



**GREAVES
WEST & AYRE**
CHARTERED ACCOUNTANTS

Accounting in the Cloud



What is the Cloud?

The term "Cloud" is not an easy word to define as those involved in the IT industry have made the term mean what they want it to mean.

In simple terms software and storage is moved away from your onsite computer and instead resides in "The Cloud". The cloud is not a new concept and you probably use it already, perhaps without even realising. Internet Banking, Facebook, Dropbox, Skype, Gmail, LinkedIn and Twitter are all cloud based services.



Google Drive



Dropbox



OneDrive

Accounting in the Cloud

Subscribing to a cloud accounting provider allows the user to access their accounting information from virtually any device, anywhere and at any time, providing they have adequate internet access.

Cloud accounting software providers supply off-site storage of data for clients that can be accessed using the internet. The software is available for a monthly subscription and is automatically updated at no extra cost.

Cloud Myth Busting



The cloud isn't all rainbows and sunshine. We've tackled some of the common reservations about cloud computing below to give you the information you need before moving your business accounts to the cloud.

- **Isn't cloud computing just the internet?**

You use the internet to connect your device to the cloud, but the internet is just the connection – the cloud is where your data lives.

- **Isn't it possible to lose your data in the cloud?**

Your data is actually much safer in the cloud than on your computer. Your computer can be stolen or corrupted quite easily, but cloud companies spend millions on systems and experts to protect your data.

- **Is the cloud an Apple product?**

Apple has its own product called iCloud which uses cloud technology. However many other companies also provide cloud based products such as Google, Dropbox and Xero which can be accessed on any device.

- **What happens if the internet goes down?**

These days the internet is like an electricity supply – it's very rare for it to go down and when it does you just have to wait a short time for it to be available again. In the meantime, all your data is safe in the cloud.

- **Isn't cloud computing just a fad?**

The cloud has been around for years and it's only getting bigger. Internet banking started over 15 years ago. Now the technology is so fast and affordable that it's being used for everything.

- **Isn't cloud accounting an expensive option?**

In all likelihood you will save money as you only pay for what you use: there is no need for endless upgrades, system maintenance, support fees or additional hardware like backup systems.

- **Will I lose control of my data?**

Cloud accounting gives more flexible access to your data while still retaining complete control. You can access, share and work with your information anywhere, anytime and on any device. You also have control over who else has access which you can revoke in an instant.

- **Isn't the cloud only for tech people?**

That's what people said about computers in the 1980s! The cloud is easy for anyone to use – you just log in and start working. Imagine: you don't have to install files, worry about versions or deal with patches and upgrades. Just log in.

Five Ways Cloud Accounting Software Benefits Your Business

- 1 It provides you with a clear overview of your current financial position, in real time.
- 2 Multi user access makes it easy to collaborate with your team and advisors.
- 3 Automatic updates mean you can spend more time doing what you love.
- 4 Everything is run online, so there's nothing to install and everything is backed up automatically. Updates are free and instantly available.
- 5 Upfront business costs are reduced – version upgrades, maintenance, system administration costs and server failures are no longer issues. Instead, they are managed by the cloud service provider.





Greaves West & Ayre and Xero

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We recognise that cloud accounting is not for every client. However for those that are comfortable with the concept of cloud accounting we have chosen to partner with one of the leading cloud solution providers – Xero.

As a practice we have invested greatly in Xero by training all of our accounting staff, our bookkeeping and VAT department and many of our partners in its use. In addition we have a team of fully certified staff and partners available to assist you with any more complex Xero needs..

The firm has progressed through the Xero Partner Programme, elevating the firm to Gold Champion status.

Xero

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Xero was founded in July 2006 by successful technology entrepreneur Rod Drury and specialist small business accountant Hamish Edwards.

Xero leads the New Zealand, Australian and United Kingdom cloud accounting markets, employing a world-class team of more than 1,400 people in 20 offices across the planet. Access to a global support team means that someone is on call 24 hours a day to help you with any problems.

Xero has worked with thousands of accountants and business owners to determine what they both need and expect in a modern accounting system.

Xero allows both yourself and Greaves West & Ayre, as your accountants, to view and share the same information at the same time – anywhere, anytime.

One of Xero's unique selling points is that the software allows Xero to connect to a range of banks. A direct feed is available from certain banks, for a monthly charge. Alternatively the direct feed can be done through an account aggregation provider called Yodlee. This third party provider allows the user to have automatic bank feeds into the Xero system. This allows you to view real time information at any point in time on the Xero dashboard. Yodlee has been doing account aggregation for over a decade and has a worldwide reputation for this type of work.

You need to consider if you are comfortable with supplying your online banking credentials to Yodlee so that you can use its services. Yodlee takes security very seriously and has not yet had a security incident. Yodlee is completely optional and is provided to Xero subscribers free of charge. You can choose to stick with manually uploading bank transactions if you do not wish to use the service.

Xero caters for all size of firms by offering three main packages:-

Starter

- Send 5 invoices and quotes per month
- Enter 5 bills per month
- Reconcile 20 bank transactions
- Payroll : available at an additional premium per month
- Manage and submit VAT online

Standard

- Send unlimited invoices and quotes
- Enter unlimited bills
- Reconcile bank transactions
- Payroll : available at an additional premium per month
- Manage and submit VAT online

Premium

- Send unlimited invoices and quotes
- Enter unlimited bills
- Reconcile bank transactions
- Payroll: available at an additional premium per month
- Manage and submit VAT online
- Multi-currency

Xero offers everything you would expect from a full accrual accounting system

All plans include the following basics:-

Work collaboratively

Invite your team members and accounting professionals any time you like.

Manage and submit VAT online

Calculate and file VAT reports directly to HMRC from Xero.

Download iOS & Android apps

Do invoicing, create expense claims, and track sales and income on the go.

Get closer to your cashflow

Quotes, invoicing and the dashboard provide an up-to-date financial snapshot.

Connect to bank accounts

Your latest business bank account transactions automatically sync with Xero.

Integrate with 500+ apps

Business applications like inventory and time tracking connect with Xero.

Access 24/7 support

Friendly and knowledgeable experts are always available to help.

Enjoy regular updates

Every 3-6 weeks Xero release innovative new updates based on customer ideas.

Get bank-grade security

Secure SSL encryption protects your data.

If you require additional needs from your software such as inventory management or CRM, the Xero app market place has over 500 partners that your Xero can be linked with for all your needs. This includes integration with EPOS systems to improve the efficiency of your business.

Making Tax Digital

Under the Government's Making Tax Digital initiative, most businesses will be required to keep track of their tax affairs digitally and to update HMRC at least quarterly. To comply with your requirements in the new digital age you will need to supply tax information electronically to your own online digital tax account. The digital tax account will bring together each taxpayer's details in one place and enable businesses and individuals to interact with HMRC, view their tax affairs in real-time and see a rolling estimation of their tax liability as information is added. It will become essential that you update your records on an on-going basis so that you are able to provide the information to HMRC on time each quarter. Xero is designed to assist with this process. It is working closely with the government and its 'Digital Strategy' with the aim of providing a link to your digital tax account to allow seamless upload of the required information.

Getting ready for Making Tax Digital

From 1 April 2019 all VAT registered businesses with taxable turnover over the VAT threshold, currently £85,000, must provide their VAT return data to HMRC digitally. For everyone else, it is not too early to start planning for the transition to a digital tax world as HMRC will no doubt be looking to move other tax submissions and information to digital update in coming years. It is therefore advisable to discuss with us sooner rather than later what Making Tax Digital will mean for you and what changes you need to make to your existing processes to comply with digital reporting requirements.





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