

# 2.0

MODERN WORK

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## How does cloud software apply in the real world?

Matt Packer



Cloud-based accounting is steadily becoming an operational standard. No accountant can afford to get left behind – especially those who are new to the profession. It will be beneficial to have a strong sense of the latest technological trends. So, it's time to put the ledger to one side and apply your knowledge in the cloud.

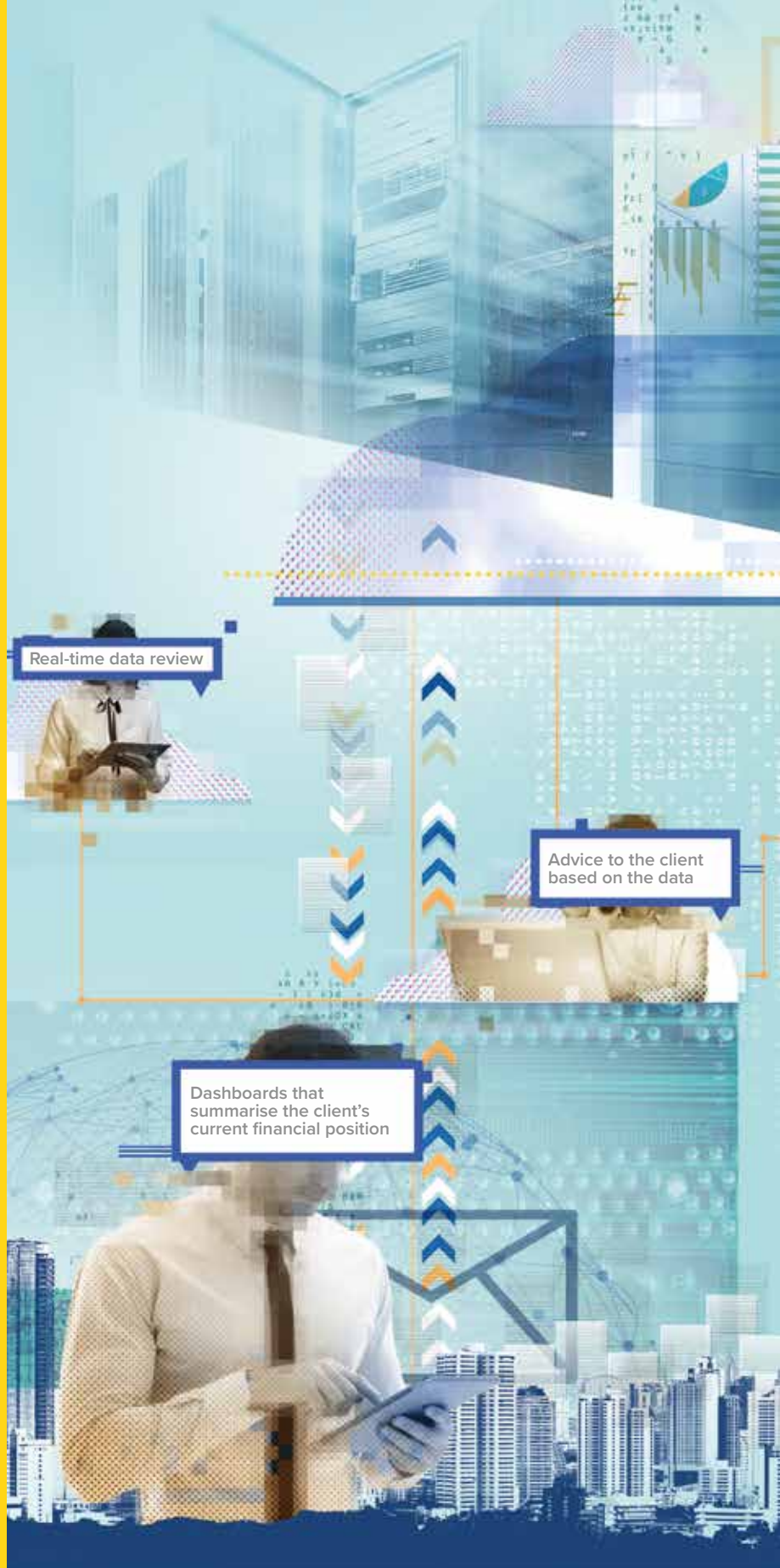
At a general level, the main difference between cloud-based accountancy and its pen-and-paper ancestor is that there's a significant interactive element to the new systems. Instead of the accountant wrestling a filing cabinet for folders containing the accounts of each client, a cloud platform holds all that material on a web-based server, accessible not just to the accountant, but to the clients too.

In the view of Chris Morford, head of sales at cloud-accounting software provider Clear Books, the whole point of these platforms is to help accountants and their clients have a great working relationship. As such, cloud solutions can be calibrated to suit various different styles and degrees of working with clients, he says. A client could be really engaged in day-to-day bookkeeping and eager for regular reporting. Or the client might provide the information and your job is to get it into the system.

“The convenient thing about cloud solutions is that they help to facilitate different collaborative approaches. So any opportunity that an accountant has to encourage their client to embrace this type of technology – whether simple or advanced – will help to make the process of serving them a lot more profitable.”

### **YOU'LL USE A DASHBOARD**

Cloud accounting works primarily with ‘dashboards’ – task-oriented homepages. These lead the accountant and client clearly through each relevant process. Chartered accountant Nadia Hossen Mamode, who runs her practice Bee Accountancy, uses Quickbooks and Xero to collaborate with her clients.



## “RATHER THAN JUST HAVING THE NUTS AND BOLTS OF THE ACCOUNTING, WHICH ARE THE SAME, YOU HAVE THAT EXTRA LEVEL OF BUSINESS MANAGEMENT ON TOP”

In a typical cloud-accounting solution, she says, the dashboard is a central area where all the finance functions of the client business – invoicing, expenses, bank accounts, reports, VAT, payroll and so on – can be accessed. “Upon logging in, the platform automatically generates a to-do list. This could be because a set of bank transactions, for instance, is ready to be reconciled. So, in that case, the dashboard becomes an interactive area between the client and the accountant, in which the accountant queries transactions and the client can reply.”

### YOU’LL READ THE DATA

The core accounting procedures that you are studying still play a big part in digital accountancy. The steps are the same, but they are expressed in more layered and intuitive ways. When you’re studying, you do the paper-based exercises to understand how the nuts and bolts work. The software automates those nuts and bolts and produces an analytical view – you need to understand the basics in order to read and analyse that.

“Across all the key documents – such as invoices, bills and bank transactions – you use a software interface, rather than writing up a journal and ensuring it all balances,” Clear Books CFO and head of product David Carr says. “The system does all that instantly and automatically.

“For example, if you are recording an invoice, you don’t just have your sales ledger: you are able to see how many invoices are overdue, how overdue each one is and which ones have the greatest financial value attached to them. Rather than just having the nuts and bolts of the accounting, which are the same, you have that extra level of business management on top. That’s probably the key difference between

the theory and using cloud-based accounting software.”

“During on-paper training, the most common mistakes are entering the wrong figures and missing an entry, so that the accounts don’t balance,” Mamode adds. When you use cloud software, however, bank transactions are inputted via direct feeds from banks, or by uploading statements. An auto-entry package such as Receipt Bank can read invoices and load the data straight into the system. You can set up accounting rules so that the platform will automatically assign certain transactions to the correct code. For example, any transactions showing ‘Train’ are assigned to ‘Travel!’”

### YOU CAN WORK QUICKLY

Mamode uses the cloud software every day for sending out sales invoices, compiling Aged Debtors reports and executing bank reconciliation. As Carr points out, a lot of businesses are now operating in a digital environment, and some of them will have hundreds of thousands of transactions per month. “You can’t keep on top of that by hand, right? It’s physically impossible. So as well as managing high volumes of transactions, cloud systems add in controls, such as built-in error checking and audit trails, which you can’t achieve with pen and paper.”

With Making Tax Digital currently a hot topic in the accounting world, digital accountancy is only going to become more prevalent – with returns to HMRC becoming more frequent over the next couple of years, it will become more necessary.

“The requirement not just to have more regular interaction with clients, but to get their information into the system as quickly and efficiently as possible, only increases – because ultimately, you need to be compliant,” says Carr. ■

## Cloud formations

Here are 10 prominent cloud-based accounting brands, other than those mentioned in the main article, that you are likely to encounter in your career...

- Intuit
- Sage
- SAP
- Oracle (NetSuite)
- Microsoft
- Infor
- Workday
- Acclivity
- MEGI
- KashFlow