Bank Accounts, Tills and Your Chart of Accounts

*Three early decisions that make your reporting **actually useful.***

Why these three things and why now?

Most new company owners focus on the big, obvious decisions: what to sell, who to sell it to, what to charge. Fair enough, that's the exciting bit. But three quieter decisions, made properly in the first few weeks, decide whether your monthly accounts become a genuinely useful tool or just something you hand over once a year and hope for the best.

Your bank account, your till or card payment system and your chart of accounts all feed the same set of numbers. Get them set up to talk to each other from day one and everything downstream - your management accounts, your VAT return, your tax planning - gets easier and more accurate. Get them wrong and you (or I) end up untangling it later, which costs more time and money than doing it right the first time.

Choosing your business bank account

You need a bank account in the company's name, separate from your personal account, from day one. Beyond that, the account that suits you best depends on how you like to bank, but a few things are worth weighing up before you commit.

What to look for

- Whether it connects automatically to your accounting software, so that transactions appear without you keying them in by hand (called a bank feed)
- Monthly fees and transaction charges, especially if you take a lot of card payments or make frequent transfers
- Whether you can set up sub-accounts or 'pots' to ring-fence money for VAT and Corporation Tax as you go
- How easy it is to add a second signatory or give me read-only access if you'd like me keeping an eye on things
- Everyday usability: the app, the customer support and how quickly payments actually clear

Banks that connect well with Xero and QuickBooks

Most mainstream business banks now connect to cloud accounting software, either through a direct feed or via Open Banking. Here's how the accounts I see most often stack up. It's always worth double-checking connectivity for your exact account type before you open it since banks and software providers update these links from time to time. Monzo is good for Pots with Mettle and Starling seeming to be the online favourites.

Bank	Connects to Xero	Connects to QuickBooks Online
Starling Bank	Yes	Yes

Bank	Connects to Xero	Connects to QuickBooks Online
Tide	Yes	Yes
Mettle (NatWest)	Yes	Yes
Monzo Business	Yes	Yes
Revolut Business	Yes	Yes
Barclays, HSBC, NatWest, Lloyds, Santander	Yes	Yes
Metro Bank	Yes	Yes, via Business Online Plus

A NOTE FROM HERMIT

Don't choose a bank on integration alone. Fees, support and how the app actually feels to use day to day matter just as much, and you'll be looking at it a lot. If you already have an account you're happy with, it's usually not worth switching just to chase a slightly smoother feed, have a chat with me first.

Till and card payment systems

If you take card payments, whether that's a till in a shop, a card reader at a market stall, or an online checkout, the system you choose matters just as much as your bank account. A good integration means sales, fees and refunds flow into your accounts automatically instead of you re-keying them, which also means fewer mistakes at VAT time.

Till systems and what they integrate with

This isn't an exhaustive list, but it covers what I see most often across retail, hospitality and mobile traders.

Till or card system	Good fit for	Integrates with
Square	Retail, cafes, mobile sales	Xero and QuickBooks, both integrated into the app
SumUp	Market stalls, mobile traders, small retail	Xero and QuickBooks, both integrated into the app
Zettle (PayPal)	Small retail and hospitality	Xero and QuickBooks, both integrated into the app
Epos Now	Retail and hospitality wanting a fuller EPOS system	Xero and QuickBooks, both integrated into the app
Shopify POS	Businesses selling online and in person	Xero and QuickBooks, via a connector app
Vend / Lightspeed Retail	Multi-till retail with stock control needs	Xero natively, QuickBooks via a paid add-on

Worth checking before you sign up

- Whether the till reports card fees separately from sales, lumping them together makes your gross profit look wrong
- How refunds and voids are handled in the sync so that your reports match what actually happened
- Whether it can split sales by category - useful if you sell more than one type of product or service
- Any monthly cost for the accounting connection itself - some are free, some sit behind a paid tier
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Your chart of accounts: the bit most people skip

Your chart of accounts is simply the list of categories that your income and expenses get sorted into. Every accounting package sets you up with a default one and most people never touch it again. That's a missed opportunity.

A generic chart of accounts will happily produce a profit and loss report - it just won't tell you anything useful. If everything you spend on marketing, subcontractors and software all lands in one 'general expenses' bucket, you can't see what's actually driving your costs, or which parts of the business are genuinely profitable.

Why it's worth getting it right early

- It shows you which products or services are actually making you money, not just how much you're bringing in overall
- It makes month-to-month and year-to-year comparisons meaningful, because like is being compared with like
- It avoids vague catch-all categories that hide the real story behind your numbers
- It speeds up VAT returns and year-end accounts, because transactions are already sitting in sensible categories
- It saves a big, disruptive re-classification job a year or two down the line, once habits and history have built up

Getting yours set up well

- Start from your software's default chart of accounts, then tailor it rather than building one from scratch
- Split income by product or service line if you sell more than one type of thing
- Separate cost of sales, what it directly costs you to deliver, such as materials or subcontractors, from overheads like rent, insurance and software
- Add enough categories to be genuinely useful, but not so many that recording a transaction turns into a guessing game
- Review it again after your first few months of trading and adjust before habits set in

KEY TAKEAWAY

Your bank account, your till system and your chart of accounts all feed the same set of numbers. Set them up to work together from day one, and your monthly accounts become a genuine business tool, not just a box-ticking exercise.

Let's set this up together

None of this needs to be perfect on day one and it certainly doesn't need to be figured out alone. I go through exactly this during your initial consultation and I'm happy to recommend a bank, till system and chart of accounts based on how your particular business actually works.

Email me at linda@hermit-business-solutions.co.uk or call 07847 586730, and we'll get your foundations right from the start.