

Cloud accounting – what’s all the fuss about?

You will no doubt have read in the press that more and more small businesses are moving their accounting systems onto the cloud. Indeed this trend is set to accelerate and people are already referring to 2014 as ‘The Year of the Cloud’



What is the Cloud?

To understand the advantages of cloud accounting, one first has to understand the cloud...

Put simply, the term cloud is used when data is stored offsite and accessed through an internet connection. Better broadband speeds, cheaper storage costs per Gigabyte and advances in software have all paved the way for increasing use of the cloud.

There are many advantages:-

- Data backup is done automatically by the cloud provider in Ubersafe storage warehouses
- No large outlay for new servers
- You only pay per Gigabyte and per user
- IT support is reduced
- No more cumbersome VPN links for home workers- access is now – Anytime, Anyplace, and Anywhere
- Any number of users can log in
- Hot desking is easier
- The cloud provider can also make sure that you can always have the latest version of your software. No more tricky upgrades to run!

The advantages add up to significant cost savings for many businesses and the improved reliability of broadband means that many are choosing the cloud for their data storage.

In short, the cloud is a more modern and efficient way of working.

So what is Cloud Accounting?

Cloud accounting is set to revolutionise the way in which businesses and their accountants work together...

A natural extension of using the cloud is to put your accounting records on the cloud too. With cloud accounting, you simply log on to your internet based accounting software and access it that way. We use a cloud accounting software called Xero.

The book keeping function is carved up between the business owner and the accountant; with the business owner doing as little or as much of the number crunching as they feel comfortable with.

A carve up that often works is:

Business owner does:

- Generation of sales invoices & debt chasing
- Processing of purchase invoices
- Importing bank transactions from online banking

Cirrus does:

- Bank reconciliations
- Monthly wages
- VAT return preparation
- Journals and month end adjustments
- Publishing of monthly management accounts
- End of year compliance
- Taxation

What are the benefits to you as a business?

The business owner gets an accurate set of accounts in real time, online, from anywhere on the planet. You can access them on modern devices. Working with business owners this way, we know the figures are correct month to month and can see what is happening in the business to assist in a pro active manner. The accountant is no longer an annual inconvenience but a virtual finance director if you like!

The accountant, like the business owner, now looks at finances through the front windscreen not the rear view mirror. What’s more, the business owner no longer needs to enter end of year tricky opening balance journals, nor does he pay for support and upgrades as this is all included in the monthly fee charged by the accountant.

Change is not always progress, but with cloud accounting, it is a genuinely massive leap forward in the way business owners and their accountants work together.

The days of giving your accountant a memory stick and a pile of records in a box often months after the year end, followed by the pain of the annual visit to find out your tax bill will soon become a thing of the past. ■

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