

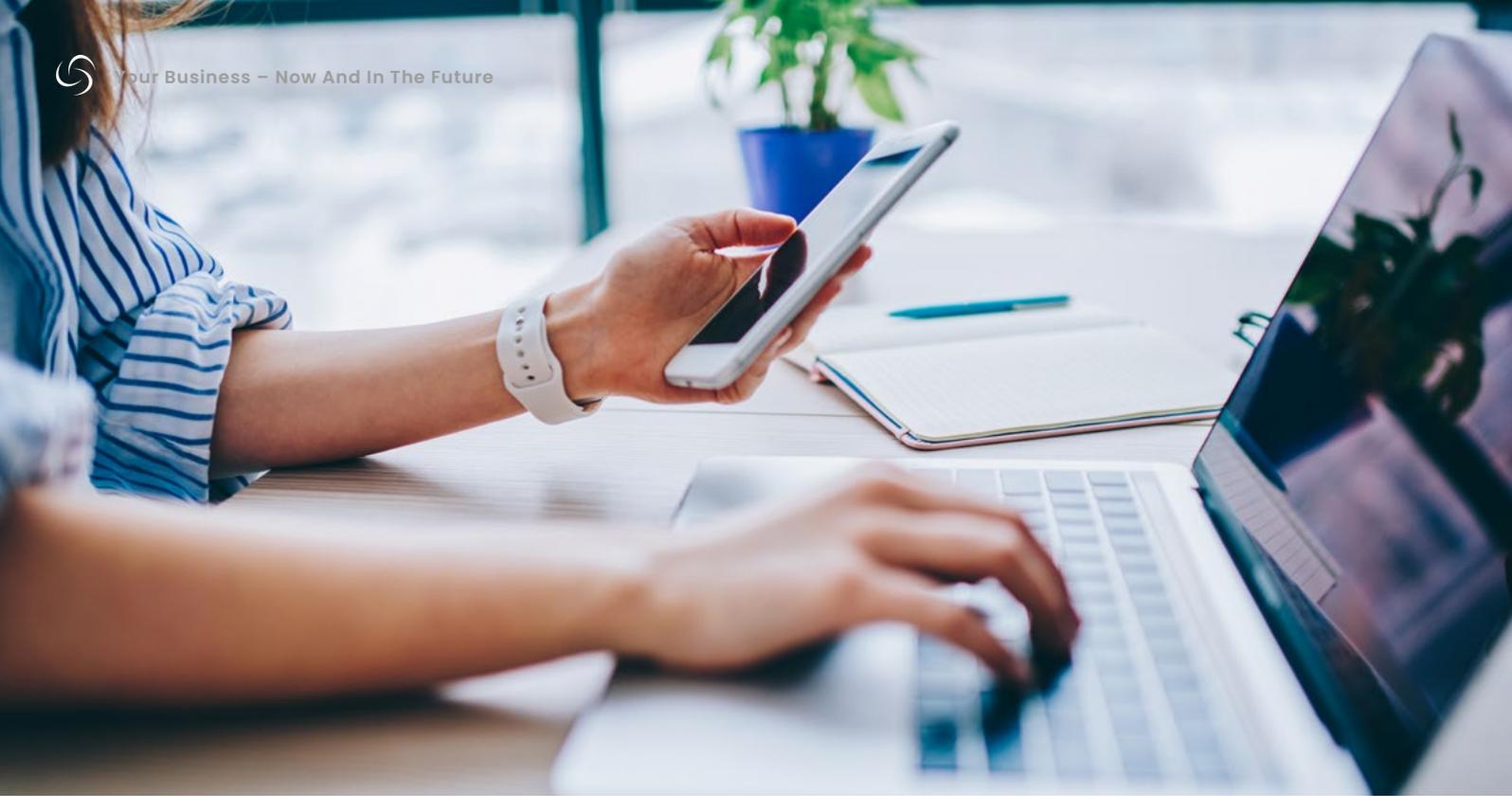


Bambury & Co.
chartered accountants

Your Business

Now And In The Future

Making Cloud Accounting Work



To make good business decisions in a time of turmoil you need a cool head and accurate information

...now's the time to use technology to better manage your business finances

Now's the time for business owners to embrace cloud accounting like never before...

At a time when the world of business has been disrupted by Covid-19, technology can help you get close to your important business numbers – *profit and cash*.

Now more than ever you need to know:

- ✓ Your business profitability to date
- ✓ Your forecast profitability over the next 3 or 6 months
- ✓ Your current cash position
- ✓ Your cash position over the coming 3 to 6 months

And almost on a weekly basis you could do with this information updating.

Technology is no longer a business disrupter but a business enabler.

Use technology well and you're able to make better, well-informed business decisions, all because you're closer to your business's performance numbers.

Two big reasons...

This short, plain English, guide has been created to help you get close to your business finances because:

1. To make the big decisions in your business you'll need them
2. To access borrowing you'll need these reports

Now's the time to produce timely bookkeeping, management accounts and forecasting – but without the need to physically share files and accounting data, because of health and hygiene limitations. Plus, the need for speed.

Why is it so important to put the technology to work for you now?

- 1** It's no longer possible or desired to physically meet and hand over receipts, files of invoices and other physical records to your accountant or bookkeeper – who wants to (or should have to) handle boxes, files, paper, etc? The health and hygiene issues for both team and clients and the NHS are too important
- 2** The need to be close to all the financial information about your business is greater now than it has ever been. In a time of uncertainty, as a business owner you need to know exactly how your business profitability and cash flow looks now and how it will look in the coming weeks and months. Everyone needs to feel certain about their business's financial position – whether it's good, bad or otherwise.
- 3** Knowing how profit and cash looks now and in the future helps business owners (you) make well-informed and well-judged business decisions. And now is the time for good decision making based on financial facts, not guess work

4 To successfully seek out new funding requires fast cash-flow forecasting and management accounts. Both of these reports require up-to-date and precise book-keeping records (getting CBIL approval will require detailed financial reporting)

5 As you furlough or layoff staff it might be harder to find people to help you pull these reports together. The technology can help you, your accountant can help you too.

The need to put cloud accounting technology to work for you and your business has never been so pressing.

The Covid-19 turmoil has created a new era for business owners and the way they use technology and work with their accountant.

Who's this report relevant to?

In short, this report is for every business that is remote working and/or furloughing workers or needs CBIL bank borrowing. Or has some big business decisions to make.

You may have a business that is new to cloud accounting. Your business may have already started the shift to cloud accounting but wants (needs) to fully embrace the technology to access accurate financial reporting on their business.

The health and hygiene of your people now comes before other business needs – cloud technology helps remove all physical contact.

And whether you're remote working or not cloud accounting makes managing your finances quicker and easier.

But only if the information captured in your bookkeeping system is accurate and up to date.



Your questions answered...

Question 1

How do we replace the bag, box, paper or usb back-up that you have historically handed over to your accountancy firm?

- ✓ Use a *Cloud Invoice Automation Tool* to capture your invoicing and receipts and then send your information electronically:
 - Scan in the physical paper documents using a smart device (Phone, iPad or PC)
 - Set up email forwarding with your electronic invoices attached (PDF)
 - Download documents to an agreed digital storage area that is linked to your Invoice Automation tool

Question 2

How do you reduce the time-consuming hassle of capturing receipts and managing expenses?

- ✓ For invoices utilise your *Cloud Invoice Automation Tool*
- ✓ For expense management use tools that photograph receipts (using smart mobile phones) and then help you manage expense claims
- ✓ If you already use pre-paid cards simply shift to using pre-paid expense cards so staff don't need to claim
- ✓ Also use pre-paid cards as an alternative to using Petty Cash
- ✓ Using these streamlined processes submit expense claims weekly or at least monthly

Question 3

How do you replace the manual, spreadsheet & desktop-based bookkeeping/accounting software that involves lots of manual input work and leaves room for error?

- ✓ Choose a *Cloud Accounting Platform* that you and your accountant will be happiest using
- ✓ Choose someone in your business to help manage the implementation and work with your accountant
 - Move your historic data across to your chosen *Cloud Accounting Platform*
 - Set up your *Cloud Accounting Platform* to work with your *Cloud Invoice Automation Tool*
 - Get training on either your *Cloud Accounting Platform* or your *Cloud Invoice Automation Tool* so that you can be up-to-date every week
 - Work with your accountant to get started

Question 4

How do you improve credit control processes to ensure you're right on top of the flow of cash in and out of your business?

- ✓ Link your cloud accounting to a *Cloud Credit Control System* that will email clients pre and post invoice due date but with you in control of what happens when you want it to happen
- ✓ Set up your *Cloud Credit Control System* to work to your dates and priorities
 - Choose when you want to pre-chase (before the due date) for due invoices and the wording you want to use
 - Choose when you want to post-chase (after the due date) for due invoices and the wording you want to use
- ✓ To ensure your financial reporting is accurate and to avoid chasing customers unnecessarily be sure to reconcile your Sales Ledger weekly as a minimum
- ✓ Set up your *Electronic Bank Feed* into your *Cloud Accounting Platform* so that you can easily reconcile payments that have been received

Question 5

How do you speed up the process of invoicing customers and ensure that invoice approvals don't slow the invoicing process down but still ensure you're charging the right amount?

- ✓ Raise Invoices in your *Cloud Accounting Platform* as soon as work has been signed off and send to your customers
- ✓ Be clear that invoice due dates are correct and clearly communicated on your invoices
- ✓ Ensure your invoices have bank details for easy payment and that you link any payment integrations you use
- ✓ If you take recurring payments, then ensure your Direct Debit system is in place and that it's linked to your invoice

Question 6

How do you replace annual (labour-intensive) cash flow forecasts with something you can review every week or every month and give you confidence in your business decisions (and help you sleep better at night)?

- ✓ Choose a *Cloud Cashflow Forecasting Tool* to synchronise with your *Cloud Accounting Platform* (be sure to make this decision with your accountant so that you're able to support each other)
- ✓ Reconcile your bank and sales/purchase invoices every week as a minimum (some businesses do this daily)
- ✓ Ensure *expected* dates (not raised date or due date) on your invoices are updated weekly to give you confidence in the accuracy of your cash flow forecasting
- ✓ Work with your accountant to define scenarios (for example - increased/decreased receipts, increased/decreased wages, increased/decreased mortgage/rent, etc)
- ✓ Set up triggers to prompt timely decision-making on cash levels, sales revenue levels, profit margin issues
- ✓ Monitor your scenarios and triggers weekly to drive your business decisions and your confidence in the cash and profit performance of your business

Question 7

How do you access lending to help fund the stability and future growth of your business?

- ✓ If funding is required then your *Cloud Accounting Platform* will need to be up-to-date for the timely production of your financial reports for lenders
- ✓ You will need supporting cashflow and business forecasts with management and year-end reports, all made easier and quicker by implementing the 5 fundamental tools of cloud accounting

Embrace the 5 fundamental tools of cloud accounting and you have the answers to all the questions above.



5 fundamental tools of cloud accounting

1. Cloud Invoice Automation Tool
2. Cloud Accounting Platform
3. Electronic Bank Feed
4. Cloud Credit Control System
5. Cloud Cashflow Forecasting Tool

You have choices to make on each of these because there are several options.

It's important you have your accountant's support (and guidance) on the decisions you make because you'll both need access to it and be using it.

Where do you start?

Step 1

Choose a Cloud Accounting Platform that enables bookkeeping, compliance, HMRC returns and real-time data reporting.

IMPORTANT: You have many cloud-based bookkeeping platforms to choose from. Choose a bookkeeping platform that works for both your business and for your accountancy firm too. Accurate and timely data-input is the key to cloud accounting and requires you and your accountant to work well together.

Step 2

Choose a Cloud Invoice Automation Tool that means every receipt and invoice can be scanned and uploaded instantly to your Cloud Accounting Platform

IMPORTANT: As with your chosen bookkeeping platform that works for both your business and for your accountancy firm too. Accurate and timely data-input is the key to cloud accounting and requires you and your accountant to work well together.

More advanced use of cloud accounting applications

Step 3

Put the technology to work so that you can access cash and profitability information about your business every week if you want to (every day if you really want to be that close).

If you're happy with monthly updates on your business profitability, cash and other key measures it still makes sense to set your cloud systems to be up to date weekly.

- This requires your *Electronic Bank Feed* setting up and weekly bank reconciliation on all invoices and payments so that you can see a true picture of your business every week
- You connect with your chosen *Cloud Cashflow Forecasting Tool* that helps you quickly and easily predict the future performance of your business

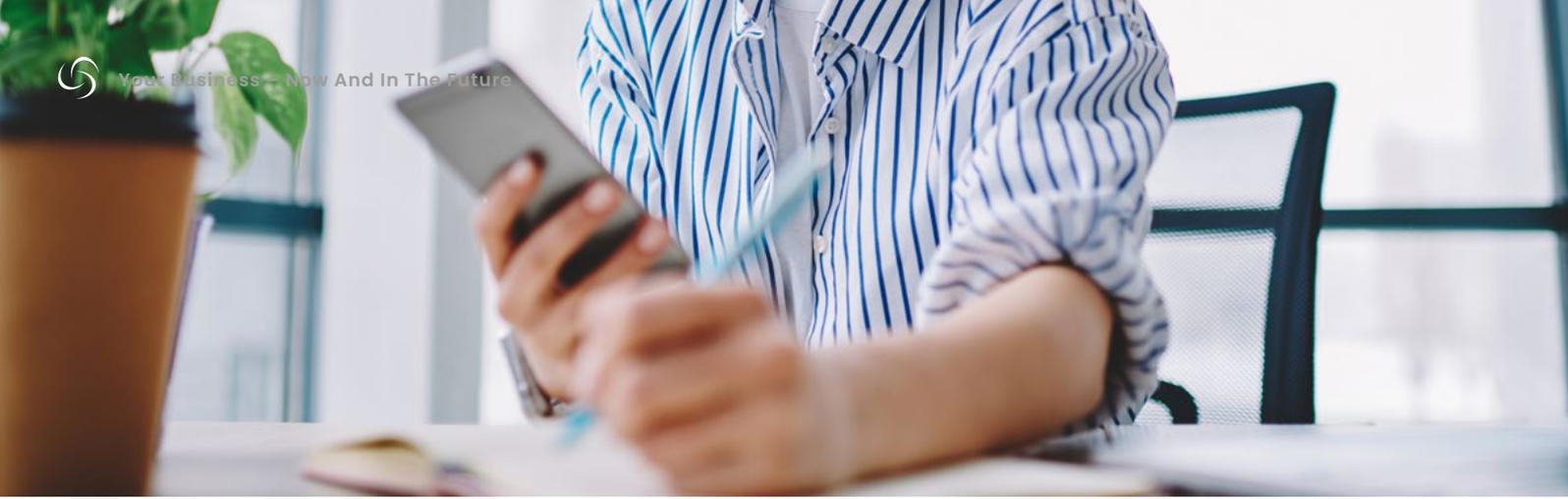
Working with your accountant means that this can be a relatively painless process once you have ACCURATE and TIMELY bookkeeping information in your *Cloud Accounting Platform*.

Even more advanced use of cloud technology for improving other processes in your business

Step 4

With your accountant work out other ways of using other cloud applications to make your other business processes quicker, easier and more efficient.

Your accountant is aware of many more cloud applications that can streamline your business and help you create a business you can be even more proud of.



The 5 fundamental tools of cloud accounting that Bambury & Co recommend

In the previous pages we have looked at how you can use cloud accounting tools in general terms. Here are our five recommendations, but the final choice, of course, is yours:

Tool #1

Cloud Invoice Automation Tool

We recommend *ReceiptBank*. The “point-and-click” method of capturing supplier invoices with a mobile phone or an iPad is very easy to use. Even easier, you can forward any emails containing invoices you receive from suppliers to your dedicated email-in address at ReceiptBank, or you can have your supplier email these invoices direct to ReceiptBank.



Tool #2

Cloud Accounting Platform

Without hesitation we would recommend *Xero*. We have tried Sage, QuickBooks and First Direct, but none of these in our opinion is as good as Xero. Users find the screens in Xero easy to understand, and they are free of the oddities you sometimes find in the other packages. Xero has become the de facto standard for cloud accounting.



Tool #3

Electronic Bank Feed

Electronic bank feeds, which are now available from almost all banks, increase the accuracy of the information flowing into your cloud accounting package each day. They enable the bank reconciliations within your cloud accounting package to be semi-automated, thereby saving hours of work for both you and your accountant. Electronic bank feeds remove the need to store paper copies of your bank statements.



Tool #4

Cloud Credit Control System

We recommend *Chaser*. In the post Covid-19 world there is no justification for allowing any invoice to remain unpaid longer than is necessary – not only is this bad for your cashflow but it takes up a considerable amount of your time which can probably be put to better use.



Chaser is an award-winning app fully integrates with Xero. It is a system for automatically sending chaser emails to debtors which escalate in severity over time but still retain the human touch. Chaser even thanks debtors when an invoice is paid.

Tool #5

Cloud Cashflow Forecasting Tool

The truism “Cash is king” applies as much today as it did when it was first coined following the global stock market crash in 1987. Preparing a cashflow forecast using a spreadsheet is a thankless task as so many of the variables change on a daily or weekly basis.



Float integrates fully with Xero, pulling real-time financial information from Xero and enabling you to produce accurate and meaningful cashflow reports. It also enables you to look at different scenarios: What would the effect be if I took on a new member of staff? What would the effect be if I lost that big contract?



Contact us to discuss us managing your cloud accounting and business processes



www.bambury.info