

Cloud Accounting – Is it for you?

Operating a small business these days is very time consuming and every means of saving time should be carefully considered especially with the recent introduction of Cloud accounting software. Cloud accounting software basically puts your accounts online and you access it as you would your online bank account. There are many benefits of cloud software over the traditional desktop version but they need to be considered against the costs. **Some benefits which save time and money include:**

- Automatic bank reconciliation – link your accounts directly to your bank so they are always up to date.
- Online accounting – login to view and update your accounts from anywhere and give access to your accountant, bookkeeper and others.
- Invoicing – invoice your clients from anywhere using your smart phone (great for tradies and others on the move).
- Automatic updates to withholding tax rate changes.
- No back-up of data is required saving time, data storage and lowers the risk of data loss.

Costs: Cloud accounting is generally subscription based with charges that start from about \$25 per month and price generally depends on the number of transactions and employees in your business. An average sized small business with a few employees would cost around \$50 per month. Alternatively your typical desktop system starts at around \$330 for the package and then depending on if you pay wages will cost extra for updates.

Security: The risk of illegal access to your accounting information can be greater using Cloud software than the traditional desktop system however like all online systems it generally comes down to how secure and sophisticated your login password is. It is much like using online banking and there is just as much concern over the security of Cloud accounting now as there was for online banking 15 years ago and almost everyone now uses internet banking. Generally ownership and access of the data remains with business owners even if a subscription is cancelled however it is best to confirm with the individual software suppliers. The data is stored on servers that are located in different countries depending on the provider.

Which one is best for your business: Every business is different just like the various software packages on the market. Products/packages are constantly improving with updates so it is best to work out what features you need first then compare them to the capabilities of each software package. For more information check out some of these popular Cloud Accounting providers and also obtain professional independent advice from your accountant: Xero, MYOB, Reckon, Intuit Quickbooks.

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