



Evolving your accounting systems and moving to the Cloud



With cloud accounting offerings improving dramatically along with the ongoing discussions surrounding Making Tax Digital, there has never been a more appropriate time to update your accounting systems and processes. There are many questions to ask when considering the numerous options available to help you make a more informed choice about the best option for your business. This guide is designed to help you through this decision-making process.

What do you do currently?

Most businesses typically deal with data as follows:



But there are numerous approaches that companies adopt to maintain their accounting records:

- “red” cashbooks
- maintaining a bank book
- spreadsheets
- a desktop product, such as Sage or QuickBooks, although these require bookkeeping knowledge to enable them to work correctly.

However, some businesses have already transitioned into Cloud Accounting and are using variants such as Xero and QuickBooks Online.

What is Cloud Accounting?

You’re probably already using cloud technology every day, although you may not have realised it.

For example, perhaps you share files using Dropbox, or maybe you use online office software, such as Google Apps or Office 365. Even your phone will create a backup in the cloud. Any system that allows you to remotely access your data is a cloud system.

Cloud Accounting software works in a similar way. You use it in the same way you would use normal accounting software, but your accounts data is stored remotely on secure servers and not on your

computer, where it could be lost, stolen or accidentally deleted.

You can access it at any time and from anywhere using a laptop, smartphone or tablet.

It also means your IT costs are reduced and you will always have the latest, most secure version of the software.

What is the cost?

Cost is always a factor but is allied to the amount and quantity of the information required from your accounts. Businesses running the red cashbooks may also be paying a bookkeeper to maintain them, which can be expensive when manually writing up a cash book.

With desktop packages, such as Sage, you pay the initial outlay, but you will have additional costs to access the support team. Again, you may need a bookkeeper's assistance to help with the entries and, although software is ledgers, the source data still needs to be manually entered.

With cloud accounting, the fee is usually a modest amount and, in most cases, is a monthly rolling contract allowing you to change if you think the product is not for you. This might be a new cost to the business, but there are many ways in which the software will earn its keep, making it a worthwhile outlay.

So why change?

There are many reasons why you might want to update your accounting software, but the most common are saving time, money and/or wanting to access more up-to-date accounts information. Your specific business need will drive how you wish to update your system.

If time is your main driver, then the next question will most likely apply to you.

What are the benefits?

With the new age of accounting, and the impact of artificial intelligence, there are ever-growing ways to

reduce the amount of time spent on administrative tasks, such as data entry.

Cloud accounting allows your business to:

- capture receipts and payments direct from your bank account
- create quotes and sales invoices easily
- dispense with paper files being kept
- see results 24/7 via an App
- allow your accountant to remotely access information at any time you need them to.

There are also products available that:

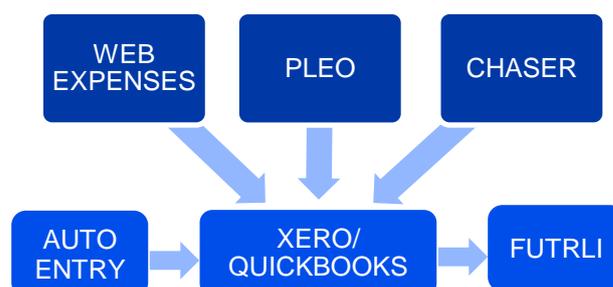
- scan and read purchase and sales invoices
- track journeys for more accurate mileage claims
- provide an all-encompassing expense package, enabling employees to maintain their expense claims, attach their receipts before sending them for approval and ultimately, post them into the accounting system.

There are also tools available to provide up-to-date reports from the live information, with the ability to manage budgets and forecasts, as well as programming scenarios.

What online packages are available?

The accounting software world is changing at a fast pace. For those business owners and finance teams looking to change to cloud accounting, it can not only free-up time to concentrate on the business, but it can also enable you to plan better and have a better handle on the performance and efficiency of the processes.

Cloud tools can automate many processes, but we find that the following work well:



How McBrides can help

As cloud accounting specialists, we have been helping clients to make the transition to digital accounting as easily and smoothly as possible. Many have fully embraced Xero's technology alongside our McBrides App (which you can find freely available in the iStore or via Android apps).

Set against the new timetable for HMRC's Making Tax Digital, and particularly the plan to digitise VAT accounting from 1 April 2019, cloud accounting technology enables all organisations to plan and bed down such new technologies to work smarter, enabling your business to become more productive.

Next steps?

If you would like to discuss the opportunities available, or perhaps would like a more detailed report on your processes, then get in touch with Andrew Fuller at McBrides on 020 8309 0011 or andrew.fuller@mcbridesllp.com.

Disclaimer: The content of this document is intended for general guidance only and, where relevant, represents our understanding of current law and HM Revenue and Customs practice. Action should not be taken without seeking professional advice. No responsibility for loss by any person acting or refraining from action as a result of the material in this document can be accepted and we cannot assume legal liability for any errors or omissions this document may contain.

© McBrides Accountants LLP – July 2018