



How to streamline your business with outsourced accounting

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Introduction

Running a business is hard work and no doubt you're extremely busy. Perhaps you feel that you're only just able to keep your head above water. But running a business doesn't have to feel that way — you're human too, and you deserve the same sort of work-life balance as someone in employment. But how do you get closer to that?

One solution is streamlining your business with outsourced accounting. By giving the management of your financial affairs to an accountant, you can get back some of your time to spend as you see fit — perhaps on your business's core functions to generate more profit.

But there are more benefits to outsourcing your accounting, as this eBook explains. You'll also see exactly what you can outsource to an accountant and some best practices to get started on your journey. You won't want to miss this all-in-one guide to outsourced accounting.

Part 1. What is outsourced accounting?

Outsourced accounting is all about giving the management of your business's financial affairs to a third party that you trust, rather than doing it yourself. Chances are that you already have an accountant to help you with your taxes — if so, you're already outsourcing part of your accounting.

There are a lot of accountants out there who offer all sorts of outsourced accounting services, with varying degrees of complexity. As such, prices can fluctuate dramatically from one accounting firm to the next.

Common outsourced services include:

- tax returns
- statutory accounts
- payroll
- VAT returns.

Back in the day, when businesses wanted an accountant to help with their finances, they looked local so they could easily meet with them over a coffee or in the office. Now though, technology lets you look further afield, as accountants on the other side of the country are just a phone call, email or video call away!

Part 2. Benefits of outsourcing

Outsourcing your accounting to a professional is a smart move; there are numerous benefits to entrusting your finances to a third party.

You get access to accounting expertise and experience that will not only help keep you compliant with all the rules but, and most importantly, stop you from having to do it all yourself. You can use the time you have saved to focus on an area where you are the real expert: your business, its efficiency and making money.

You'll also have more time to spend with your team during the working day, making sure they're up to speed with the job while giving them a boost in motivation. Plus, there's less chance that you'll have to work into the evening, giving you back your life.

But hang on, there's a problem here — these are the exact same benefits of hiring an in-house accountant. So, the real question is, **why should you work with an outsourced accountant, rather than hiring one in-house?**

You can save some money

Outsourcing your accounting can be extremely cost-effective compared to hiring an in-house accountant: with an in-house team, you have to bear the cost of salaries, benefits, training, office space, equipment and software licences.

On other hand, with outsourcing, you only pay the fees for the service provided, which will be more cost effective than hiring — at least for smaller businesses. Although, of course, this is dependent on your turnover, the depth of service you require and where both you and the accountancy firm you engage are based.

Then there's the flexibility an outsourced accountant can offer and how that affects your accounting costs. Sometimes, you don't need an accountant doing everything for you all the time; you might, for example, continue to take on the bookkeeping yourself. With an in-house accountant in this scenario, your costs would remain the same, but with an outsourced accountant, they may lower their fees.

You'll get back even more of your time

It's not just financial costs that are associated with an in-house financial team; it's the costs to your time, too. Consider, for example, the time it takes to write a job description, sift through applicants and conduct interviews. Then there are all the HR tasks, need for training and the time it takes for the employee to get accustomed to the business. After that, you need to manage and supervise your team.

With outsourced accounting, meanwhile, it's as simple as getting in touch with your would-be accountant and letting them get on with the job. No fuss and no need to supervise.

You get access to more expertise

Accountancy is complex; it's a multifaceted field with an array of niches and specialisms. Audit and assurance, for instance, requires a whole different skill set compared to business advisory, which itself demands different qualities from tax services.

With that in mind, outsourcing your financial management to an accounting firm, rather than a self-employed accountant gives you access to specialists with all the expertise you need to run

the tightest accounting-ship possible. Plus, you get to do that for a fraction of the cost that would be required to build your own team that is diverse in expertise.

An outsourced accountant will be able to scale with you

Outsourced accounting offers flexibility and scalability that an in-house team would struggle to match. That's because as your business grows or shrinks, your outsourced accountant will be able to adjust their resources to meet your changing needs.

They can scale their services up and down, accommodate peak seasons and adapt to your evolving requirements without the need for recruitment or layoffs. Whatever you need, you can rely on an outsourced accountant.

You could get access to advanced technology

Technology plays a crucial role in modern accounting practices, with cloud accounting software, like that offered by [Xero](#), leading the charge.

With this technology, businesses can set automations to speed up accounting processes while near-eliminating human error; view their financial data in real time, even on their mobile device; and create reports and forecasts with the power of AI. That means efficiency and access to data you might not have thought possible.

As cloud accounting becomes more popular, more accountants will adopt the technology to offer the best services possible. Many already do, in fact, giving you access to cloud accounting without having to worry about the technical aspects. And don't worry — cloud accounting has brilliant data security systems!

Part 3. What can you outsource?

There are a lot of accounting functions that you can outsource to an accounting firm, whether you're looking for transitory support or the full monty. However, you should note that not every firm will offer all the services we discuss below, moreover, some firms will suit your needs better than others, depending on a number of factors, such as the sector in which you operate.

Bookkeeping

As the process of recording and tracking every financial transaction a business makes, [bookkeeping](#) is essential for any organisation that is serious about making strategic decisions, creating budgets, preparing financial reports and paying its taxes.

Many small businesses do their bookkeeping themselves, but at a certain size, transactions become more frequent and complex, making an outsourced accounting or bookkeeping firm a better solution.

Tax returns

It's probably no surprise that you can outsource your [tax returns](#) to ensure you remain compliant with tax laws. However, an accountant will also be able to identify eligible deductions and credits to create a tax plan that minimises your tax liability.

Annual accounts

Almost all limited companies in the UK have to prepare [annual accounts](#) for Companies House and HMRC every year to report financial activity and work out the tax due. Made up of different financial statements, including a balance sheet and profit/loss statement, accounts are complex documents to put together, but an outsourced accountant can help.

Payroll

[Payroll](#) is both tedious and complex. Why not hire an accountant to help you with the process? They'll work efficiently and carefully to ensure everything is above board.

Accounts payable and accounts receivable

An outsourced accountant can assist with accounts payable and receivable by managing accurate financial records, processing invoices and monitoring payment transactions. They can also track outstanding payments, send reminders to clients and reconcile accounts to ensure accuracy.

Budgeting and forecasting

You can also outsource your budgeting and [financial forecasting](#) work to get help with managing your finances.

Business advice

You might not think of an accountant as a [business adviser](#), but we're perfect for the job. After all, we have the latest information about the performance of your business at our fingertips, are great with analysis, and so can take a holistic view of your business to discover opportunities, threats and inefficiencies.

Management accounts

[Management accounts](#) play a crucial role in providing valuable insights and financial information to support decision-making. You can think of them as regular reports that dive into your business's financial health to highlight room for improvement and hard-to-spot opportunities.

Ultimately, this strategic guidance enables businesses to make informed decisions, allocate resources effectively, and adapt their strategies to achieve growth and profitability.

As you might expect, management accounts require a lot of financial expertise to put together and interpret for a general audience (they're great to share with all levels of management and other stakeholders, including potential investors). They also require a fresh perspective and unbiased analysis, which outsourcing will provide.

Tips for outsourcing

As we've seen, outsourcing to accountancy firms can be extremely beneficial. But how do you go about outsourcing so you get the most of your outsourced service? After all, not all accounting firms and services are created equal, so we've put together a few tips for you.

Clearly define your goals

Before you embark on your outsourcing journey, you should first clearly define your objectives and expectations. That means determining what specific tasks or processes you want to process and your desired outcomes. This will help you communicate your requirements to potential accountants so both parties can ensure they're a good match.

Research outsourcing partners

Next, conduct extensive research to identify reputable outsourcing providers that specialise in the services you require. To help, consider factors such as their industry experience, client testimonials and service offerings. Look for firms that have a proven track record and strong reputation for delivering high-quality results.

Assess financial stability and scalability

You should also evaluate the financial stability of potential partners to ensure they can meet your long-term requirements as you grow. Otherwise, you'll probably have to change accountants in the future, which itself can be a difficult task.

Communicate clearly and establish expectations

Effective communication is vital when it comes to outsourced accounting. Otherwise, you might not properly establish expectations, ending up with a service you didn't expect as a result.

So, take the time to clearly define service level agreements, such as turnaround times for deliverables, quality standards for financial reports and other performance metrics.

Don't be afraid to talk to your potential accountant about their service in greater detail — if they're actually going to be a good provider, they'll take the time to talk with you to ensure the two of you complement each other.

Regularly review and assess performance

After you signed all the paperwork and agreed to work with an accountant, it doesn't mean you should sit back and relax; you should monitor and evaluate your accountant's performance to ensure you made the right choice.

To do that, you can review financial reports, tax returns and other deliverables to ensure accuracy and adherence to deadlines. A great accountant will actively seek regular meetings with you to make sure you're happy with their work — not just one a year!

Welcome long-term relationships

Always treat your outsourcing provider as a strategic business partner rather than just a service provider. Doing that will bring your working relationship closer together to enhance productivity and this will ultimately lead to better outcomes.

It also helps create trust so you can feel comfortable with letting your accountant get on with their job after your initial assessment of their work. Plus, a long-term relationship will allow your accountant to fully understand your business, making their services and advice far more useful and far-reaching.

Outsourced accounting with Cottons

If we've convinced you of the benefits of outsourced accounting and helped you identify where you can outsource, why not consider Cottons as your accounting partner?

At Cottons, we have a dedicated team of professionals who are well equipped to handle various aspects of accounting, from [tax services](#) to [audits](#) and everything in between. No matter the complexity of your accounting needs, we have the expertise and experience to provide you with quality support.

We also offer comprehensive [business support and advisory services](#) to help you run your business more efficiently and effectively. We understand that running a business involves more than just managing finances, and we strive to be your trusted partner in achieving overall business success.

Our primary goal is to ensure every client receives the financial and accounting support they need and deserve. So, we're always ready to address any questions or concerns you have, and take pride in delivering personalised assistance tailored to your specific circumstances.

Whether you're an established corporation or the owner of a small rural farm, we'll always take the time to understand what makes your business unique so we can create solutions that support your growth and success.

If you're ready to take your business to the next level and seek a partner who shares your ambition and enthusiasm, look no further than Cottons. We're eager to connect with you and discuss how our accounting services can contribute to your success, regardless of the industry you operate in. [Get in touch with a member of our team](#) today.



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