

Setting up a Cloud Bookkeeping System

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Adrian Mooy & Co Limited is a Member of the Association of Chartered Certified Accountants

The world is changing fast

Technology is moving at an incredible rate and this is certainly the case with accounting systems. All the major software companies are committed to cloud accounting systems and very soon support will cease for desktop systems.

This means – unless you want to struggle with a manual or spreadsheet-based accounting system – you will have to move to the cloud sometime soon. And that's not such a bad thing...

A cloud accounting system will *make your life so much easier*. Let's look at the 4 common types of accounting system:

A *manual system* is cheap; you only have to buy a book. But that's a false economy. Manual systems simply take too long. And your time is too valuable.

It also takes the accountant more time to produce accounts so you end up with *bigger accountancy fees*. Manual systems also do not provide that all-important management information for making great business decisions.

Excel and other *spreadsheet-based systems* are also cheap. And whilst you can automate some processes (e.g. adding up columns), they take time to set up, you need advanced Excel skills to produce management reports and *you can waste hours* changing the spreadsheet as your business grows and evolves.

Then there is the old-fashioned *desktop system*. Whilst these are far better than manual and spreadsheet-based accounting systems they come with a

host of hidden costs. Yes, the software can be relatively cheap. But that's a false economy because of these hidden costs:

- **Customisation** – setting up the software and any reports to work for your business,
- **Implementation** – many desktop systems have been around for years and are cumbersome. You can waste hours carrying out data entry in old-fashioned ways,
- **Hardware** – because a desktop system is hosted internally you must maintain your hardware to meet the demands of changing software,
- **Software upgrades** – you must deal with (often costly and compulsory) software upgrades. This can cost you

in terms of paying for the upgrade, spending time carrying out the installation, and sorting out the mess if the installation doesn't work,

- **Security** – *this is a big one.* Your sensitive financial data is only as secure as your internal system. What if your premises burn down and the hard drives are destroyed? What if your hard drives fail (which is not uncommon)? What if your computer systems are subject to theft? How safe are your systems from hackers?,
- **Back up routines** – Because the security of your financial data is so critical you must schedule regular back up routines. And that means every single day at least (because systems can fail at any time), and
- **Restoring data** – when things go wrong you will then need to restore your data from a back up. That takes time. It's stressful. What if back up is

corrupted and doesn't restore? Have you ever tested your system to ensure you can successfully restore in the event of disaster?

The modern business needs a state of the art accounting system

In contrast a modern cloud accounting system gives you the following benefits:

- **It saves you** a very significant amount of time,
- **Gives you 24/7 access to up-to-date** financial information and reports (you can use cloud-based software from any device with an internet connection),
- **You can sleep at night** knowing your sensitive financial data is always secure and backed-up automatically,
- **No system downtime** because all software upgrades are automatically installed. This worry-free maintenance saves you time and hassle,
- **It reduces your accountancy fees** because it makes it easier for your accountant to produce end of year accounts, and
- **Since your accountant can access your data 24/7** you get more value from an accountant – they will help you run and grow your business rather than just adding up the numbers.

Let's quickly sum up the main points

Staying legal – Your financial data is critical. If you lose it you risk fines and penalties from the tax authorities for not keeping proper accounting records.

Saving your precious time – You will save so much time with a cloud accounting system. Time you can better use to grow your business.

Cost savings – You are likely to reduce accountancy fees for producing your end of year financial statements. This is just one of the many cost savings.

Your future is at stake – Better financial information helps you to make better business decisions. But it's more important than that. We've seen many businesses fail through lack of financial information. Very often businesses run out of cash. They thought they had a

profitable business, but suddenly they can't meet the payroll at the end of the month. Having the right numbers at your fingertips will give you an early warning system if things are not going so well.

Let's get the bad news out of the way...

Cloud accounting systems are so much better than manual systems, spreadsheet-based systems and desktop software. But just like those other 3 forms of accounting system they are such a hassle to set up.

When setting up any accounting system you need to set up details of your business, set up the *chart of accounts* (that's the specific types of sales, income, expenses, assets and liabilities unique to your business), and transfer any opening

balances. Even for a small business this typically takes at least 10 hours. And probably much longer.

Your time is precious. For a business owner who values his or her time at £150 per hour, this is £1,500 of opportunity cost (i.e. the amount you can earn if you don't have to do this) just to get set up. *Do you really want to spend £1,500 setting this up yourself?*

“You are likely to reduce accountancy fees for producing your end of year financial statements.”

Your hassle-free set up solution

We specialise in cloud accounting solutions and setting businesses up on the cloud. We will do this for you, remove all the hassle, and you will know it is set up the right way and will save you hours of time and frustration.

So what is your investment?

Many accounting firms would quote you an hourly rate to set up your accounting system. In fact, that's how most accounting and bookkeeping firms price; an hourly rate.

The trouble with an hourly rate is you have absolutely no idea what the cost will be until after the work is complete. You have to trust that they are keeping an accurate record of how long they are spending. And you have no way to budget for the cost.

That doesn't seem right to us... it's certainly not fair. So what we do is give a fixed price (based on your particular circumstances and what you want).

That way you can budget and plan. You know with certainty what it is going to cost.

We also know there is no such thing as a one-size-fits-all solution. Every business is different. Your business is unique. So what we do is give you a choice of different packages so you can choose the one that best meets your needs. And each of those packages can be further tailored so you get exactly what you want.

Oh, and one more thing... we have an option that lets you spread the payments...

Cash is so important

For the Essential set up service, payment is due on commencement of the work. However, we want to help you with your cash flow, so...

With our Full and Premium set up options as well as benefitting from ongoing support and training, you can spread

the full cost over a number of months by direct debit. This makes it more affordable.

Does your data need a spring clean?

To set you up on a cloud accounting system and transfer across your financial records you will need to make sure your current financial systems are complete and up to date, your bank accounts fully reconcile and you have an accurate trial balance. Sometimes businesses get behind with their bookkeeping or there are errors. This will need sorting out first. We call this 'clean up work'. If you need your data cleaning up first, we can do this for you. This is a separate service and we can price this for you too.

And if you are not sure, we can carry out a diagnostic review of your current financial data.

Your options at a glance

The table below summarises what is included within each of our cloud accounting set up service levels.

To help you identify the best option for you here is a quick overview:

Premium cloud set up – This is the best option for busy business owners who want the maximum out of their cloud accounting system so they can make the best business decisions based on the best quality information.

Full cloud set up – This is our most popular option because you get on going support for 6 months and you can spread the payments making cash flow easier.

Essential cloud set up – This option is best for those business owners who are simply looking to get a basic cloud accounting system set up fast.

Your options in detail

	Premium cloud set up	Full cloud set up	Essential cloud set up
Analyse and select the best solution	●	●	●
Company set up routine	●	●	●
Chart of Accounts set up	●	●	●
Input debtor and creditor account details	●	●	●
Enter comparative balances	●	●	●
Maximise your tax deductions*	●	●	●
Reconcile your existing system	●	●	○
Enter sales and purchase ledger open invoices	●	●	○
Create your email and invoice templates	●	●	○
Set up your repeating transactions	●	●	○
Software subscription	Free (12 months)	Free (6 months)	○
Training day	●	●	○
Unlimited email and telephone support	Free (12 months)	Free (6 months)	○
Create your fixed asset register	●	○	○
Full data and transaction history conversion	●	○	○

Your options in detail

	Premium cloud set up	Full cloud set up	Essential cloud set up
Full training library	●	○	○
Enhanced credit control	●	○	○
Quarterly reconciliation	●	○	○
Management information at your fingertips	●	○	○
Bank feed set up	Free	○	○
Follow up systems and business review	●	○	○
Holistic system	Free	Free	Free

- Included within the bundle
- Not included within the bundle

Note: *The price of this service is fully deductible for tax purposes, which means, in effect, HM Revenue and Customs will refund you a portion of the cost (subject to the rate of tax you pay).*

*For most businesses we usually identify at least £1,500 of additional allowable business expenses that often lie unclaimed. And this often more than pays for our cloud accounting system set up service, which means very often, it is effectively free.



How you benefit from our *real-time accounting system*

We will analyse your specific needs and help you select the best solution

There are a myriad of Cloud Accounting solutions. They are all different. Some are better than others. Some suit different types of business. Getting the wrong solution will cause you a big headache. And assessing all of the options is time-consuming. We will analyse your business and recommend the most appropriate cloud software solution that best meets your needs. This will save you time and avoid the headaches of having the wrong solution.

We'll set up your company information in the new system

Setting up a business on any Cloud Accounting software is tedious and time consuming. We will do the set up for you, which will save you time to get on with running your business.

You can be sure that your VAT numbers, registered office and registered numbers will be correct and appear where they should. This will also make sure that your stationery is compliant and all online submissions contain the correct information for HM Revenue & Customs.

Setting up your chart of accounts

If this is the first time you have set up an accounting system you will need a 'chart of accounts'. Every business is different with different types of sales, income, expenses, assets and liabilities. The 'chart of accounts' is your list of sales types, different income sources, expenses, assets and liabilities. It's unique to you. Setting this up correctly at the outset will save so much time and make it much easier to post your transactions to the right place. It will also make your accounts more meaningful and so you will be able to make much better business decisions.

Of course, you may already have a computerised accounting system with your own unique 'chart of accounts'. And if that's the case, we will convert that for you into the new system.

And we will analyse your chart of accounts and discuss the benefits of refining this to enable clearer business information and better reporting.

Creating your customer and supplier records

It can be very time consuming to set up your contacts, but don't worry – we'll handle that for you.

And we will make sure that they are set up with the right sales tax codes too.

Entering comparative balances

To get the most out of your new system, you will want to be able to view touch-of-a-button reports and, in order to get the very best information from these reports, you will want to see comparative information.

So what we will do is we will enter your historical comparative balances (for the previous period) so you can always see how well your business is performing against historical trading information, which will help you make better decisions about how to grow your business.

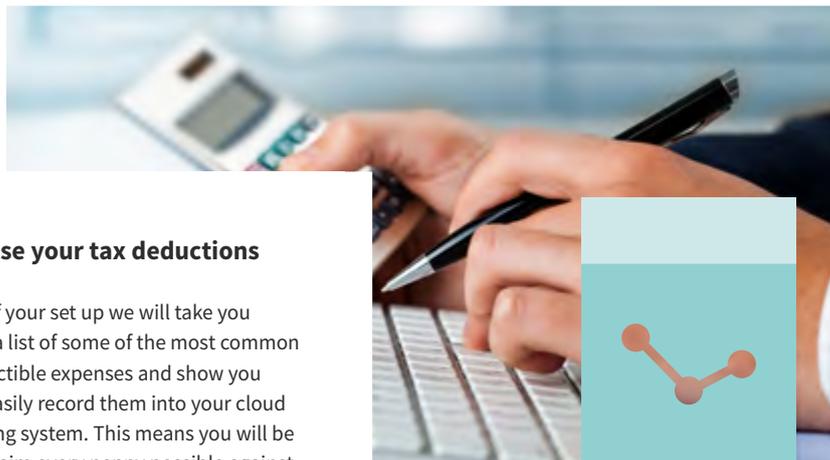
“And we will analyse your chart of accounts and discuss the benefits of refining this to enable clearer business information and better reporting.”

Your holistic system

Many cloud accounting systems integrate with other solutions. For example, you can integrate many systems with your online banking so that bank transactions are automatically posted. This will save you time and ensure everything is entered.

There are systems that allow you to photograph receipts with your smart phone and enter them into your bookkeeping system; never worry about losing that parking receipt again! You can integrate online payment with direct debit systems. You can integrate with payroll systems. Stock and inventory systems. Debtor management. The list goes on... but we'll simplify it for you.

You will be amazed at what you can do to run your business more easily, to help you get your cash faster and save you time. As part of our set up service we will provide a report setting out the most popular integrations.



Maximise your tax deductions

As part of your set up we will take you through a list of some of the most common tax-deductible expenses and show you how to easily record them into your cloud accounting system. This means you will be able to claim every penny possible against your tax bills and have more money in your pocket. Many of these tax-deductible expenses are often overlooked which means many business owners end up paying unnecessary amounts of tax (for example, use of home as office and mileage allowances).

EXAMPLE: It's not uncommon to justify home office expenses at 15% of household bills and not uncommon for allowable household bills to add up to £10,000. So the amount of money at stake when not properly claiming this expense could easily be £1,500.

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Your extra benefits from our *Full Cloud Set Up service:*

Reconcile your existing system –

In order to make sure that good quality clean data is brought across from your existing system we will check that your current year information reconciles. That way, you know that you can rely on the information that your new system will be able to produce for you.

Sales and purchase open transactions –

Making sure that you enter your ‘opening balances’ correctly is crucial – get it wrong and you risk over claiming VAT, or missing information. Not only will we make sure that all this information is brought across perfectly into your new system, we will also reconcile the debtor and creditor accounts and discuss anything we think needs attention with you – helping you keep on top of who owes you,

who you owe and finding out whether there is any tax relief available on older items.

Creating your email and invoice templates –

Cloud systems produce beautiful looking invoices and statements, but creating these can be a task if you are not familiar with the process. We will do this for you and we’ll make sure that all your legal information is where it should be too.

Setting up your regular transactions –

To make life even easier, if you have repeating sales or purchase invoices, or journal entries, we can set these up for you so that they happen on the dates they are due, even while you are asleep – freeing up so much more of your time and making sure that nothing gets missed or forgotten!

“If you have repeating sales or purchase invoices, or journal entries, we can set these up for you so that they happen on the dates they are due, even while you are asleep”

Full data and transaction history conversion

– If you need to keep the detailed transaction data, rather than just the accounting balances, we will convert your existing data into the new system in full – this means that you don't lose any of your transactional history.

Software subscription

– Cloud accounting software companies charge a monthly subscription for using their system (for example, an annual subscription to leading cloud accounting systems is often in excess of £300). But as part of our Full set up option we pay this on your behalf for the first 6 months.

Software training – Bookkeeping is not easy. It has to be very precise. Combine that with having to learn a new software system

and it can get very frustrating. That's why we provide training as part of our Full and Premium set up services. We want to help you get your bookkeeping done fast and accurately. The training consists of a full day of training which you can access either all at once or broken down into a series of shorter sessions (for example 1 hour per week for 7 weeks).

Support

– Even with training there will be times when you are not sure how best to account for something. For example, you can claim a mileage allowance for using a bike, so you cycle to a customer. How do you enter that? As part of our Full and Premium set up services you get a period of unlimited email and telephone support. And not only will we support you by email or telephone, we can also take over your computer remotely and even post the transaction for you.



And not only will we support you by email or telephone, we can also take over your computer remotely for you.

Your extra benefits from our *Premium Cloud Set Up service:*

Create your fixed asset register –

One of the very best things about cloud accounting systems is that they will help you to accurately handle your fixed asset register, depreciation and any disposals. These are complicated accounting transactions that have to be done properly in order for your accounts to be right.

To make sure you get the biggest benefit from this functionality, we will re-create your fixed asset register within the system, make sure that each asset category is being depreciated in line with your accounting policies, set up the depreciation for you and provide you with a comprehensive report on your assets so you can consider whether any adjustments need to be made at your year end

Video training library –

With our Premium set up support you get access to our online video training library. Our video library contains short video clips showing you step-by-step how to carry out common tasks on your cloud accounting system (such as, how to enter sales invoices and how to reconcile your bank account). You can use this library of videos either to remind you of how to enter transactions or as a training tool for when you employ someone to deal with your bookkeeping.

Enhanced credit control – Cash is so important. And one of the big benefits of a cloud accounting system is the ability to keep on top of your cash and bank balances, on top of your debtors (i.e. who owes you money) and get paid easier. There are now so many easy ways to manage

debtors and get paid automatically (e.g. online payments and direct debits) and so many ways to integrate this into your system. Our Enhanced credit control service will identify all the options available to your business to help you get paid quicker and have more money in your bank account.

Quarterly reconciliation –

Reconciling your bank account on a regular basis is critical. When you get to the year-end, if this doesn't reconcile your accounts will be wrong. You could end up paying too much tax because you've missed allowable expenses. Or you risk fines and penalties from HM Revenue and Customs because you've missed taxable income. Or you have to pay higher accountancy fees for the accountant to sort it out.

So what we do is reconcile your bank account each quarter for the first 12 months and this means you get an early warning sign if something is going wrong with your bookkeeping. We can fix it before it becomes a serious problem for you.

Management information at your fingertips

– The real power of a cloud accounting system is having important management information to hand. Information such as, who owes me money, what are my sales this month and am I making a profit? As part of our Premium set up we will help you set up the key reports you need so that the most important information is always a click away.

In addition we can set up your *financial dashboard*; a fully customisable screen showing you the key financial information you need to run your business. You'll come to rely on this Financial Dashboard just as much as you rely on the dashboard in your car when driving.

Setting up your bank feeds – We will set up all of your available bank feeds, make sure that these are connecting properly, reconcile at the beginning of the feed and show you how to use these to keep up to date daily with your finances.

Follow up systems and business review meeting

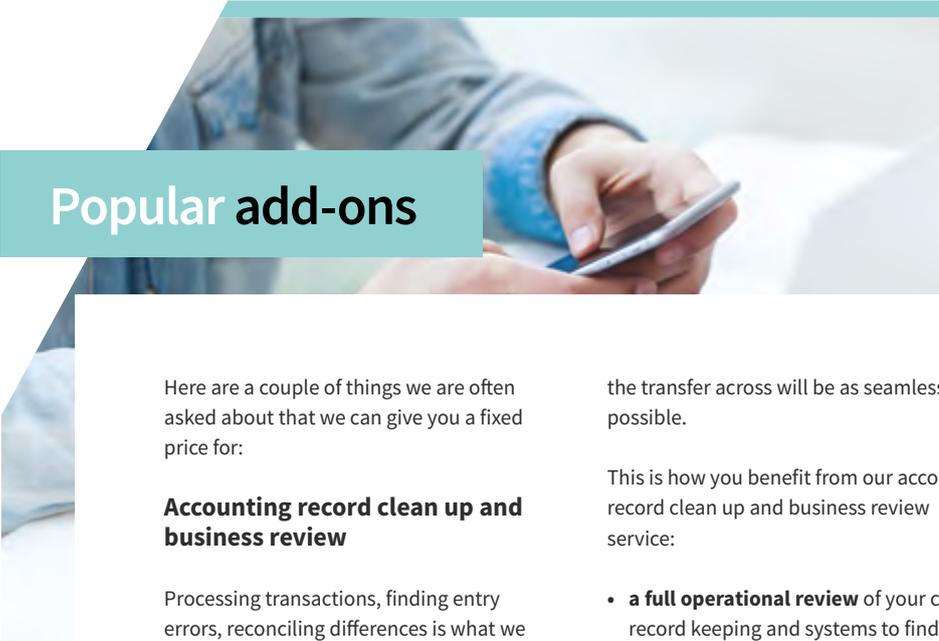
– Once you're up and running we'll give you some time to get to grips with the system and then we'll arrange a meeting so you can go through in detail any areas that you need a bit more help with.

As part of this, because you will have access to real-time business information to help you make decisions, we'll also talk to you about your numbers and your plans for the business.

Your software subscription – We'll pay your subscription for you for an extra 6 months... in other words for *the first full year*.



Creating a full chart of accounts and data conversion takes time. **Please allow 21 days** for the completion of your cloud accounting system set up. However, if it's important to get this done quickly, for a small upgrade we will make this a priority and guarantee completion in **5 working days**.



Popular add-ons

Here are a couple of things we are often asked about that we can give you a fixed price for:

Accounting record clean up and business review

Processing transactions, finding entry errors, reconciling differences is what we do. Day in and day out. Before moving across a trial balance and other data into a cloud accounting system it's essential that everything fully reconciles and balances. If you are worried that this isn't the case we will give you a fixed price for reviewing your accounting data and making sure that everything is in order which means

the transfer across will be as seamless as possible.

This is how you benefit from our accounting record clean up and business review service:

- **a full operational review** of your current record keeping and systems to find quicker, better and cheaper ways for you to keep up to date,
- **rigorous quality control checks** on the financial information, VAT returns and accounts to eliminate any errors which may cause you problems when the tax authorities decide to check your records,

“So why not let us take away the hassle of bookkeeping so you can spend your time with the people you love”

- **a dedicated professional** to get your accounts back up to date in the shortest time possible and saving you the time and hassle of doing it,
- **reduced accountancy fees** because it makes it easier to produce end of year financial statements, and
- **we will liaise with HM Revenue & Customs** on your behalf if any of your previously filed information needs to be corrected, or if you are behind with any of your statutory filings.

Ultimately we want to save you time, remove stress and help you to sleep at night knowing your financial data is accurate and up-to-date.

Doing your books for you

Every business owner hates bookkeeping and paperwork. Unfortunately it has to be done. And it has to be done in a prescribed format... otherwise the tax man will be on

your back. And when done accurately it provides critical financial information, key performance indicators and aids decision making.

And because everyone hates bookkeeping – you’d much rather be out there making money from your business – most people end up doing it in the evening or at weekends. Yet, shouldn’t evenings and weekends be spent playing with the kids, spending time with your friends and loved ones, or out on the golf course?

So why not let us take away all that hassle so you can *spend your time with the people you love*, doing the things you love.

Doing your payroll for you

If you are a limited company or have employees you will need to have a PAYE scheme set up and operate payroll. Many of our clients choose to let us run the monthly payroll. Let us know if you’d like us to take away that hassle for you.

Keeping on top of – and understanding – your numbers

Management reports, forecasting and budgeting help you plan and will give you an early-warning signal if you are likely to face cash shortages. Our management reporting service is broken down into three packages so you can choose the one that works best for you. This service will give you a continually up-to-date complete picture of what your business might look like in the future. In fact, this is such a powerful business planning tool banks very often insist on it as part of raising finance.

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