



Using MTD to become a connected firm

The value and efficiency of going digital

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Introduction

Making Tax Digital (MTD) is a huge change for the accounting world, with the Government setting an ambitious agenda to move all business and personal taxes into the digital space.

MTD will be a quantum shift for your business clients – driving a fast-paced evolution in how they will record, submit and pay their taxes. But MTD is also an incredible opportunity for you to update and modernise your accountancy practice – securing the long-term future of the firm.

So, rather than seeing MTD as a software and compliance hurdle for the firm to overcome, it's time to start seeing the strategic opportunity that going digital offers, and to take the key steps needed towards creating a cloud-based connected practice that's ready for the digital age.

How to become a digital practice

While the Government's Making Tax Digital scheme has had plenty written about it, practical advice and tools are still relatively thin on the ground. In fact, recent research by the British Chamber of Commerce found that only one in 10 business surveyed knew "a lot of details" about MTD and the associated switch to a digitised tax system.

So what are the practical steps required to get your systems (and your clients) MTD-compliant, while also adding the key advantages of a software-driven digital approach to bookkeeping, data entry and document capture?

Gaps in the current bookkeeping model

The way that clients' transactions, receipts and expenses are captured hasn't changed much since double-entry bookkeeping was invented in the 15th century.

For a traditional accounting firm, the process will look something like this:

1. You collect the client's hard-copy paperwork
2. You review the documents to ensure nothing is missing
3. You spend time chasing up the missing documentation
4. You painstakingly enter all the information into your accounting system.

This procedure may use paper ledgers, outmoded Excel spreadsheets, or a desktop software-based system (or even a mixture of all three). But a manual approach to capturing client's paperwork is slow, inefficient and forces your staff to spend their time on low-level data entry. And, crucially, the traditional model isn't fit for purpose when it comes to the speed, real-time information and integrations required for MTD and digital accounts.

How, then, can you overcome the challenges of the current bookkeeping model?

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Emerging receipt capture tools and apps

[Embracing the latest in cloud technology](#) helps your firm to bring the bookkeeping process up to date, with a host of software tools and fintech apps available to capture your clients' data.

Using a cloud accounting platform brings you the advantage of connected digital scanning – whether that's through the core platform, or an integrated receipt capture tool. And by adding in [optical character recognition \(OCR\) technology](#), these apps and software tools deliver two key elements into the MTD data chain:

- **Scanned copies of documents** – using either a hardware scanner, or a mobile app on your smartphone, you can scan the client's hard-copy paperwork and store these scanned images in the cloud. This removes the need to keep physical paperwork, cuts down on filing and centralises your client documents in one central location.
- **Digitised financial information** – OCR technology then converts these scanned images into digital data and financial information, data that's then safely stored in the client's cloud accounting system, ready to later submit in a tax return to HMRC.

Driving efficiencies through technology

By scanning your clients' receipts and paperwork, and using OCR to digitise them, you remove the time-consuming keying-in of receipts and coding of transactions.

It's faster, simpler and results in the digital data you need for MTD. What you get is a far more effective and streamlined bookkeeping process, making it easier to record, find, search and submit tax information to HMRC.

How to add value through digital efficiency

Expense capture apps are one way of complying with the need for digital records, but what other digital plumbing do you need to make the most of the digital revolution for your firm?

If the initial bookkeeping and expenses admin are the first steps in the digital accounting journey, what are the elements you need to put in place to become a truly connected and efficient firm? And how does this expand the value you add for clients?

In this section we'll look at the key ways that digital bridges the data gaps, streamlines your bookkeeping and accounts production, and enhances your tax and value-add services.

5 key ways to add value with digital:



A one-stop hub for all financial data

The heart of any connected practice is a central cloud system that provides that one point of control for all financial data, tax information and digital records. This makes it easier to access the information you need and keeps all client data safe and secure through one portal.



Having true management control

With one connected system, it's easier to manage the engagement, you have the right controls in place, and have a transparent overview of the whole workflow, digital accounting and tax processes.

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Tracking and coding transactions

Coding the clients transactions as they're entered lets you record, track and search every incoming payment and outgoing cost within the client's business – allowing you to easily track their taxable expenses.



Producing management and statutory accounts

An integrated cloud system makes it easier to create up-to-date management accounts for clients across the year, and to produce the required statutory accounts at year-end – all within the one system.



An easier way to plan and forecast

With clients' data linked to the platform's reporting tools, you can get granular with the detail around clients' revenues, expenses and predicted tax numbers for the coming year – helping them to get their tax planning in order and manage their financial health.

A streamlined way to meet the digital challenge

[Digital transformation isn't without its challenges](#) – you'll need to do your research, get your systems set up and implemented, and train your staff in your new internal processes.

But by incorporating the time-saving features, automation benefits and data-sorting capabilities of a cloud system, you take the first (and most important) step in creating a more efficient practice – and evolve your firm to meet the MTD challenge head on.

How to create a truly connected firm

[MTD for VAT-registered business kicks in from April 2019](#). So the clock is ticking, creating a real time imperative to get your practice moved over to the ideal cloud platform.

You can make this digital transformation a process that not only provides the right software and compliance foundations. With the right planning, strategy and goal-setting, you can also make your digital transformation a process that creates a whole new future for the firm as a modern business adviser and cloud specialist.

So what are the foundational elements to have in place? And how do they transform your firm from a standard accountancy practice to a connected firm of expert advisers?

Choose the right cloud platform for your MTD needs

A powerful and flexible cloud accounting platform is the centrepiece of becoming a digital practice – and will remove the barriers to practice efficiency and MTD compliance.

The right cloud platform needs to offer streamlined bookkeeping and accounting, a range of tax features and agile reporting functionality – all within the one central system. What that brings you is an end-to-end accounting and tax solution, taking the hard work out of recordkeeping, and making it as straightforward as possible to get your clients ready for MTD.

Embrace digital and utilise the efficiencies

Making digital work effectively for you means updating your thinking and your internal processes. Rethink the workflows, use those automation features and add real efficiency.

Wherever possible, take the opportunity to systemise your workflows and let the software do the hard work for you. Whether that's automating the bookkeeping process, making light work of creating management accounts or automatically populating clients' tax returns, look for those time-saving efficiencies – and make the whole firm more productive.

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Offer a wider range of advisory services

With the tax and compliance basics completed more effectively, you free up more time for you and your team to focus on the higher-level elements of business advice.

You can ditch the ‘compliance accountant’ tag, up your game and expand your practice services to include more value-add propositions and a broader range of business advice. Business owners and their management teams place real value on solid financial and strategic advice, so think about expanding into areas like cashflow management, cost management, strategic planning and supporting clients when they’re looking to access funding etc.

Spend more time with your clients

With automation reducing the time and workload of servicing the average client, you have more time to play with. Use that time to increase your client interactions and build better relationships.

Digital technology allows you to crunch the numbers more effectively, but accountancy is a people industry at the most basic level. What clients value more than anything is your capacity to listen, understand their pain points and help them resolve these challenges.

Talk more often, listen to their goals, challenges and aspirations, and use your new cloud tools to help them drive their businesses forward.

Boost revenues and become more profitable

By offering a wider range of value-add and advisory offerings, you increase your ability to upsell your services – providing a full-service offering that goes way beyond pure compliance.

As your clients’ trusted adviser, you set the foundations for a more in-depth relationship, a larger number of services per engagement and bigger recurring monthly fees. That’s good for cashflow, helps you increase your profits and allows you to invest back into the business.

Go digital – Get connected!

MTD may seem to be an unwelcome challenge – but if you can see past the initial set-up challenges, going digital is actually an incredible opportunity to revitalise your firm.

By building a modern, digital-ready practice around your core cloud accounting platform, you set the foundations for adding more value for clients, increasing your advisory services and increasing the overall profitability of your firm.



Capium – your ideal platform for MTD

Capium empowers the accountant in practice to automate their firm – using the latest in digital technology to create a truly efficient and connected accountancy firm.

This all-in-one cloud approach was something that appealed to Kazbor Services Ltd

“When looking to change my accounting software my principal objective was to find a cloud-based solution so that accounts could be worked on from anywhere.

Capium came top of the list for its simplistic approach and ease of use to meet the professional standards that I was looking for. The features offered by this software within its basic pricing structure makes it an affordable solution that I would have no hesitation in recommending to others that were looking for a cloud based system.”

By providing a single platform with a choice of the latest cloud technologies, we help you to streamline your firm, switch to digital and meet the challenges of making your clients, systems and internal process compliant with Making Tax Digital.

[Find out more about MTD and how Capium is your ideal digital accounting platform](#)



How Capium helps modern accountants

Capium is a cloud-based accounting and practice management package, which meets the daily demands of accounting practices. There is now no need for separate systems, as Capium allows you to run your whole business under one system. With our 6 key modules, we allow accountants to conduct all processes in a secure, speedy and user-friendly manner.

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