@accountancy

www.at-accountancy.co.uk

Helping You to Develop Your Business with Free Hints and Tips

In This Issue:

How to Choose an Accounts Package That's Right for You

Choosing an Accounting Package

Choosing the right accounting package can be difficult, particularly as there are so many packages on the market.

Price and functionality vary so widely that an objective comparison is very difficult without spending days on the task.

Set out below are some of the pointers you need to be thinking about.

> ## For further advice please do not hesitate to contact us

Determining Your Requirements:-

Your first decision is to decide what level of complexity is required.

At the most basic level, you may just want something to replace the cash-book, to handle receipts and payments. A more sophisticated ledger-based system could produce quotes, VAT returns, and monthly accounts.

You may decide that you need a highly sophisticated system which, as well as doing all of the above, will handle stock and job costings and integrates with your web site.

The growing business:-

You need to think about the level of complexity that might be needed in the medium term. Think about what the business might be doing, in say 12-18 months time:

- ➢ Will it be going through rapid growth or a change in direction, and need more accurate financial information, such as profitability at department or job level?
- ➢ Will transaction volumes be rising steeply?
- ➢ Will you want to be able to connect your products to your web site and process orders and payments on-line?

Market sector:-

Your business may be in a specialist market sector for which tailor made systems already available. Talk to us as we have experience of your type of business. Talk to your trade association - they may already produce information to help you, and

they may hold events and seminars on this issue.

Cost:-

Cost should not be a primary constraint……..you tend get what you pay for.

If you are only willing to spend £100, the system will be unlikely to meet all of your needs. This in turn may constrain the way the business trades, and subsequently turn out to be a hindrance to expansion. It may also mean that more expenditure and upheaval is required if you need to upgrade to a more expensive system in the future.

Some systems are available in modules. Examples of modules are a sales ledger module and an order processing module. If you are purchasing a modular system you won't need to purchase every module at the outset. You will need the core ledgers to start with (sales and purchases ledgers) and you can then add any additional modules later. In this way the costs can be spread out over a period.

Training:-

Training is vital for the staff who will be using the system on a day to day basis. Like the software itself, the cheaper the training then the less likely staff will benefit from it.

We can either provide training for you or help you find appropriate training.

Your Detailed Requirements:-

A list of your detailed requirements would be useful when comparing packages. The following pointers need to be considered in the context of your business.

General points:-

> ➢ What is the operating system for your computer network? (there is less of a choice of accounting packages if using a non-Windows platform).
> ➢ How many users will require access (now or in the future)?
> ➢ What volume of transactions will you be processing and can the software handle this?
> ➢ Can the system produce VAT returns and, if you are on a special VAT scheme, can it cope with this?
> ➢ Can orders and payments be taken over the internet and downloaded to the accounting system?
> ➢ Will the system let you export data to other packages such as spreadsheets and word processing packages?

Your specialist processing requirements:-

Here is a sample list – you will need to add your own special requirements:

- ➢ Retentions
- ➢ Regular payments to a parent company (or vice versa)
- ➢ Deposits/subscriptions
- ➢ Discounts
- ➢ Part-payments/part-receipts/part-delivery
- ➢ Currency fluctuations
- ➢ Bounced cheques/stopped cheques
- ➢ Direct debits/standing orders (receipts and payments)
- ➢ Accruals and prepayments
- ➢ Debit and credit card accounts (receipts and payments)
- ➢ Loans, grants and mortgages and any special payment terms
- ➢ Component stocks and bill of materials
- ➢ Mixing of service and stock items on an invoice and as stock records
- ➢ Payments to suppliers by BACS
- ➢ HP agreements
- ➢ Label and mail shot capabilities for customers/suppliers
- ➢ Ability to create XML formatted transactions.

Your information requirements:-

You need to determine what kind of management and user information is required from the system on an ad-hoc or real-time basis.

A sample list is:

- ➢ Stock balances
- ➢ Work in progress and profit/loss on job or contract
- ➢ Profit/loss by department, or by cost centre
- ➢ Customer balances/customer aged debtors
- ➢ Cash flow
- ➢ Order status
- ➢ Actual v budget reports
- ➢ Turnover.

Other points:-

- ➢ How does the system cope if you need to amend a transaction?
- ➢ Is there a full audit trail (including details of modified transactions)?
- ➢ Does the system produce the information in an acceptable form to you or us (as your accountant) in order to complete all statutory and regulatory financial year-end and fiscal year-end tasks?
- ➢ Are there adequate security routines to prevent employees exceeding their level of processing authority (i.e. being able to restrict access on an individual user basis)?

The Final Choice:-

- ➢ Narrow the selection down to the package(s) that matches your needs most closely.

- ➢ If the potential user(s) of the system have not so far been involved, now is the time to get them involved.
- ➢ Get an evaluation copy if possible (many software vendors offer a free 30-day trial), and also go and see the system in action at a business similar to yours.

Having performed an objective review, your final choice may be more subjective. It will probably be down to look and feel!

Implementation:-

The timing of the implementation will depend to a large extent on how long is needed to enter the standing data (e.g. customer and supplier details) and opening balances.

Whilst the start of the financial year is logical, this may not be a particularly convenient time for the accounts staff.

You may wish to discuss the timing with us, as we can help in drawing up a list of opening transactions and the opening trial balance.

Other issues to think about at this stage are:

- ➢ Staff training
- ➢ Customer/supplier/nominal and cost centre/stock/job costing codes
- ➢ Ordering any pre-printed stationery
- ➢ Scheduling the input and the checking of opening transactions
- ➢ Developing periodic processing and checking routines
- ➢ Backup procedures for the accounting data files

For Further Information or to Arrange a Consultation
Call: 01543 897820
enquiries@at-accountancy.co.uk

@accountancy