



Getting your accounts into the cloud:
Whitehill recommends.....

Whitehill Business Services Ltd
3C Hopewell House, Whitehill Ind. Park, Whitehill Lane, Royal Wootton Bassett
Phone: 01793 677899
Fax: 01793 677898
www.whitehillbusinessservices.com

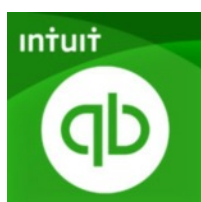
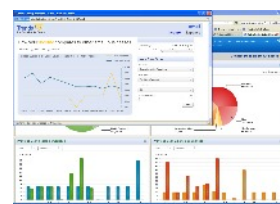
In summary:

- Already using Quickbooks, or starting from scratch? Have a good look at Quickbooks online – it could be just what you need! If you don't like it, then Xero is also worth a good look.
- Already using Sage desktop? Have a look at Xero first, but Quickbooks is still an option.
- Dyed in the wool Sage 50 user, or want integrated payroll? Try Sage One Extra first, but Xero and Quickbooks are still options.

It's finally happening; bookkeeping and accounting software is following the trend and suppliers are investing heavily in cloud based, online versions. The benefits are significant; no cost for multiple users, direct links to online banks for downloading transactions, anywhere, anytime reporting and invoicing and more.

But along with the "traditional" names for small businesses, with Quickbooks and Sage dominant but other, smaller desktop packages also widely used, new names are emerging in the online offering. Xero, Freshbooks, Kashoo and more are all coming to the attention of small businesses.

If you're a small business considering the move to the cloud, it's well worth getting some opinions. Here's ours - based on the needs of our clients and the bookkeepers who support them.



Leaving aside the packages for larger companies, there are three main contenders emerging who we think are "fit for purpose" in the UK.

- **Quickbooks Online** - Intuit, the makers of Quickbooks, have invested heavily in their online offering, and currently have more than 600,000 online users worldwide.
- **Sage One** - Sage's online offering, Sage have brought out the Extra to match many of the capabilities of Quickbooks and Xero
- **Xero** - the new kid on the block, Xero is marketing aggressively and with significant startup funding is making headway, especially with Sage desktop users.



Sage One

...but bear in mind things are changing quickly in this field. Sage One Accounts Extra was only released in October 2013, and all of the offerings are bringing out updates, adding functionality and responding to issues every month.

Pricing

Although there are some starter prices which can be as low as £2/month, for any small to medium enterprise you'll need to be budgeting for up to £20-30 a month for the software. Bookkeepers such as Whitehill will often save that amount in time when moving to online books, so check with a bookkeeper first; they may be able to provide the software for free as part of an inclusive package.

Common features

All three will give you a good interface, anytime and anywhere access, the ability to email invoices direct to clients and of course backups and updates are taken care of. All three will manage your VAT and can match and reconcile to the bank.

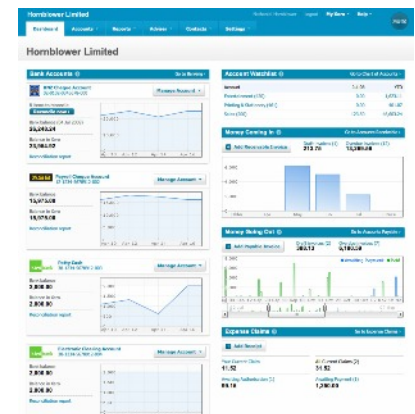
Some of the differences

A few differences we've noticed early on;

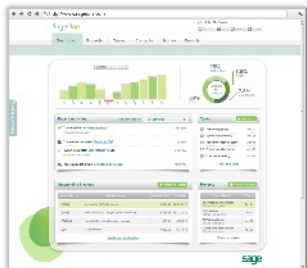
- All three can import bank transactions, but whilst Sage One imports via a downloaded statement from the bank, Quickbooks Online and Xero can both directly link to the bank, bringing across new transactions and asking what you want to do with them (match to an existing recorded transaction, add a new transaction or ignore).
- You can quickly attach documents to your financial records in Xero and Quickbooks Online, keeping receipts, scanned invoices etc with the financial record in your accounts.
- If you want payroll included, Sage One is probably the strongest offering and Quickbooks Online is also great. Xero uses third party add-ons to provide payroll for the UK, which work fine but have a limited user base.
- If you have a smartphone, tablet, iPad or iPhone you'll need to use the browser to access Sage One. Xero and Quickbooks Online have apps for most devices, which are very handy if you're out and about.
- Xero and Quickbooks have opened up their interface to third party developers, meaning a wide range of apps are available for both. These range from projects to HR and beyond.

Accounting/bookkeeping software needs to be used by two different groups: Accounting and bookkeeping professionals and small business users.

In general, bookkeeping professionals want more functionality and are willing to sacrifice interface, looks, and simplicity to get it. Small business users love functionality as well, but want things to be easier and less complicated. As bookkeeping is not the primary focus of small business users, they're less willing to spend the time to figure out how to do their accounting using the software.



What we hear about development



Quickbooks Online has about three times more customers than Xero, and is the leader globally in cloud accounting. This means that it has a solid user base, but also that development can be slower than Xero, and the speed with which problems get sorted and changes made can be a problem. We've also been aware of slow servers and browser issues with our Quickbooks Online clients, although these haven't been too major.

We also understand that the code base Quickbooks Online uses is older than Xero's, though that shouldn't be a big problem in itself.

Quickbooks Online: our verdict

Quickbooks online has a great, easy to use interface and good apps for iPhone, Android and online. It's ideal if you're used to Quickbooks desktop – all the usual reports are available as well as the new ones. Links directly to the bank and you can match transactions easily. Independent reviews consistently place it at or close to the top of the pile.

Sales Transactions Create new

Unbilled	Unpaid	Paid
£0 0 ESTIMATE	£5,260 0 OPEN INVOICES	£4,892 0 PAID LAST 30 DAYS

Filter: All

DATE	TYPE	NO	CUSTOMER	DUE DATE	BALANCE	TOTAL	STATUS	ACTION
14/05/2014	Payment		Swindon Wildcats...	14/05/2014	£0.00	£-250.00	Closed	
12/05/2014	Payment		Oranigan Hockey...	12/05/2014	£0.00	£-250.00	Closed	
12/05/2014	Payment		Swindon Wildcats...	12/05/2014	£0.00	£-250.00	Closed	
12/05/2014	Payment		Swindon Wildcats...	12/05/2014	£0.00	£-250.00	Closed	

Income

£5,260 OPEN INVOICES	£250 OVERDUE	£4,892 PAID LAST 30 DAYS
-------------------------	-----------------	-----------------------------

Expenses

£4,336
SINCE 30 DAYS AGO

- £2,988 Salaries
- £400 6710 Rent and Rates
- £300 6000 Advertising and...
- £223 6840 Traveling and E...
- £425 Everything else

Bank and Credit Cards | Checking

CHECKING Moments ago \$-3,621.93 EXAMPLE BANK U.S.A. \$1,201.00 QUICKBOOKS BALANCE 25 New transactions	SAVINGS Moments ago \$200.00 EXAMPLE BANK U.S.A. 1	MASTERCARD Moments ago \$304.96 EXAMPLE BANK U.S.A. 7
---	---	--

New Transactions | In QuickBooks | Excluded

DATE	DESCRIPTION	ADD OR MATCH	SPENT	RECEIVED	ACTION
06/19/2014	Books By Bessie	Other Income		\$55.00	Add
05/20/2014	A Rental	Uncategorized Income		\$200.00	Add
05/20/2014	A Rental	Uncategorized Expense	\$1,200.00		Add
04/27/2014	A Rental	Uncategorized Expense	\$800.00		Add

Xero: our verdict

Xero is definitely gaining some traction, appealing particularly to Sage desktop users who want to get into the cloud. It also has good apps and is being strongly marketed. In many ways offers a similar package to Quickbooks – linking directly to the bank, matching transactions and presenting good graphics online. Development is faster, though, the interface is more flexible, and the team are very responsive to problems.

The screenshot displays the Xero dashboard with several key sections:

- Bank Accounts:** Shows the Business Bank Account with a Statement Balance of 17,071.99 and a Balance in Xero of 10,516.89. A line chart shows the balance over time from May 14 to May 28.
- Business Savings Account:** Shows a Statement Balance of 0.00 and a message: "No transactions imported. Import a bank statement to get started."
- Account Watchlist:** Lists accounts such as Advertising & Marketing (400) and Entertainment-100% business (400).
- Money Coming In:** Shows draft invoices (2) and overdue invoices (3) with a total of 6,978.89.
- Money Going Out:** Shows draft bills (0) and overdue bills (0) with a total of 11,218.45.
- Performance Reports:** Includes Budget Summary, Profit and Loss, Expense Summary, and Expense by Contact.
- Cash Reports:** Includes Bank Reconciliation Summary and Cash Summary.
- Foreign Currency Reports:** Includes Foreign Currency Gains and Losses.
- Position Reports:** Includes Aged Payables, Aged Receivables, Balance Sheet, and Movements in Equity.
- Detail Reports:** Includes Account Summary, Account Transactions, Customer Invoice Report, Disabled Account Transactions, General Ledger, Journal Report, Depreciation Schedule, Fixed Asset Reconciliation, Trial Balance, and VAT Reconciliation.
- Tax Reports:** Includes EC Sales List.

Business Bank Account
99-04-04-987654321

Statement Balance: **17,071.99**
16 May 2014

Reconcile 28 items

Balance in Xero: **10,516.89**

The line chart shows the account balance from Nov 20 to May 19, 2014. The balance starts at approximately 15,000, rises to a peak of nearly 20,000 in late April, and then drops significantly to around 10,000 by May 1, remaining stable thereafter.

Show account on Dashboard Order on Dashboard

Business Savings Account
89-03-03-876543210

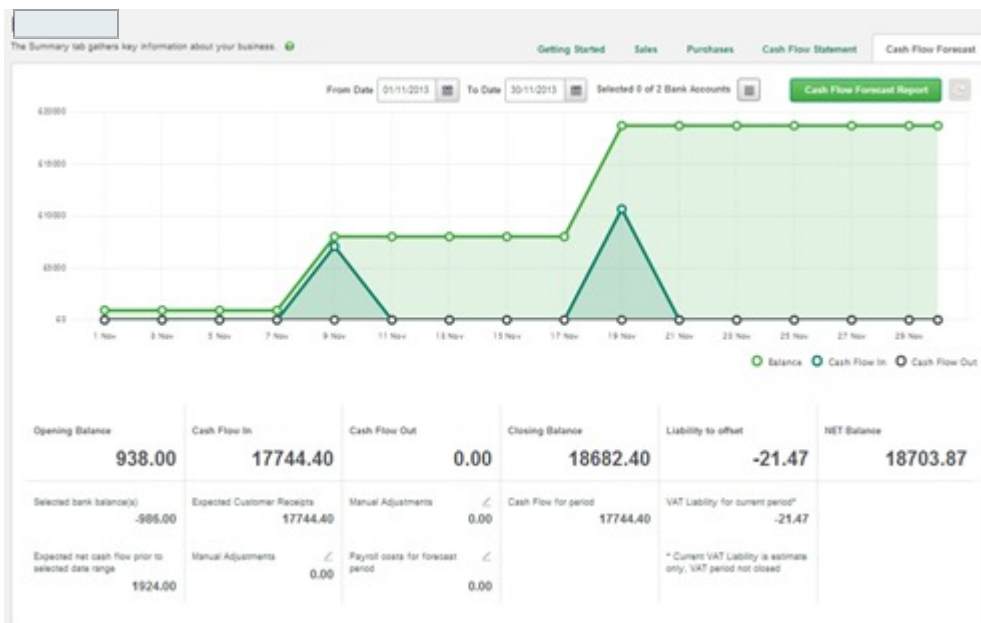
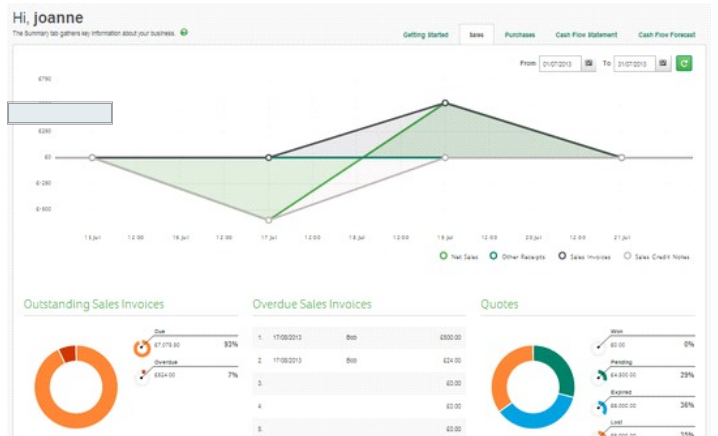
Statement Balance: **0.00**

No transactions imported
Import a bank statement to get started

Show account on Dashboard Order on Dashboard

Sage One (+Extra): our verdict

We really wanted Sage One to be as good as or better than Xero and Quickbooks Online, and for the experienced bookkeeper or accountant, it probably is. But for the general user, there are a few missing items, such as direct transfers to update bank transactions and apps for mobile devices. Overall, it feels as if it has a little catching up to do. The story's different for payroll; Sage is undoubtedly continuing to be the strongest for UK payroll online. And with Sage's worldwide clout, we're sure if they want to, they will catch up in time.



Frequently asked questions

Can we store our paperwork electronically or do we still need to keep paper copies for HMRC?

According to HMRC (see <http://www.hmrc.gov.uk/record-keeping/index.htm> and <http://www.hmrc.gov.uk/vat/managing/charging/e-invoices.htm> for details) ;

“HMRC recommend you keep all the original documents you receive. This does not mean you need to keep them on paper. Most records can be scanned and kept electronically on a computer or a storage device such as a CD or memory stick. Make sure that whatever you use to keep records you have both the front and back of documents and can easily access them so you can pass them to HMRC”

What are Whitehill offering?

Following this review Whitehill have applied for - and been accepted - into the Intuit ProAdvisor scheme for Quickbooks Online. We're also in the Xero Partnership programme. This means that our bookkeepers are certified by Xero and Quickbooks to offer bookkeeping services, and it also means that we can provide you with a full setup for your books. We can arrange to transfer, check and set up your existing books (Quickbooks or Sage) in the cloud, and work with you to get you started and supported in the long term. We can also offer complete bookkeeping packages for you, passing on the benefits of time saved for us by using the cloud.

Got any useful links?

For more information, demonstration versions and more, check out the sites below;

- Quickbooks Online - <http://www.intuit.co.uk/>
- Xero - <http://www.xero.com/uk/>
- Sage One - <http://uk.sageone.com/>

Also try out these recent reviews and articles;

- UK comparison of Xero and Sage One - admittedly it's by a bookkeeper offering Xero - but it's still an interesting read - <http://www.morethanbookkeepers.co.uk/xero-vs-sage/>
- Sleeter group review - US based but more recent and a bit more comprehensive than most of the UK ones - <http://www.sleeter.com/blog/2013/08/cloud-accounting-recommendations/>

And finally.....

- Forbes explanation of why cloud accounting is taking off - <http://www.forbes.com/sites/quickerbetteertech/2014/01/06/why-your-company-may-dump-quickbooks-this-year/>

What are the drawbacks?

We're not sure how bothered you are, but once you've moved online, your books are no longer stored in your office or on your PC. They're in "the Cloud" - servers managed by the software provider. If you don't like that idea, then probably a move to the cloud isn't going to work for you.

Other possible drawbacks we're aware of are also based on your files being moved;

- There's no easy way back; your desktop file can migrate to the cloud, but the cloud can't migrate to your desktop.
- This means that if you stop paying the monthly fee, your data will disappear for ever some time later. You can print it, export it to Excel or whatever, but you can't archive off your books and restore them if you get an audit. Same goes for any scanned paperwork you've stored in the cloud.
- There are often problems in migrating desktop files to the cloud. Although there are providers who will do this migration for you, you'll need the results to be carefully checked. Ideally, we recommend you set up a clean set of accounts and start with opening balances.