

ACCOUNTING 2020



BREXIT. REAL-TIME
ADVICE. INSTANTANEOUS
SETTLEMENTS. A TOUGH JOBS
MARKET. THE NEED TO SHOW
YOUR PERSONALITY, BUT
THE CHANCE TO BE CLOSE TO
THE COMMERCIAL ACTION.
LIFE WILL BE EXCITING FOR
THE ACCOUNTANT IN 2020.
HERE ARE SIX VISIONS OF OUR
PROFESSION'S FUTURE

WORDS
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PHOTOGRAPHY
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or thousands of years, accounting has remained largely unchanged – or at least the rate of change has been so slow as to be barely noticeable. The earliest evidence of accounting dates back more than 7,000 years, while double-entry bookkeeping was invented in Europe in the 1300s. Although various tax laws and standards came into force afterwards, the profession saw very little change.

In the late 1970s, however, the rate of innovation started to pick up considerably. Computerised spreadsheets cut down the time taken to create accounting records from weeks to days, and the internet sped up the process of sharing documents.

Since 2000, the rate of technological innovation has gathered even more pace, and it's pulling accountancy along with it. Cloud technology, which makes vast data-crunching systems and capability available to any business or accountant, has changed the rules for the profession.

This is both exciting and terrifying for accountants. Everything about the profession is in transition, from the way firms present themselves (analysing numbers, as opposed to processing them) to the fundamentals of the work itself.

To construct a more detailed picture of the changes taking place and the effect that they're having on accountants, we spoke to a cross-section of professionals – all of different backgrounds, seniority and levels of experience – about how they see the future of the profession.



THE PRACTICE MANAGER

Rob Fiford
Associate director
DJCA

Ten years ago, when Rob Fiford started out in accounting, he was preparing accounts for seven or eight months down the line. Today, everything is done almost minute by minute. "The value-add now comes from sharp management reporting and real-time data, which is helping clients make big decisions," he says.

Fiford has switched from audits to offering tax advice to small businesses. He is now associate director at DJCA, a largely technology-driven practice. Compliance is still important, but it has become secondary to offering what clients really want: real-time advice. "The cloud means multiple users, and, as accountants, we can log in at any time, check out a transaction and give immediate advice," he explains.

But with this service comes a PR problem, says Fiford. There is a risk that, due to the nature of cloud software, accounting will lose its value in the eyes of clients. The sector has to communicate the value of human intervention, he says. "I hope clients don't think it is just a matter of clicking a button to do a set of accounts, because it certainly isn't."

Still, accountancy must move with the times if it wants to stay relevant to modern clients. There will be pain in the short term, but it will be worth it in the long run, Fiford believes, adding: "It makes the job more exciting."

"WE'LL BECOME REAL-TIME SERVICE PROVIDERS"

Rob Fiford's practice lives, breathes and eats the cloud

HEADS IN THE CLOUD

More than four in five UK businesses use cloud software

Adoption of cloud software in the UK has grown by 75% since 2010

UK business adoption of cloud accounting software is set to grow by 16% in 2016

70% of UK cloud-software users plan to increase its use across the business

Percentage of US accountants that have adopted cloud software:



Percentage of UK companies that use cloud software:



SOURCE: CLOUD INDUSTRY FORUM

"BREXIT WILL BE A CHALLENGE, ESPECIALLY FOR SMES"

THE FD

Jo Wilkinson
Finance director
North Bar

Jo Wilkinson has had to learn to love beer. As finance director of hip craft brewery North Bar, she lives the lifestyle, as well as steering the ship.

She started her career working in practice, having completed the AAT qualifications and a degree in psychology before becoming chartered. In the six years since she started her career in accounting, she has seen paper all but disappear from the finance department.

Technology has pulled accounting into the here and now, Wilkinson says. She is always up to date with the company's performance, because accountancy is now a real-time profession. "It's a massive benefit. Everything has sped up," she notes.

Regulation has accelerated almost as quickly as technology. This is stifling the ability of small businesses to thrive in an already challenging economic climate, says Wilkinson. "Things like the national living wage and auto-enrolment are squeezing margins even further for small companies, and that is set to continue all the way up to 2019-20. That'll be a big challenge."

Brexit is a huge, unknown entity. "I think it is going to be very difficult for people to advise on things when we are in such an uncertain time," Wilkinson says. "We've got 'heads of Brexit' setting up in the major companies, but it will be a challenge for the smaller firms to offer something similar. Making sure someone in the firm is up to date with the situation with Europe is going to be helpful, but that could change from one day to the next depending on what's in the news."

THE TEAM PLAYER

Eliar Robinson-Jamalfar
Assistant accountant
Discovery Networks International

The stereotype of the humourless, stuffy accountant is fading away. As accountants take a bigger advisory role in both industry and practice, their real personalities are coming to the fore. At least, that's the experience of assistant accountant Eliar Robinson-Jamalfar.

"When I first started, there wasn't much personality in the industry, but things have changed since five years ago. It is no longer about boring, suited and booted accountants – it's now a lot more relaxed and creative," he says.

Robinson-Jamalfar expects that technology will force accountants to adopt new skills. His workplace is striving to become completely paperless, and reconciliation is now automated, removing human error and speeding up the process considerably.

"Technology will take over all the manual work and free up accountants to do work that cannot be automated, which will add more value and allow more time to be spent on the core business, instead of data entry."

"ACCOUNTANTS WILL START TO SHOW THEIR PERSONALITY"



"ACCOUNTANTS WILL BE MUCH CLOSER TO THE ACTION"

THE TEAM LEADER

Rhiannon Bryant
Senior manager
Discovery Networks International

Rhiannon Bryant is seriously knowledgeable when it comes to finance. She is AAT- and CIMA-qualified, which gives her impressive technical knowledge of the inner workings of business. With accountants increasingly being invited to the decision-maker's table, this knowledge puts her much closer to the action when tough decisions have to be made – and she believes that other accountants will follow in her footsteps.

"We are involved in projects from inception, rather than just being bolted on at the end, and that's made it a much more interesting landscape to work in," she says. "You can plan with the best interests of the company at heart."

The benefits of this approach cascade down to junior colleagues, and, as a result, the whole profession stands to gain. "There's always pressure to do more with less, and that drives out the less valuable processes. Then you can pass down development opportunities to the people below, so they can work on more interesting tasks."

Bryant relishes the challenge that all this presents: "I say to my team: 'You will always get the best results from the things that make you feel the most uncomfortable.' It is never good for everything to be easy all the time. In any walk of life, you have to not be scared to take risks and push yourself, and it is that challenge that gets me out of bed in the morning."

Eliar Robinson-Jamalfar and Rhiannon Bryant think accountants will soon bid farewell to monotonous tasks

SOURCE: ROBERT HALF

THE HUNT FOR TALENT

Finding skilled professionals is a challenge in the current market, say 92% of chief financial officers. The professionals most wanted by employers are:

CFOs and FDs with strategic and commercial skill sets

Financial controllers and business partners

Qualified and part-qualified management accountants

Credit controller/purchase ledger and payroll clerks



Patrick Spens says blockchain technology offers exciting possibilities – but there are barriers to widespread business take-up

THE PARTNER

Patrick Spens
Transformation and assurance director
PwC

Patrick Spens is an expert in a kind of technology that could be another game changer for accountancy: blockchain.

Already used to underpin the Bitcoin digital currency, blockchain technology means that businesses will soon be able to complete transactions instantaneously. “You don’t need any reconciliation,” says Spens. “So there is no need for a work order, purchase order, invoice, receipt, confirmation, or anything like that.”

Instantaneous settlements require mutual trust to work properly, so there is an emphasis on identification and authentication of the entity you are trading with.

“In theory, in a world with instant settlement between two parties, you could send permission to your accountant to have visibility over that transaction in real time,” Spens says.

The prospect of instantaneous accounting advice is certainly exciting, but Spens warns that costs may slow adoption of blockchain technology.

“You will have invested millions of pounds in your legacy systems over the years, and you will have experts in your IT department who know how it works. You will have a close relationship with your supplier,” Spens says. “The question for the boards of companies is: am I going to throw away all of that knowledge and go all in with a new technology?”

As a result, businesses are likely to hold back until blockchain technology is more widely adopted, or trial it in one section of the business.

“Businesses could start replacing [their legacy system] with blockchain once they have become comfortable with how it works,” says Spens. You have been warned.

“BLOCKCHAIN COULD BE A GAME CHANGER”

THE TRAINEE

Fozia Khan
Trainee accountant
Safeguard Europe

Fozia Khan has almost finished her AAT studies. She’s excited about becoming qualified, and is looking to climb the career ladder.

She is currently working as a trainee accountant at Safeguard Europe. “I got my first junior accounts role up in Leeds without much experience, but now, down here in the south-east, it is much tougher to find a job,” she says.

There are several factors affecting the jobs market. One is the uncertainty created as a result of the recent EU referendum, which has led to some businesses putting a freeze on recruitment until the prospects for the economy become clearer.

According to recruitment company Hays, there has also been an increase in the number of qualified accountants in 2015-16, which has led to an increase in competition for jobs.

Khan is not giving up in the face of tough competition, however. She has a strong idea of where she wants to go, and is looking to become a CIMA-qualified management accountant.

“I want to influence management decisions and maybe even run my own business one day,” she says. “One of the best decisions I made was to study the AAT qualification, and I know it will help me to get into the right position to push my career forward.”

YOU'RE WORTH IT

SALARIES IN INDUSTRY:

Finance director:
£63,250
to
£130,250

Finance manager
(including senior
finance manager):
£40,500
to
£64,750

Accounts assistant:
£18,250
to
£33,250

SALARIES IN PRACTICE:

Partner:
£100,000
to
£446,000

Director:
£61,500
to
£181,250

Manager:
£32,750
to
£66,250

Supervisor:
£26,500
to
£38,250

Trainee:
£17,750
to
£26,750

SOURCE: ROBERT HALF



“COMPETITION FOR THE BEST ROLES WILL INTENSIFY”