

THE FUTURE ACCOUNTANT

The impact of technology can be seen throughout history – removing some of the more manual, labour intensive tasks and freeing up time to spend on more interesting activities. The accountancy profession has also benefitted from these technological advancements with automation enabling accountants to move away from working with paper-based ledgers and storing paper records to working entirely online.

We are now in a new period of rapid growth. The emergence of smartphones and apps in the last decade have enabled basic processes to be carried out anywhere at any time. Receipts can be scanned or sent directly to email, basic bookkeeping carried out through an app and invoices paid on the go.

Automation of basic finance processes is starting to take effect and this is a trend set to continue. Job roles are already changing and skillsets are evolving accordingly.

What will the future accountant look like and how will the role develop over time?

AAT spoke to over 250 accountants and bookkeepers, as well as leading experts in the industry to understand what's changed so far and how they see the profession developing. This research paper looks at how the profession will develop so accountants and bookkeepers can stay relevant in a world increasingly reliant on technology.

THE NEW WORLD

Whilst mainframe computers and the electronic battery operated calculator reduced the need for manual processes, it was the release of the IBM personal computer that really started to change the face of accountancy. Its lower price point suddenly made information technology available to a greater number of people. With it came an explosion of affordable computer programmes opening up a new world to users. Affordable accounting packages became available enabling users to produce a full set of accounts, profit and loss, and balance sheets.

Sage software followed and although the impact computerised packages would have on the industry was not immediately obvious, within twenty years, manual bookkeeping for almost everyone became extinct.

Around the same time spreadsheets emerged with Excel becoming the eventual market leader. Accountants, bookkeepers and business owners immediately saw their potential in automating simple tasks such as bank reconciliations, bookkeeping and VAT return preparation.

Instead of fears around automation leading to the loss of jobs, the opposite happened: technology fuelled the growth in professional services, insurance and banking. Likewise, fuelled by the availability of PCs, software and spreadsheets, the number of self-employed accountants began to grow.

In the early part of the 2000s, improvements in computer power and memory enabled HMRC to move much of the tax return submissions online. They opened up portals for agents or taxpayers to submit PAYE, self-assessment, Corporation Tax and VAT returns online. Data could also be inputted into accounting software, submitted to HMRC and handled digitally throughout the process. Accountants no longer needed to print some 10-20 sheets of A4 to send out to their

clients for approval, then photocopy, file the original and keep a copy. This was a significant reduction in administration, production time and storage space.

The process of scanning and storing hard copy documents has almost become redundant. Now nearly everything can be handled and stored digitally. Offices have changed, not only the way we work, but also the way we utilise space.

In the last decade, the automation of bank reconciliations is becoming routine. Accounting packages connect with a business' bank and import transactions into the users software with minimal manual intervention. Whilst this was impressive at the time, accountants are awaiting developments where automated data capture using apps such as Receipt Bank will be the norm. This new world offers the ability to automate the matching and reconciliation of transactions almost completely reducing the need for data inputting.

HMRC are also undergoing huge digital transformation and timescales are in place for businesses to start filing tax returns entirely online. The Making Tax Digital programme is one of the most significant changes to the tax system HMRC have ever made.

The impact of automation of accountancy is starting to be seen in job roles. The removal of more mundane manual tasks has freed up accountants and bookkeepers to concentrate on the more interesting and added value areas of accountancy such as the production of management information or trend analysis.

89% of AAT members think advances in technology are positive for the profession.

“The pace of change is phenomenal. When Making Tax Digital was first talked about three years ago, for example, it was seen as a major change. Now it is more the direction of travel.”

Brian Palmer
AAT Tax Advisor

HEAD IN THE CLOUD

Increases in computing power, robust connectivity and advances in data storage and retrieval have resulted in accountants and bookkeepers becoming increasingly comfortable with cloud computing.

Working in the cloud increasingly means that much of the day-to-day inputting of data will soon be a thing of the past. Cloud-based bookkeeping and accounting software can produce endless performance information. Software is being built with this in as standard and accountants and bookkeepers will be able to make use of its powerful reporting and analytical power.

Accountancy, as a process, will completely change. It will move from being reactive and looking at historical data to advising in real time. Roles will change to become more focused on information, analysis and business advice. Reporting in real time will allow for issues to be identified quickly and reported to the business and/or clients.

This change will mean many will become more of a consultant to their clients and/or employer informing them of opportunities to save money because the software they use will detect if they are paying too much for a particular product or service.

“There will be a shift in our core skills as we have our operations digitised, which is a good thing. You almost need to automate what clients are doing and ensure you get data of sufficient quality from their business. That frees you up to do the add-value, which is more likely to mean you have a longer-term strategic relationship with the client.”

Christopher Argent
Vodafone

This also means expectations of clients and colleagues will change accordingly. The perception of accountants and bookkeepers is that they only deal with the past advising clients and colleagues when it was too late to make any changes. Going forward they will be better informed. There will be a shift from providing quarterly and monthly reports to being able to provide data on the spot. Accountants will be expected to work across several programmes and projects and liaise with project managers to help them gauge quickly if they're on track. They will need to know why the numbers are right and provide those insight to clients/colleagues.

This will be one area where accountants will be able to add real value by becoming the analysts and interpreters of data. The more everything moves to digital – the more they will need to translate information to clients/colleagues. Big data will result in information overload for many managers and directors. Finance professionals will play a valuable role in overseeing and understanding the process.

Working in real time, will mean accountants and bookkeepers will become business partners. Having robust meaningful data at their fingertips will help them enable leaders to make quick and informed decisions adding value immediately.

46% say understanding technology is going to be the most important additional skill finance professionals will need.

THE FUTURE ACCOUNTANT AND BOOKKEEPER

The role of the bookkeeper and the accountant have been converging for decades and this is not a trend that is likely to be reversed.

Historically, the bookkeeper would take the source data (purchase/sales invoices, bank payments/receipts etc) and record the transaction in the business ledgers or cashbook. The process then developed to posting the data into an accounting package whilst dealing with reconciling the various ledgers and bank accounts. The responsibility for the operation of a payroll, preparation of VAT returns, the production of monthly/quarterly management accounts and dealing with year-end compliance work (for payroll) would either be undertaken by the bookkeeper, shared with an accountant or fall entirely to the accountant to deal with. In addition to the work outlined above accountants focused on producing year-end accounts, dealing with clients' tax affairs and other compliance related activities. This includes the completion of mortgage references and grant applications.

As accounting packages continue to become more sophisticated, the need for basic bookkeeping services will reduce, as will the requirement for accountants to make complex post-year-end adjustments. Roles will become more IT-based, with a growth in software development and support services. Clients may upload their own receipts and invoices and the bookkeeper/accounting professional will be responsible for training on using software, as well as identifying and analysing issues. Bookkeepers and accountants will also be more consultative dealing in live data and informing and enabling decision-making. They will be much more of a business partner and identify trends and areas for growth.

Accountants and bookkeepers are already recognising that change is on the way. Many have already moved from their old reactive model of working. The building of automation and artificial intelligence into cloud based packages will take care of most of the mundane and at the same time harness the power of big data to spot trends, errors and empower finance professionals to advise their clients and employers in real time.

Skill sets will change accordingly. Accountants and bookkeepers will need to understand and analyse data and think more strategically about how they can enable decisions. This is an exciting time for our industry as finance professionals can recognise how much value they can add to the information that technology will provide.

83% think the skillset of new recruits in the profession will need to change

“Our clients need better data and better analysis in order to make better decisions and create better results. This leads to better businesses and a better life, all of which adds up to a better world.”

Steve Pipe

Advisor to accountancy profession