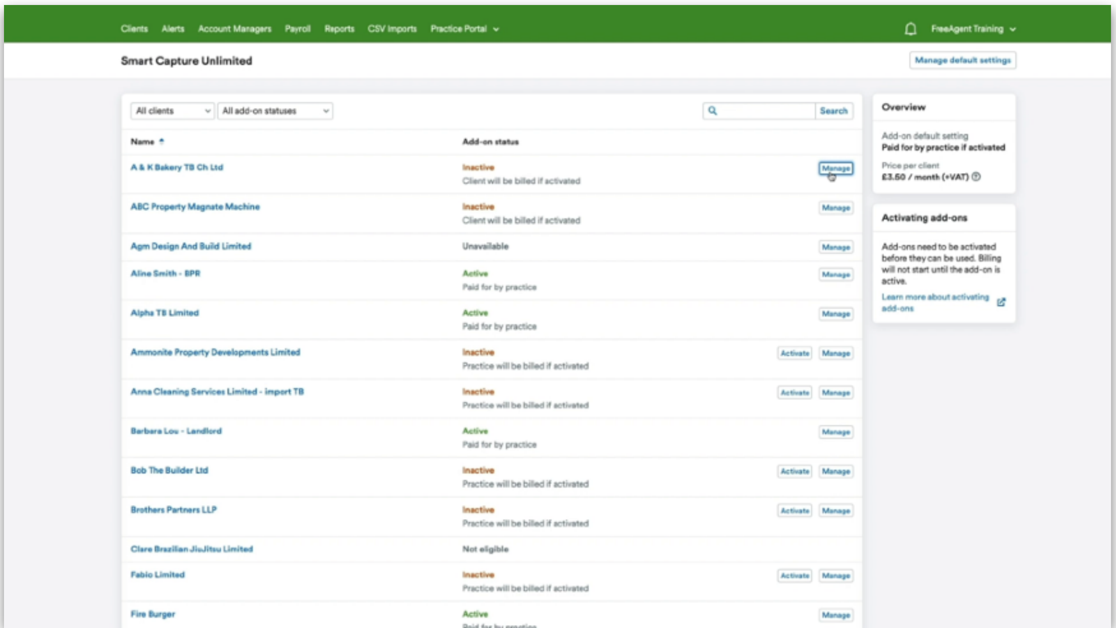
Next, select whether you’d like the add-on subscription to be paid for by the client or the practice, if the add-on is activated, by default.

Once the default settings have been chosen for the add-on, select ‘Save’ to complete the process. This will display the add-on status for each of your clients. The status will initially be set to ‘Inactive’ until the add-on is activated.

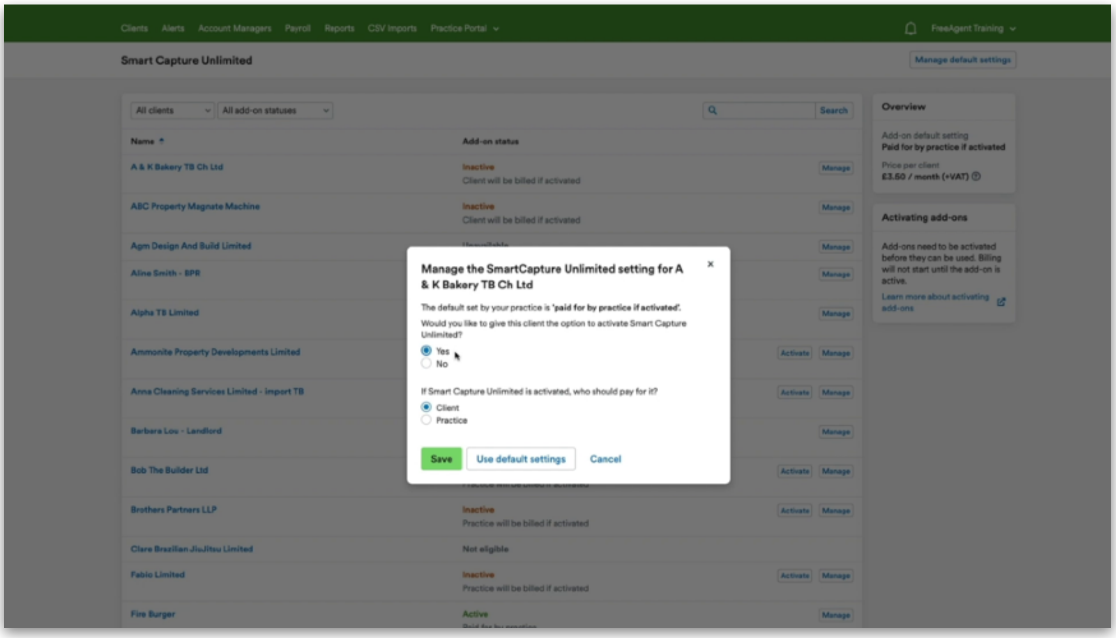


The practice’s default add-on settings will be applied to all clients, however, you can set specific settings for individual clients, choose whether they can activate add-ons themselves and whether the cost of the add-ons will be paid for by the practice or the client.

To edit Add-on settings for an individual client, click ‘Manage’ next to their name in the add-on’s client list.

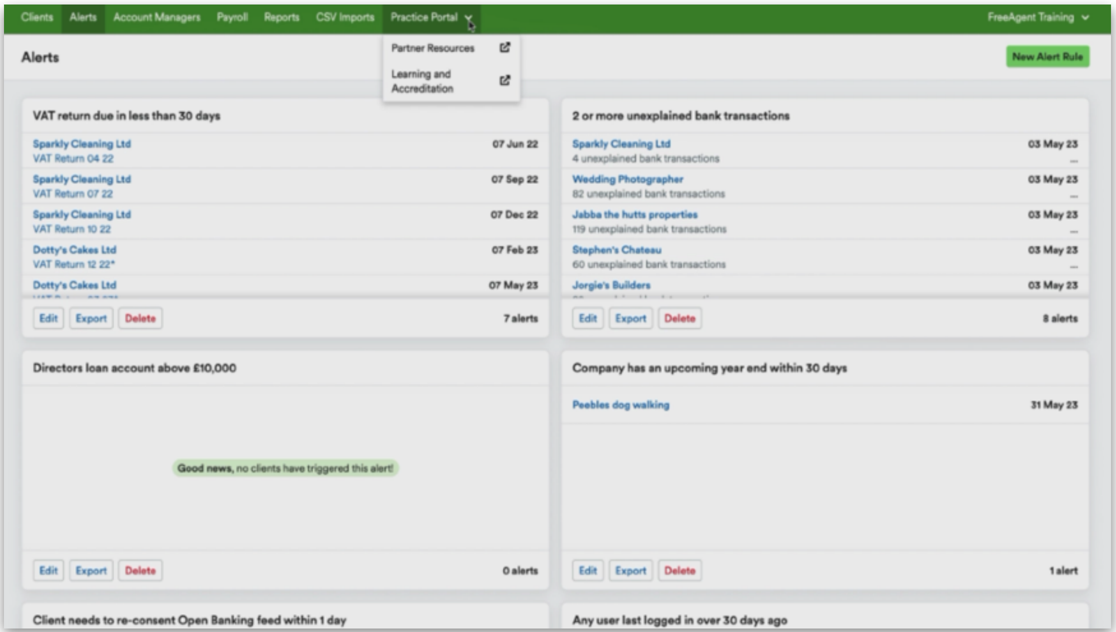


Make the required changes to whether the client can activate add-ons themselves (if they're the account owner or have full (level 8) access to FreeAgent), and whether the subscriptions will be paid for by the practice or by the client in the pop-up window, and select 'Save' to complete the process.

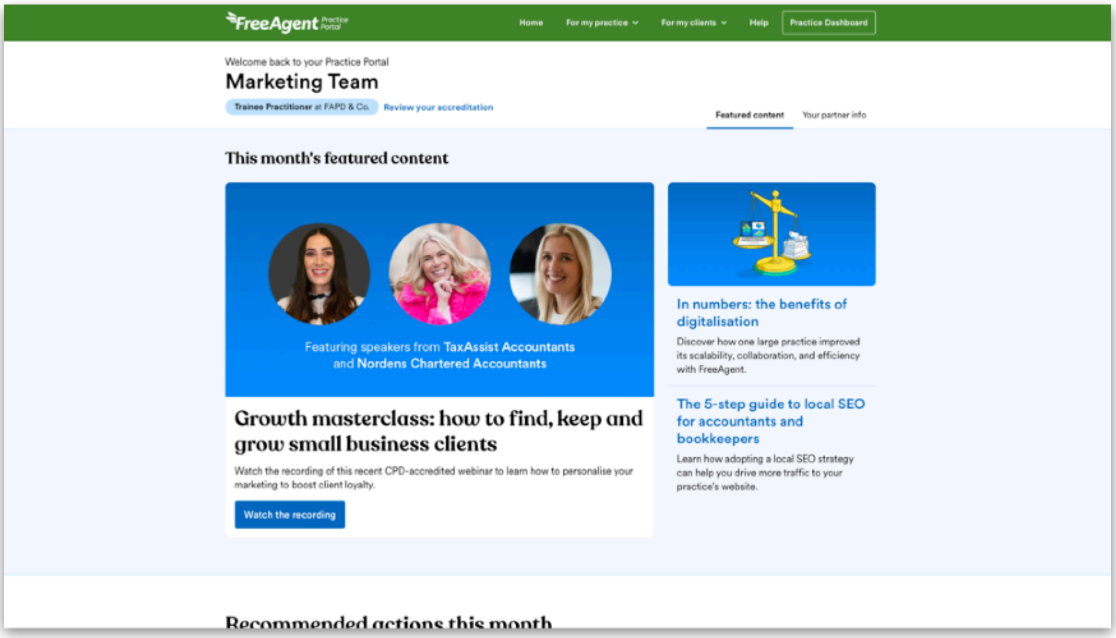


The Practice Portal

The Practice Portal offers a host of valuable resources for you and your practice. Click on the 'Practice Portal' tab on the green navigation banner and select 'Partner Resources' from the drop-down menu.

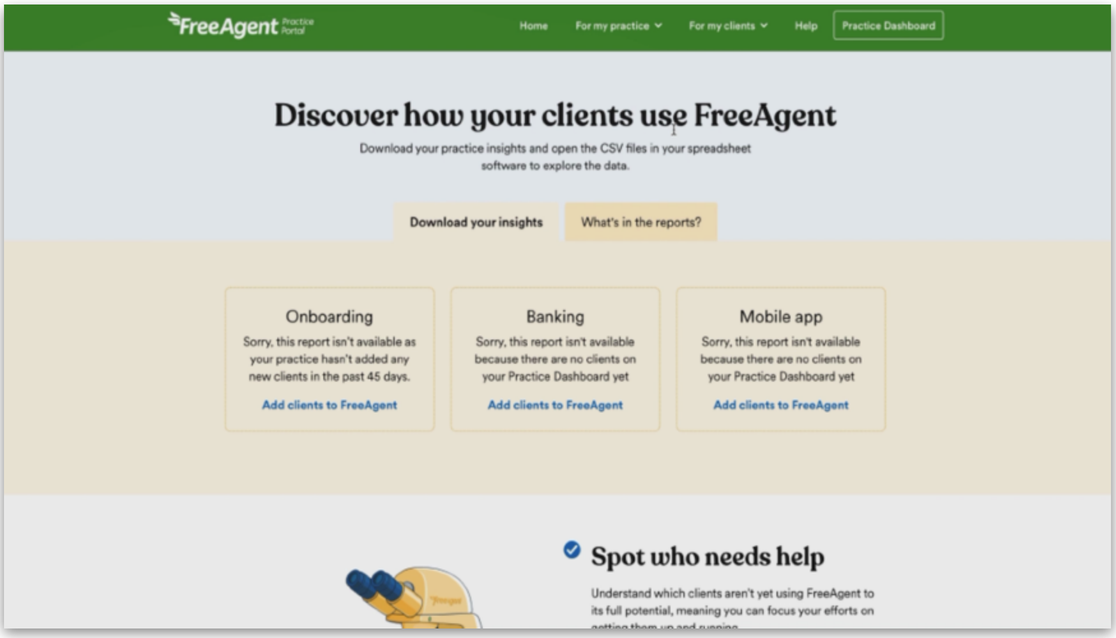


You can access a wealth of support for you and your clients, including downloadable guides, marketing resources, videos to share with your clients and the latest information about FreeAgent's innovations. In addition, you'll also find invitations to attend regular webinar events as well as any recordings of events you may have missed.



Partner resources are split into two sections in the Practice Portal, via the 'For my practice' and 'For my clients' drop-down menus. 'For my practice' contains resources directly related to your practice. Here you'll find resources to help you get started with FreeAgent as well as information about your partner benefits, event invitations, videos, blogs and information about the FreeAgent mobile app and FreeAgent for Landlords.

This section also includes 'Practice insights'. Navigate to this area to access three unique downloadable reports that will show you exactly how your clients are using FreeAgent.



The first is the 'Onboarding' report, which lets you see when clients are carrying out key actions within their first 45 days using FreeAgent.

The 'Banking' report shows you how many bank feeds each of your clients have set up, which can help you identify any that aren't using a bank feed yet.

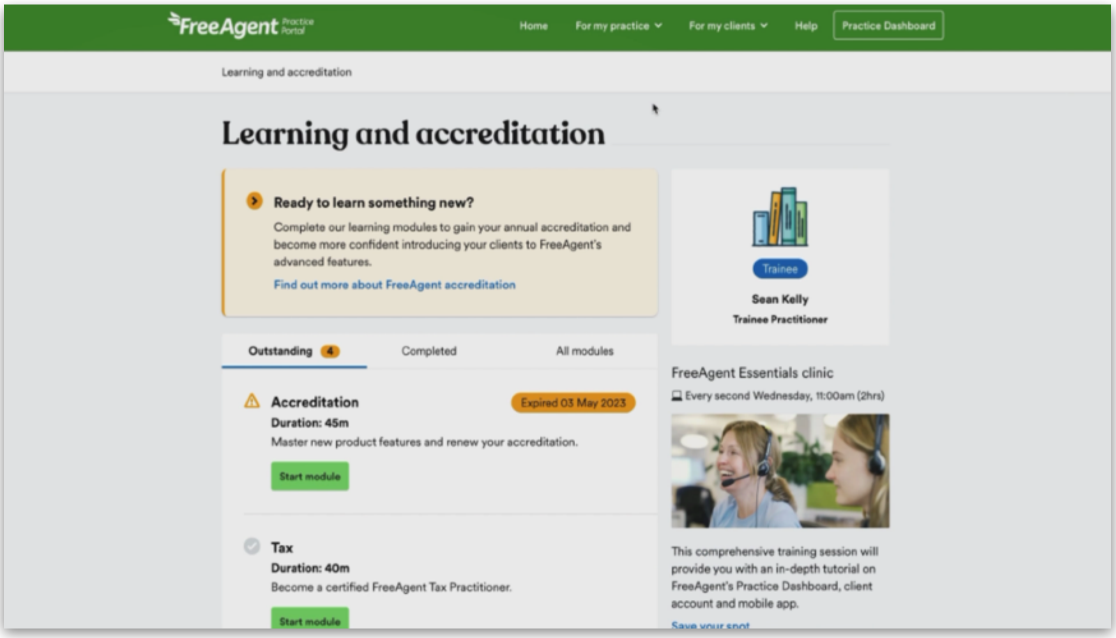
The 'Mobile app' report details which of your clients are not using the FreeAgent mobile app and the clients that have previously used it, but have not logged in to the app for a while.

The insights from these reports will enable you to have more tailored conversations with your clients, identify ways to improve the efficiency of your practice and help with the onboarding of new clients.

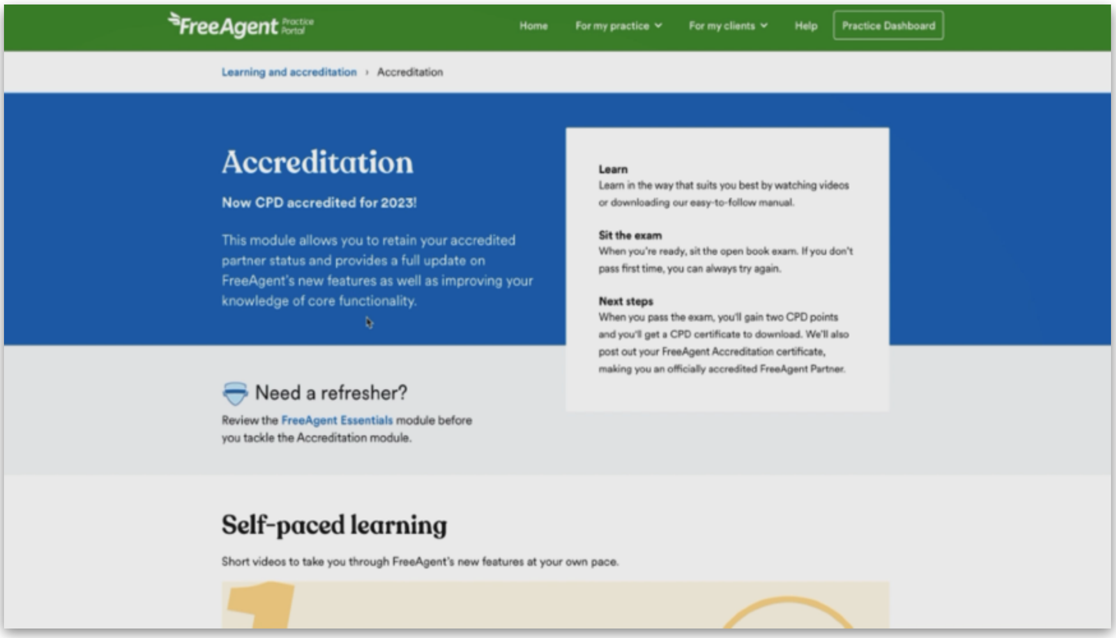
The ‘For my clients’ area of the portal hosts a wealth of downloadable resources you can share with clients who are either brand new to accounting software or just getting started on their FreeAgent journey. You’ll find our tips for introducing FreeAgent to your clients, including shareable videos and email templates, as well as step-by-step guidance for onboarding new clients to FreeAgent.

Accreditation

The Learning area within the Practice Portal is personalised for each individual account manager who has access to your Practice Dashboard. To navigate to the Learning area, click ‘Learning and accreditation’ from the ‘For my practice’ drop-down menu.



This is where you can access all of the learning modules - including this one - that will aid you on your FreeAgent journey. Select ‘Start module’ to begin.



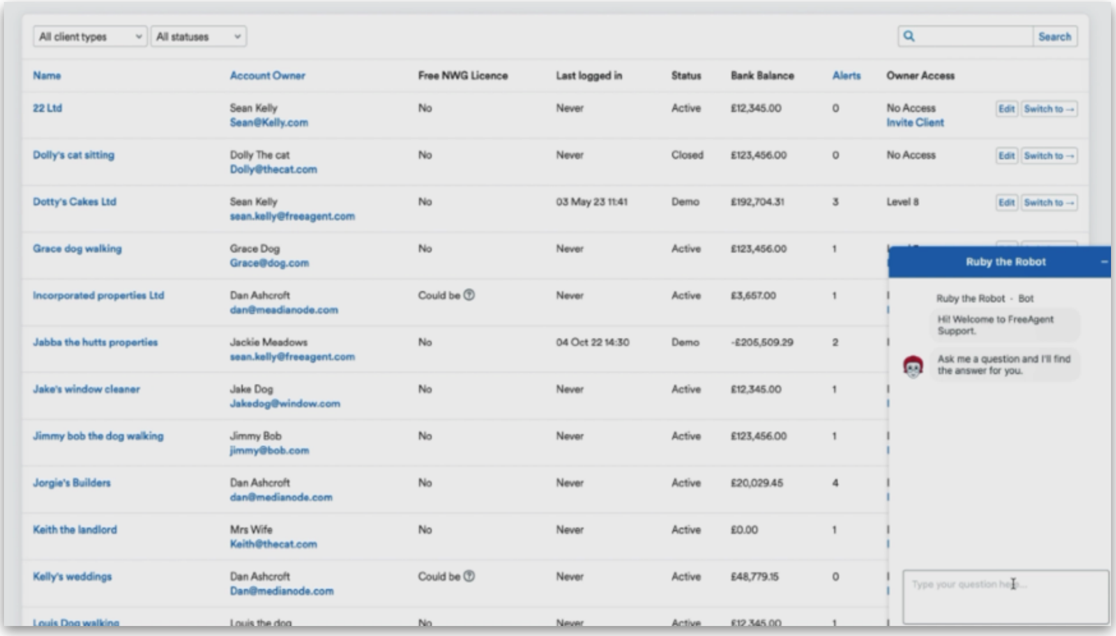
Each module includes guided videos of FreeAgent that you can watch to increase your knowledge of FreeAgent. There are also downloadable PDF manuals that cover all of the material from each module.

Once you're comfortable with the material, click 'Take exam' at the bottom of each module to take a short multiple choice exam. You will need to correctly answer 80% of the questions in an exam to pass.

Knowledge Base, Practice Support and Ruby the Robot

If you ever need a hand or have questions about managing your clients in FreeAgent, there are a few different ways you can access support.

If you run into issues or have any specific questions about your data in FreeAgent, start by clicking the ‘Help’ button at the bottom-right of the screen when logged in to your Practice Dashboard or from within your client’s account.

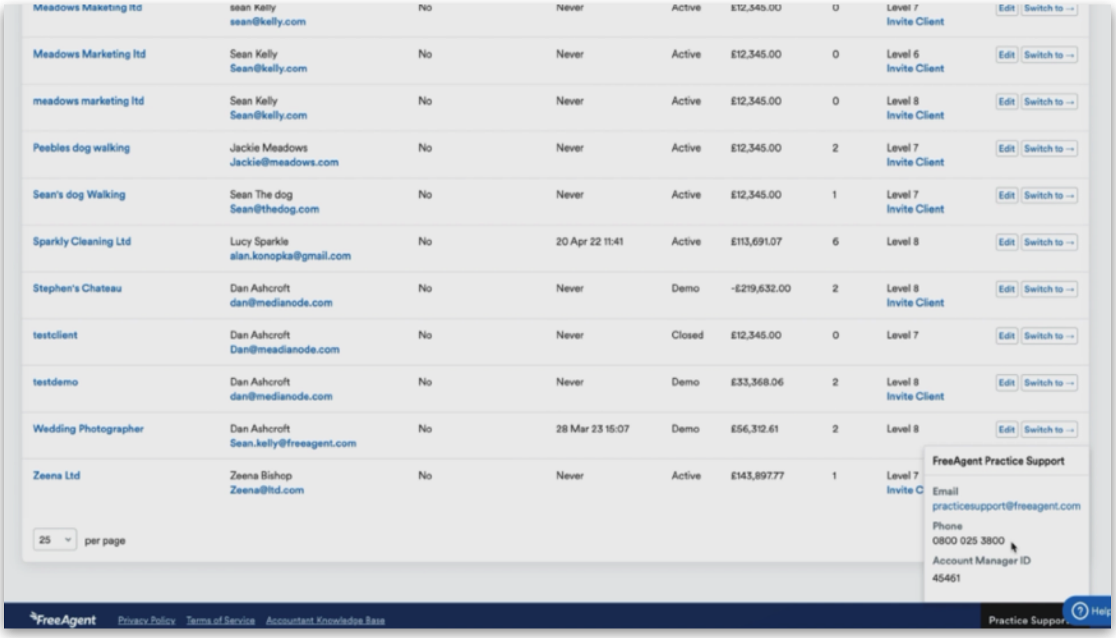


A chat window will pop up. Use the chat to ask our automated assistant - Ruby the Robot - a question. Ruby will attempt to suggest an article from our Knowledge Base to help answer your query. If Ruby is unable to help, click ‘Get in touch’ to contact our dedicated Practice Support team.

You will be given the option to connect with our Practice Support team by live chat if it’s during support hours, or to leave a message if it’s outside of support hours.

Alternatively, if you’d rather speak to someone from the Practice Support team, you can find the phone number to contact them by clicking ‘Practice Support’ in the bottom-right corner of the screen. Our phone lines have the same opening and closing hours as our chat, which are 9am to 5pm Monday to Thursday, and 9am to 4pm on Friday.

This is also where you’ll also find the Practice Support team’s email address,



which you can use any time. If our offices are closed, you'll receive a response when our offices reopen.

You'll also see your unique Account Manager ID. Whichever way you decide to get in touch, you may be asked to provide this ID code as it's used to identify who you are and locate your Practice Dashboard.

2. Licence setup

Which businesses is FreeAgent suitable for?

Business type/required functionality	Suitable	Suitable with minor workaround	Extensive workaround required
Traditional trades	✅		
Professional services	✅		
Service businesses	✅		
Creative and technology	✅		
Retail and hospitality	✅		
Landlords	✅		
Low stock business	✅		
Property inside a limited company licence		✅	
CIS for contractors		✅	
Both subcontractor and contractor		✅	
Business with intangible fixed assets		✅	
Business operating OSS		✅	
Up to two cost centres		✅	
More than two cost centres			✅
VAT margin scheme			✅
VAT retail scheme			✅
Adjustment to accounting year end			✅
Manufacturing			✅
High stock trading business			✅
Charities			✅
Business registered for international sales tax			✅

FreeAgent supports cash basis accounting for sole trader, partnership and unincorporated landlord accounts, as well as traditional accruals basis accounting.

If you have any queries about a client's suitability for FreeAgent, ask your Account Manager for further information.

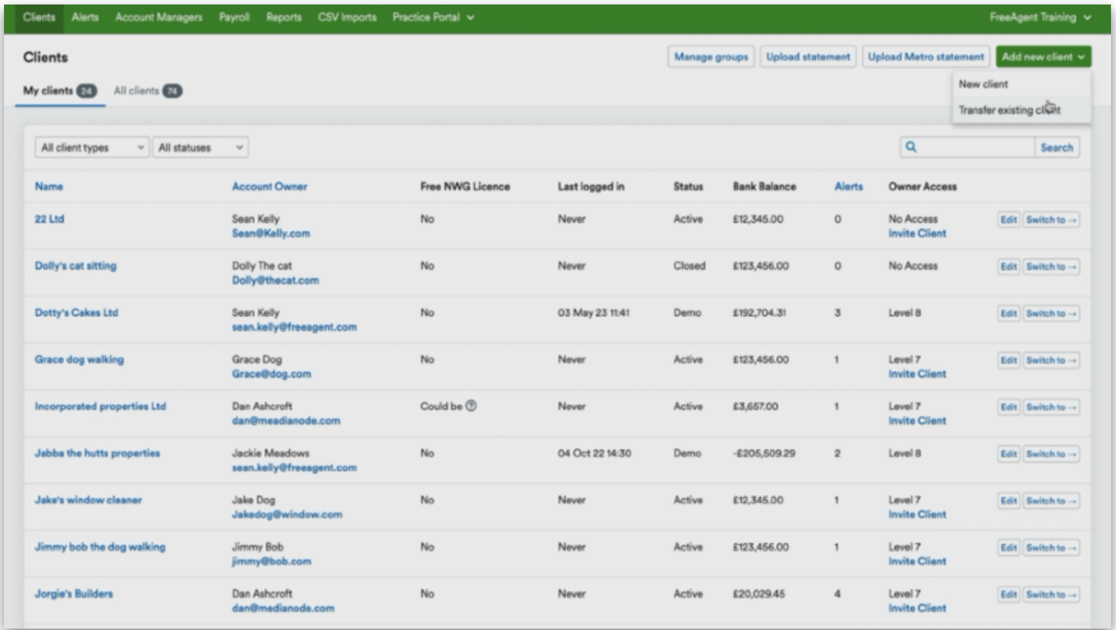
Transferring a client to your Practice Dashboard

If a client already uses FreeAgent, you can transfer their account to your Practice Dashboard.

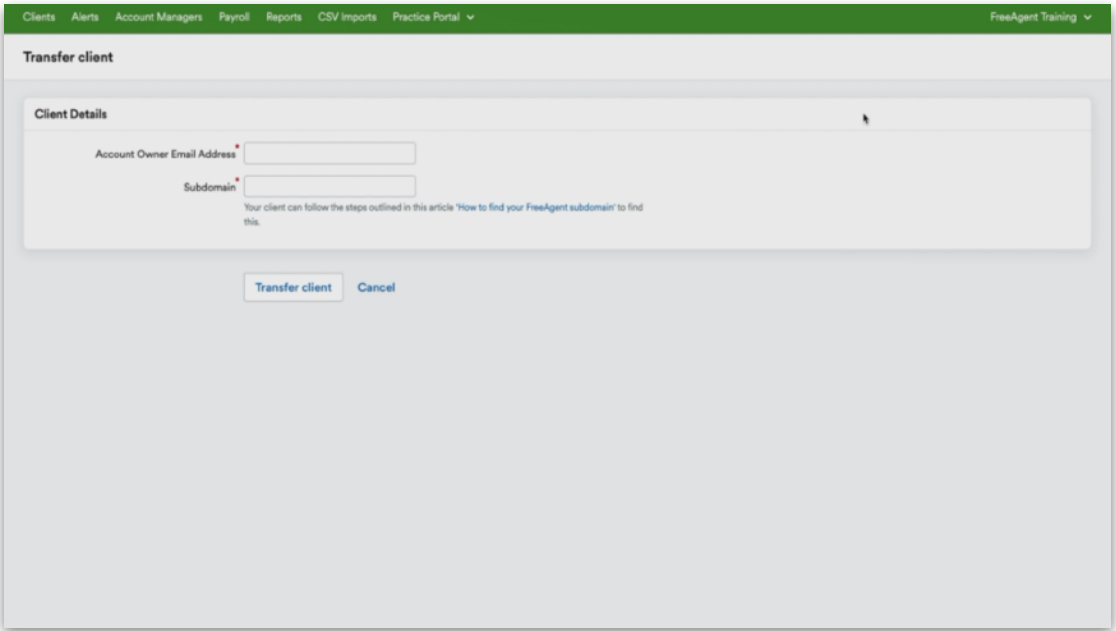
When you transfer a client with an existing FreeAgent licence, your practice takes over commercial ownership of the licence and it will appear on your invoice from FreeAgent as either a ‘free licence’, if they get FreeAgent free with a NatWest, Royal Bank of Scotland, Ulster Bank or Mettle account, or a ‘paid for licence’, if they currently pay for their account.

If you have any queries or questions about billing, please contact your Account Manager before transferring a licence.

To transfer a client, navigate to the ‘Clients’ tab in your dashboard and select ‘Add new client’ in the top-right corner. Select ‘Transfer existing client’.

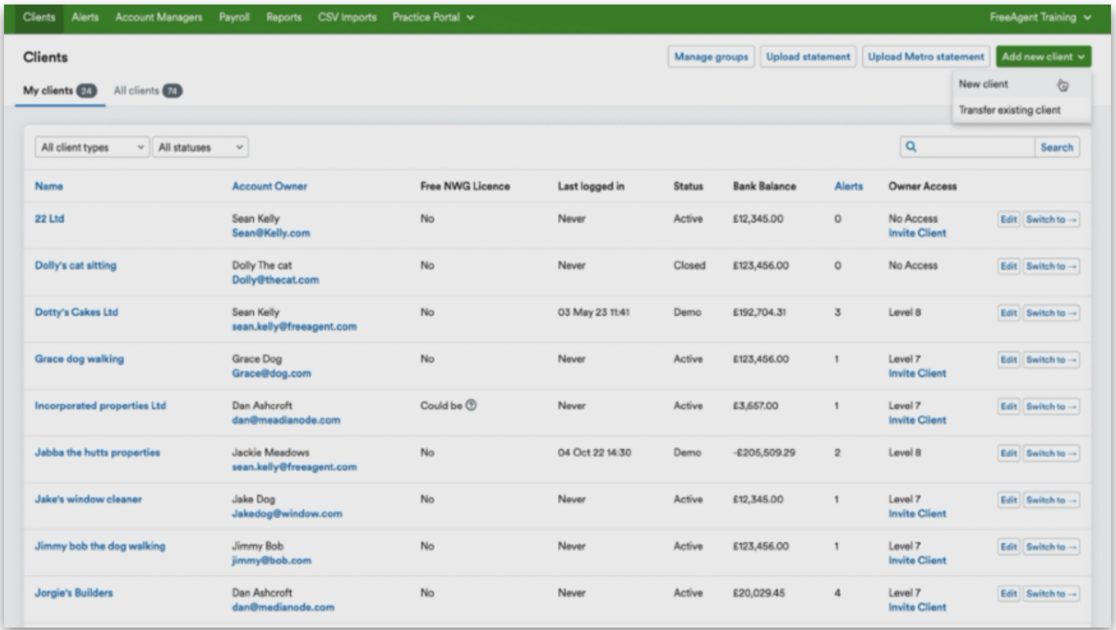


Enter the email address that your client uses to log in to FreeAgent, along with their unique subdomain. The subdomain can be found within the web address when your client is logged in to FreeAgent.

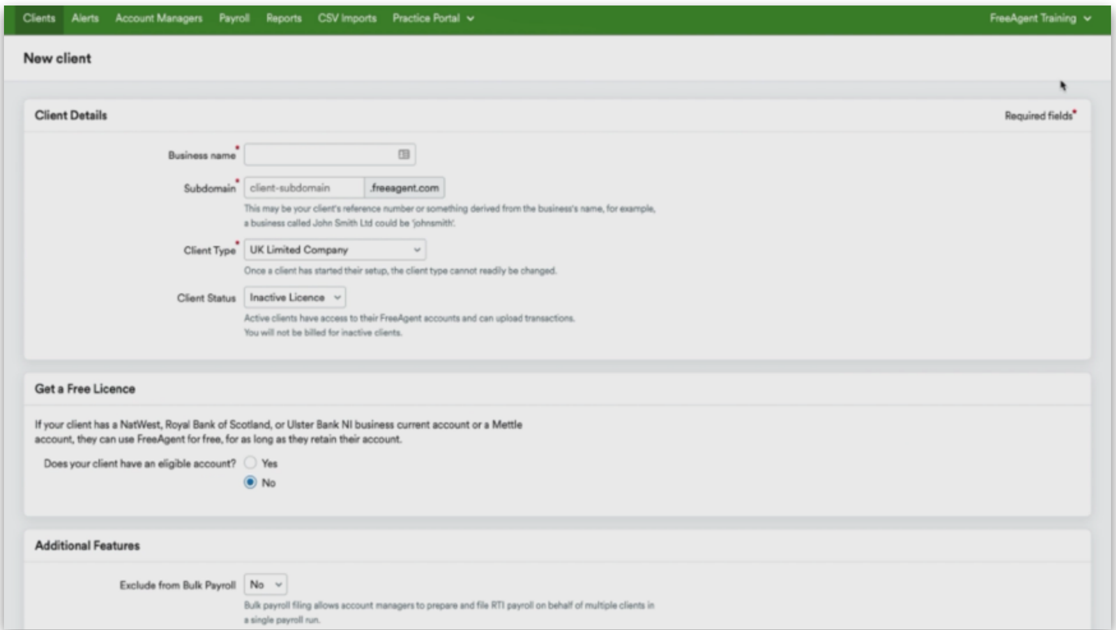


Adding a new client to FreeAgent

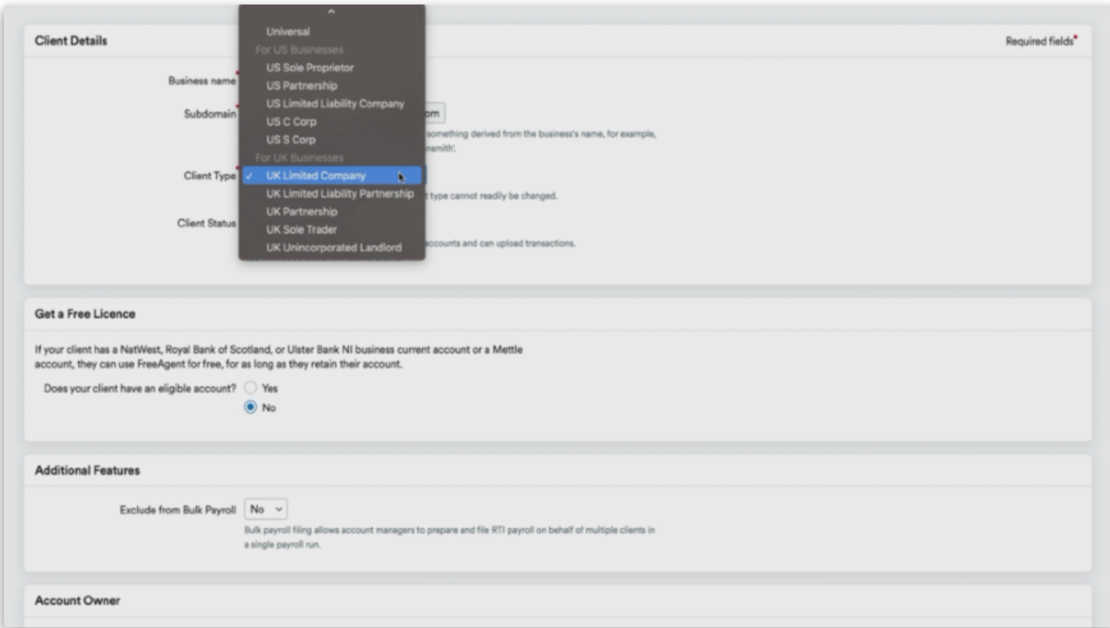
If your client is new to FreeAgent, you'll need to follow a different process for adding them to your Practice Dashboard. Select 'Add new client' and then 'New client'.



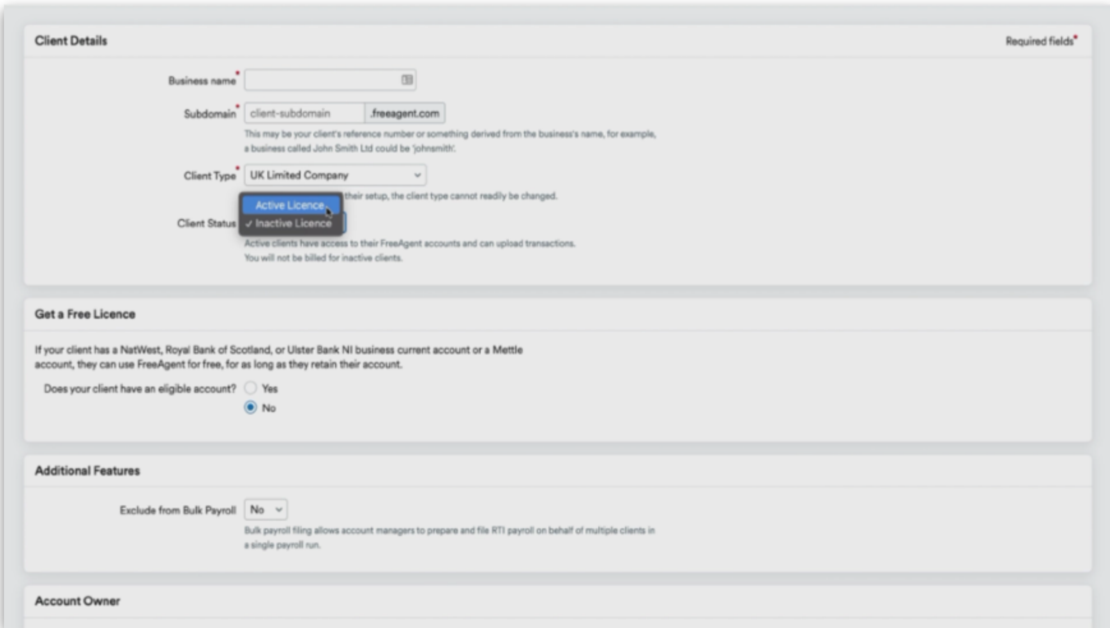
Enter the client's business name and the subdomain you'd like them to use as the URL (web address) for their FreeAgent account. It needs to be unique, so you may need to add additional numbers or letters to the name of your client's business. Feel free to get creative and remember to choose something memorable for your client.



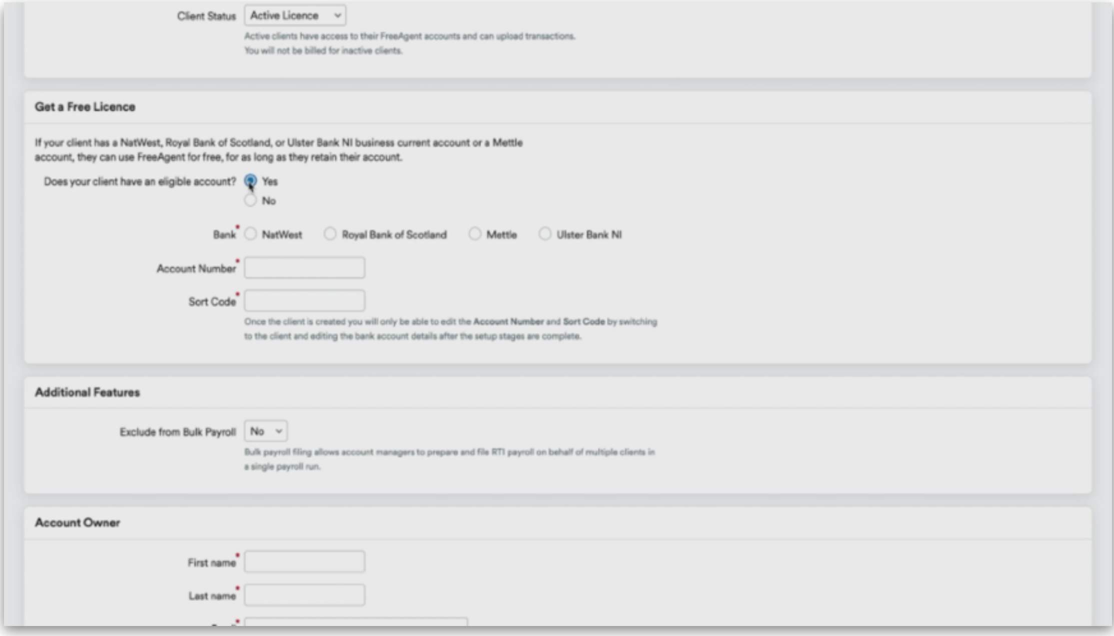
Next, choose the relevant client type. Please note that once the client type is set, it can't be changed later. For example, if a client incorporates their business, they will need a new FreeAgent account.



Next, select the client's status. An active client will have access to their FreeAgent account and will be able to upload bank transactions, etc. Clients who are inactive won't have any access to FreeAgent. Please note that a client can only be active once. If you change their status from 'Active' to 'Closed', it cannot be changed back to 'Active' again.



If your clients have NatWest, Royal Bank of Scotland or Ulster Bank business current accounts, or Mettle accounts, they're eligible to use FreeAgent for free. To add them to your dashboard, tick the 'Does your client have an eligible account?' checkbox in the 'Get a Free Licence' section, select the relevant bank and enter the account number and sort code for your client's business bank account.

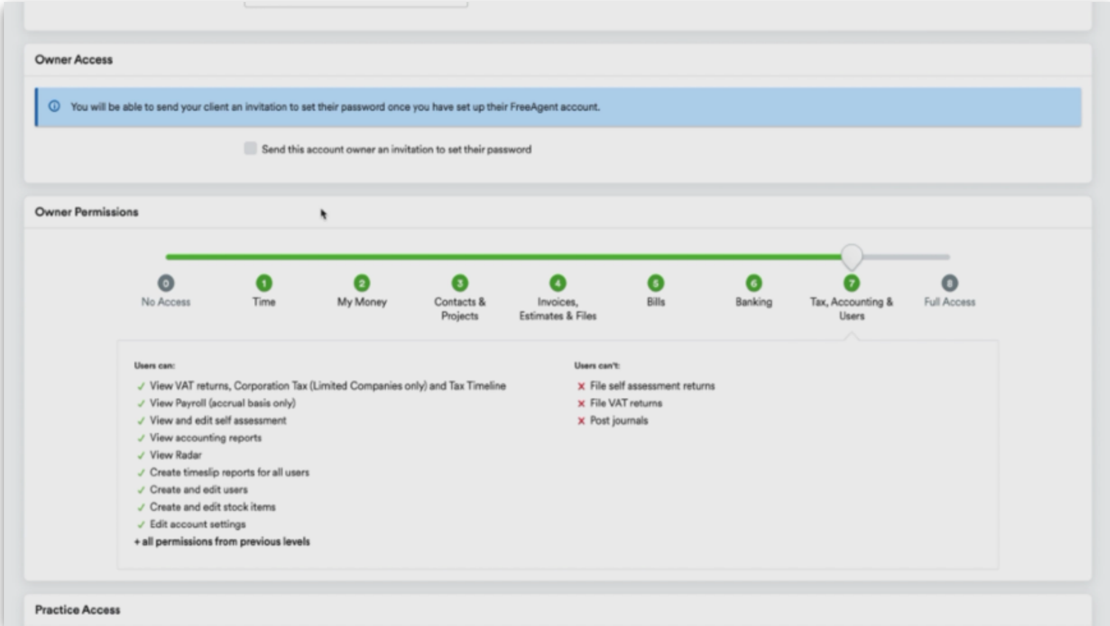


If you file payroll for your clients in bulk and don't wish to include the new client in your payroll run, select 'Yes' to 'Exclude from Bulk Payroll' in the 'Additional Features' section. Otherwise, select 'No' to include the client in your next payroll run.

Enter your client's details in the 'Account Owner' section, including their name, address and the email address that your client will use to log in to FreeAgent.

FreeAgent allows you to set permissions for what your client can and can't see within the software. The default user access level for a new client is level 7, which means the client can see and do everything in FreeAgent except submit VAT returns and Self Assessment tax returns or post journal entries.

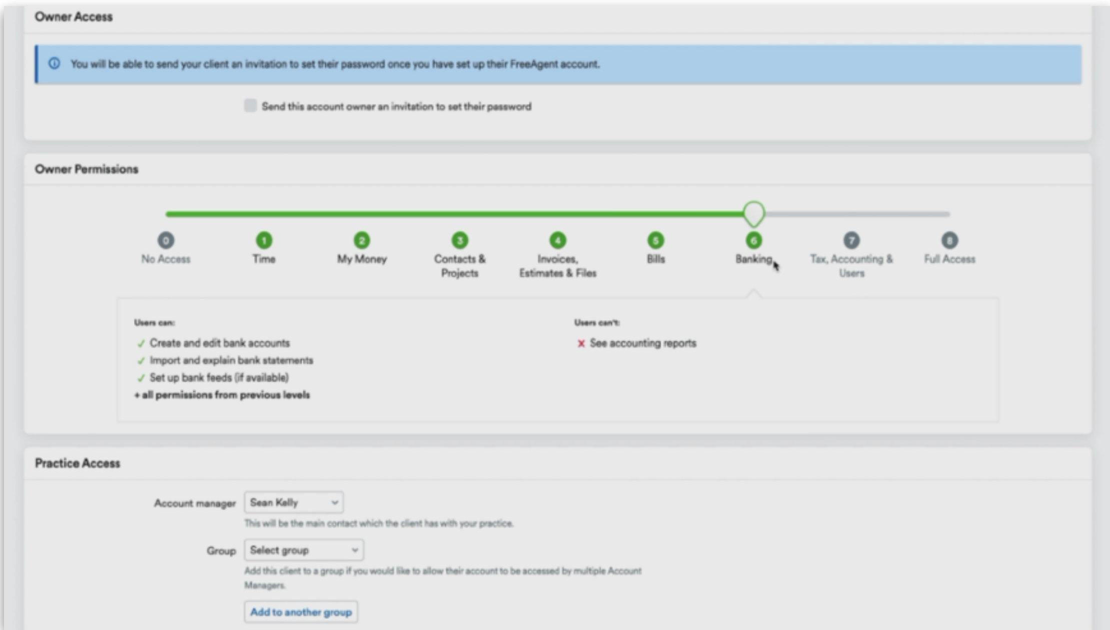
If you set the client's user access level to 7 or below in the 'Owner Permissions' section, you'll need to complete the setup stages of their account before you can send them an invitation to set their password.



If you set the client's user access level to 8 (full access), you can tick the check box in the 'Owner Access' to send the client an email invitation to choose their password. You can add a personalised message to the email if you like.

Make sure that you ask your client to follow the instructions in this invitation email to set their password, as they will need it to access FreeAgent. You don't need access to your client's password as you will be able to access their data and account from your Practice Dashboard.

You can amend the access level here, and we suggest starting new clients out at level 6, which means they can do everything they will need to do but they can't see accounting reports. However, feel free to pick the level that feels appropriate for you and your client; you can always adjust it in the future.



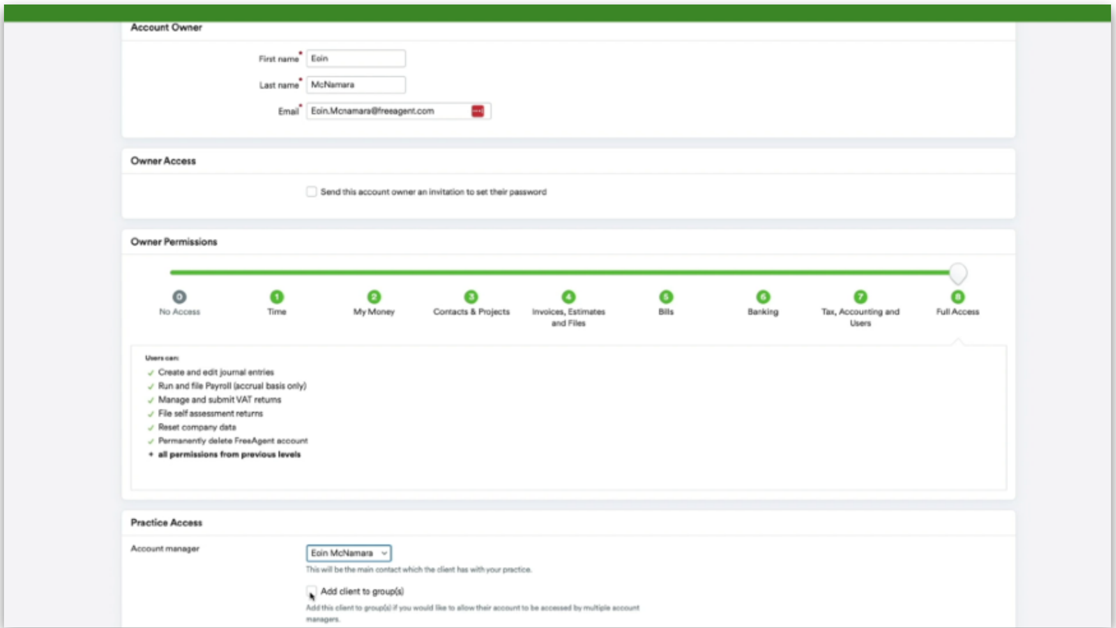
The permissions given with each level can be seen by adjusting the slider displayed in the 'Owner Permissions' section. The text below the slider will change to show the permissions at that level.

Please note that if your client has full (level 8) access, they will be able to submit their own Self Assessment and VAT returns, but they will not be able to make Final Accounts (FRS 105) and Corporation Tax (CT600) submissions themselves.

If a client has an access level of 0, they will not be able to log in to FreeAgent.

Next, if you want one of your colleagues to be this client's account manager, use the drop-down menu in the 'Account Manager' section at the bottom of the page. You need to be a senior account manager to assign an account manager to a client.

You can also assign the client to a previously created group. Click 'Add client to group(s)' and select the group you wish to assign the new client to.



The next step you take will depend on whether you're completing the setup stages of the client's account or sending the client an invitation to set their password.

If you're completing the setup on behalf of your client, click 'Save & continue to client setup'. This switches you to the client account view of FreeAgent and takes you to the setup process.

Follow the instructions provided, adding the relevant information for your client. After the final step, select 'Save and Finish' to complete the setup process.

Alternatively, if you set the client's user access level to 8 (full access) and send the client an invite to set their password, select 'Save, send invite & continue to client setup' to set up the new client and send them the email to set their password. Then follow the instructions provided to complete the client setup process as above.

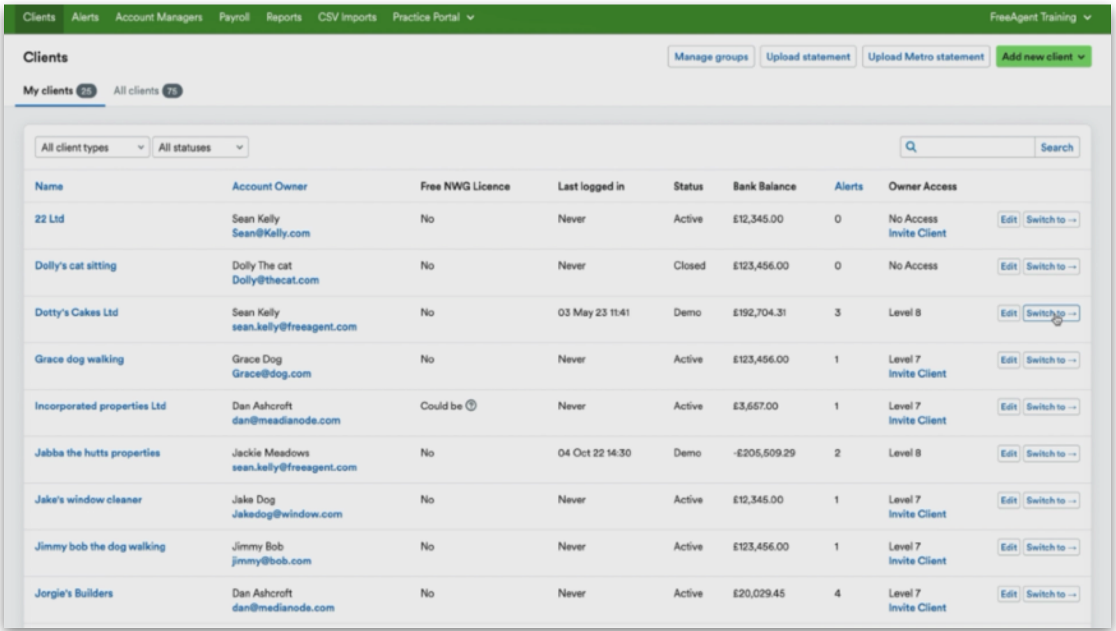
You also have a third option. If you'd like to send the client an email to set their password without continuing with the client setup process, for example, if you're going to complete the setup stages later or the client is going to set up their own account, select 'Save, send invite & return to dashboard' instead.

Then, when you're ready, switch to their account via your Practice Dashboard and complete the client setup process.

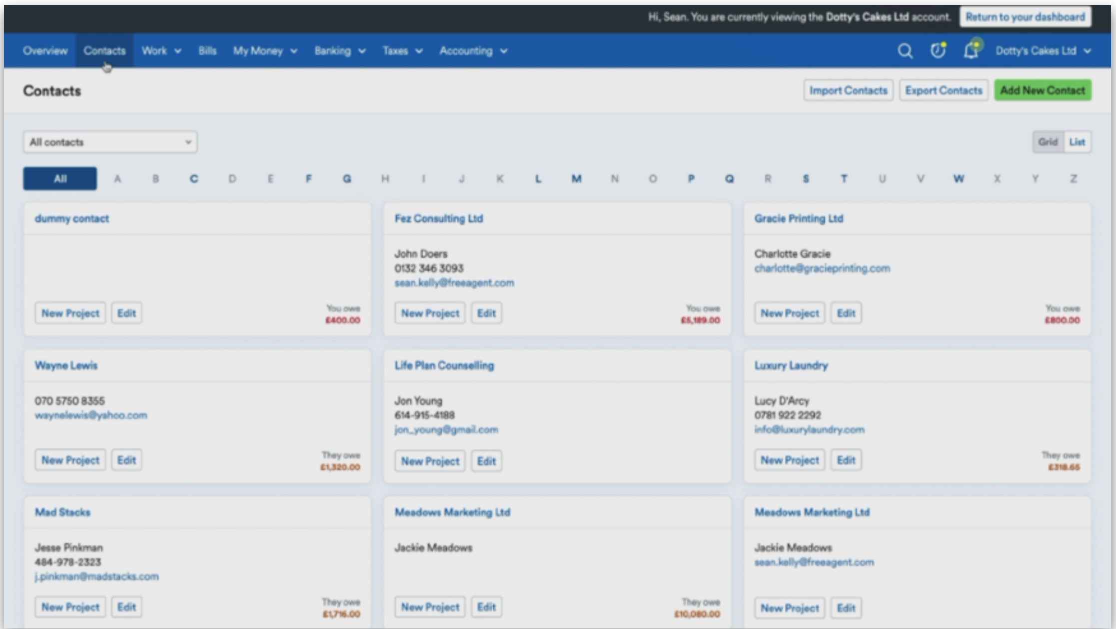
3. Contacts, invoicing and credit notes

Contacts

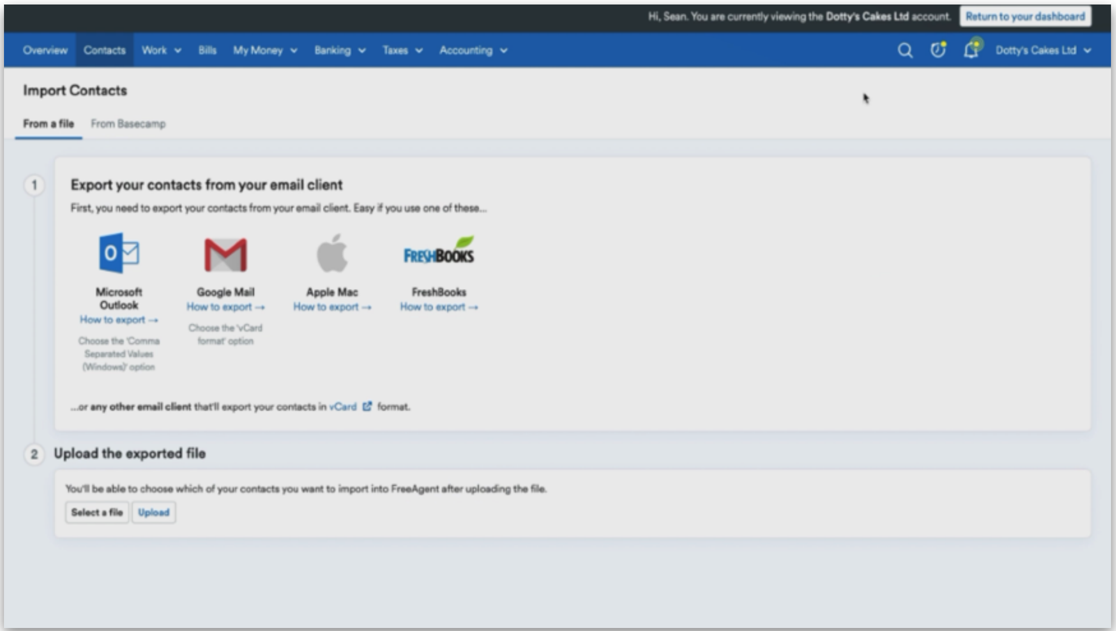
Contacts are your client's customers and suppliers in FreeAgent. To access this area, navigate to the relevant client on your Practice Dashboard and 'Switch to' their account.



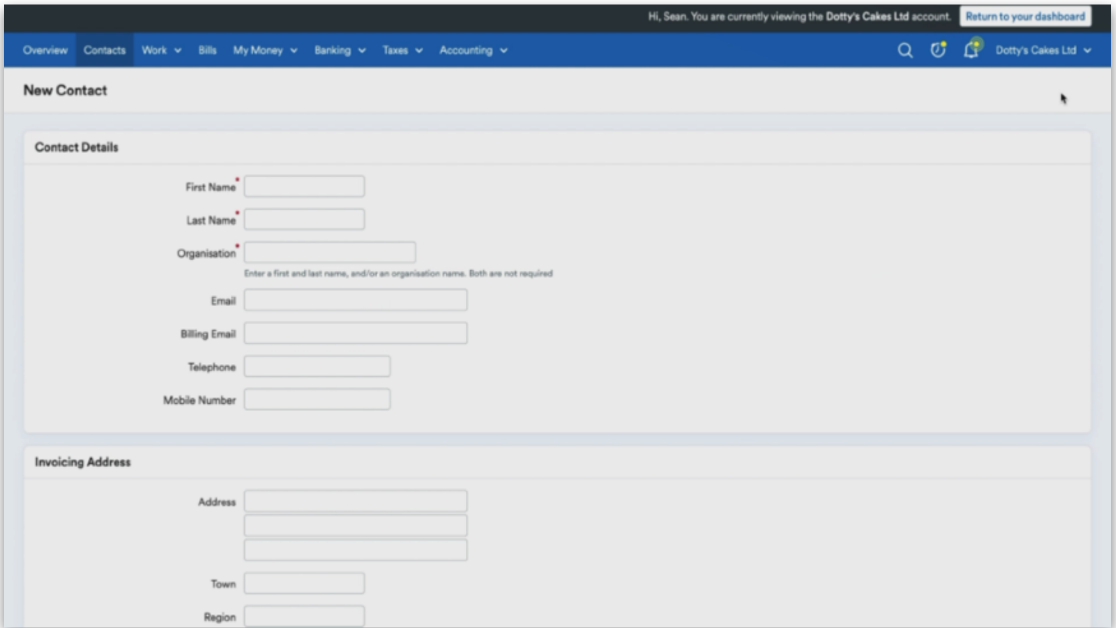
Click on the 'Contacts' tab at the top of the screen to access your client's Contacts area.



You have two options for adding contacts in FreeAgent. The first is to import multiple contacts at once. To do this, click on the ‘Import Contacts’ button and follow the steps provided to export contacts from an email client and import them into FreeAgent.

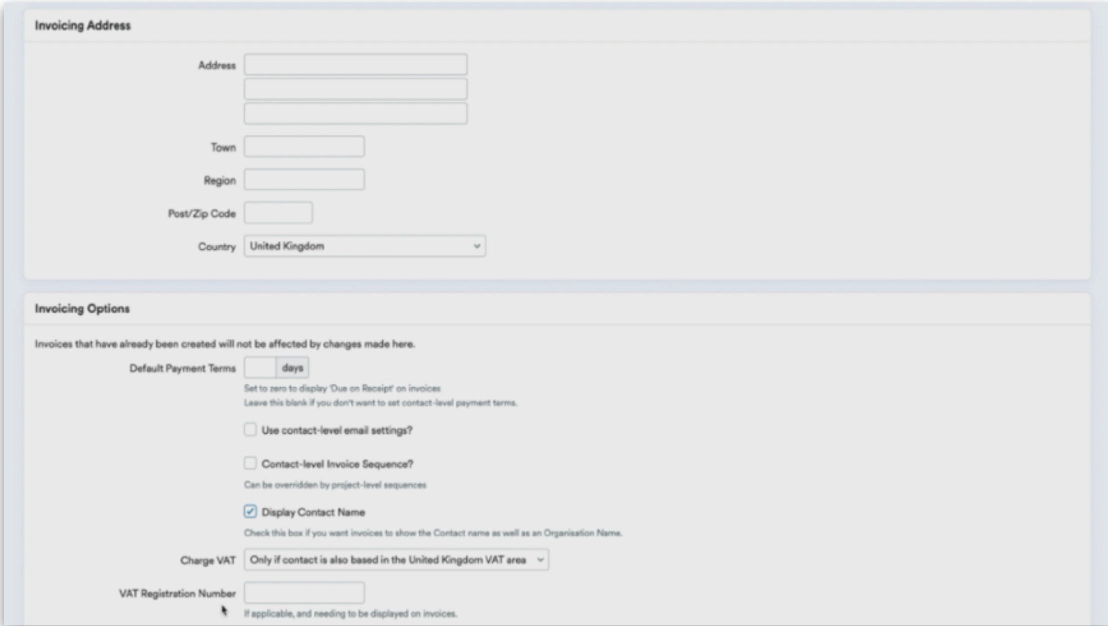


Alternatively, you can enter an individual contact by clicking on the green ‘Add New Contact’ button. The more information you include for a contact, the more will get pulled through to other areas of FreeAgent, such as invoicing.

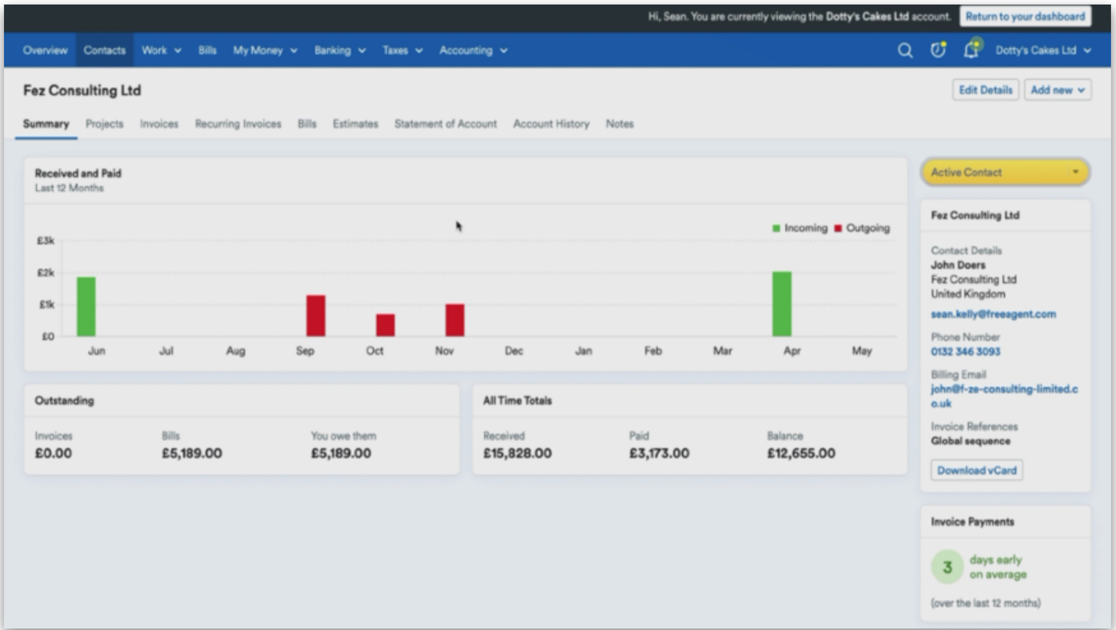


Please note that when you’re adding a contact, you can enter the person’s first name and last name and/or the name of the organisation they work for, but you don’t need to enter both.

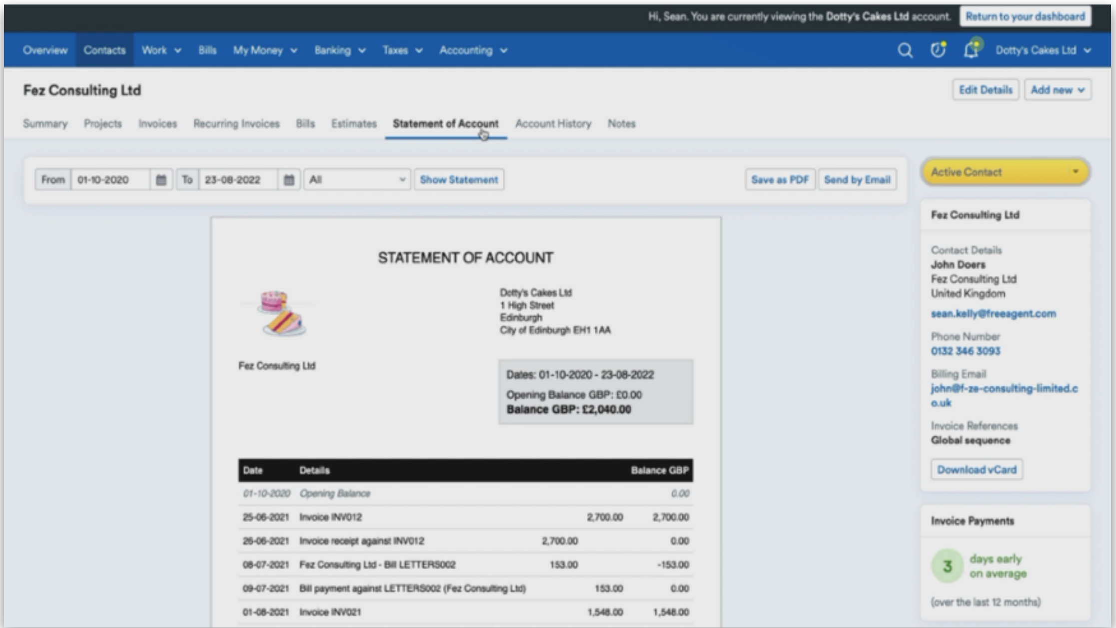
You can also add additional details for the contact including payment details, invoice sequencing, selecting whether to charge VAT and entering the contact's VAT registration number. The more information you enter here, the more will get pulled through to other areas of FreeAgent like sales invoicing. Select 'Create New Contact' to save the new contact.



Once you've created a contact, you can click on their name in the 'Contacts' area and you'll be able to view all of the relevant transactions and data associated with them in FreeAgent.



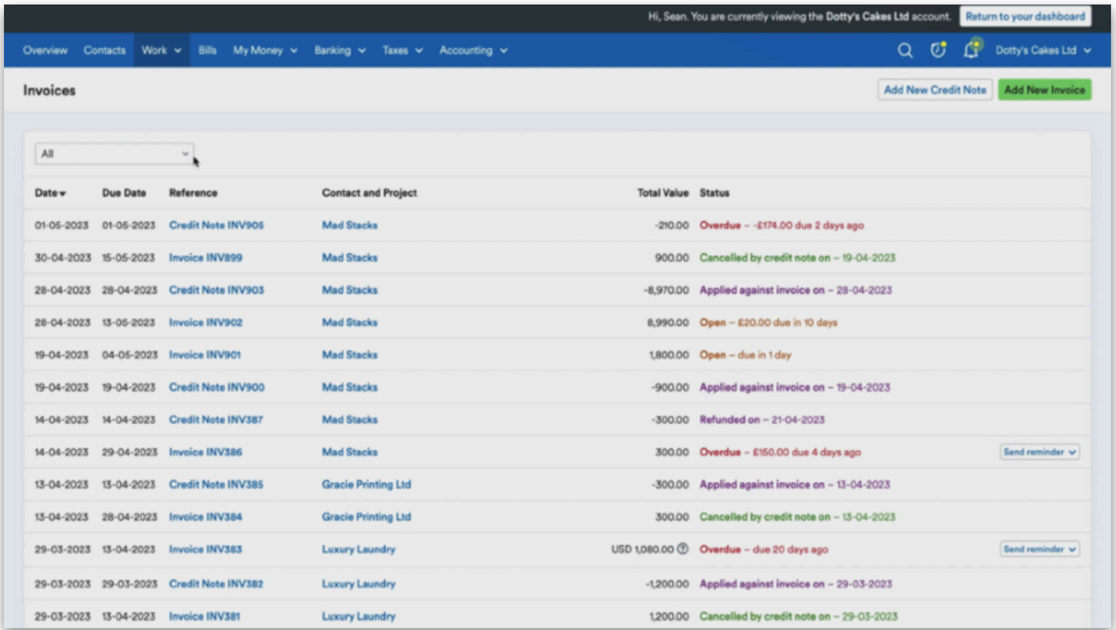
This is also where you can view and download a Statement of Account for any contact. To do this, navigate to the tab and add the relevant date range. You can either include all transactions or just the outstanding ones by selecting the relevant option from the drop-down menu.



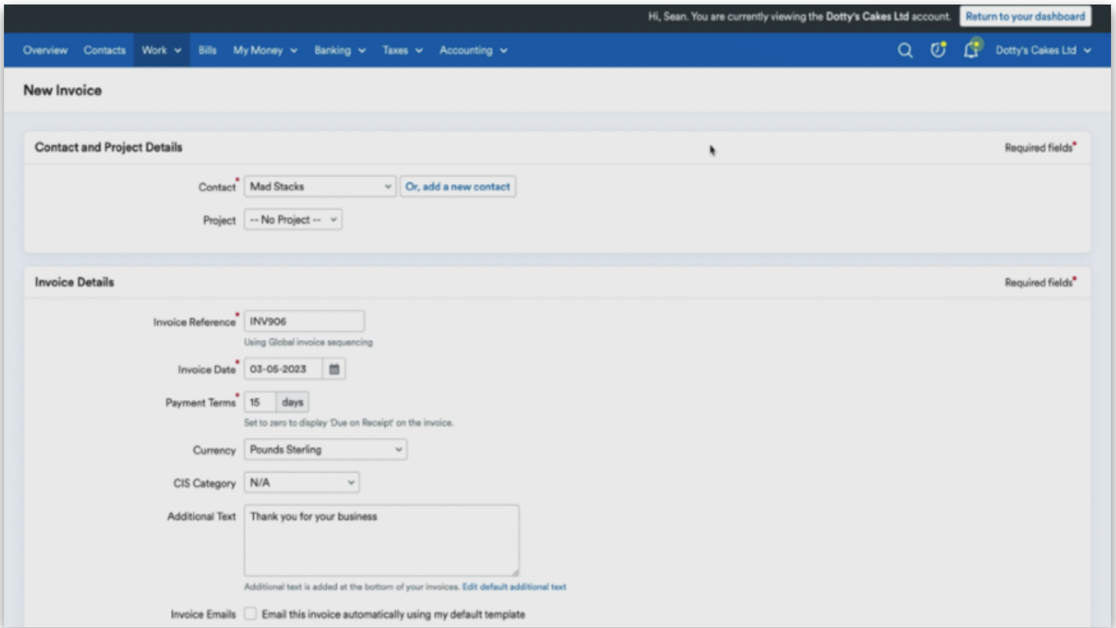
Select 'Show Statement' to generate the statement. You can then save it as a PDF and print or email it directly to the contact by clicking 'Send by Email'.

Invoicing

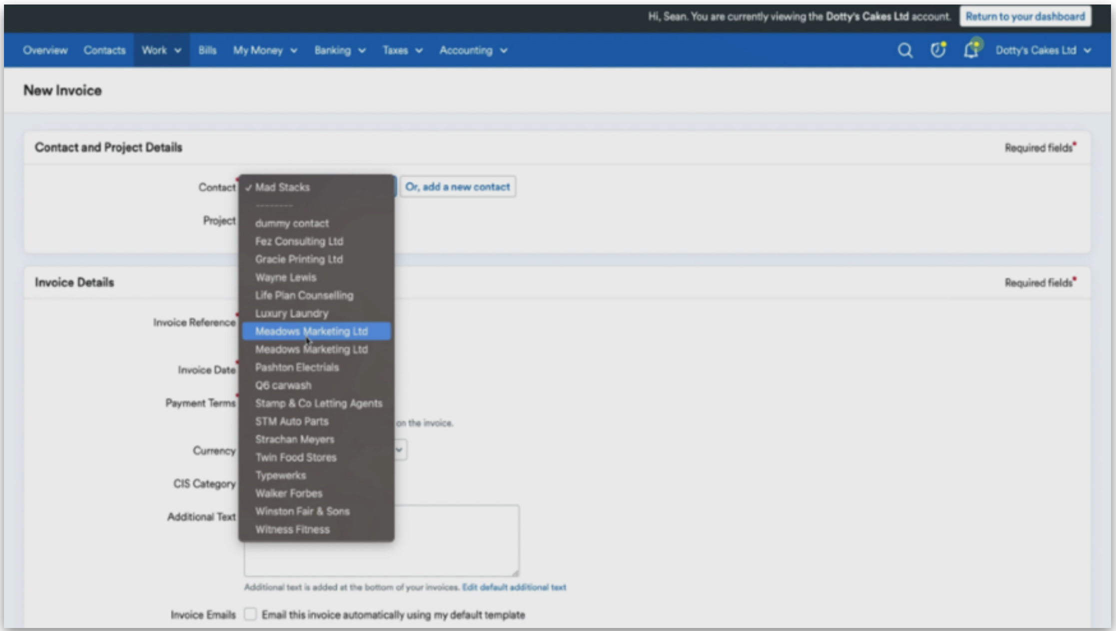
To navigate to the invoicing area in FreeAgent from within your client's account, select the 'Work' tab and then choose 'Invoicing' from the drop-down menu.



You'll see a list of sales invoices that have been entered in FreeAgent. FreeAgent uses a traffic light system to show the status of the invoices: green for 'Paid', amber for 'Open' (not due) and red for 'Overdue'. To add a new sales invoice, click on the green 'Add New Invoice' button in the top-right corner. This is where you'll enter all the relevant information for the invoice.



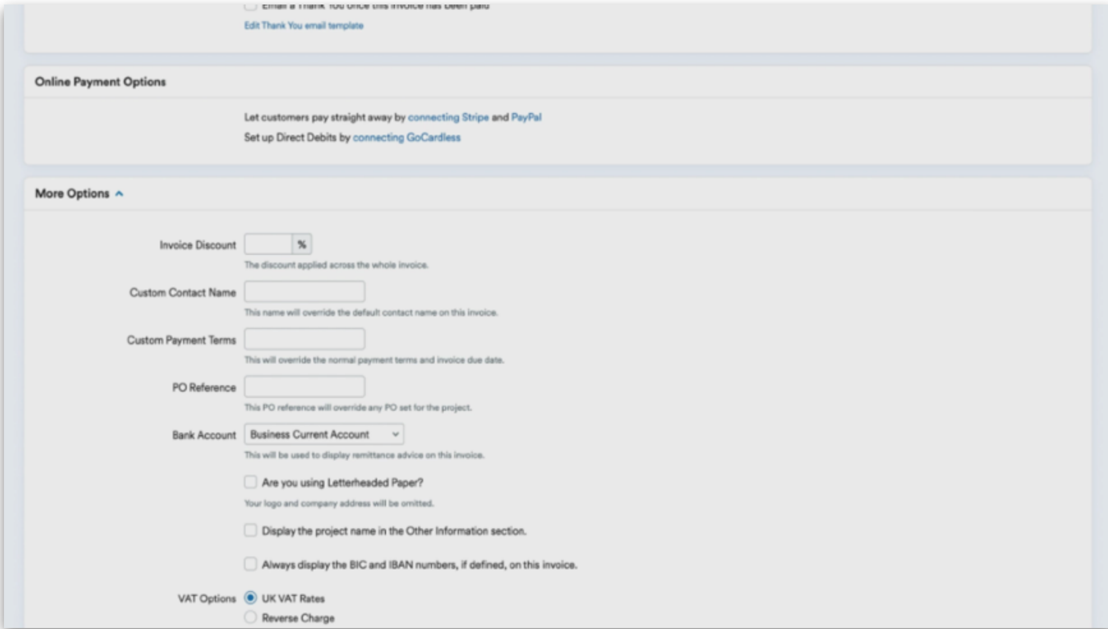
Begin by selecting the person or company that the invoice is going to be sent to from the 'Contact' drop-down list. If they haven't been added yet, select 'Or, add a new contact'. You can also select a project, if applicable.



Next, complete the 'Invoice Details' section. If you're using global invoice sequencing for the invoices, FreeAgent will automatically increase the invoice reference number by one each time you create an invoice. Alternatively, you can enter your own reference if you'd prefer.

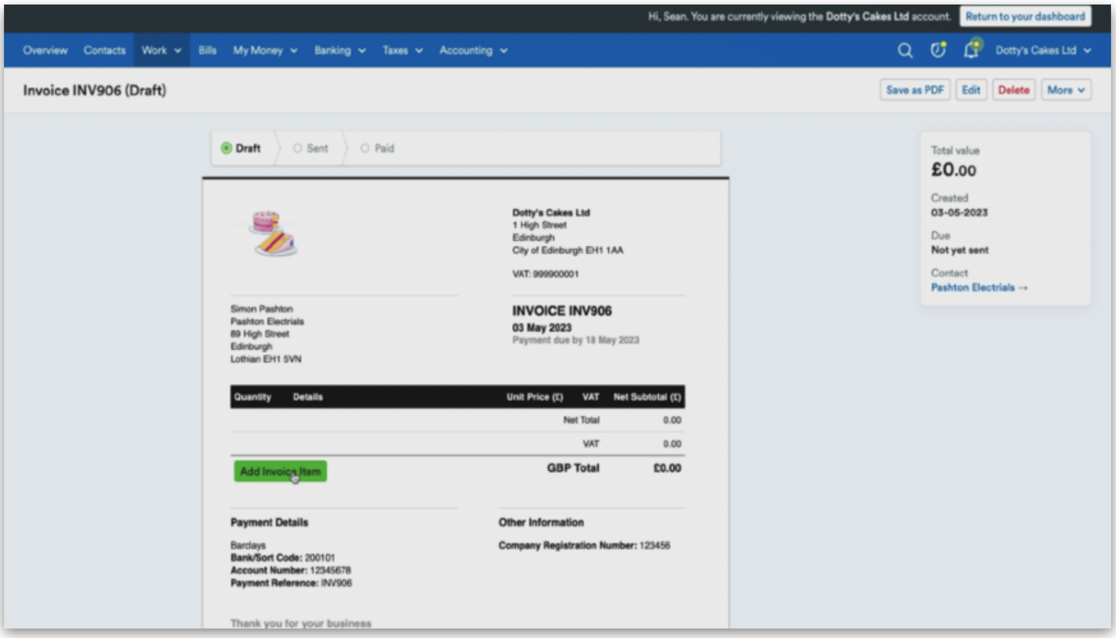
In this section, you can also add payment terms, select a currency, include additional details and select which invoice emails should be sent to the client.

There are various other options available to include. Select the arrow next to 'More Options' then enter the relevant details if required.

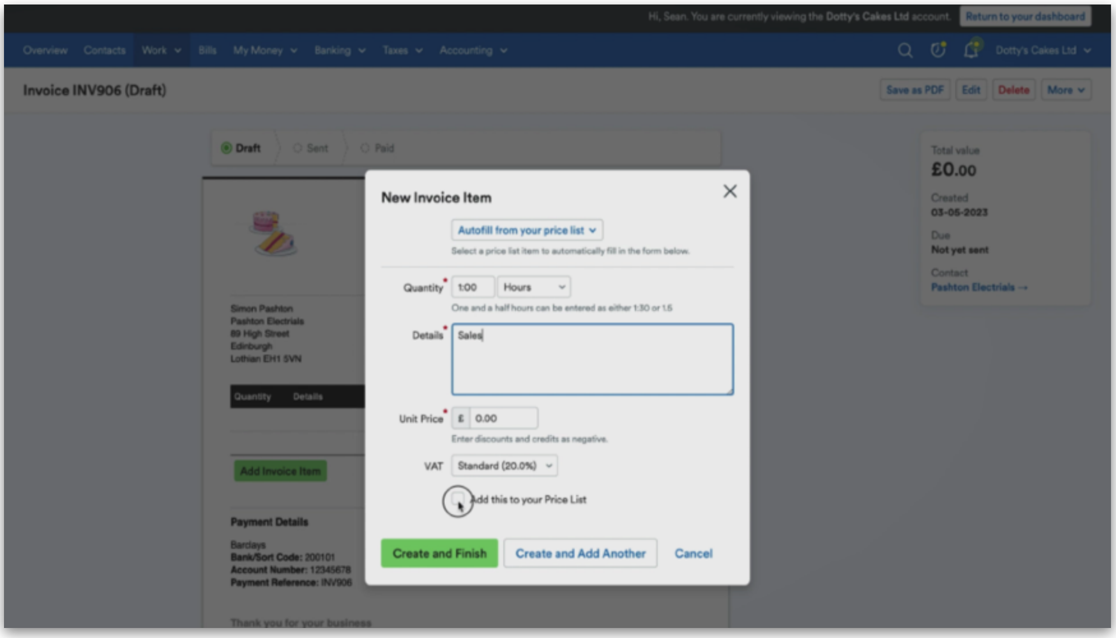


Once you're happy with the information, select 'Create New Invoice'.

Next, you'll need to add invoice items. To do this, click on the green 'Add Invoice Item' button and enter the relevant details for the item in the pop-up window.



If your client sells the same items or services regularly, tick the 'Add this to your price list' checkbox and give the item a title. This will mean in the future you can select the item from the 'Autofill from your price list' drop-down menu at the top pop-up window and the fields will automatically be filled.

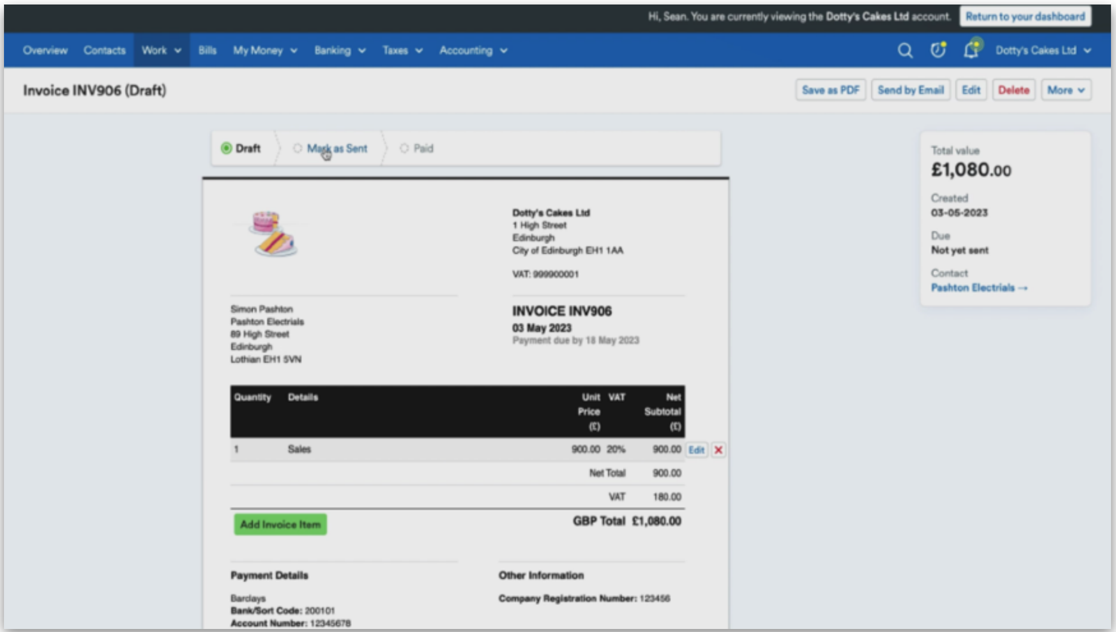


Once you're happy with the details for the invoice item, you have two options: you can either create it and another item or click 'Create and Finish' to complete the process.

At this stage, the invoice is still marked as 'Draft', which means it will not be pulled through to the relevant accounting reports in FreeAgent.

To complete the process, you need to send the invoice or mark it as sent. If you selected the option to email the invoice automatically in the 'Invoice Emails' section, select 'Send Now' to activate the invoice and email it to your customer.

Alternatively, if you didn't select the option to email the invoice automatically, select 'Mark as Sent' to activate the invoice and your client can then send the invoice to their customer manually.



Once the invoice is activated, it will be pulled through to the relevant accounting reports and VAT returns, if applicable. It will also be available to have bank transactions explained against it.

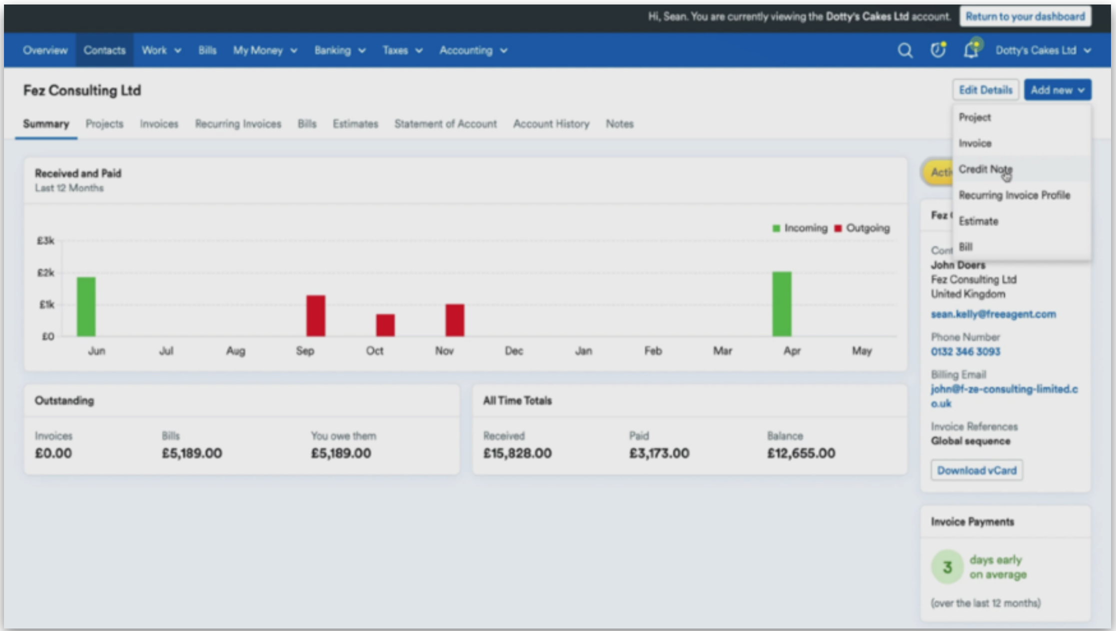
If you need to make changes to the invoice for any reason, select 'Make Draft' and amend the invoice. Then, repeat the process to email the invoice or mark it as sent.

Please note that you can only do this if no payment has been marked against it. If one has, you can't make any changes until the payment has been removed.

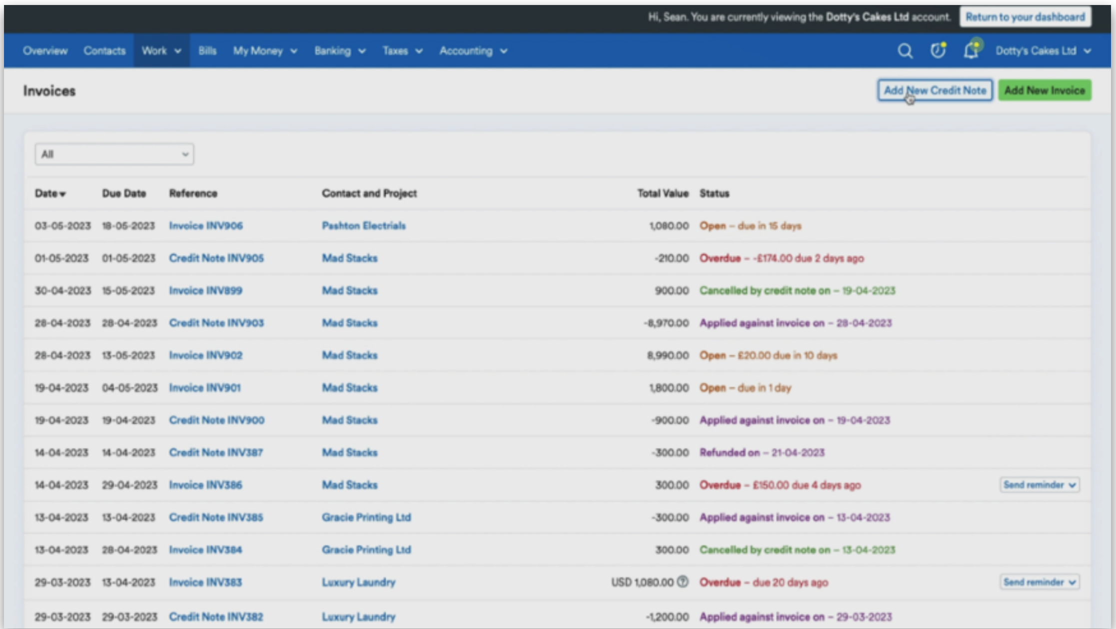
Your clients can also create and send invoices using the FreeAgent mobile app. To find out more about this, visit the Mobile module in the 'Learning and accreditation' area in the Practice Portal.

Credit notes

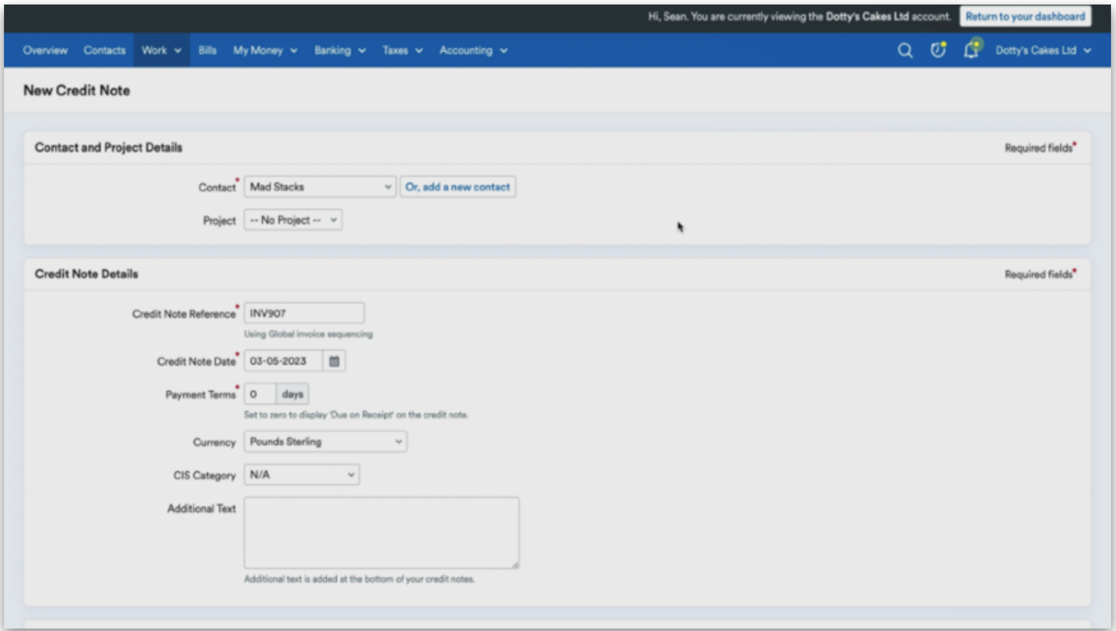
There are a few ways to enter credit notes from within your client's account in FreeAgent. The first is to create one from scratch. You can do this directly from the 'Contacts' or 'Projects' areas. Just select 'Add new' and choose 'Credit Note' from the drop-down.



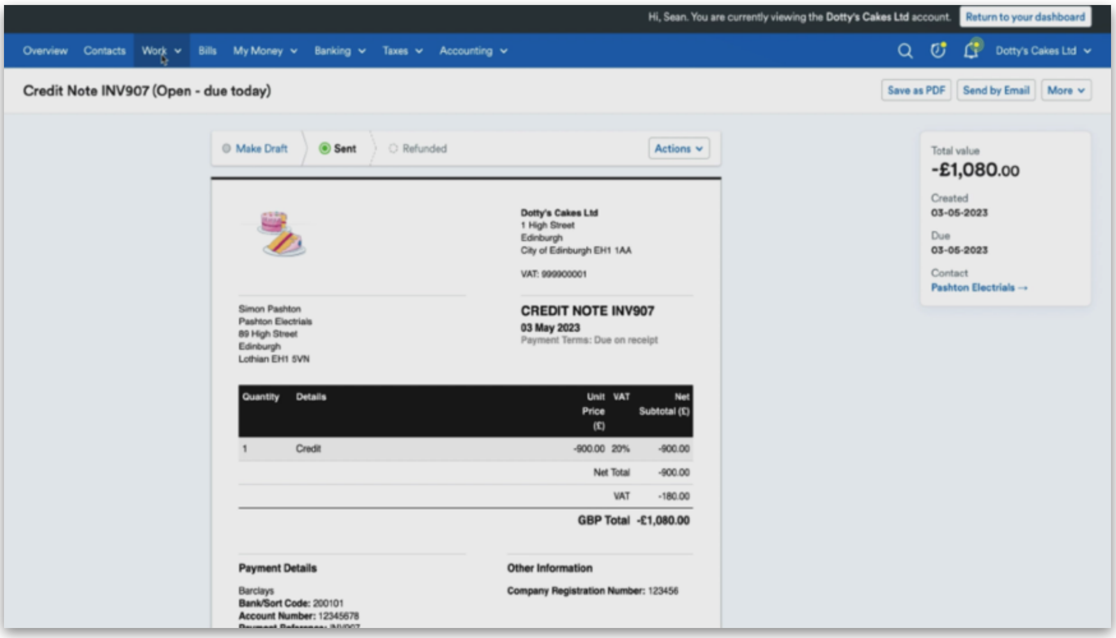
Alternatively, you can create a credit note from scratch via the 'Invoicing' section. To do this, click on the 'Work' tab, choose 'Invoicing' and then select the 'Add New Credit Note' button at the top right of the page.



Whichever way you choose, you'll be taken to the new credit note screen. You'll notice that this page is very similar to the one shown earlier in the invoicing section, starting with adding a contact and project, if applicable.

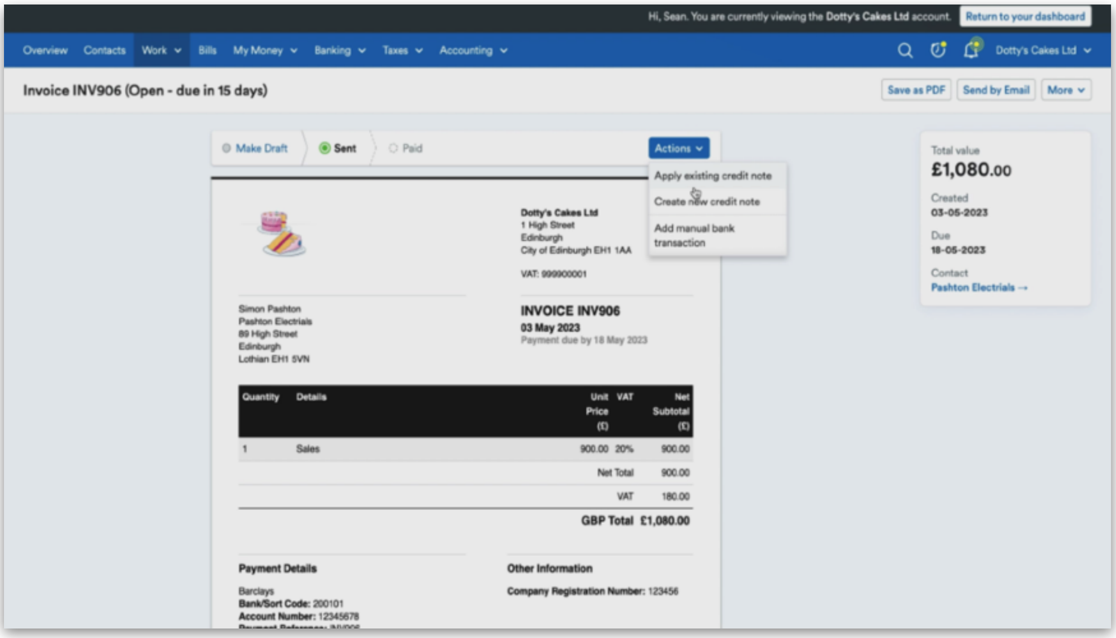


Next, add the credit note details, including a reference number, and any relevant extra information in the 'More Options' section. Once you're happy with it, select 'Save Changes'.

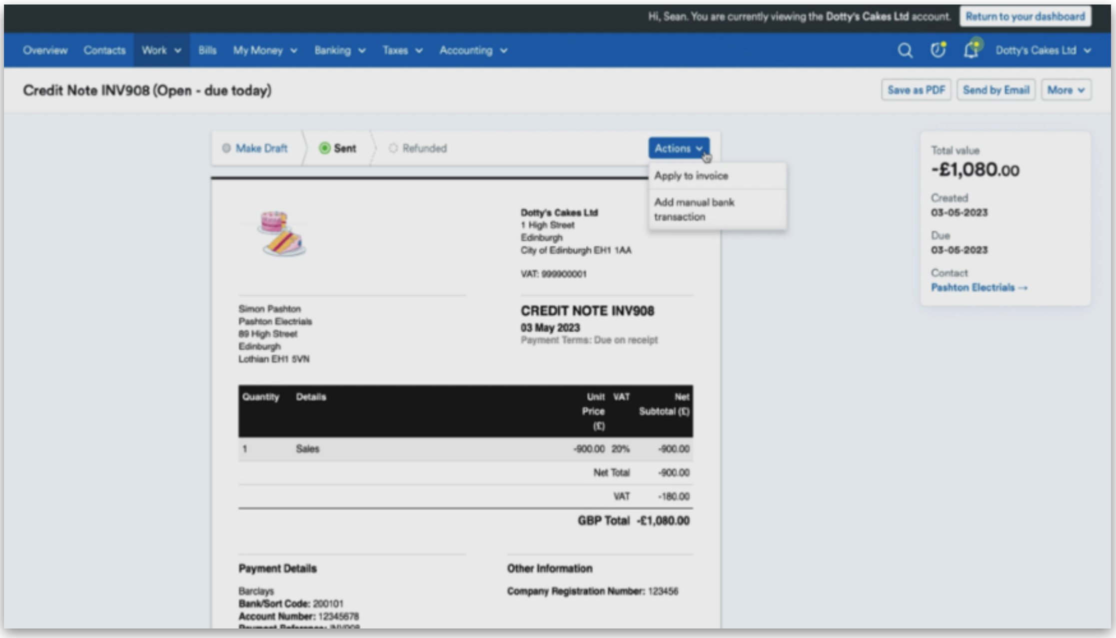


From here, follow the same process of adding line items as for invoicing. However, make sure the figures are negative. Once you're happy with the credit note, click 'Mark as sent'.

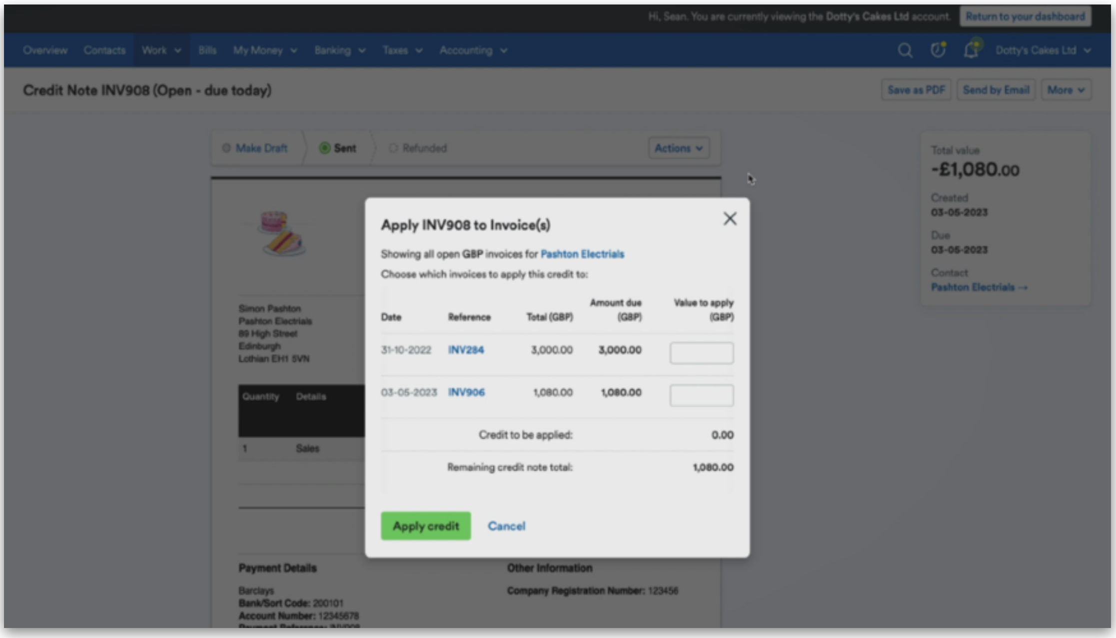
Alternatively, you can create a credit note from an existing invoice in FreeAgent. To do this, navigate to the 'Invoicing' area and select the invoice that you want to credit. Click on the 'Actions' drop-down menu and select 'Create new credit note'.



This will create a credit note based on the information on the invoice. From this screen, you can add more line items to the credit note, delete line items and then mark the credit note as sent. Once you've marked a credit note as sent, an 'Actions' button will appear. In the drop-down menu you'll have two options to mark the credit note as paid.



You can either leave the credit note to be allocated against a bank transaction via the Banking area, or you can select ‘Apply to invoice’. In the pop-up window, enter the value you’d like to apply.

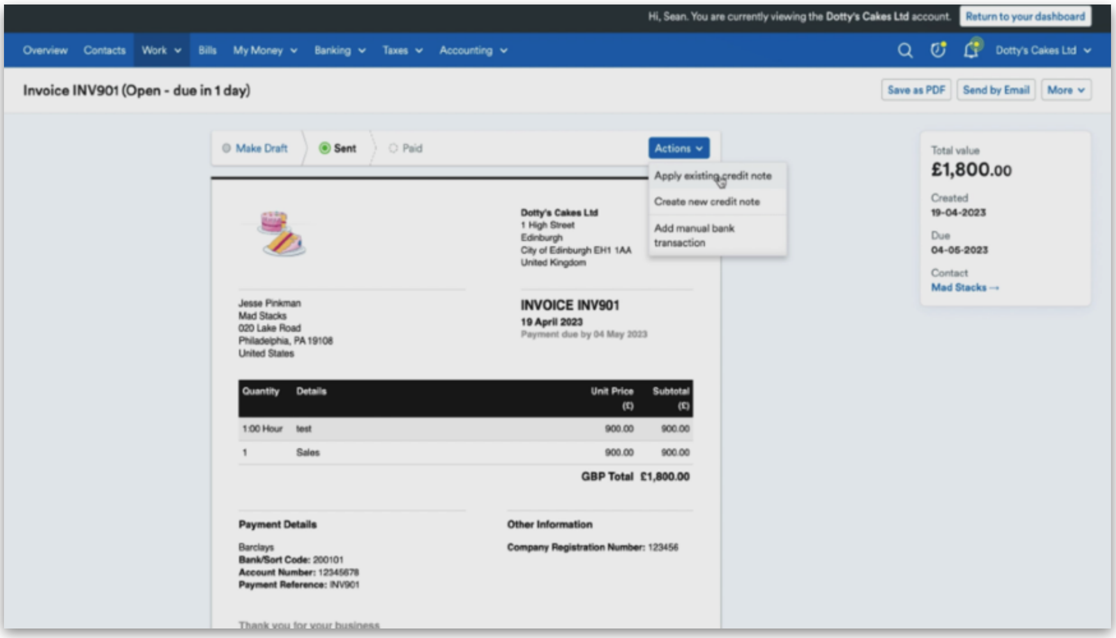


If you’re looking to use the entire credit note then enter its full value, or you can split it out against various sales invoices for the contact. Select ‘Apply Credit’ to complete the process.

The invoice and credit note are now netted off against each other and will show as settled in your client’s account.

As well as opening a credit note to match it to an invoice, you can also open an invoice and match it to a credit note.

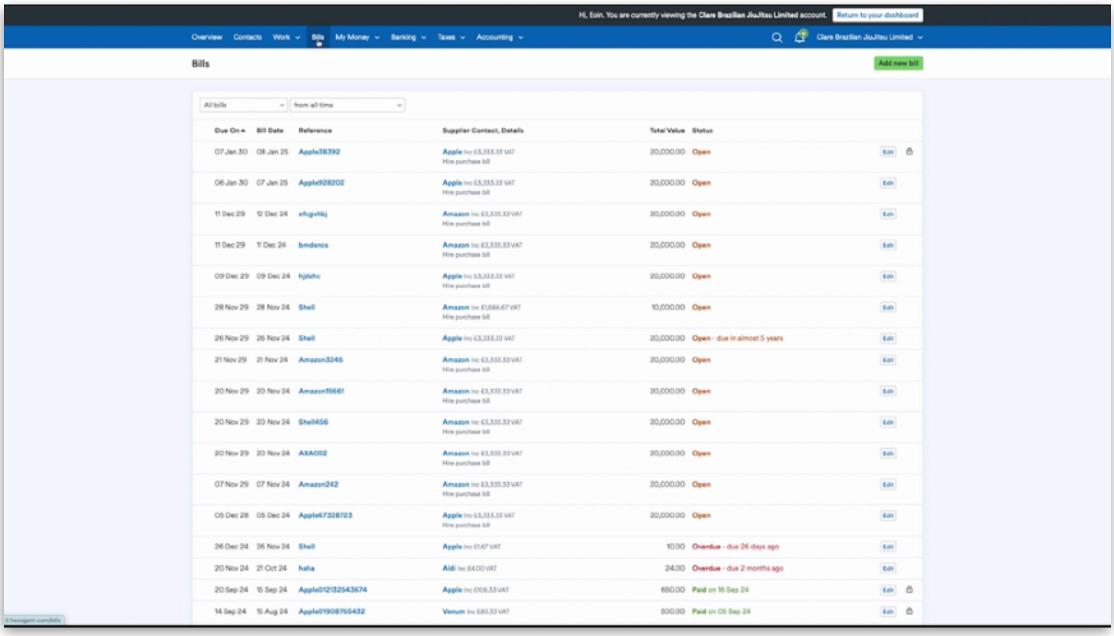
To do this, navigate to the relevant invoice, click on the 'Actions' drop-down and then select 'Apply existing credit note'.



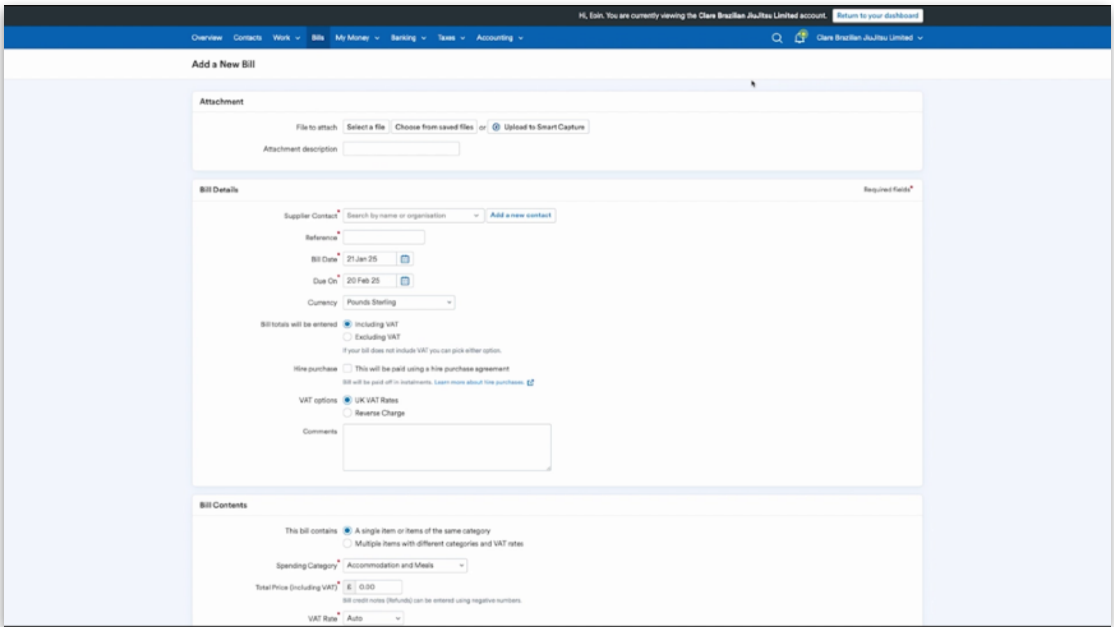
4. Bills and out-of-pocket expenses

Bills

Bills are purchase ledger invoices, and they run on the same traffic light system as invoices: green for 'Paid', amber for 'Open' (not due) and red for 'Overdue'.



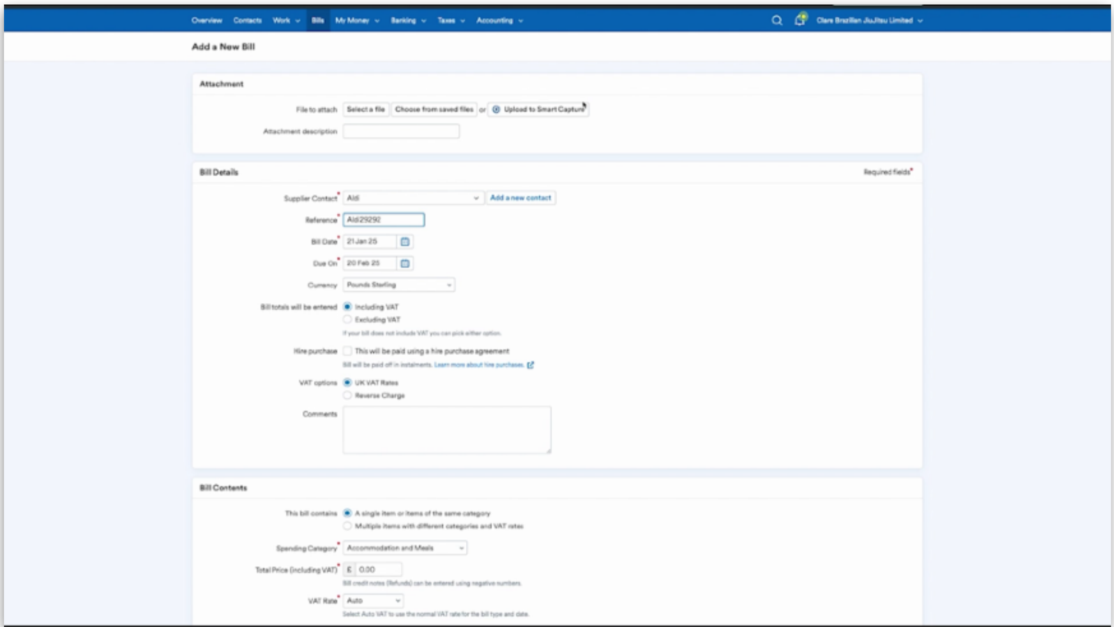
Before you create a bill, make sure that the supplier you're adding the bill for has been added as a contact in FreeAgent. To enter a bill, select the 'Bills' tab from within your client's account and then the green 'Add New Bill' button.



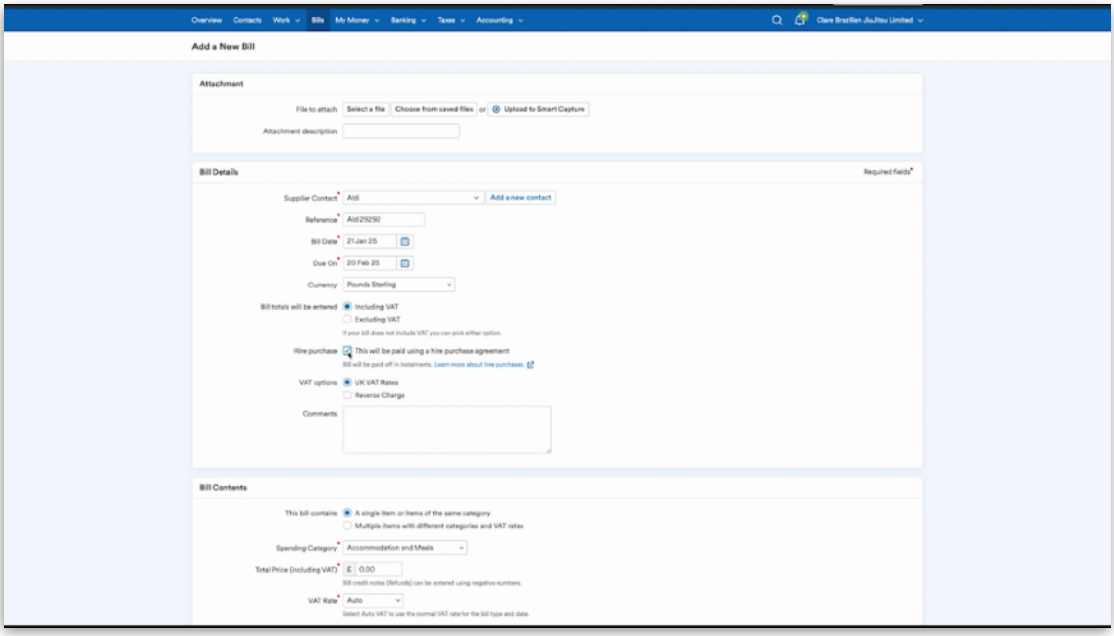
Alternatively, you can add a bill by selecting ‘Quick Links’ on the ‘Overview’ page and selecting ‘New Bill’ from the drop-down menu.

Next, you’ll need to complete the supplier contact and reference details, bill dates, currency, VAT and additional fields, if applicable.

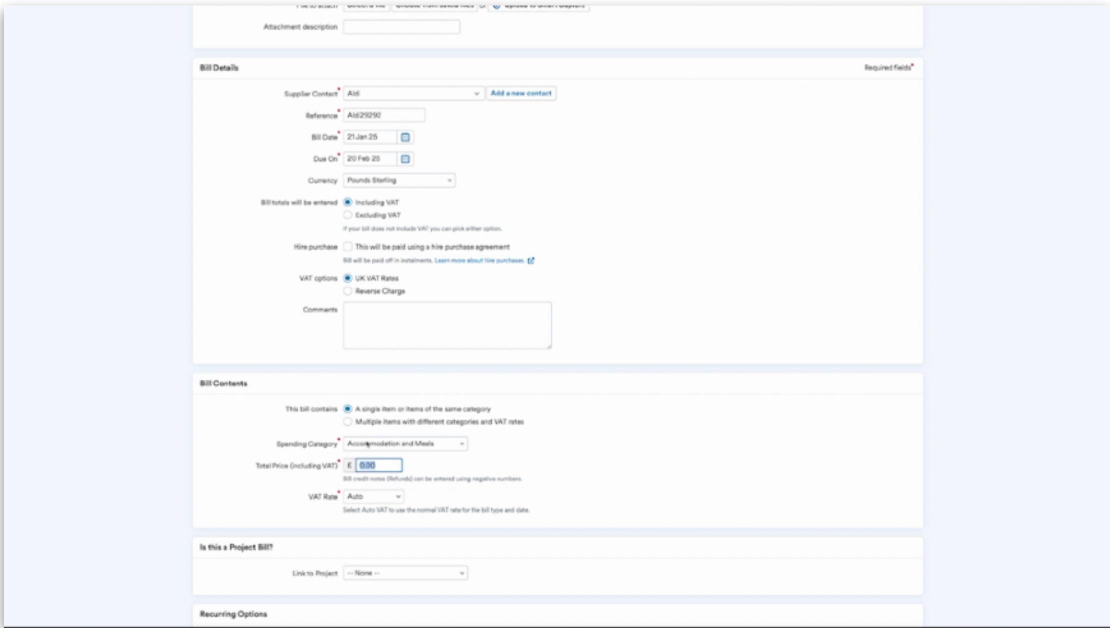
Begin by selecting the contact that the bill relates to. Then, enter the reference, bill date and due on date from the bill. You can enter the bill items as either including or excluding VAT. You can also add an attachment to the bill, if applicable.



If the bill is for an item bought using a hire purchase agreement, tick the 'Hire purchase' checkbox, which will enable the bill to be paid off in instalments. This will post the credit entry for the bill to the hire purchase nominal code rather than to the standard trade creditors code.



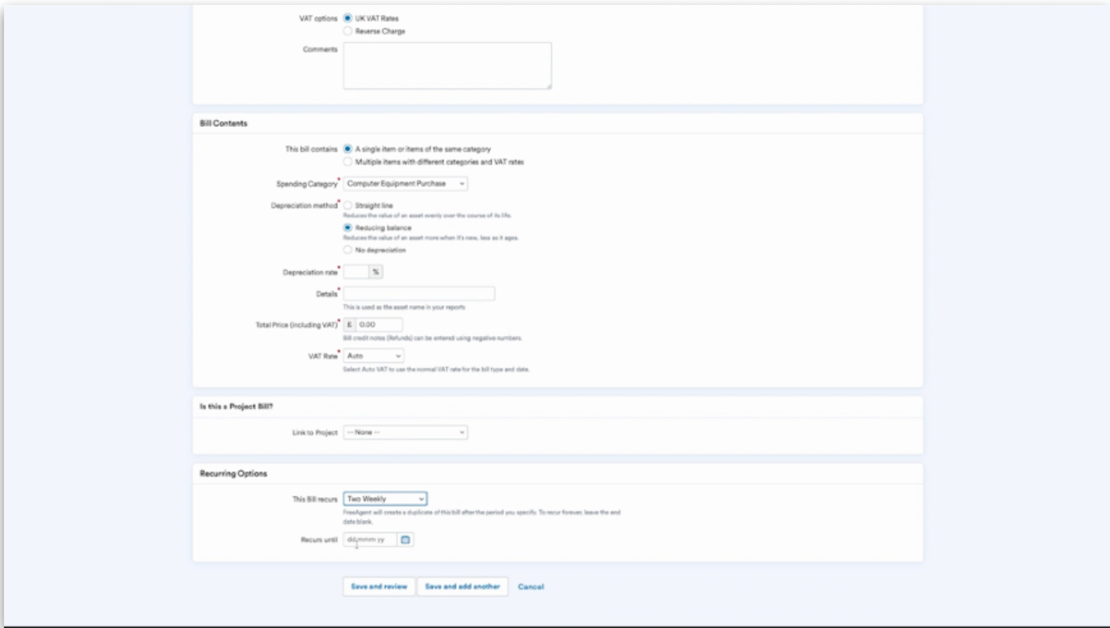
If you only have a single line item to enter on the fill, you can enter it on this screen - select the correct accounting category and enter the amount of the invoice.



If you’re entering a bill that contains items with different categories or VAT rates, select 'Multiple items with different categories and VAT rates'. You can add line item information, including category, value and VAT rate, on the next screen.

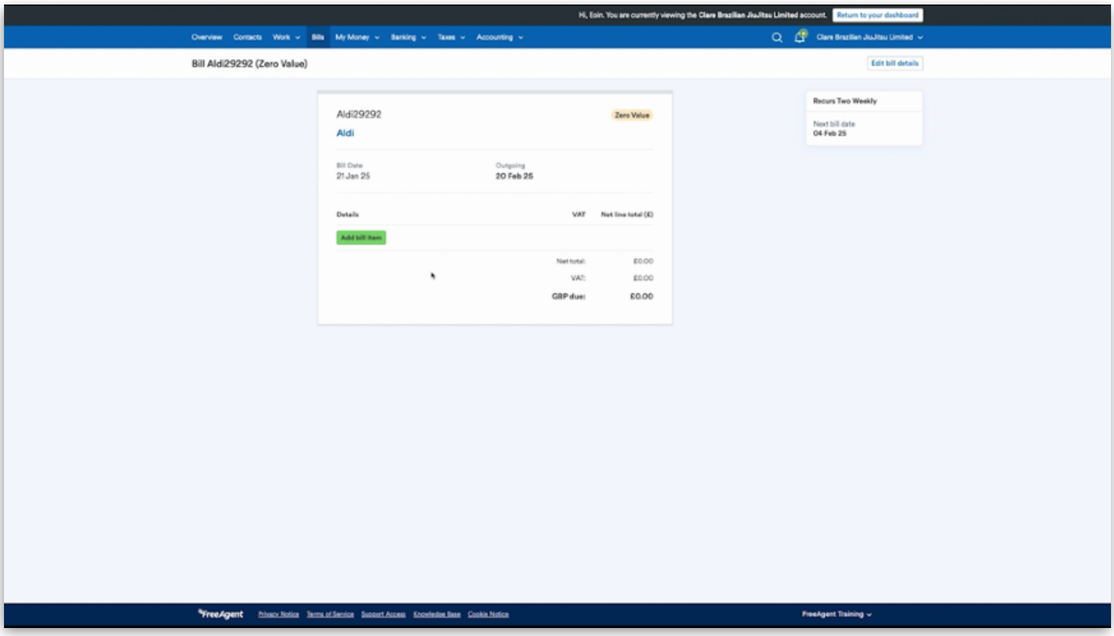
If this bill was incurred while working on a particular project, you can link it to that project, and choose whether you're going to charge the customer for it, and if so, for how much. Please note that you’ll only be able to select a project that has ‘Active’ status. If the bill is for the purchase of a capital asset, it won’t be possible to link it to a project.

If your client has recurring bills, you can select how frequently this bill recurs from the ‘This bill recurs’ drop-down menu. FreeAgent will then add a new bill automatically in the future up until the date you enter in the ‘Recurs until’ field. If you leave this field blank, FreeAgent will continue to add a new bill indefinitely. You can edit a recurring bill if the charge, or reference, is slightly different each time.

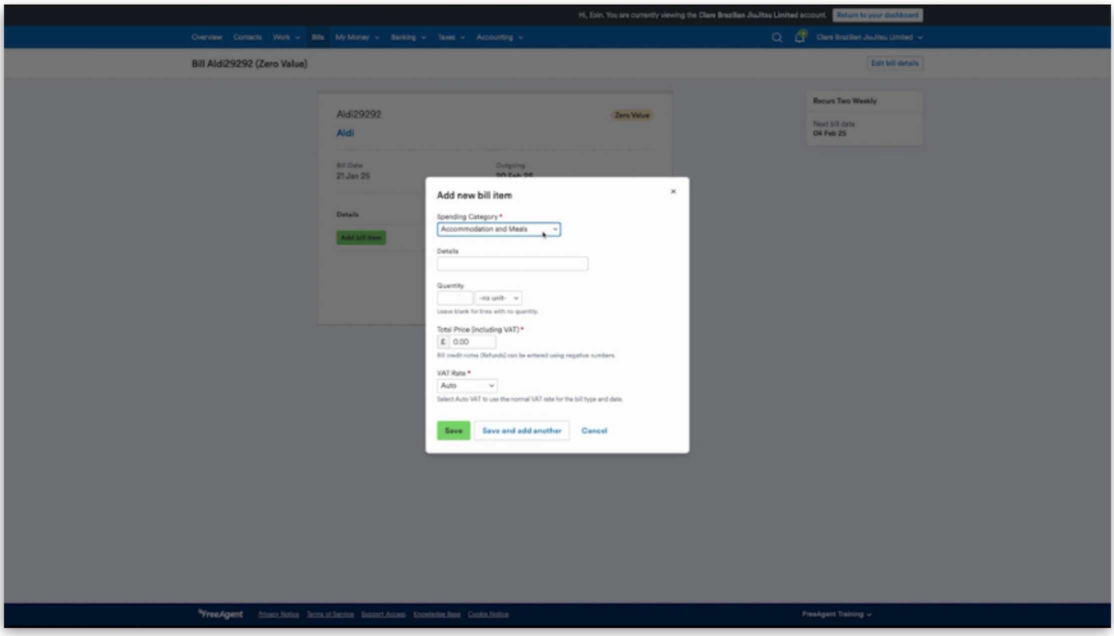


Once you've entered all of the relevant details for the bill, select 'Save and Review' to save the bill, if you chose to create a single item bill.

If you chose to create a bill with multiple categories or tax rates, select 'Save and Continue' to save the bill. This will take you to the next screen where you can enter line items.



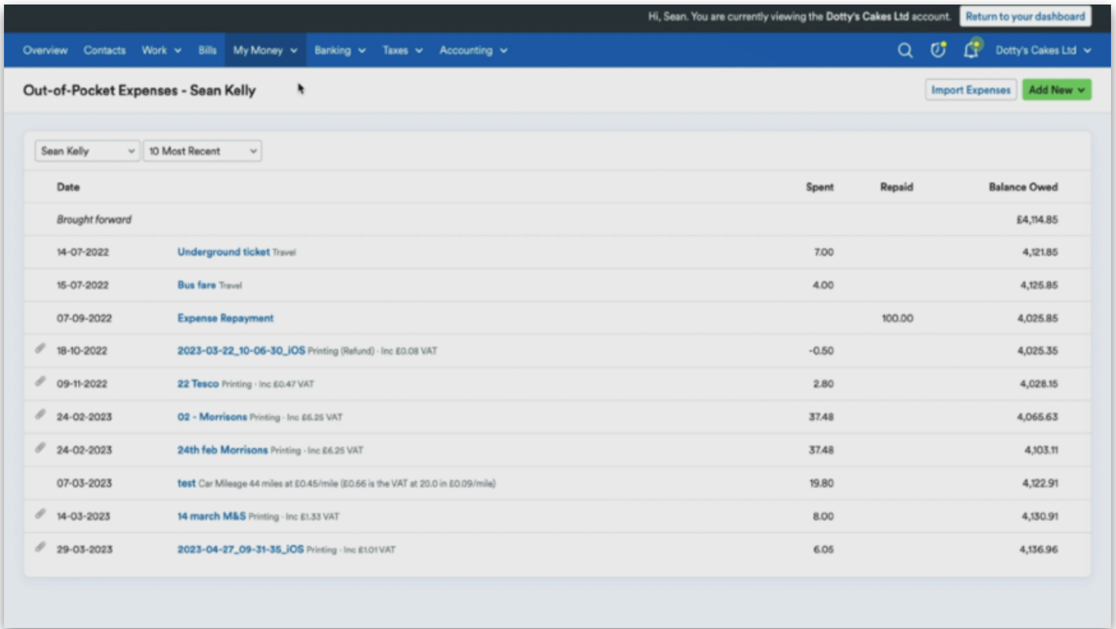
To do this, click on the green 'Add bill item' button, which will bring up the 'Add new bill item' screen.



Once you've entered all the necessary details for the line item, select 'Save' to add it to the bill. If you need to add additional bill items, select 'Save and add another'. You can add a maximum of 40 line items to a bill.

Out-of-pocket expenses

An out-of-pocket expense is a cost that is paid for by an employee or business owner or director using personal funds and will later be reimbursed by the business that employs them.

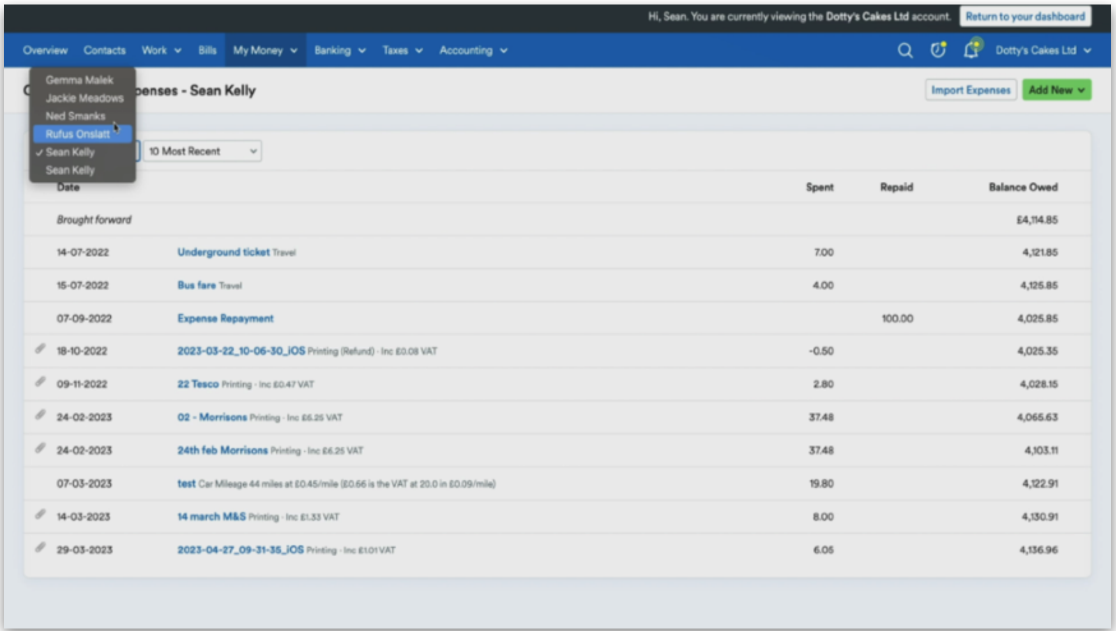


To navigate to the Out-of-Pocket Expenses area, if your client has a limited company account or a sole trader account with employees, click on the ‘My Money’ tab from within your client’s account and select ‘Expenses’ from the drop-down menu.

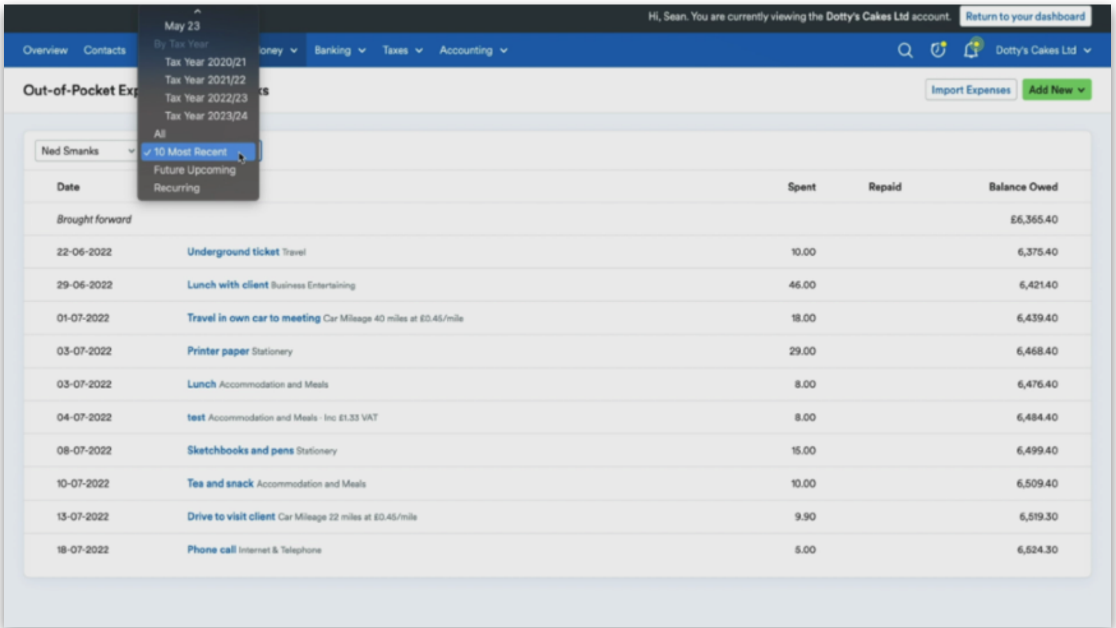
If they have a sole trader account with no employees, or a landlord account, select the ‘Expenses’ tab at the top of the screen. Alternatively, select 'New Expense' from the ‘Quick Links’ drop-down menu on the ‘Overview’ screen.

This will show you the out-of-pocket expenses for directors and employees.

You can change between directors and employees by clicking on the name at the top-left of the screen and selecting the relevant individual from the drop-down menu.



You can also change which expenses are being shown using the drop-down menu to the right. The default filter shows the 10 most recent, but you can also filter by month, tax year, future upcoming or recurring expenses.

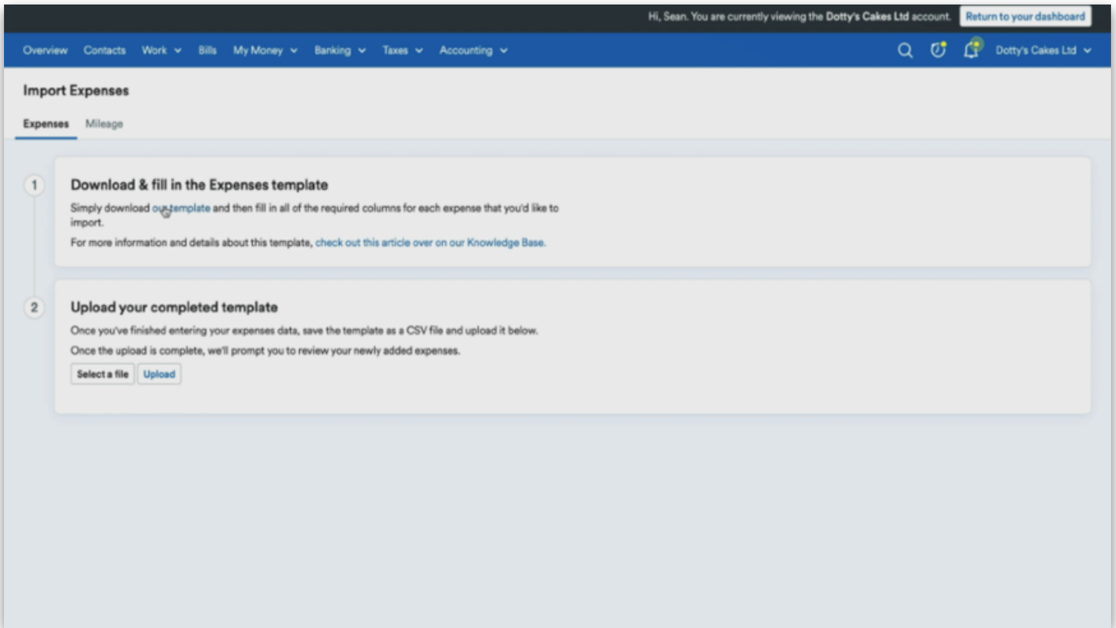


Out-of-pocket expenses are split between expenses and mileage claims in FreeAgent, and there are a few different ways you can add them.

The first is to use the FreeAgent mobile app to take a photo, for example of a receipt, so that the Smart Capture functionality can save it to the 'Files' area in your client's account. Then, when you're ready, the Smart Capture functionality can convert the file into an out-of-pocket expense.

To learn more about this, please visit the Mobile module in the 'Learning and accreditation' area in the Practice Portal.

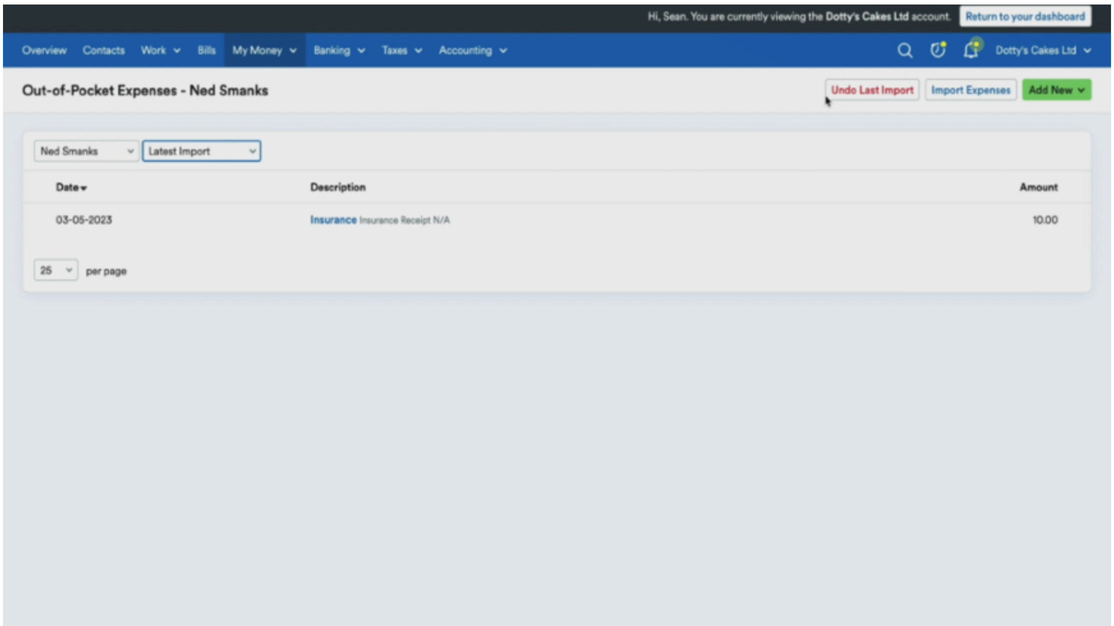
If you'd like to bulk import expenses into FreeAgent, you can do so through a CSV upload. To do this, navigate to the Out-of-Pocket Expenses area, select 'Import Expenses' and you'll be prompted to download our Expenses template.



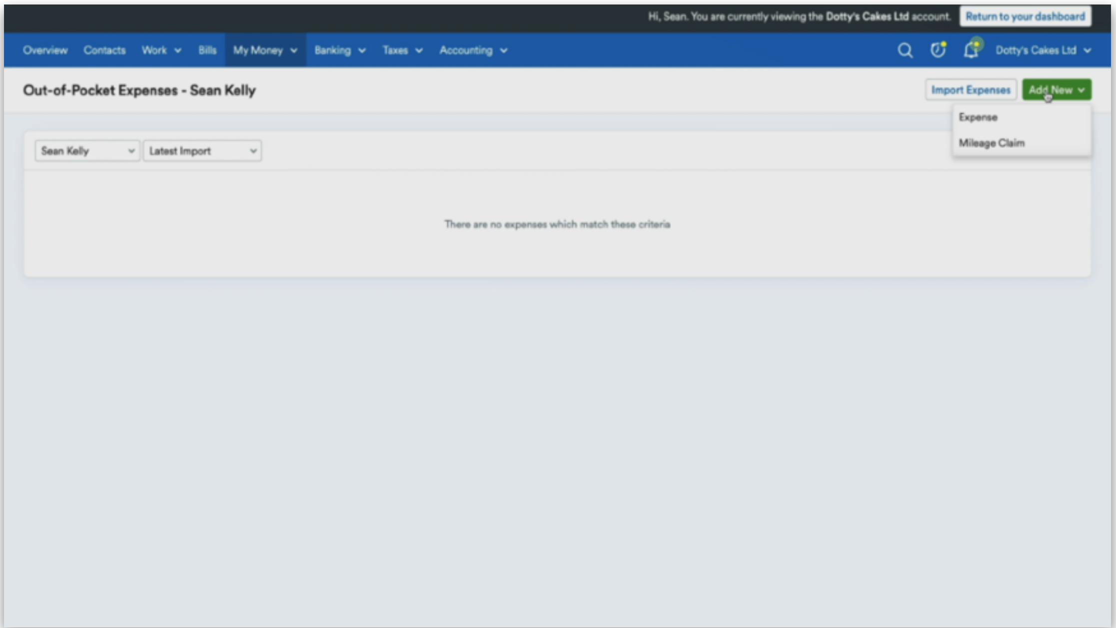
For more guidance on how to fill in the expenses template, please visit our Knowledge Base.

Once the template is complete, go back to FreeAgent and select the CSV file you want to import, then select 'Upload'.

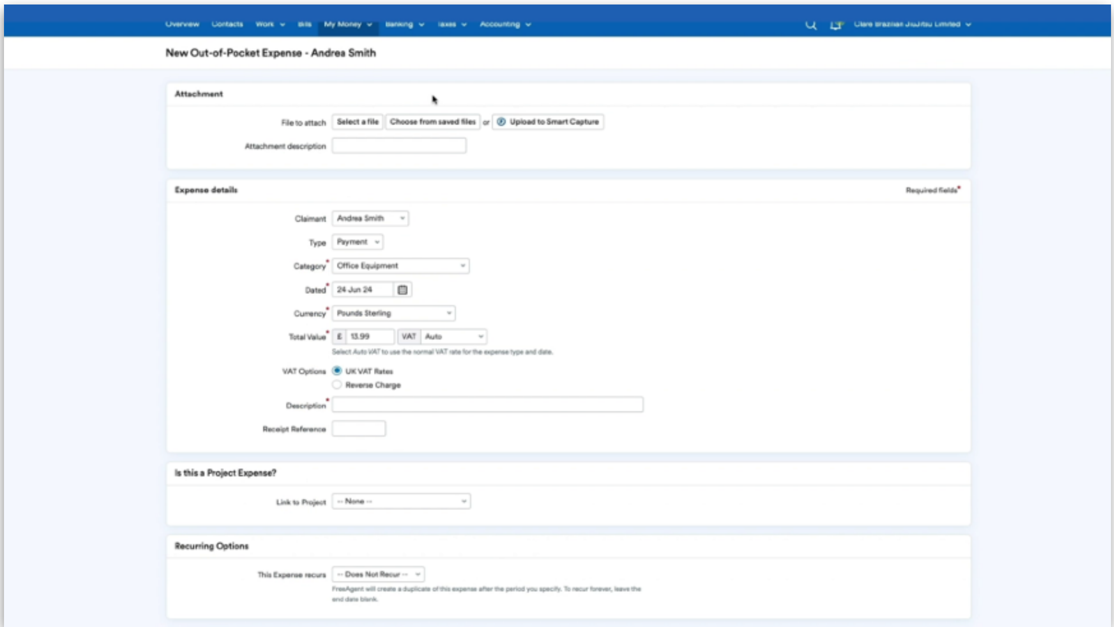
Once the upload is complete, review your newly added out-of-pocket expenses. If you realise that you've made an error, or want to remove the most recent out-of-pocket expenses, select 'Latest Import' from the drop-down menu and then 'Undo Last Import'.



If you'd like to enter an individual expense or mileage claim, begin by selecting the claimant - which is the employee or director that the expense relates to - from the drop-down menu. Next, click the green 'Add new' button and select the appropriate option from the drop-down menu.

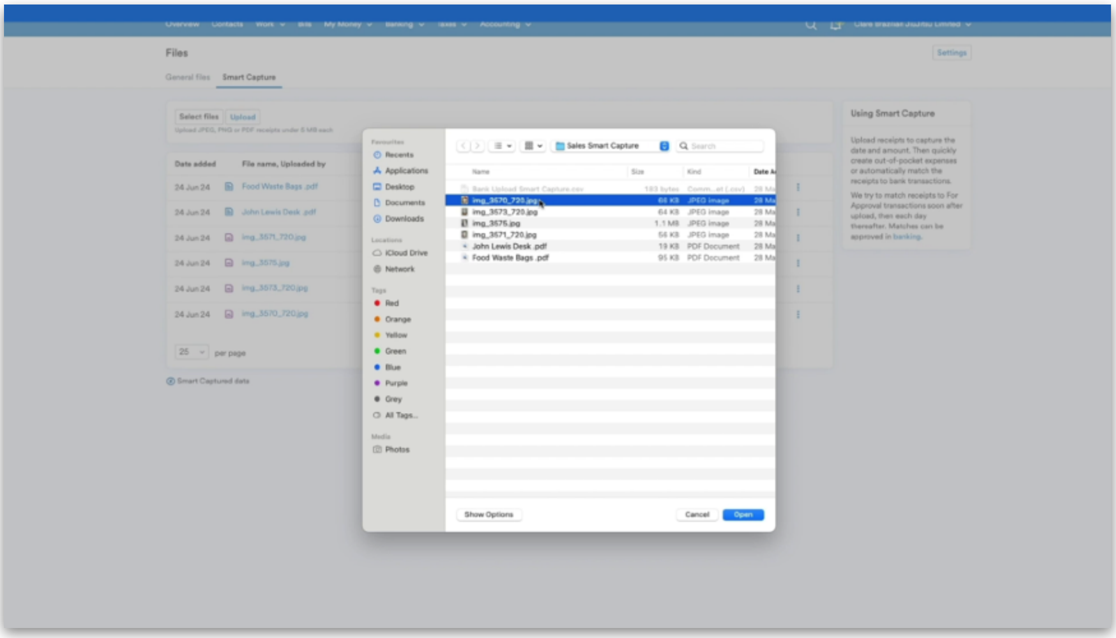


If you have any paperwork that relates to the expense, for example a receipt, you can attach a scanned copy by choosing ‘Select a file’ from the 'Attachment' area and following the instructions.



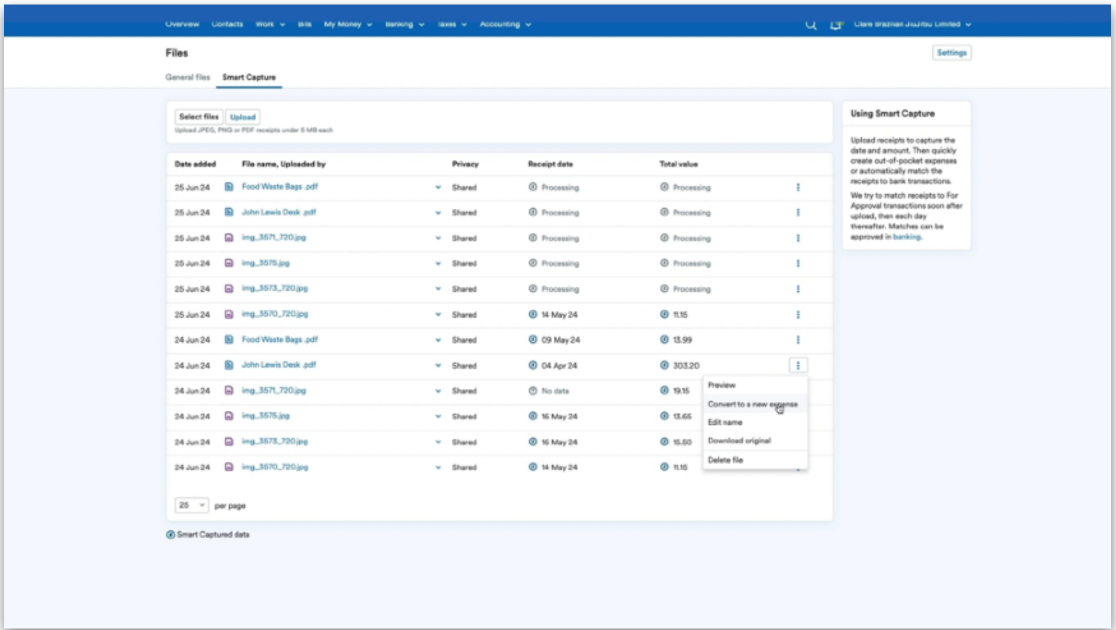
If you used Smart Capture to snap an image file and it’s saved in the 'Files' area of your account, select 'Choose from saved files' instead and follow the instructions.

Alternatively, you can upload any receipts, including in bulk, to Smart Capture by selecting ‘Upload to Smart Capture’. Click the ‘Select Files’ button and choose the files you wish to upload. You can upload JPEG, PNG and PDF formats.



Once you select ‘Upload’, Smart Capture will start to process the files and extract the receipt dates and total values.

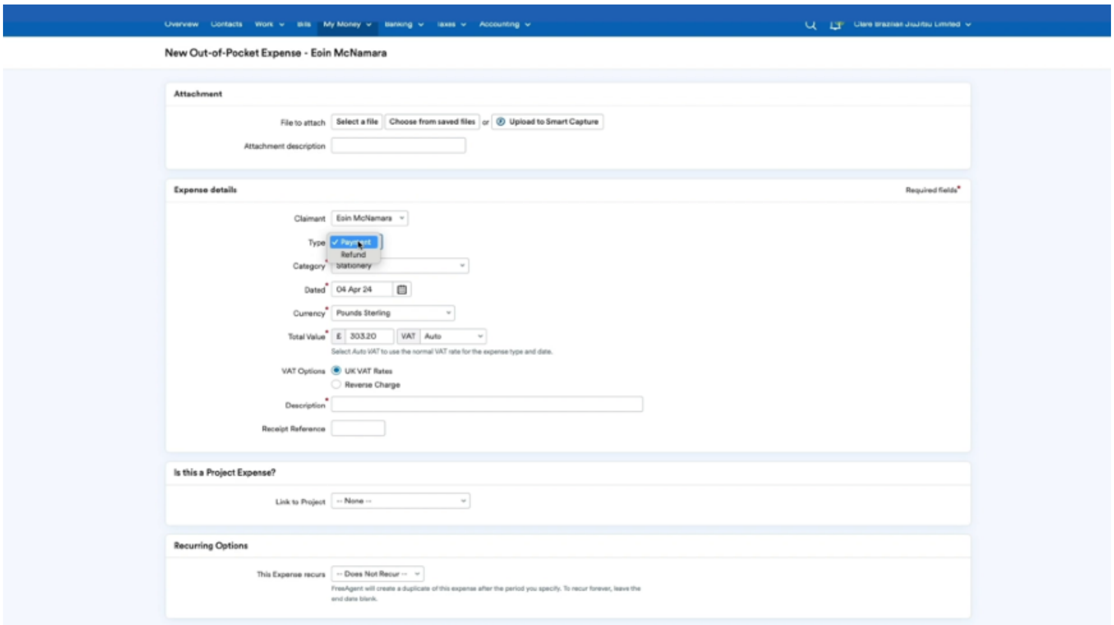
To convert the file to an out-of-pocket expense, click the three dots beside the file and select ‘Convert to a new expense’.



Smart Capture will suggest a category for you, enter the total value of the receipt and the receipt date. Pick the claimant you wish to associate with this expense and click ‘Create New Expense’.

Once a file has been assigned to an expense it will be cleared from the Smart Capture files area to avoid duplication.

If you're not uploading a receipt using Smart Capture, you'll need to add the expense details manually. From the 'Type' drop-down menu, select either payment or refund.



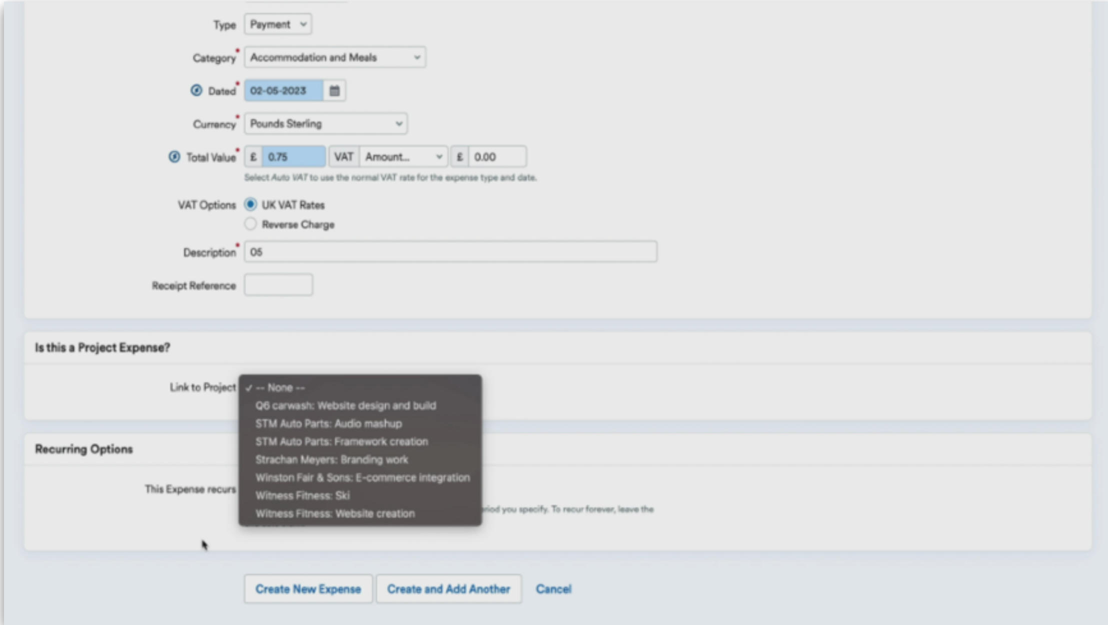
From the 'Category' drop-down menu, select the account category that you would like to allocate it to.

Next, select the date of the expense and the currency used to pay for the expense. Enter the expense amount from the receipt, inclusive of any VAT, in the 'Total Value' field and select the relevant rate of VAT from the 'VAT' drop-down menu.

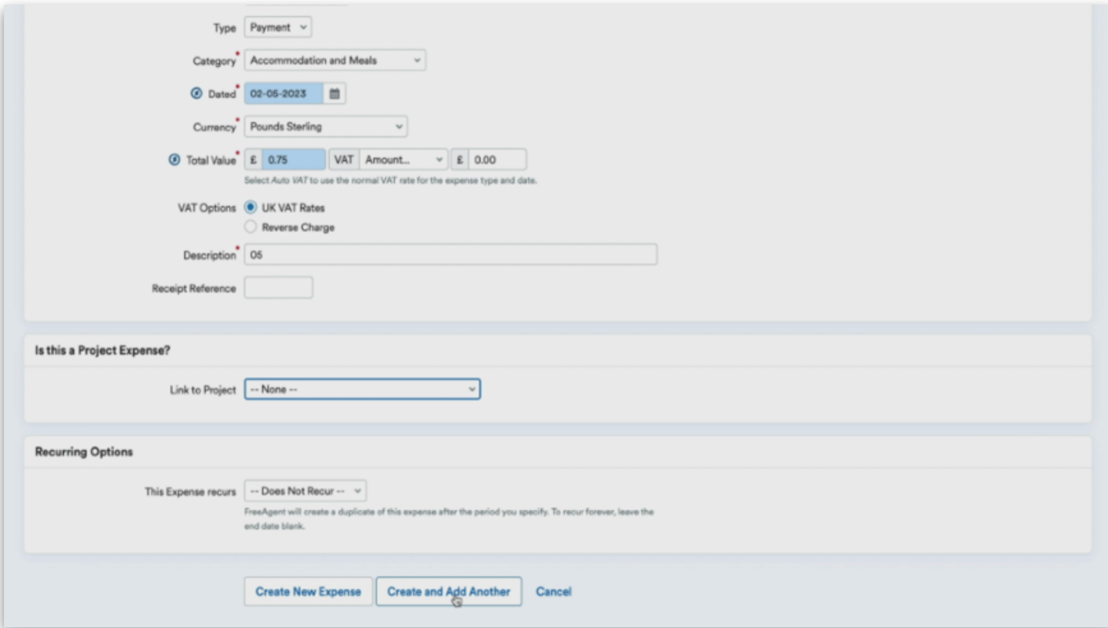
Alternatively, you can enter a specific amount manually by choosing 'Amount' and entering the amount of VAT into the new box that appears.

Enter a brief description of the expense.

To link this expense to a project, select the relevant project from the ‘Link to Project’ drop-down menu.



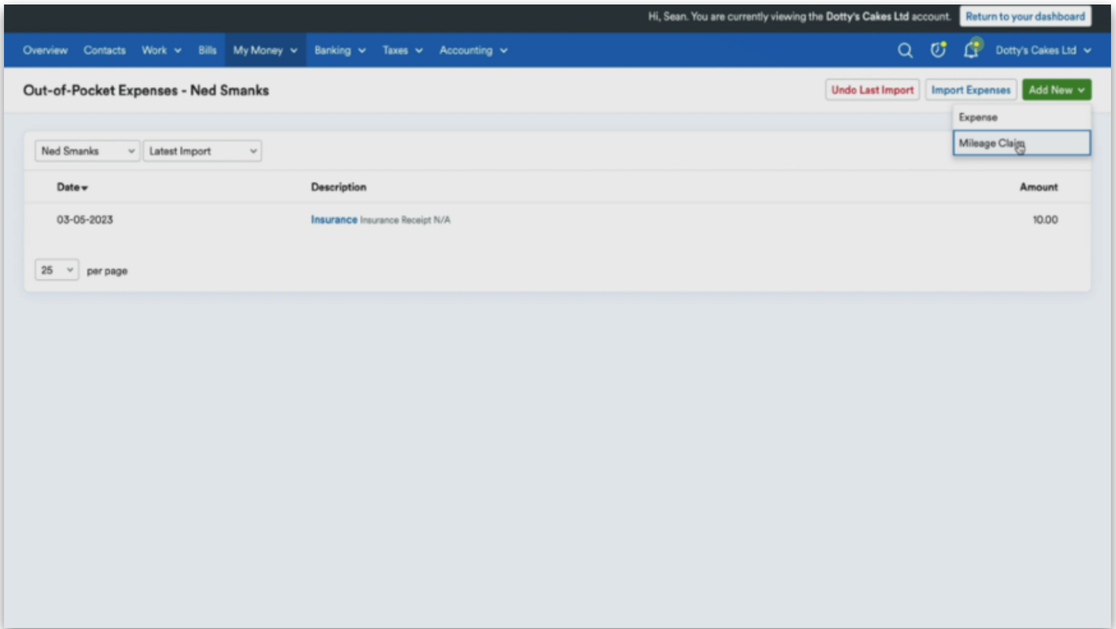
When you’re happy with the information entered, select ‘Create New Expense’, or ‘Create and Add another’.



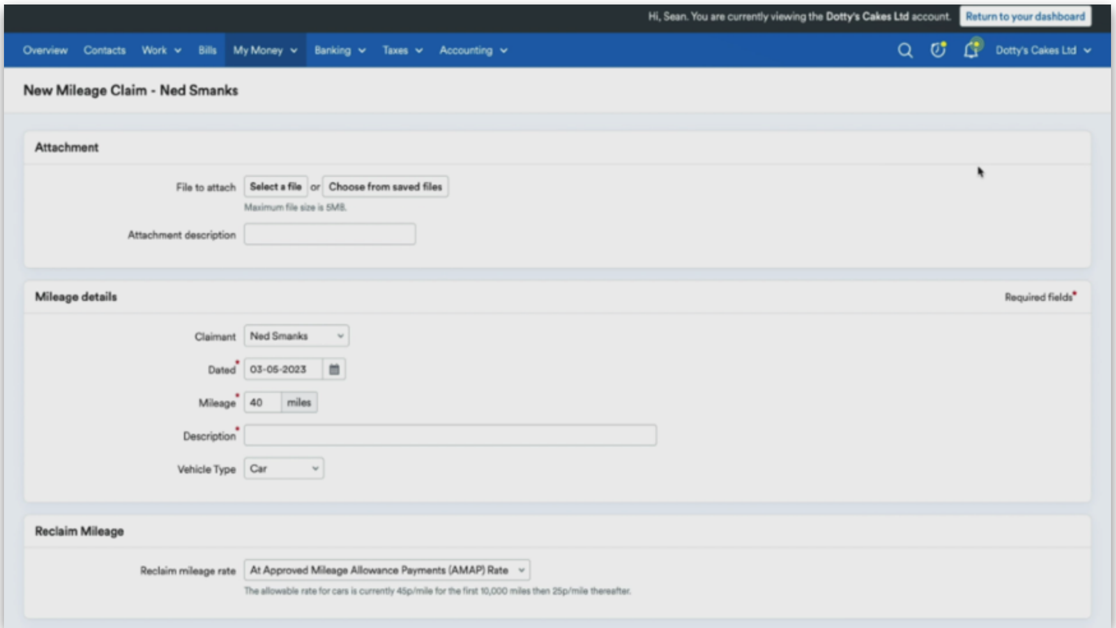
Mileage

Adding a mileage claim follows a similar process to expenses. You can navigate to the 'Expenses' area or select 'New Mileage' from the 'Quick Links' drop-down menu on the 'Overview' screen.

Select the relevant employee or director, then click 'Add New' in the top-right corner and choose 'Mileage Claim' from the drop-down menu.



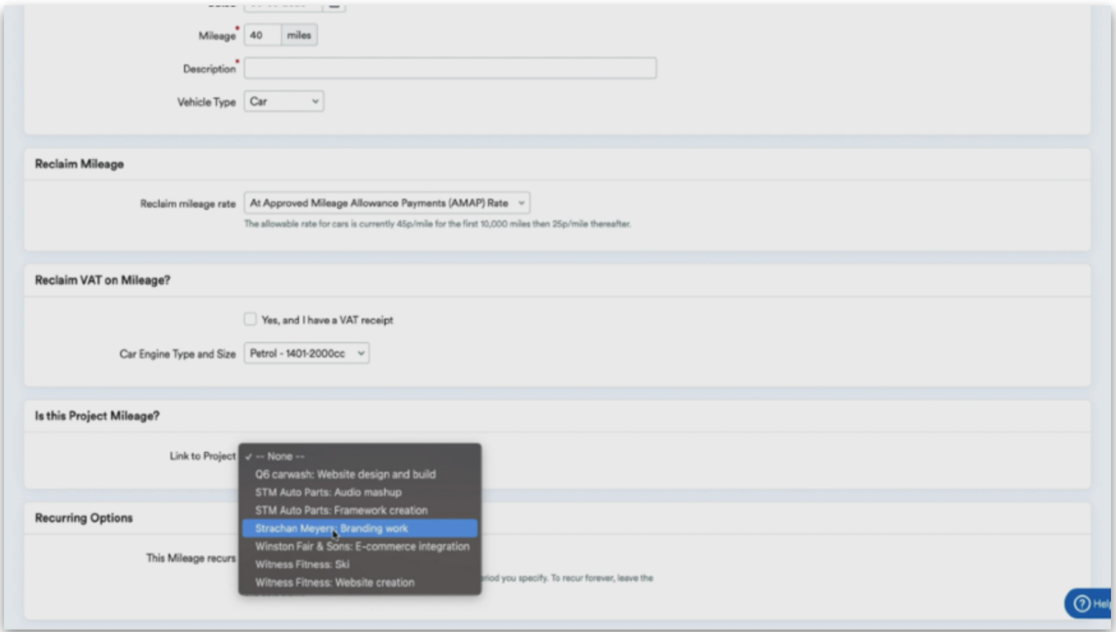
Add an attachment (if applicable), then complete the mileage details, and select whether your client will reclaim the mileage and/or VAT on fuel.



If your client is VAT registered, you can reclaim VAT on the mileage as FreeAgent has HMRC's fuel rates built in and they are updated in line with HMRC's updates.

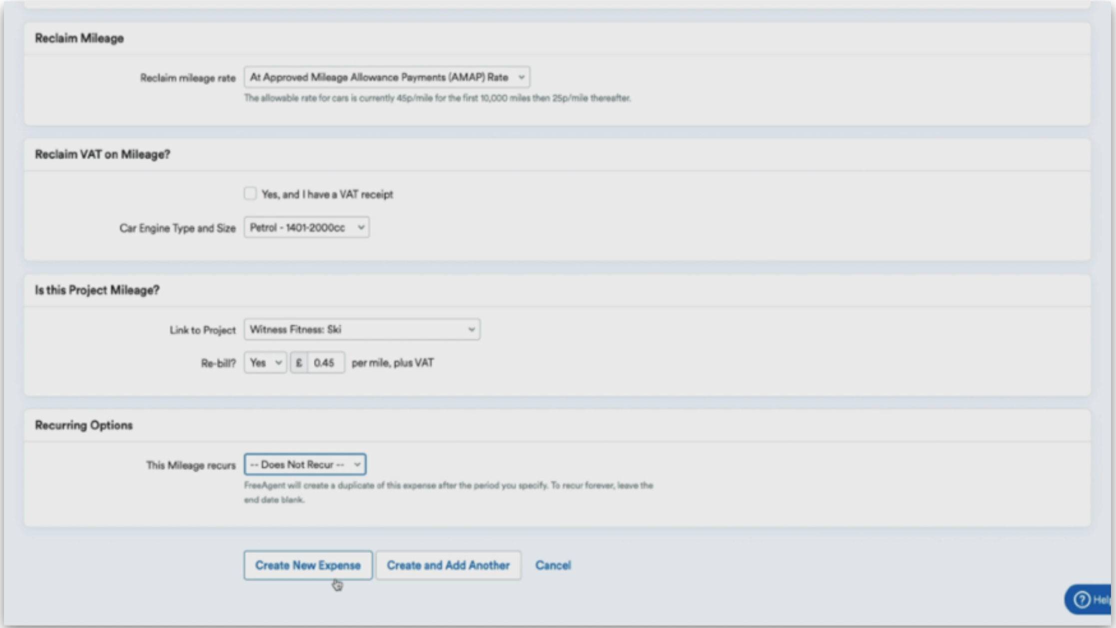
To use the mileage claims in FreeAgent, your client needs to reimburse at the government's recommended rates of 45p and 25p per mile. FreeAgent will automatically drop down to 25p per mile once 10,000 miles has been reached.

Next, if you'd like to rebill this mileage because it was incurred while working on a particular project, select the relevant project from the 'Link to Project' drop-down menu and set the rate at which your client is going to charge it to their customer.



Lastly, if they will be taking this journey again, select the relevant frequency from the ‘This Mileage recurs’ drop-down menu to set a recurring claim.

Once you've entered the relevant details for the mileage claim, select ‘Create New Expense’ to complete the process.

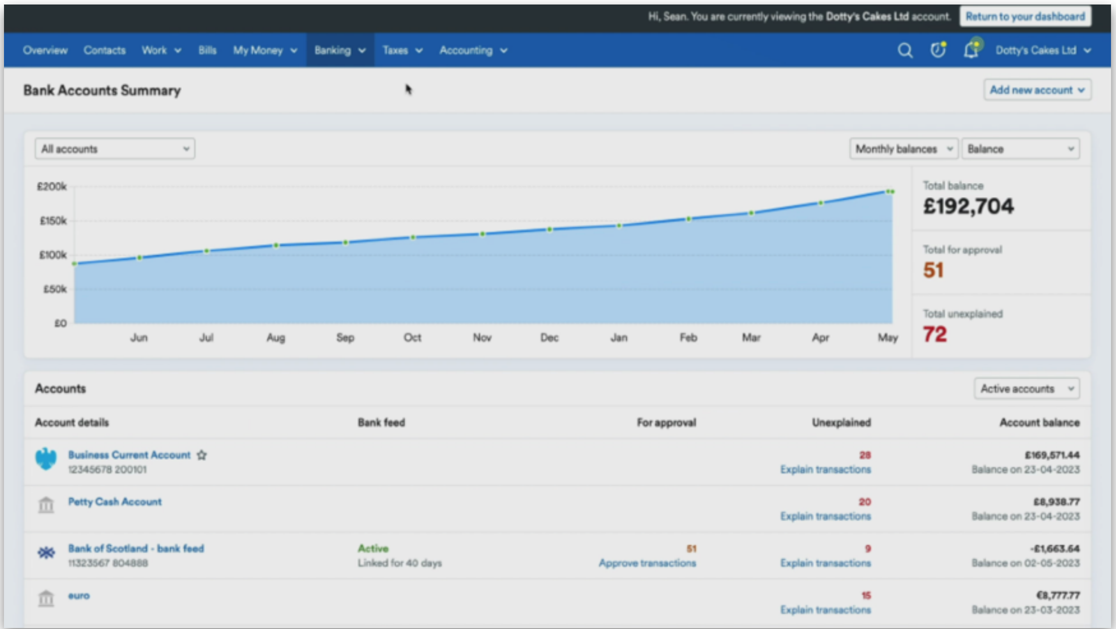


5. Banking and VAT

The Banking area

The Banking area is the key part of your client's FreeAgent account. This is where their bank transactions live and where they are assigned explanations. An 'explanation' will detail exactly what the incoming or outgoing transaction was used for, along with any relevant details such as the VAT rate.

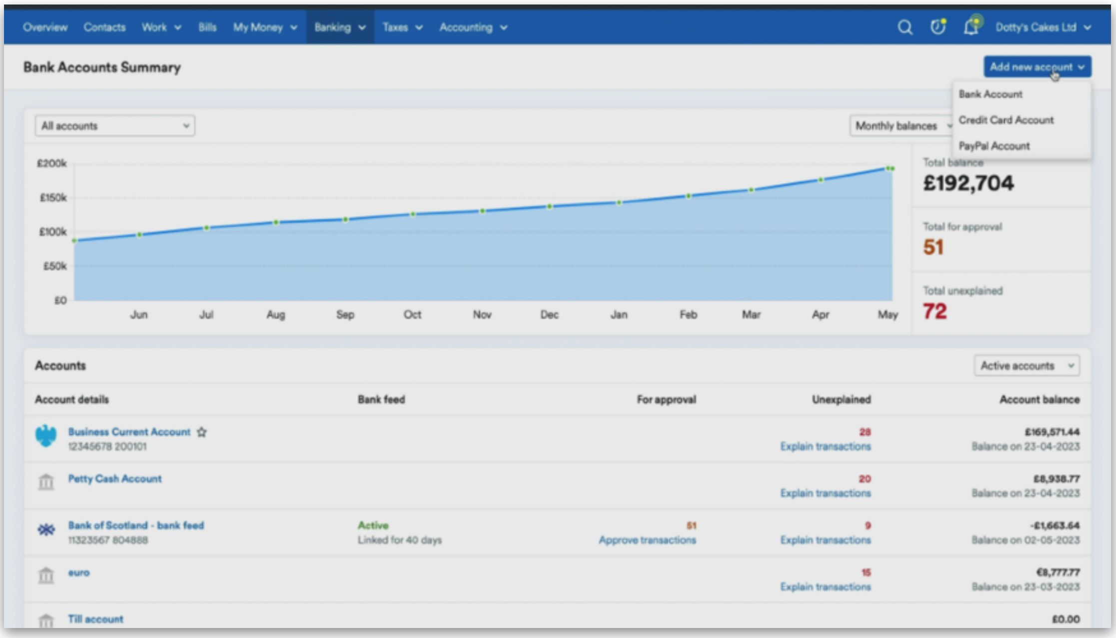
Select the 'Banking' tab at the top of the screen from within your client's account in FreeAgent and choose 'Bank Accounts' from the drop-down menu.



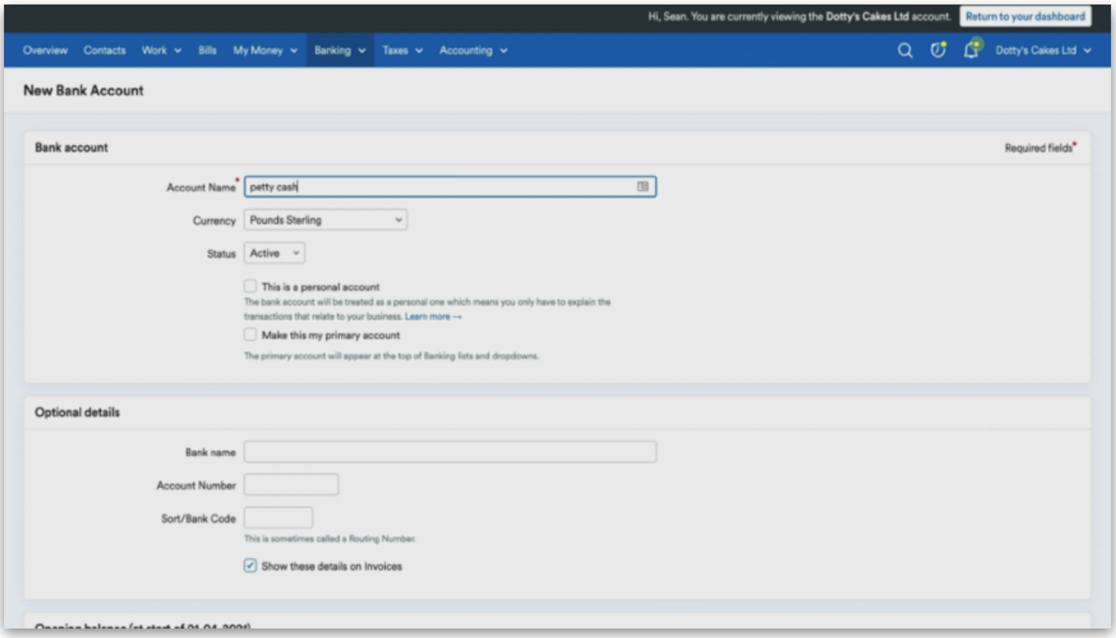
You'll be able to see your client's individual bank accounts along with relevant information including balances, an aggregated view of how much they have across their accounts and transactions that require an explanation or are awaiting approval.

These accounts can have secure bank feeds enabled, which automatically import transactions daily.

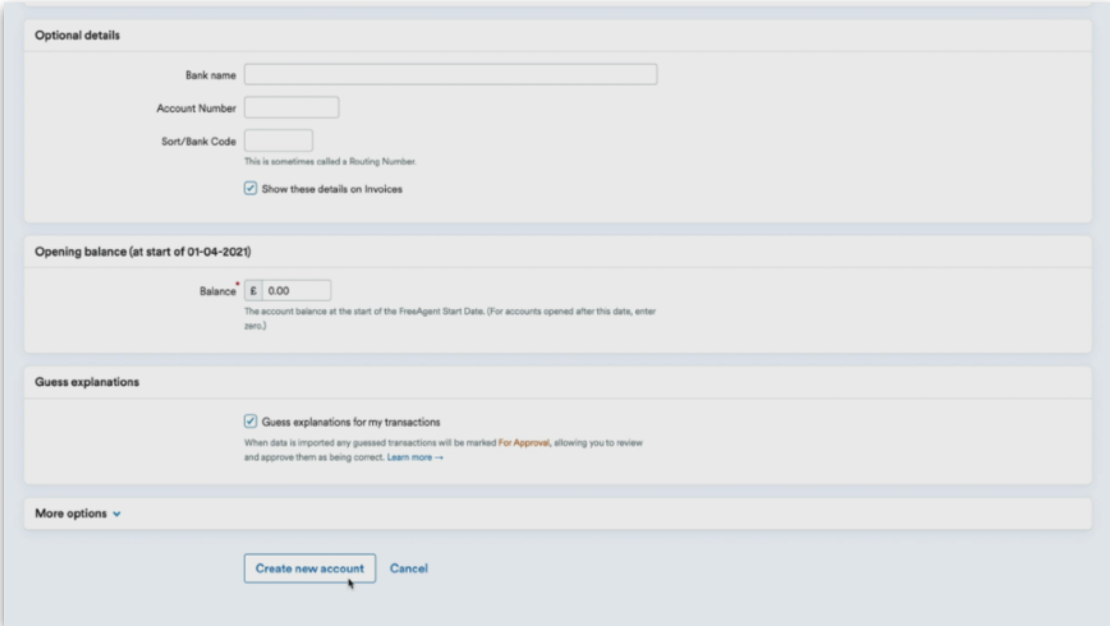
You can add as many bank accounts as your client uses for their business. To add a new account, start by clicking the ‘Add new account’ button at the top right of the screen. You’ll have the option to add a ‘Bank Account’, ‘Credit Card Account’ or ‘PayPal Account’.



Enter the account name. For example, if you were creating a dummy account to be used to enter relevant transactions for a client, you could call it ‘Petty Cash’.



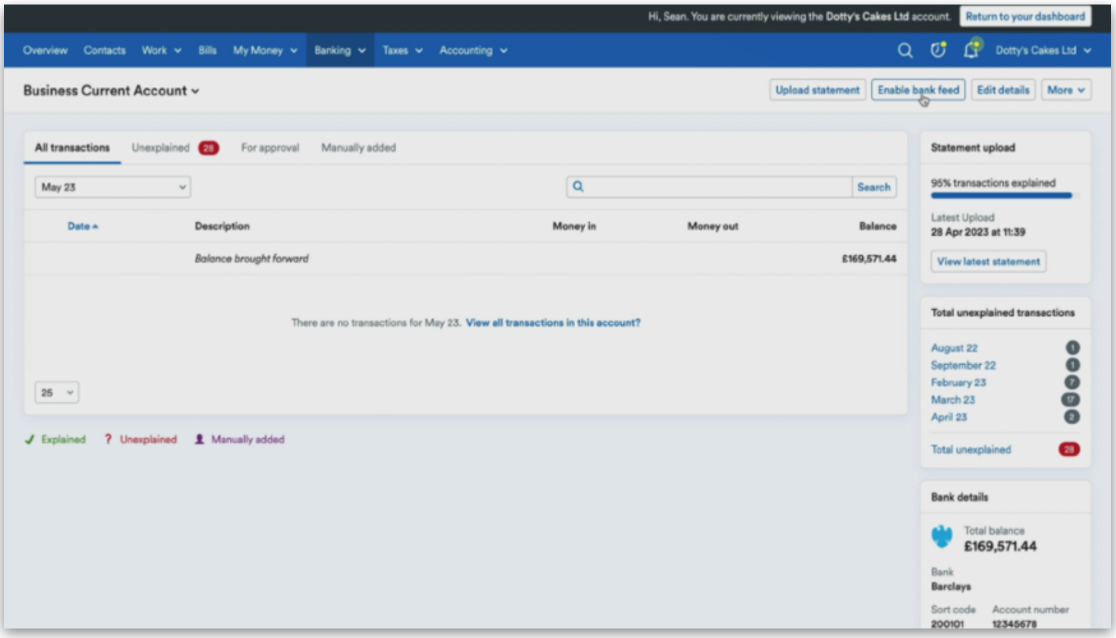
When adding a bank account inside FreeAgent, the account name and opening balance are required. All other fields are optional. Scroll down to the bottom of the screen and click ‘Create new account’.



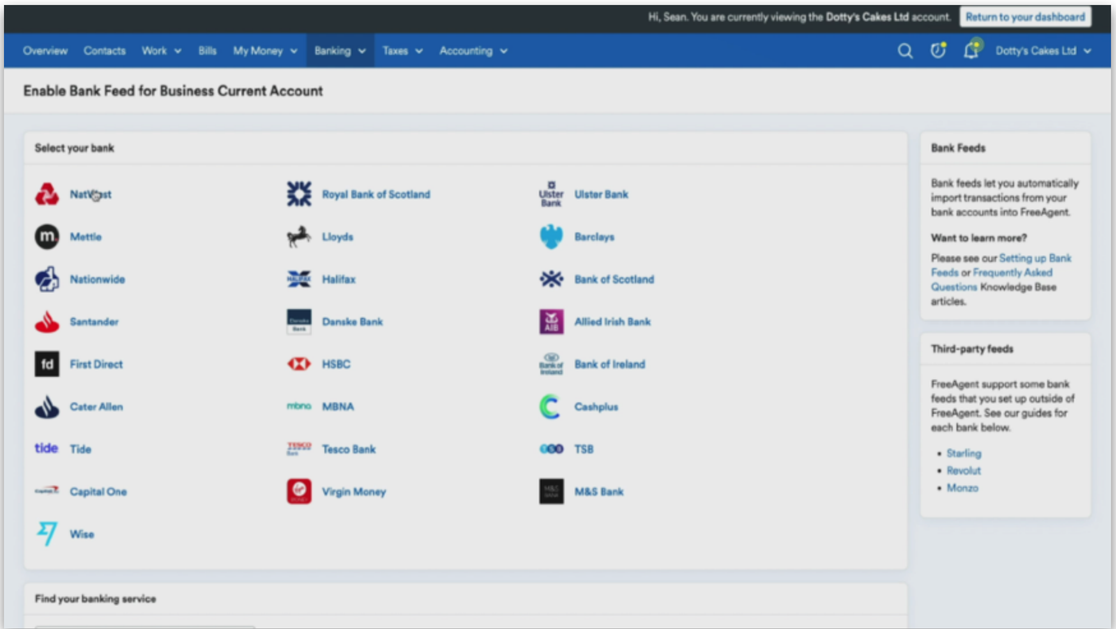
Importing transactions

Next, let's look at how you and your clients can import transactions into an account. The most popular method is via a bank feed, which your client would need to enable by following these steps.

First, they would select their bank account from the list, then the 'Enable bank feed' button.



Next, they would select the bank, the type of bank account and click the green 'Connect to my bank' button.



Next, they would be taken to their bank's website to log in to their online banking and authorise the connection process. This process may differ from bank to bank. Once they've completed this step, they would be taken back to FreeAgent.

Lastly, your client would confirm or select the FreeAgent bank account to associate with the feed, choose the transaction start date and select 'Link Account' to complete the process.

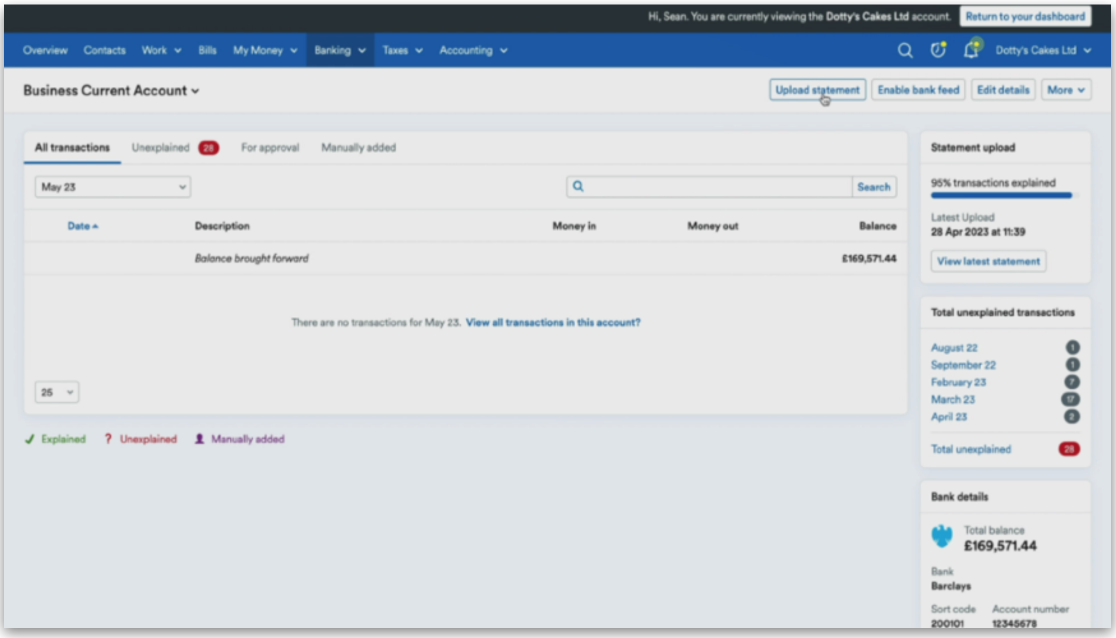
To ensure that the correct transactions are brought into your client's account, the transaction start date cannot be earlier than their FreeAgent start date.

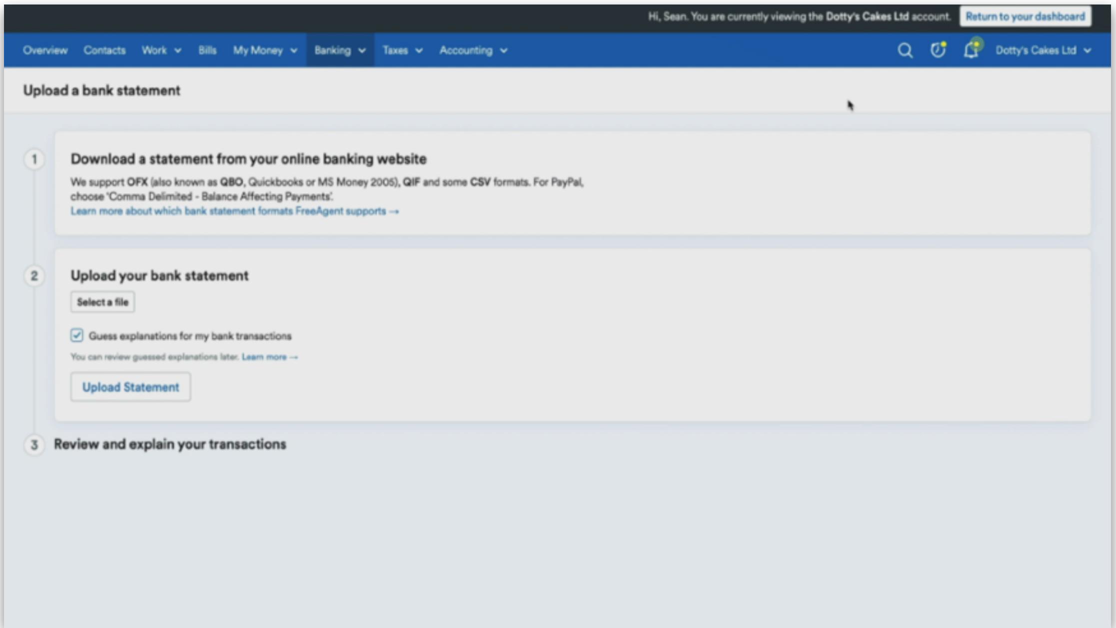
The day after they complete the process, transactions will start automatically pulling through to their FreeAgent account. Bank feeds in FreeAgent will record transactions going back a maximum of two years.

The easiest way for your clients to set up a bank feed is through the FreeAgent mobile app. To find out more about this, visit the Mobile module in the 'Learning and accreditation' area in the Practice Portal.

Uploading bank statements

An alternative to setting up an automated bank feed would be to manually upload bank statements in an OFX or QIF format.





If your client's bank doesn't provide these formats, they can download a CSV file instead and reformat it before uploading.

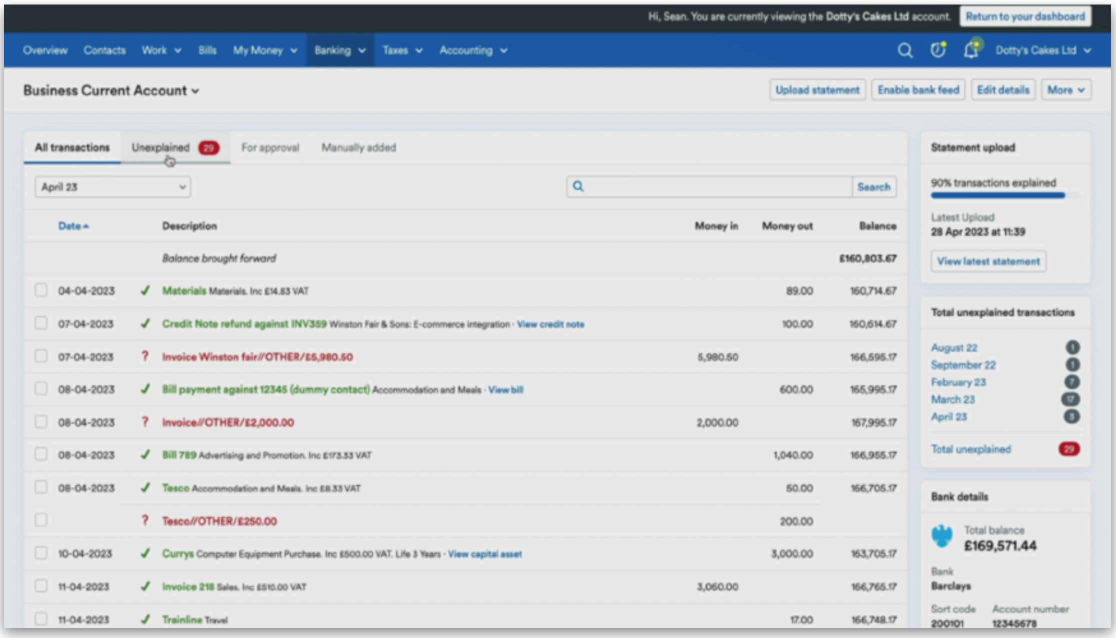
A CSV file is simply an Excel document saved in the 'comma separated value' file format with no headings and three columns. Each row inside the document relates to a single bank transaction.

The first column is the date of a transaction in the format DD/MM/YYYY. The second is the value of the transaction - where negative transactions are outgoing and the incoming transactions positive - and the final column would be the description that's uploaded with the transaction.

Explaining transactions

Regardless of how you or your client add transactions to FreeAgent, explaining bank transactions is a simple process that only requires entering a bit of information for FreeAgent to handle the transaction appropriately.

Transactions can be filtered by state using the different tabs. For example, 'All transactions', 'Unexplained' and 'For Approval'. They can also be filtered by date, using the 'time periods' drop-down menu below 'All transactions'.

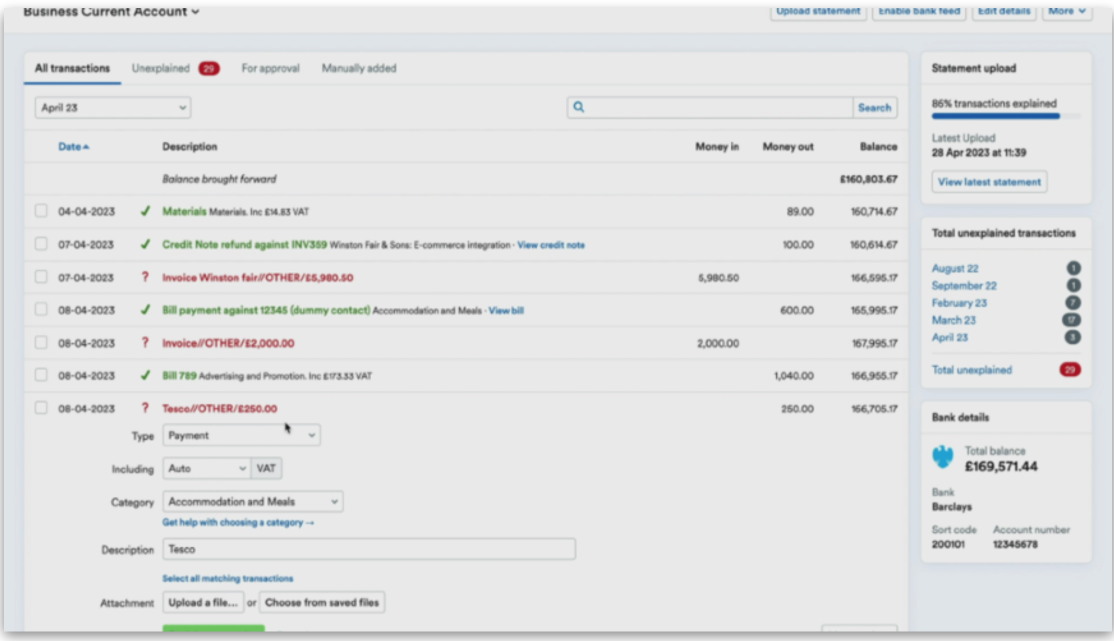


You'll notice that each transaction is assigned a colour and icon. 'Explained' transactions are green, 'For approval' are orange, 'Unexplained' are red and 'Manually added' are purple. You can also refer to the transaction status legend at the bottom of the screen.

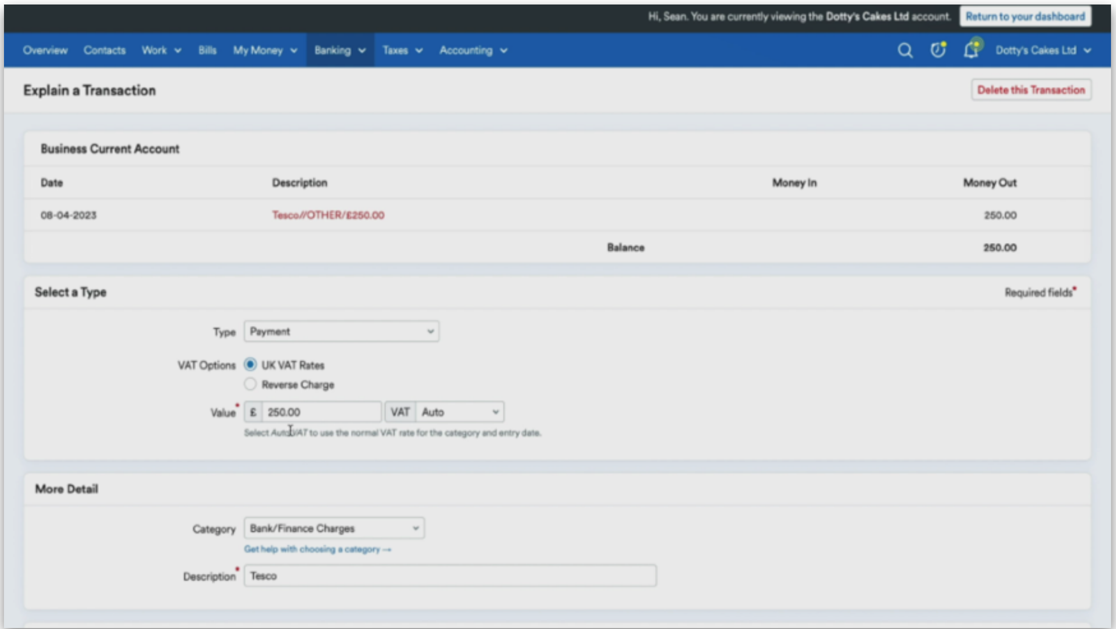
A transaction is labelled as unexplained when FreeAgent does not know what the transaction was for and as a result it's not being posted to the nominal code or any VAT returns, if applicable. Once a transaction is explained it will simply turn green and be posted to the relevant accounts.

Once you've selected a transaction to explain, FreeAgent will ask you to provide some information about it.

Select the payment type, category, the appropriate rate of VAT and add a description.

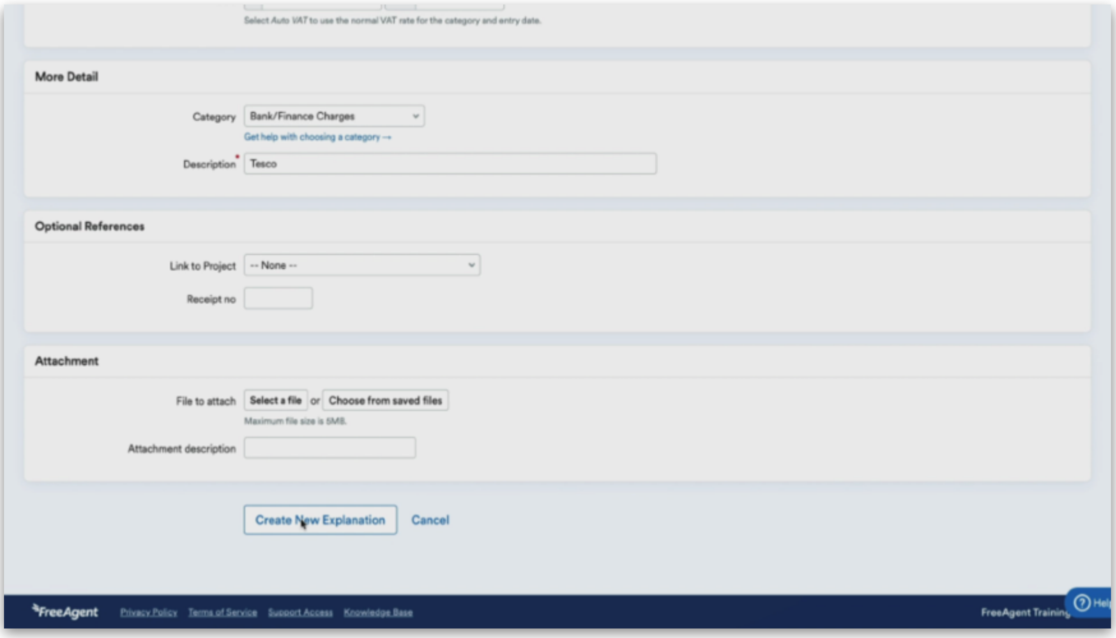


You can enter further details by selecting ‘More Options’ near the bottom right of the expanded transaction.

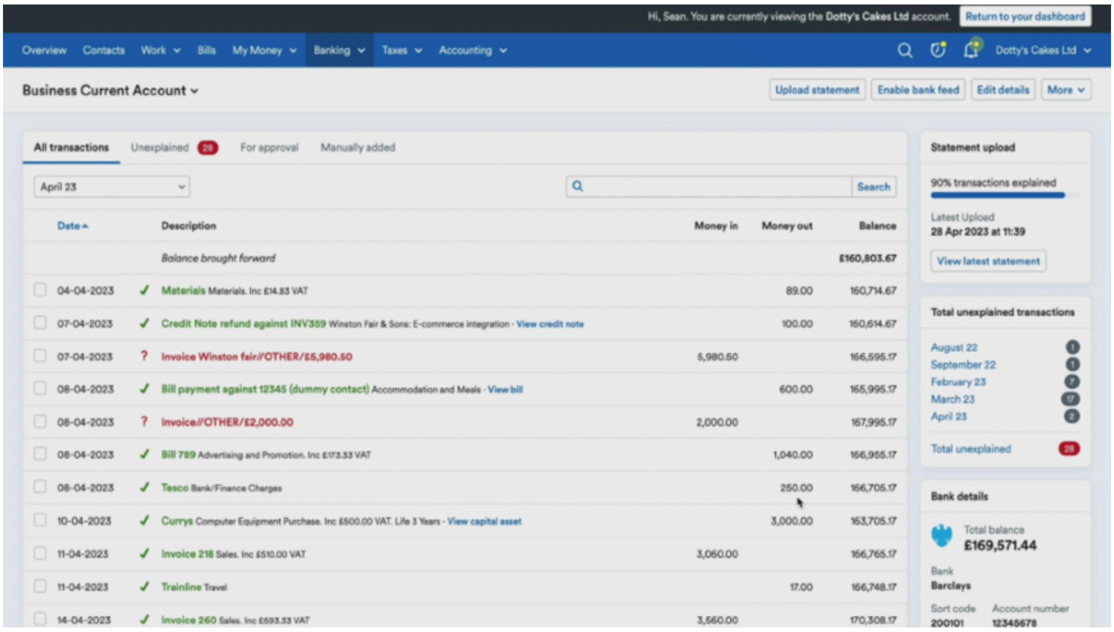


From here, you can split the transaction between multiple categories or link it to a project. You can add an attachment to the transaction from either your computer or the Saved Files area in FreeAgent.

To complete the process, select ‘Explain transaction’.



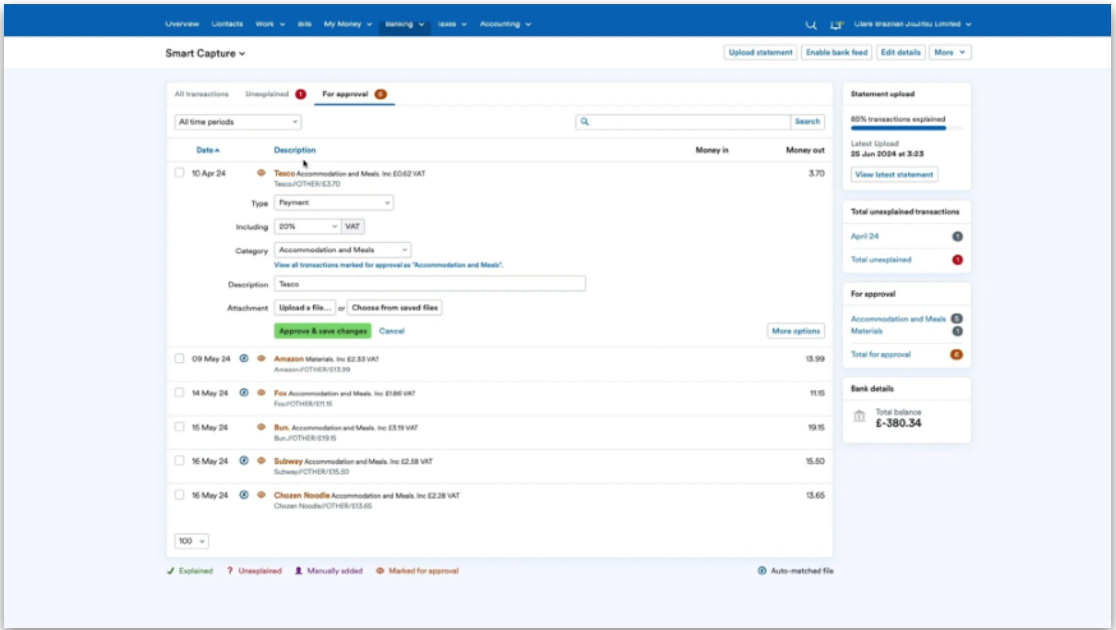
You'll notice the transaction has turned green and is now being posted according to the explanation details provided.



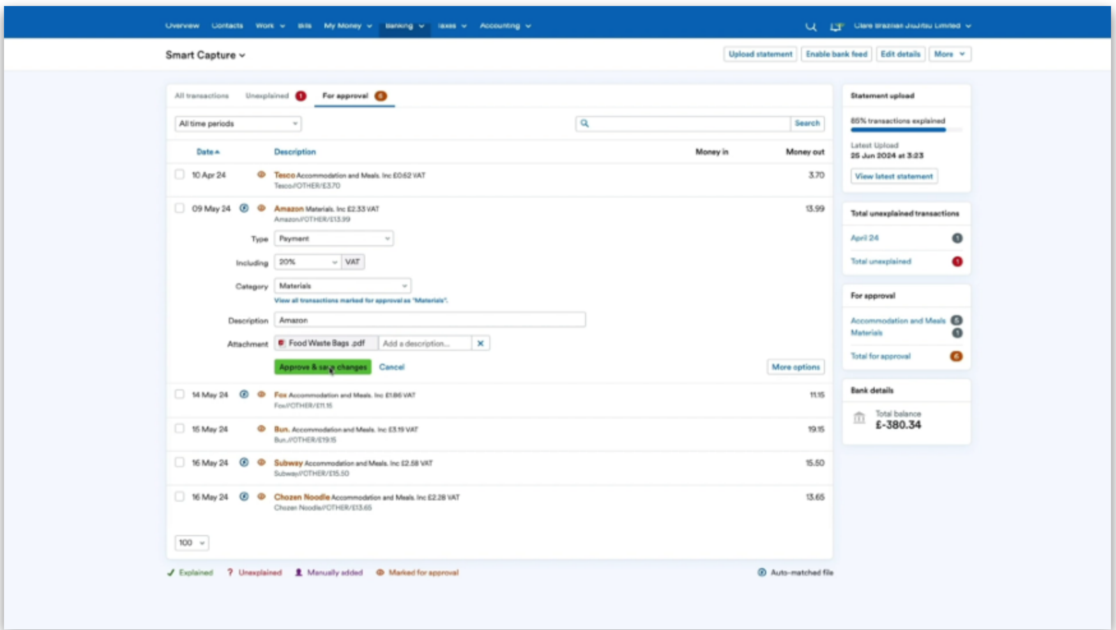
Matching transactions using Smart Capture

Once you have saved your files to the Smart Capture files area, they'll automatically be matched to a 'For Approval' bank transaction if one with a matching date and value exists. This will be the same total amount, as long as the transaction date is within two days of the receipt date.

To approve the bank transaction, go to 'Banking', then 'Bank Accounts'. Choose the bank account and select the 'For approval tab'.

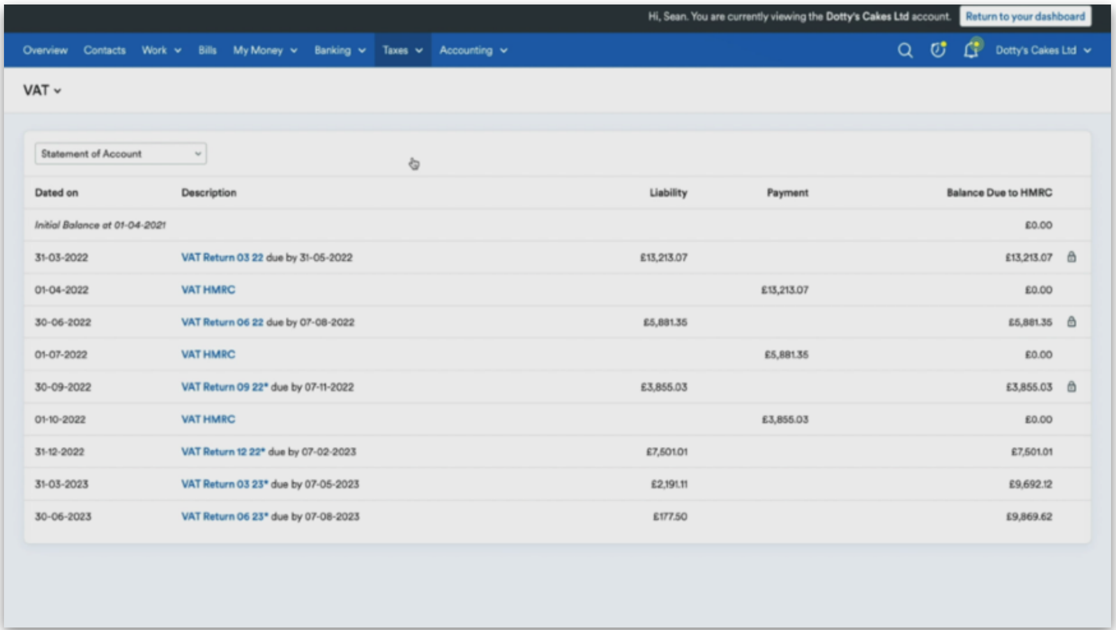


Transactions that have a matching Smart Capture file will have a lightning bolt with a blue circle. Select 'Approve & save changes'.



VAT

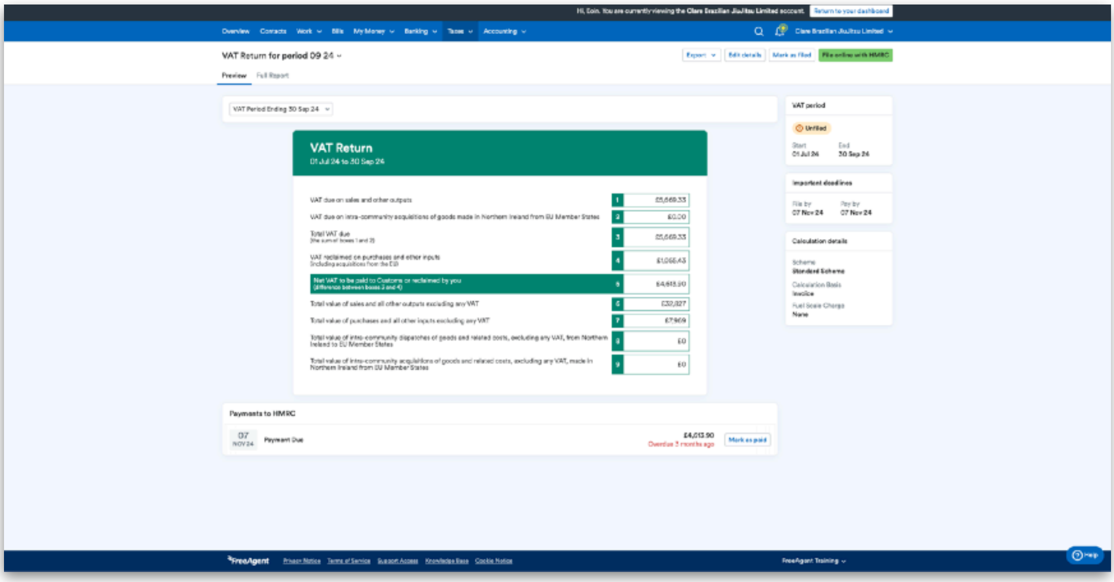
You can access the VAT area of FreeAgent from within your client's account by clicking 'Taxes' at the top of the screen and then selecting 'VAT' from the drop-down menu.



All of your client's relevant explained bank transactions, bills, invoices, expenses and journals will be used to create the VAT return liability that you see in this section.

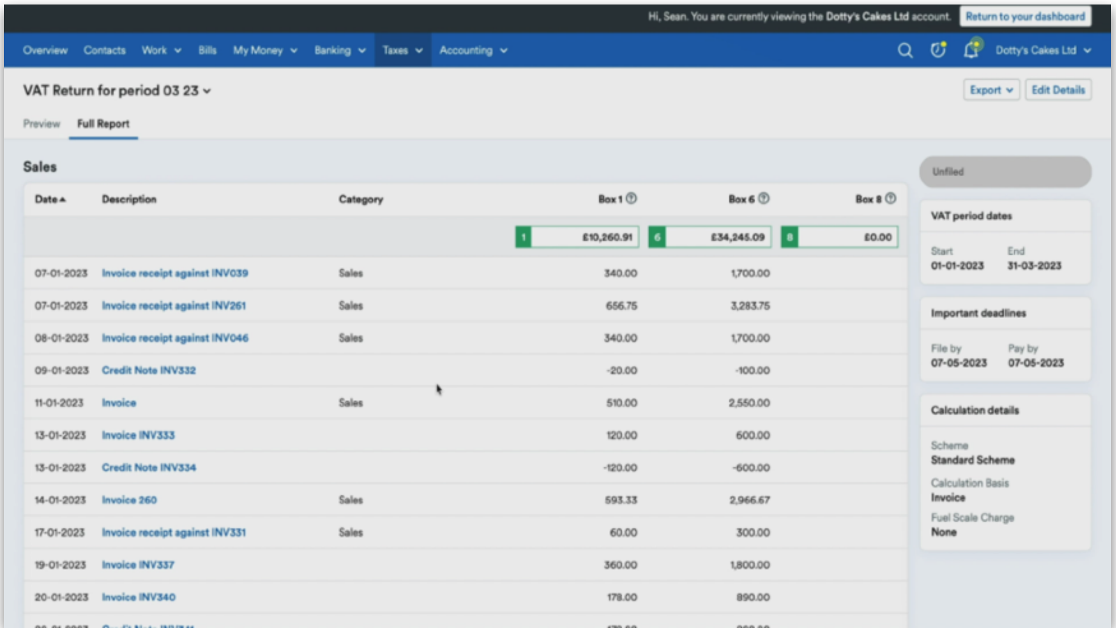
This first screen shows any VAT liability calculated for each individual return, along with any bank transactions that have been explained as VAT payments. Any outstanding balance due to or from HMRC is shown in the far-right column.

If you click on the ‘Description’ of a VAT return, you’ll be able to see a preview of a standard return and the values in each of the boxes.

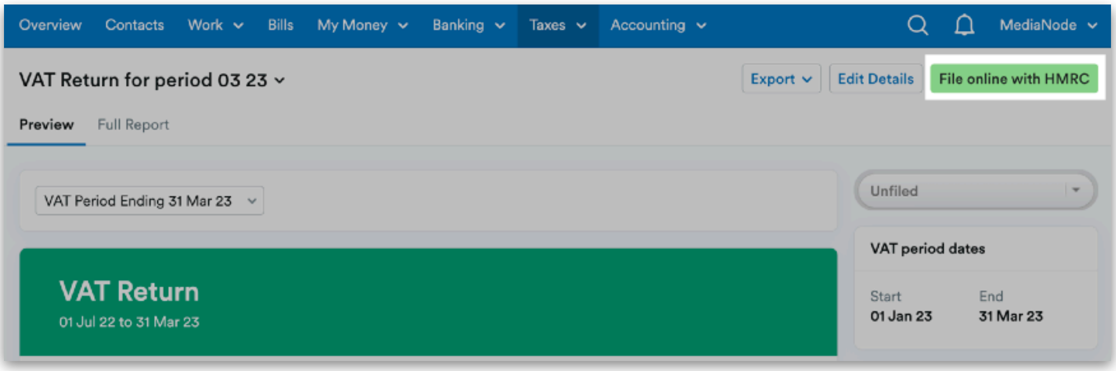


These boxes are automatically calculated by FreeAgent based on the data that has been entered into FreeAgent. The VAT return will also be clearly labelled as either ‘Filed’ or ‘Unfiled’.

Click on the ‘Full Report’ tab to see exactly how the boxes on the return have been calculated. Each line item is a blue link that you can click to view the associated bank transaction.



To file the VAT return for your client from within FreeAgent, click the green 'File online with HMRC' button.

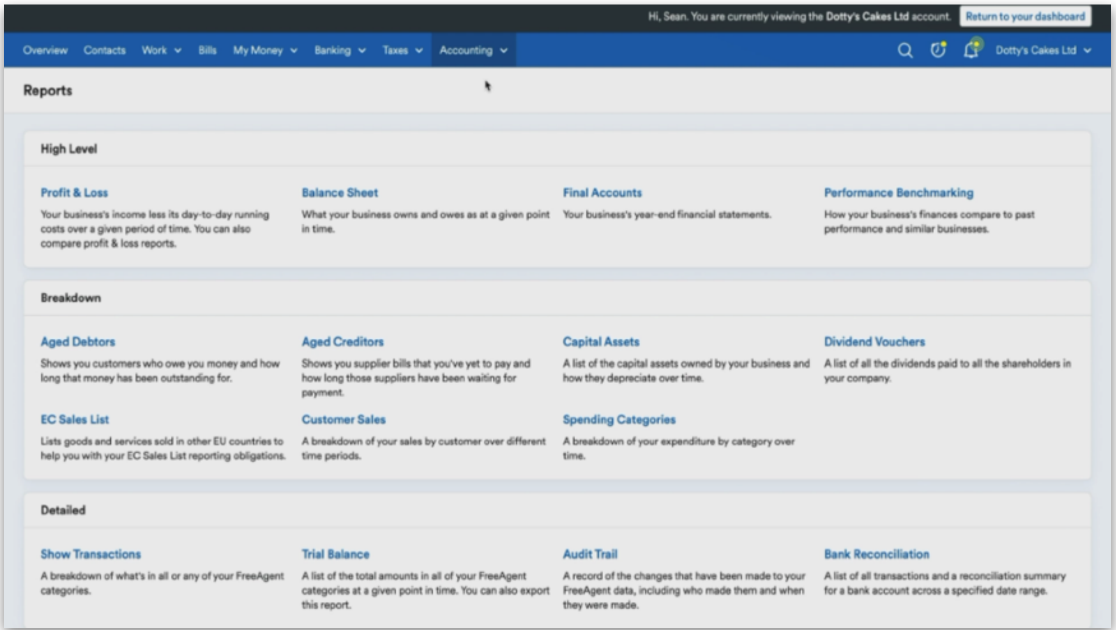


Review the legal declaration and tick the checkbox. Then, select 'Submit VAT Return' and FreeAgent will send the return to HMRC.

FreeAgent will only send the total value from the 'Preview' tab to HMRC and not a breakdown of the transactions from the 'Full Report' tab.

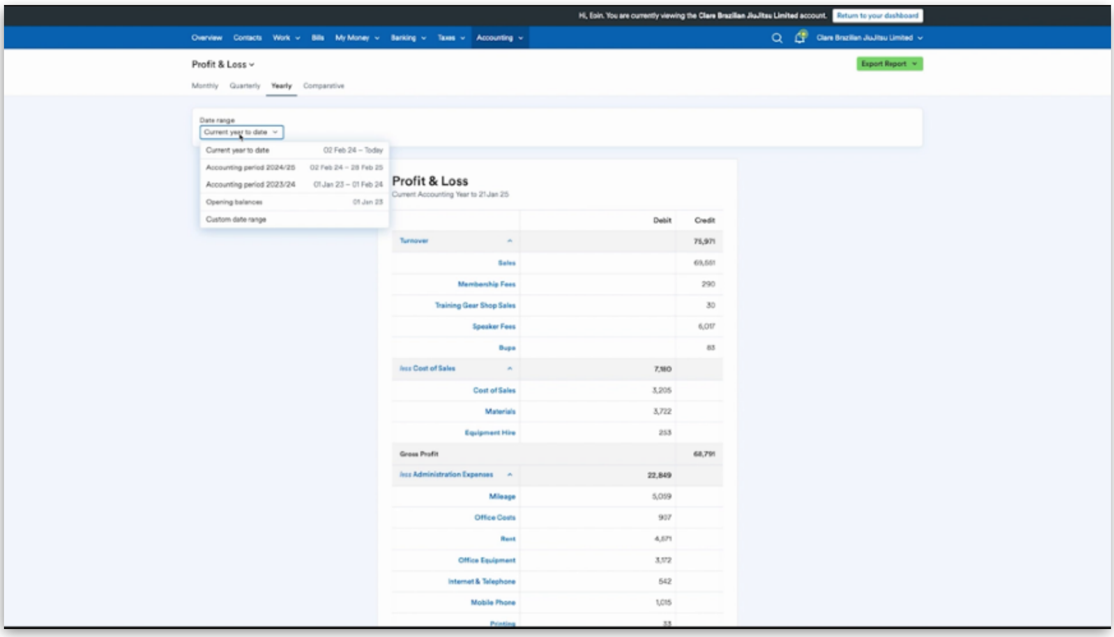
6. Essential reports

To access the Reports area, select the ‘Accounting’ tab at the top of the screen and select ‘Reports’. Here you will see a collection of reports based on the data in your client’s FreeAgent account. These reports are particularly helpful for providing insights into your client’s business and how it’s performing.



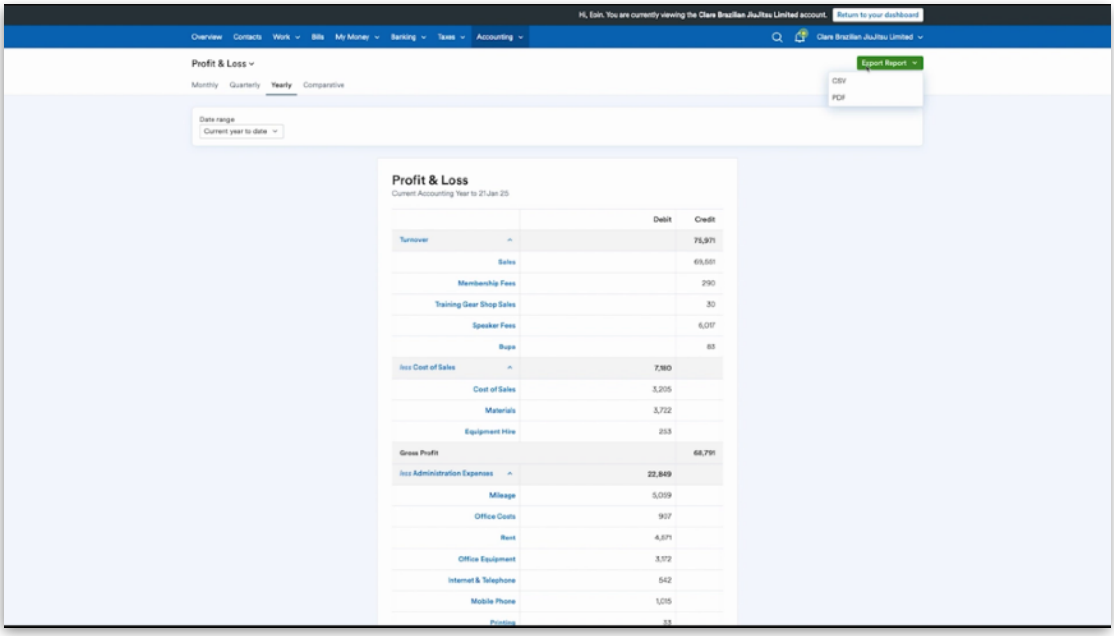
Profit & Loss report

You can choose whether to view your client’s Profit & Loss report for a specific month, quarter, year, opening balances, the current accounting year so far or a custom date range.

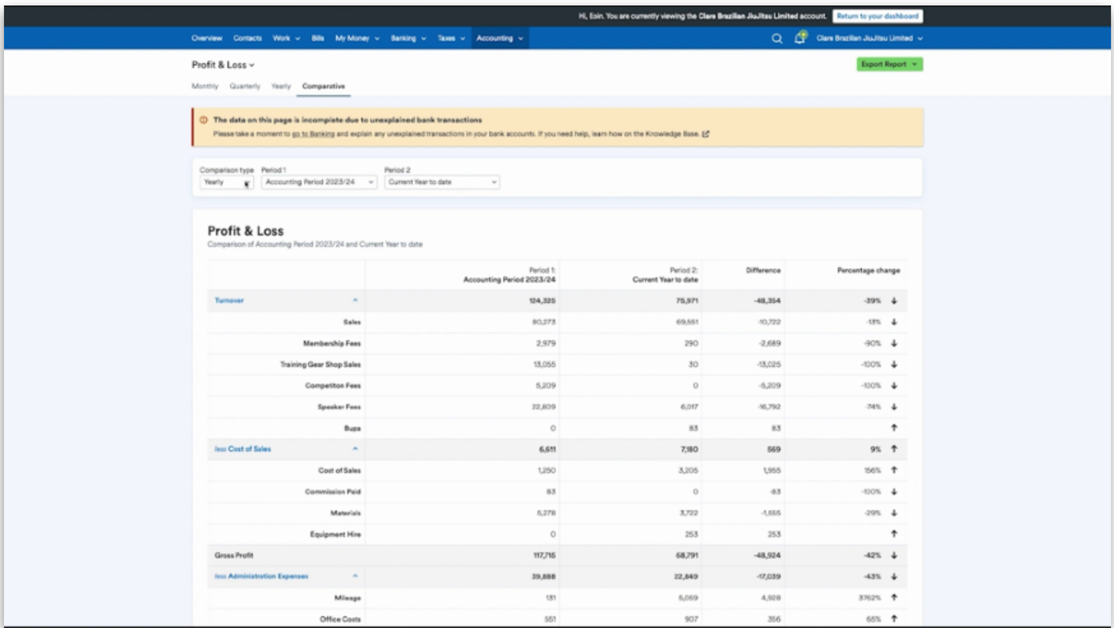


Every line item on the report is clickable and will show the credits and debits that make up the line item.

You can download the report as a PDF or CSV by selecting the green ‘Export Report’ button.



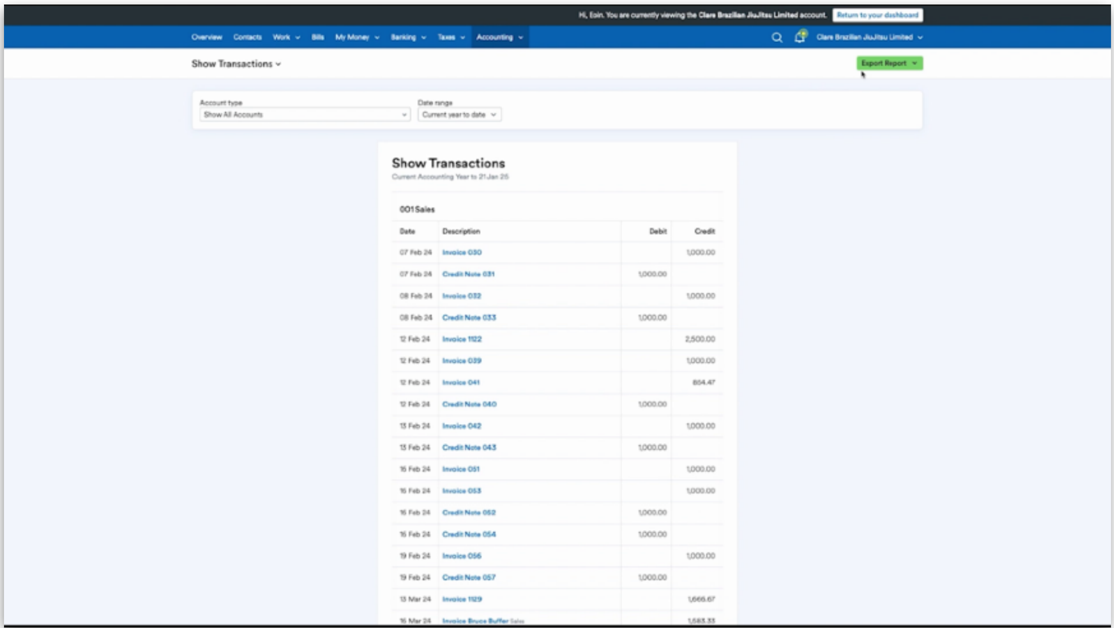
Select the ‘Comparative’ tab on the Profit & Loss overview screen to compare two different quarterly or annual reports side-by-side, or view a custom date range.



You and your client can also see a brief snapshot, taken from the yearly profit and loss account, of their business's income and day-to-day running costs for the current year to date so far on the Overview screen.

Show Transactions report

The Show Transactions report is a full nominal ledger report displaying all of the transactions for the different account categories in FreeAgent.



You can filter the Show Transactions report by date, account or tax reporting type.

To export a list of all the transactions that make up a particular account, select ‘Export Report’ in the top-right corner and select either ‘CSV’ or ‘PDF’ from the drop-down menu.

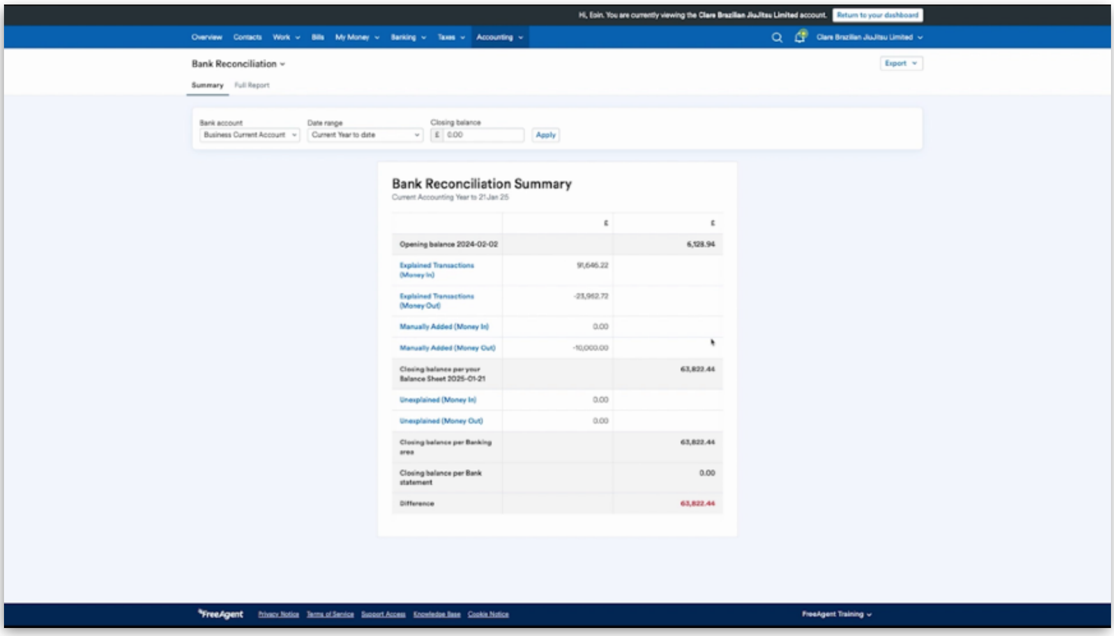
Please note that if you're viewing all the transactions in each of your client’s accounts at once using the 'Show All Accounts' option, you'll only be able to export the report as a CSV file.

You can also print the report by pressing either ‘Control + P' if you're using a PC or ‘Command + P' if you're using a Mac.

Bank Reconciliation report

The Bank Reconciliation report is designed to aid with the bank reconciliation process for your client's bank accounts. Your client will need level 7 access or above to access this report.

The first tab in the report is the Bank Reconciliation summary.

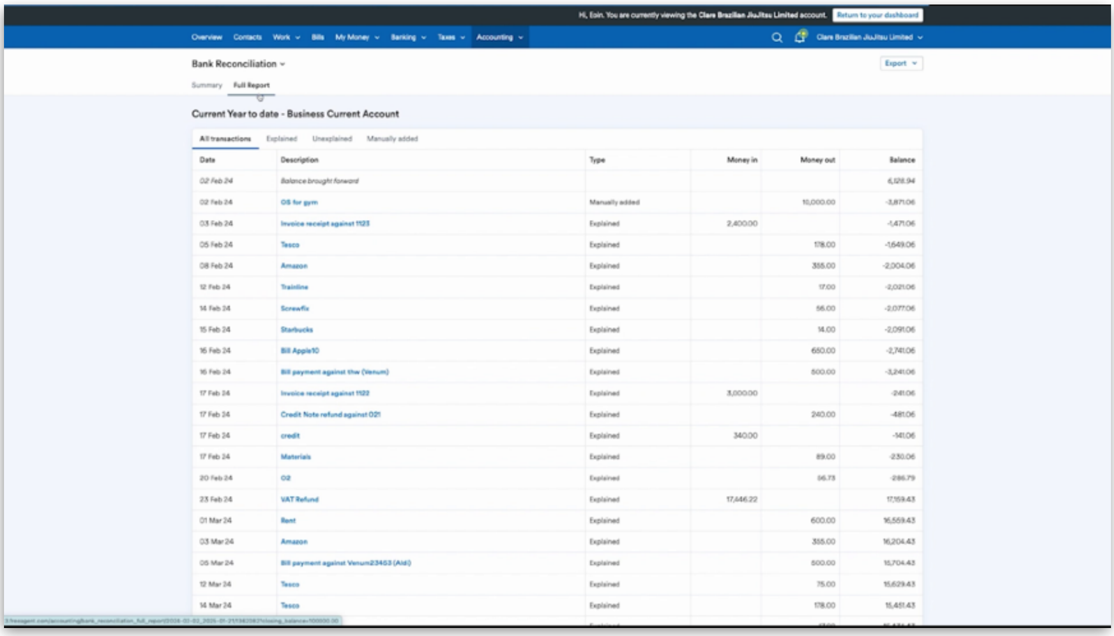


The report will default to showing your client's primary bank account and the current accounting year in FreeAgent. To generate a report for a different bank account, choose the relevant bank account from the drop-down menu.

To generate a report for a different accounting year, an individual month or custom date range, choose the relevant option from the drop-down menu.

Next, you'll need to enter the closing bank balance at the end of the period you're looking at in the 'Closing balance' field. Then, select 'Apply' to generate a Bank Reconciliation report.

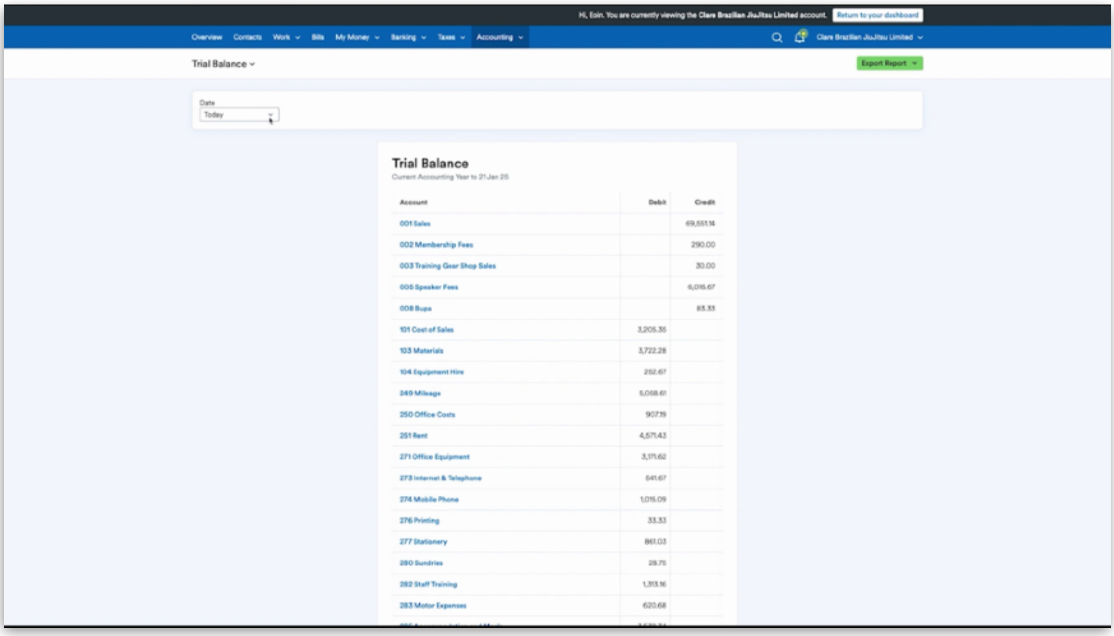
You can review a breakdown of the figures from the ‘Summary’ by selecting the ‘Full Report’ tab.



You can choose to view all transactions or filter by transactions that have been explained, are currently unexplained or have been manually added, by selecting the relevant tab.

To export the 'Summary' or 'Full Report' of your client’s Bank Reconciliation report, select ‘Export’ and then choose either ‘PDF’ or ‘CSV’ from the drop-down menu. To export the information from both the ‘Summary’ and ‘Full Report’ tabs, you’ll need to export a report from each tab.

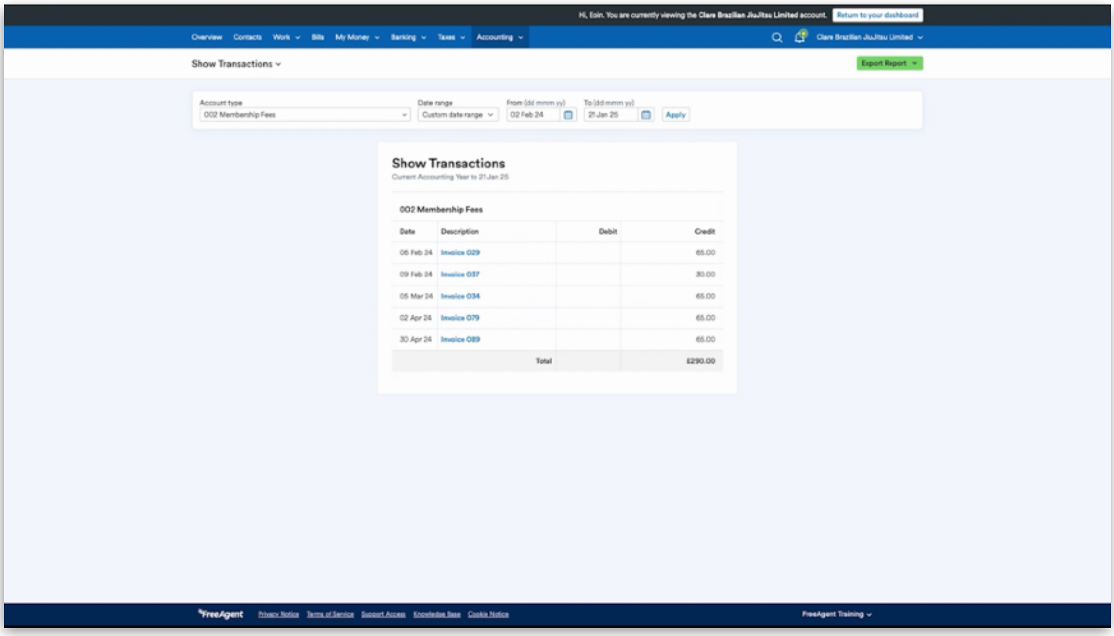
Trial Balance report



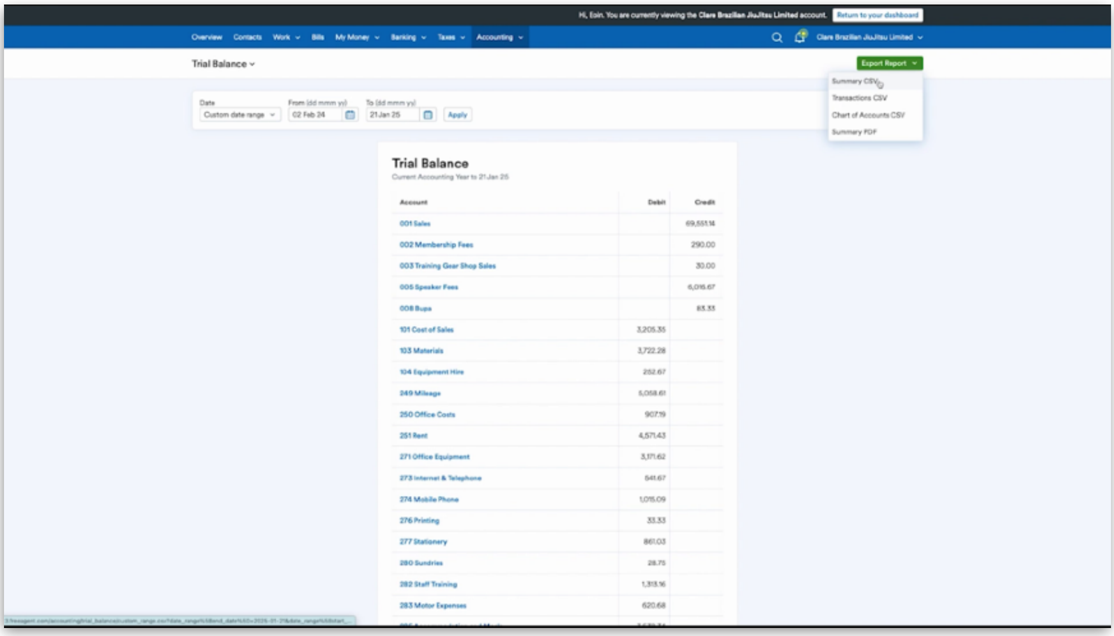
You can filter the Trial Balance in FreeAgent by date using the drop-down menu at the top of the page. The Trial Balance will show the correct figures for that date range, and if you choose to view any individual items on the report, the date range filter will continue to apply.

If the date range you want to select overlaps with the end of your company's accounting year, you will need to generate two Trial Balance reports: one from the desired start date of the report to the end of your company's accounting year, and another from the start of the following accounting year to the desired end date of the report.

If you want to see the credits and debits that make up a line item on the report, simply select the account on the Trial Balance. This will display all the individual transactions that are included in the total figure for that account.



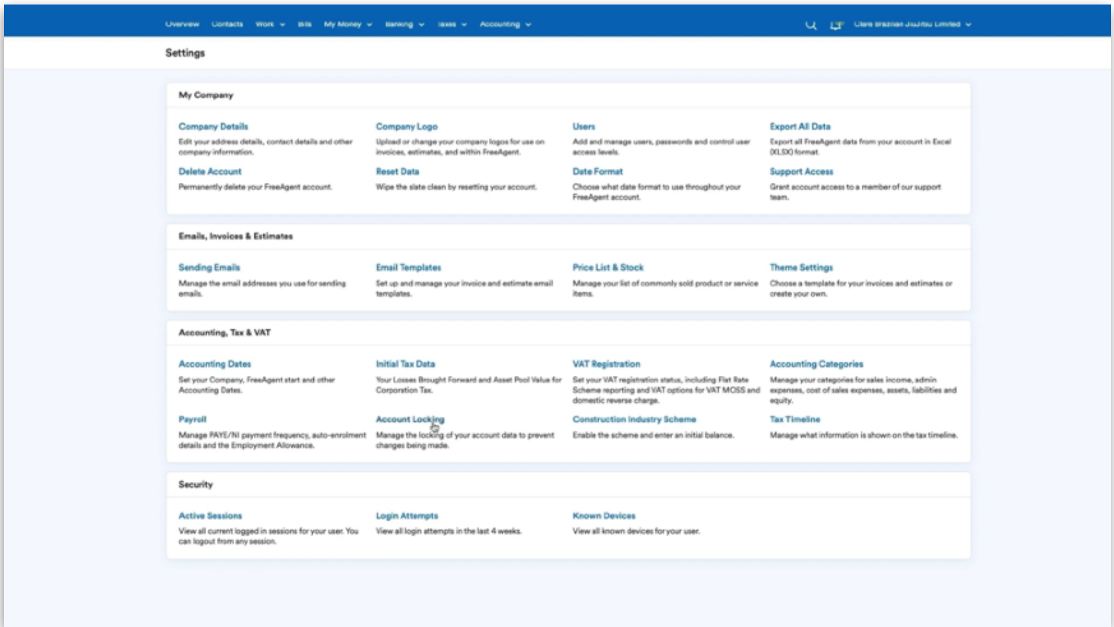
The Export button at the top-right of the screen is where you'll be able to export the report. Four formats are available. The Summary CSV format will be accepted by all tax production software, which may be useful if, for example, you're not using FreeAgent for the end-of-year production process.



Account locking

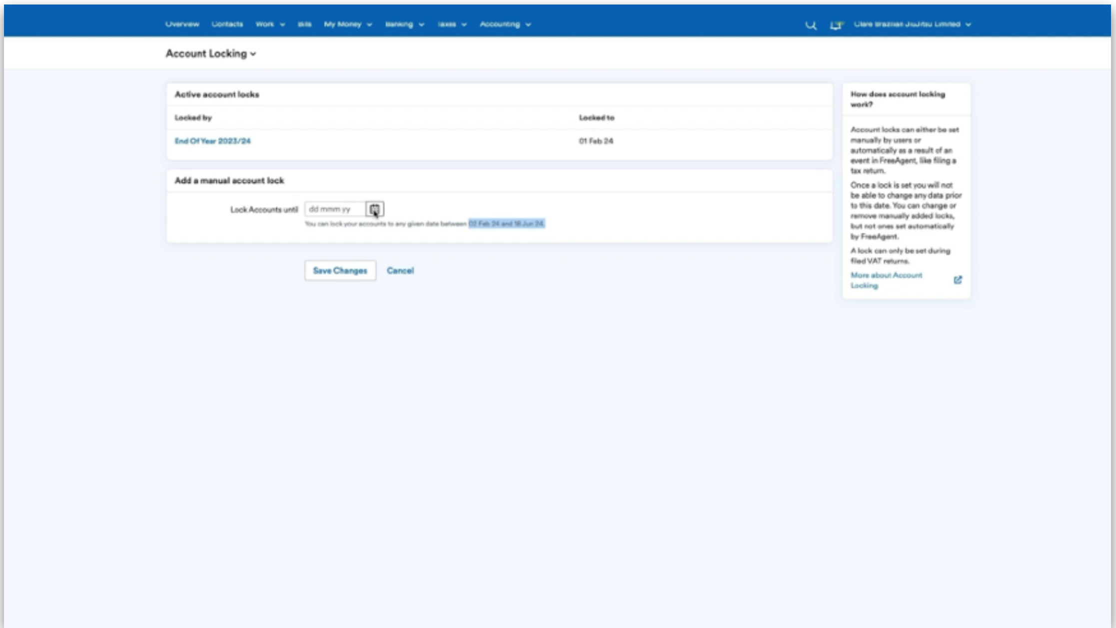
Locking your client's accounts in FreeAgent prevents anyone from editing their data prior to a particular date. Your clients' accounts will be locked automatically as the result of certain events, for example, when you file their end-of-year accounts.

However you can also lock your client's accounts manually. To do this, select 'Settings' from the drop-down menu at the top-right of the screen.

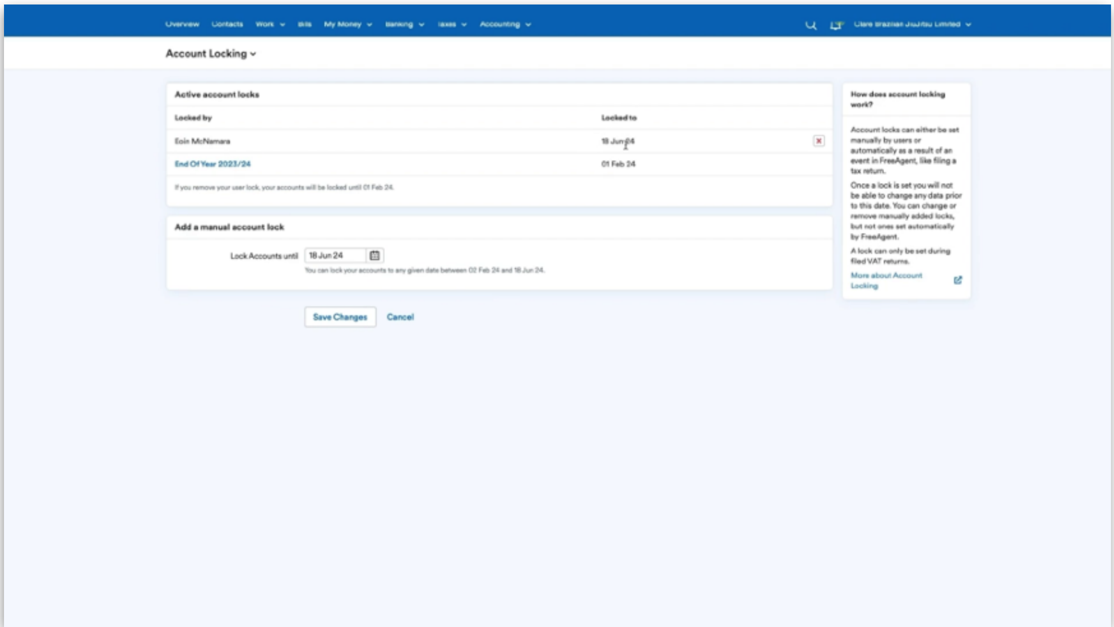


Then select 'Account Locking' from the 'Accounting, Tax & VAT' section.

In the 'Add a manual account lock' section, you'll see a range of valid lock dates below the 'Lock Accounts until' box.



Once you have entered an appropriate date, select ‘Save Changes’. This will lock the accounts up to and including that date. The date will also be displayed in the list of active account locks.



You can change or remove manually added locks, but not ones set automatically by FreeAgent. Please note that an account lock can be removed by your client if they have the User permission level 8.

Support for your clients

FreeAgent offers you and your clients a wide range of support, including:

- bespoke practice training for you and your colleagues
- ‘Getting Started’ webinars for you, your staff and your clients to help them understand the FreeAgent basics
- a searchable online Knowledge Base
- telephone and online support for you and your staff from our dedicated Practice Support team
- telephone and online support for your clients from FreeAgent’s customer support team
- a co-branded onboarding email journey to help clients get started and understand the basics of the software

Security measures at FreeAgent mean our Practice Support team will only communicate with account managers who are listed on your Practice’s dashboard. Make sure that you add your staff members so they can receive support when they need it.

For more information on how to use FreeAgent, visit our Knowledge Base online. You’ll find step-by-step instructions on how to complete a wide range of actions in FreeAgent, from basic functions right through to more complex accounting procedures.

Knowledge Base
Accountants’ Knowledge Base

Practice Support team

You can also contact our dedicated Practice Support team via email or telephone, 9am - 5pm on Monday to Thursday and 9am - 4pm on Friday.

Email: practicesupport@freeagent.com
Telephone: 0800 025 3800

Please have your account manager ID ready when contacting the Practice Support team.