

# Business Control Whitepaper

## Making sense of online accounting

In years gone by, the financial mechanics of a small- to medium-sized business were such that the owner could keep a simple ledger and then hand over everything else to their accountant. (Often literally, in a plastic carrier bag.) Today, online accounting offers a far more intuitive and responsive way of running a business – and the genuine potential to increase your profitability.

But with a number of options on the market,  
which is the best for your business?

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Whichever package you choose (and we'll consider them in depth later in this whitepaper), online accounting delivers many benefits to business owners.

There's the instant access to your cash flow, and automated invoicing, but above all: you can access all the financial information you need, in a language that you can understand. In the past, conventional, computer-based accounts software felt like it was designed by accountants, for accountants.

Today, that's not the case. Across the board, the software packages present all the vital financial data that the small business owner needs, in ways that are easy to access, sort and assess.

The result? You'll gain a better understanding of your finances.

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However: if yours is a business that processes fewer than ten transactions a month, carry on with your existing spreadsheets and systems. The insights, cost- and time-savings that you'd realise won't be worth the investment.

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## Online accounting: the benefits in brief

### Overview

With online accounting, your everyday bookkeeping is automated and integrated.

- If you enter an order, the software will update your stock levels and customer records. If you prepare an estimate, it can be translated into a sales invoice
- You'll be able to check and complete your bank statements, VAT returns and monthly management accounts, much more quickly
- Many of the packages support and synchronise with online banking you're your online tax returns
- The software simplifies your payroll systems

### It gives you the facts

Log on to your account and you'll be presented with a range of real-time management reports.

- See at a glance: who owes you money, your bank balance, or how much VAT you owe
- Asses how profitable individual clients or projects have been
- Instantly generate a balance sheet, profit and loss accounts or cash flow reports. Alternatively, view your performance against budget

### It's easy to prepare your accounts

Whereas getting together all your company's financial information for the annual accounts (or even an audit) used to be a major undertaking, you'll be able to generate the necessary data with the click of a button

### It allows you to get more out of your data

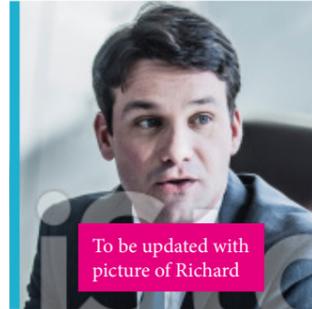
By highlighting the pieces of information that are important to you, you can cut costs and improve your profitability.

- Create automatic letters to chase your debts
- Identify and nurture your best customers
- Check and compare expenses

## Questions to consider: the expert's view

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The accounting software that will work best for you depends on your needs and the demands of the business.



We asked Business Control's founder, Richard Starkey, to highlight the key considerations for anyone considering making the switch.

### How many users will access the system?

If you need several people to work with your accounts, you may want what is known as tiered access, which means that only certain users can access certain information. This is an option offered by mid-range software platforms such as Exchequer.

### How much analysis do you need?

Every system will give you the top-line figures and Xero is particularly great if you're looking for graphics and charts and a user-friendly dashboard. But if you want to 'slice and dice' your data, again, go for a bigger platform such as Exchequer. With this option, you'll be able to sort and analyse by client, salesperson, delivery option, high or low margin, or a myriad of other useful variables.

### How many people do you employ?

When it comes to payroll, there are many different questions that will influence your decision-making, such as: do you need a secure system? How many different payee types are there? Is it essential that you send ePayslips or make payments direct from your payroll?

A smaller system such as Xero can handle all this and more, but it will need to be set up correctly. It might be worth investing in a more substantial package such as Earnie (from IRIS) and dovetailing it in with another piece of accounting software.

### Are you always out of the office?

If you are out on the road a lot, a platform that links to your mobile or tablet will be extremely useful. And rather than collecting countless pieces of paper from the country's petrol stations and coffee shops, you can now take photos of your receipts and link them to a system like Xero.

### Do you trade overseas?

If you do business with the EU, you may need what are known as reverse-charging processes and similarly, if you operate across different territories, a multi-currency system is worth considering.

### What's your VAT and tax status?

If you use a flat rate for VAT or operate a cash accounting system, some packages will be better than others. And if you pay Corporation Tax, you will soon only be able to submit your tax return online (which means that you will need a system that uses or connects to an ixbrl protocol).

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### What are your plans?

As with any software or equipment purchase, it's worth bearing in mind how your needs might change in the future. You may not need functionality such as Purchase Orders, Bill of Materials or stock requirements now, but if your company is growing, it's worth building from a solid accounting platform today rather than rebuilding tomorrow.



## A closer look at the packages



### Xero

**Perfect for:** freelancers, start-ups, small businesses

One of the most popular platforms for small businesses, Xero is an online-only system that enables you to access and manage your accounts any time, anywhere on your mobile, tablet or desktop computer. It's smart, simple and easy to learn, and contains a host of really useful features.

For instance, fast bank reconciliation imports and categorises all your latest banking, credit card and PayPal transactions, while the invoicing function allows you to send online invoices to your customers – and even receive updates when they're opened.

Digging deeper, the inventory tracking helps you keep track of your stock (in real time), and payroll is made simple through reduced manual data entry and increased compliance. Above all, you'll be able to access a concise, real-time view of your cash flow and then manage it by scheduling payments and batch-paying suppliers.

The Xero dashboard is particularly clear and easy to use and navigate, while the intuitive graphs allow you to compare your account activity in a more tangible way. The dashboard not only displays data, it also allows you to perform common tasks such as adding accounts, bills and issuing invoices.

Smart, simple and easy to learn, and contains a host of really useful features



### Exchequer

**Perfect for:** small businesses, medium-sized organisations

A powerful piece of financial accounting software that is ideally suited to growing organizations, Exchequer features a customisable reporting system that puts you in complete control of your finances. Drill-down and analyse real-time data in an instant and obtain greater visibility of what's happening in different departments, to help you make smarter decisions.

As with the other platforms, this is a fully-mobile piece of software that you can access from your phone and tablet computer, but unlike the rest, you can authorise a host of colleagues to manage their own accounts.

Growing organisations will find this functionality particularly useful as it fosters departmental responsibility, which should allow your business to achieve more with less budget. With Exchequer, you and your teams can manage multiple departments and oversee key processes such as stock management, sales order processing and any specialist industry requirements you may have. Plus, with other connecting apps, you can benefit from tied multi-national approval systems and total digital filing – a paperless system.

The result? More time to focus on the strategic activities that will help your business thrive. The manufacturers claim that the software's time-saving automation, productivity enhancing tools and shortcuts enable customers to typically see a 47% increase in productivity, combined with a 20% reduction in administrative efforts.

Drill-down and analyse real-time data to help you make smarter decisions



### FreeAgent

**Perfect for:** freelancers, start-ups, small businesses

A similar (and similarly trusted) platform to Xero, FreeAgent's online accounting software brings everything together in a concise, easy-to-navigate system. Featuring a host of clear charts and graphs, the system allows you to integrate everything from invoice and expense management to VAT, payroll and Self Assessment tax return filing.

Many small business owners appreciate the platform's automated invoicing system which allows you to set-up recurring invoices to regular clients that can send themselves automatically, as well as nudge late-paying clients with automated reminders. For sole traders, this is a particularly effective way of 'impersonalising' the process and ensuring quicker payment.

As with Xero, you can take photographs of your receipts and upload them to the system for hassle-free expense reporting, and as you go about your day-to-day business, the software will calculate your Self-Assessment liability. When it's time to file, sole traders and limited company directors can submit their tax return straight to HMRC from within the accounting software with a simple click.

Again, the system can be connected to your online bank account to automatically import transactions straight into your accounts every day – delivering a live view of your business cash flow.

Integrate everything from invoicing and expense management to VAT, payroll and tax returns



### KashFlow

**Perfect for:** freelancers, start-ups, small businesses

If you're unsure of your growth plans over the coming years but are impressed by the capabilities of Exchequer, KashFlow offers a 'starter' platform that can be easily upgraded to the full Exchequer service at a later date.

This entry-level system has been designed to help make running a small business easy, without the need for any accounting or bookkeeping knowledge. And again, it's a cloud-based (online) platform that features simple-to-understand charts and graphs which allow you to see how your business is doing at a glance. Keep track of your customers, see exactly how much each owes you at any time and manage your sales pipeline with a dedicated 'Quotes' function.

This system has a lot of functions in common with the Xero and FreeAgent platforms – linked bank accounts, cash flow management and customised invoices, for example – but within a more restrained, scaled-back interface. One particularly helpful function is the ability to create quotes on the go using your smartphone (if you're visiting a client and want to help seal the deal that day).

Create and email quotes on the go using your smartphone

## 10 reasons to make the switch to online accounting

- 1 Make better business decisions
- 2 Relieve the burden on your existing internal team
- 3 View your latest financial position instantly any time, anywhere
- 4 Scrutinise your accounts
- 5 Easily review your business performance by analysing factors such as income streams, product or customer
- 6 Instantly access your bank balance and outstanding debtors' information
- 7 Import and export information from other accounting systems or spreadsheets
- 8 Issue invoices quickly and easily
- 9 Reduce your paperwork and pinpoint new opportunities
- 10 Make the most of all the valuable data available to you

This whitepaper has been produced by Business Control Ltd. We provide a range of unbeatable online accounting packages that you can really work with – whatever your time, budget or knowledge – and we pride ourselves on providing face-to-face advice and business guidance.

For more information, contact the team at [info@businesscontrol.co.uk](mailto:info@businesscontrol.co.uk) or by calling: **01225 840538**