

Recent Trends in Accounting and its Impact

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Abstract

Over the years there have been a number of changes in the way accounting is carried out. Many accounting and bookkeeping firms are embracing the trends in accounting in order to reshape their business and simplify their work to a great extent. There's a lot of change on the horizon for accountants. Accounting hasn't changed much since the beginning of time. Expenses are still expenses and income is still income. But just because accounting is an art and science that has been established. Some companies making their updation on accounting trends, leveraging today's technology to provide superior accounting services, and delivering greater value to their clients. The rush of technology advances will certainly impact the industry. Change is the new constant, and the dynamic global business environment is flooded with numerous trends that seem to be taking companies to unprecedented new heights! The proliferation of technology has led to rapid innovations, causing interesting movements that shape organizational development in different ways. Accounting as a specialized business arena is one such zone that is going through some enormous changes due to the advent of digitalization. Accounting techniques form the foundation of a successful enterprise, and if you move with the correct practices, company is sure to remain miles ahead of the competition.

RECENT TRENDS IN ACCOUNTING AND ITS IMPACT

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1. Cloud Accounting

Most businesses depend on cloud for various operations from data storage to connectivity and reducing business costs. An emerging accounting trend, the Cloud today is being increasingly used to work and enable easy access to world-class infrastructure without the need to spend huge amounts of money on it. Cloud accounting also paves the way for improved collaboration with team members and a better overview of the business' finances.

The cloud computing trend that has grown increasingly popular in other areas of business is making its way into the realm of accounting. All financial information is updated as soon as changes occur and can be monitored and managed from a user-friendly administrator dashboard. Automation handles tasks that previously took time away from more important duties. Cloud Accounting requires a software that runs on servers and connectivity to the internet. The advantages of cloud accounting include -

- Enables use of cloud-based software from any device using any internet

connection.

- Cloud accounting allows small business owners to stay connected with accountant as well as data.
- Cloud software can be integrated with a wide number of add-ons.
- It removes the necessity to run applications over a desktop.
- Using cloud is a secure way to protect a business' intellectual property in case of loss of physical assets such as laptops (unless the login credentials to the online account are available).

2. Automation

Automation of accounting is a trend that can save businesses a great amount of time when it comes to accounting. It is slowly eliminating the need for manual data entry and saving businesses a great amount of production hours. Automation in accounting is intended to reduce the burden of manual bookkeeping and accounting, and use that time to deal with actual real time accounting issues. Although automation and accounting software may seem like a threat for accountants, they aren't going to replace accountants in the near future. Automating accounting is extremely beneficial for entrepreneurs and small business owners.

In addition to automation in accounting, automating their marketing solutions is also trending today. The tools available make it easier to take advantage of existing client information in a cost-effective way, to benefit both the accounting firms as well as their customers. From sending newsletters with marketing content to videos, articles, and much more, everything is automated. Apart from simplifying the work process, automating marketing also provides for increased business and referrals, and decreases loss of valuable time.

3. Social Media Strategy

Social media is a great opportunity for accountants to engage with new clients, reconnect with colleagues, learn about new topics, and establish reputations as subject matter experts. social media companies such as Facebook, LinkedIn, and Twitter have achieved multibillion-dollar valuations, gauging social media's return on investment remains difficult for businesses and individuals. Of particular importance for accounting professionals, many entering the workforce are immersed in technology, including social media. Organizations and professionals who do not participate in social media communication risk missing out on business and development opportunities. If an individual is not active or at least present on social media, he or she might have difficulty establishing business relationships.

Most businesses use social media to create a presence for their business online, and reach a wider audience. Using social media strategy for accounting is also gaining popularity as business owners are becoming more active on social media. This trend in accounting is not just beneficial for accounting firms but also for the clients who are able to gather information themselves, which provides clarity when it comes to choosing the services provided by an accounting firm. There are many benefits of using social media for accounting, they include -

- No cost on usage
- Communicating with millions of people
- Increased business exposure and visibility

- Increased website traffic
- Providing insight in areas of accounting expertise

4. Collaborative Accounting

Accounting is not just seeing trends in software and automation, but also in terms of collaborating with their clients. Collaborative accounting may not be a new term at all, although a new breed in collaborative accounting involves using the internet and trending technology to work together in real-time regardless of their location.

Many companies are promoting collaborative accounting to facilitate a tighter relationship. Collaborative accounting enables accounting professionals and clients to work collaboratively on the same data at the same time from anywhere in the world - all enabled by cloud computing.

A properly done collaborative accounting offering should provide:

- High client value
- High profitability
- Balanced work load over most of the calendar year
- Repeatable monthly revenue that can be performed by non-certified staff
- Increased client retention
- Increased value of your firm
- Less tax deadline based work
- Easier business tax return preparation
- Increased client consulting engagements
- More flexibility to you as a firm owner/partner

Collaborative accounting is the future of accounting. It doesn't necessarily occur only between clients and CPAs, it applies to a plethora of services available today. A sale could be made by a sales person sitting at a different location using a mobile device or tablet and issues related to the same could be resolved by a manager at a different location. All that needs to be incorporated is the technology required, tools, and portals in order to carry out smooth flow information between the collaborators.

5. Outsourcing

One of the biggest trends in accounting is outsourcing finance and accounting services. Outsourcing accounting most importantly enables businesses focus on their primary business rather than building an accounting department. Outsourcing accounting services can help businesses cut down costs, and also reduce risk of fraud and provide access to the services of dedicated professionals in the field. Read further to learn more about the advantages of outsourcing accounting services -

- Access to a team of experts in accounting
- Collaborative accounting has a number of benefits
- Scalability of business
- Access to top systems
- Enough time to focus on growth and expansion of business
- Keeping an eye on your cash flow
- Complete control over business accounts.

IMPACTS OF RECENT ACCOUNTING TRENDS

The world of accounting and business finance is changing rapidly in response to technology. Streamlined processes and digital accounting solutions have moved today's businesses far beyond the realms of manual ledgers and reporting. In its place are far more efficient, productive way of doing business. Some broad technology trends like cloud computing, wearable technology are impacting all businesses. But what will impact CPA firms and accounting professionals? Here are the impacts.

A drive to connect customers

The world is a connected economy. Value is being created by building relationships and creating connections, whether it's businesses connecting clients to content or to services. Customers are now looking for enhanced business relationships. The accounting companies that provide this will see the most success. Business and accounting firms that have expanded beyond just delivering financial statements and records and are connecting their customers with ways to plan for their financial success, will be the ones that thrives.

Making the most of the millennial customer

Millennial customers are empowered by authentic content and meaningful relationships with their brands and service providers.

Embracing on-demand business models

One of the biggest business trends is the rise of mobile business devices and apps. Opening up a web page is unnecessary when customers can connect instantly via apps. More and more customers are favoring financial apps over websites. Firm-branded apps align clients more closely with the business offering them.

Mobile devices also allow businesses to provide their clients with real-time information immediately, whether they are in the office or on the road. Forward-thinking companies are giving their employees mobile devices to work outside the office and even in their clients' premises.

Leveraging the latest technology

Technology is changing the face of business. Companies are using new online payment options like Square, Bitcoin, and Apple/Google payment options that all have an edge over their competitors. Cloud-based accounting technology gives accountants access to real-time data and financial information anywhere and anytime. Enterprise Resource Planning (ERP) systems make data and business information available through a central database, giving finance teams the full picture of how their business is performing at any given moment. Financial functions like bookkeeping, payroll, billing, and reporting can all be performed on a secure website. All a financial professional or business owner has to do is login to access all of their digital accounting records – which has huge cost and time-saving advantages.

CONCLUSION

Information technology has had a significant impact on accounting. It has enabled businesses to develop and use computerized systems to store and record financial transactions. With the advancements in technology and high demand for accountants, technology has become a highly marketable vocation. Accountants can't be replaced by computers. Of course, accounting software isn't new to the accounting profession, and in fact, it has become very useful for many accountants. But these technologies will just serve to enhance the job rather than take over.

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