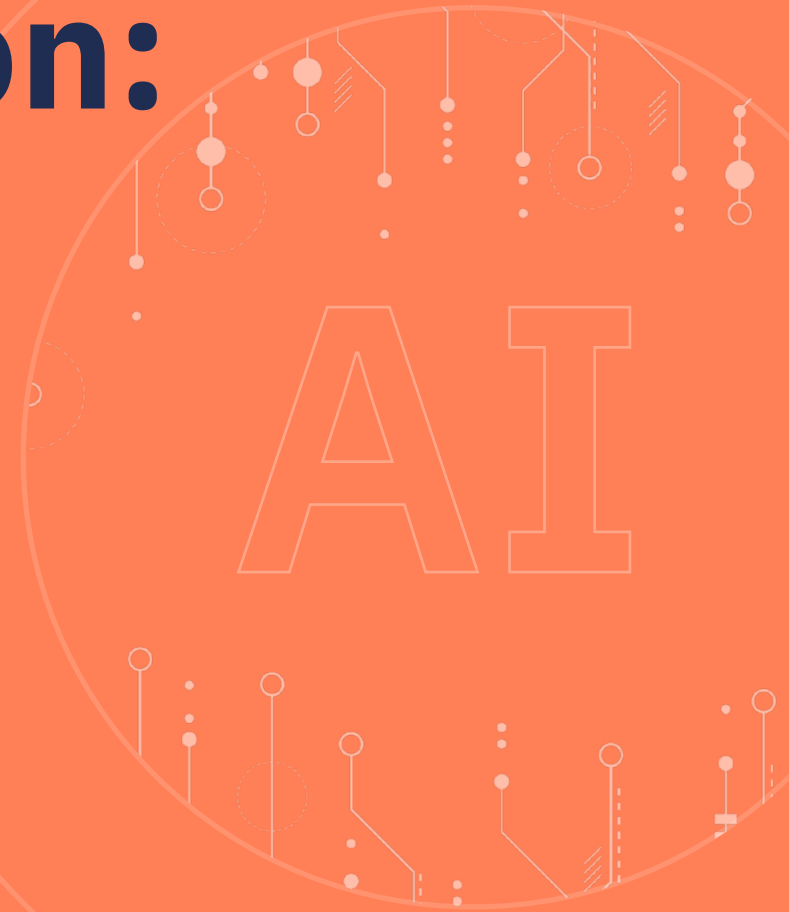


# State of the nation: AI in accountancy and bookkeeping

accountingWEB In association with Sage



# AccountingWEB AI state of the nation research, in association with Sage

Artificial intelligence (AI) has been the hot topic around the world over the past few years and the accounting and finance profession has seen a huge range of tools and services launched that promise to transform almost every aspect of how practices work.

Professional scepticism is a core foundation of many aspects of accountancy, so, understandably, many accountants and bookkeepers have been wary of some of the more outlandish claims made by tech evangelists and less than impressed by claims that AI could replace people in some areas of accountancy.

But while scepticism is valued, the profession has always embraced technology, from the introduction of computers and spreadsheets to the adoption of

cloud accounting. And it's fair to say that in the past 12 months, there has been an increase in product releases that actually live up to their promises and are set to improve the core accounting and bookkeeping processes.

Against this background of unprecedented advances in AI, AccountingWEB has partnered with Sage to conduct a state of the nation research project into how accountants, bookkeepers and finance professionals view AI, and the extent to which it is being adopted within their practice workflows. Over the past few months of 2025, we surveyed over 600 AccountingWEB members in practice and business to understand what the views of our members were and to what extent they were finding benefits in AI technology within their practices.

This report shows that while there are still valid concerns and obstacles to overcome before the technology is adopted across the profession, AI is generally seen in a positive light by the respondents, and we have pulled together insights from experts in the field to give guidance and inspiration on how to make the most of this potentially transformative technological evolution.



**Jake Smith,**  
**head of branded content,**  
**AccountingWEB**

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01

# Data dive: Accounting and AI

# AI in 2026: The accounting state of the nation

ARTICLE  
01



**How much has the advent of AI affected how accountants complete their day-to-day work? And how do they feel about the onrushing approach of AI in accounting?**

**Tom Herbert, technology editor, AccountingWEB**

Whether you've welcomed the rise of the machines with open arms, unplugged the wi-fi and barricaded the door to prevent it from reaching your office, or somewhere in between, it's undeniable that artificial intelligence (AI) has arrived in the accountancy mainstream.

But for all the talk of AI driving a wholesale reinvention of accounting, as we enter 2026, the evidence on the ground doesn't support this. Instead of a single "big bang" moment, we have thousands of micro experiments in firms across the country to discover what this new technology is (and is not) capable of as it moves inexorably onwards.

Our research has found that while AI in accounting is no longer a novelty, it's not yet a trusted colleague either. For now, the best way to describe it could be as a keen but scattershot junior that needs constant supervision: handy for speeding up drafts and research, useful for structured extraction, coding and pattern-spotting, but not reliable enough to make the big decisions in a profession where mistakes can have very real consequences.

This hesitance matters because when it comes to AI in accounting, right now is as much about perception and confidence as it is about features.

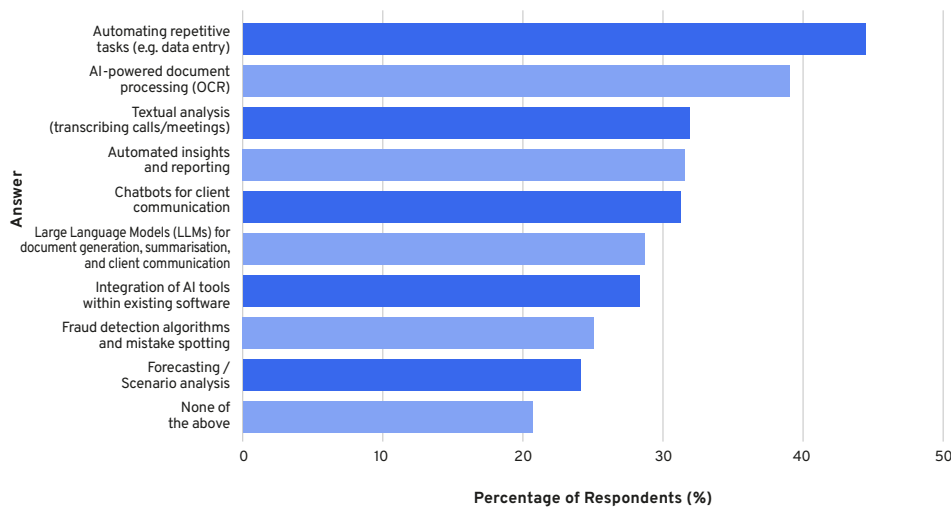
In the three years since ChatGPT brought AI to the attention of the profession (and pretty much everyone else), a lot has changed. Back in 2023, AI was [failing accounting exams](#) and flunking basic tax questions. Fast-forward to 2025, vendors are now pitching "[agentic AI](#) accounting platforms", where multiple AI functions are stitched together in one workflow to complete entire tasks or processes.

But has all this resulted in a change to how accountants complete their day-to-day work? And how do they feel about the onrushing approach of AI in accounting?

### What accountants are using AI for today

Unsurprisingly, when asked how their organisations use AI, the classic “nudge the efficiency dial” applications around automation and document processing came out on top for accountants.

#### Q8. Are you aware of the use or adoption within your firm of any of these technologies or tools?

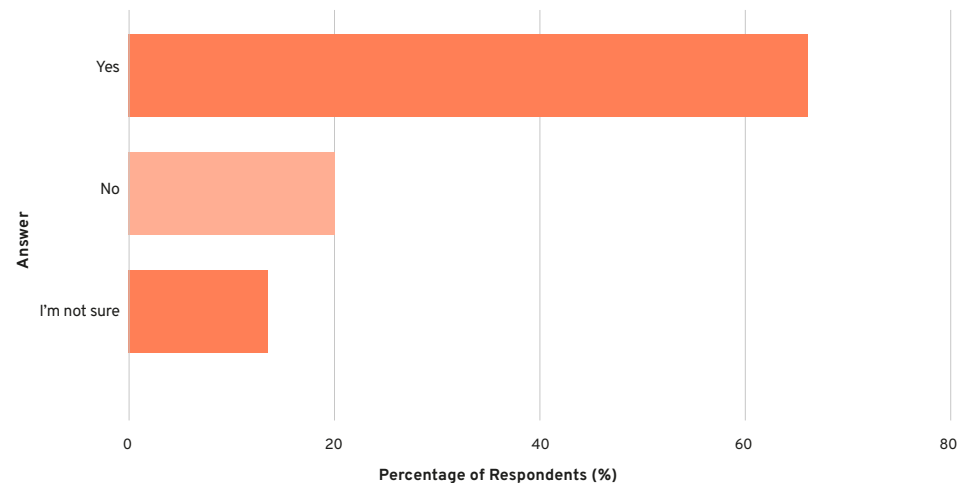


Almost half of respondents (45%) cited AI or machine learning for automating repetitive tasks such as invoice processing or bank reconciliation, while 39% reported adoption of AI-powered document processing capabilities, with optical character recognition (OCR) systems extracting data from documents, categorising it and potentially sluicing the information into accounting software.

These are the kind of systems that don't change service lines overnight, but if executed correctly, can shave minutes off hundreds of small actions and drive productivity and profitability. However, they've also been available for many years as the previous “next big thing”, machine learning. When the latest wave of AI hit the headlines, many of these functions were rebadged and rolled back out as an easy way to stay relevant amid the hype.

In a profession that traditionally struggles to trust new tools and vendors, one of the best ways to drive adoption of new technology is to bring it to accountants, rather than expecting them to seek it out. Our survey found that two-thirds (66%) of respondents believe their core accounting software already incorporates AI, with a further 14% unsure.

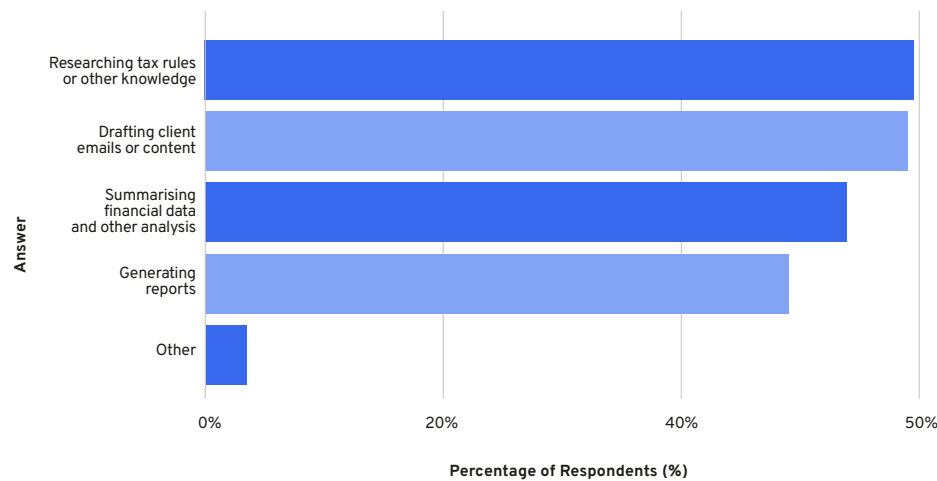
#### Q7. Do you believe the core accounting software you use already incorporates AI and related technologies?



Away from core accounting systems, a majority of respondents (**71%**) told us they use external AI tools such as ChatGPT, Google Gemini or Microsoft Copilot.

These tools in particular seem to have driven innovation, with the strongest signal coming from our research finding that most everyday AI experimentation in accounting remains text-led. Top use cases for accountants include transcribing calls or meetings to generate minutes or actions, drafting client emails or researching tax rules.

**Q9a: If you or your team DO USE external AI tools not embedded in your primary accounting software, for what tasks?**



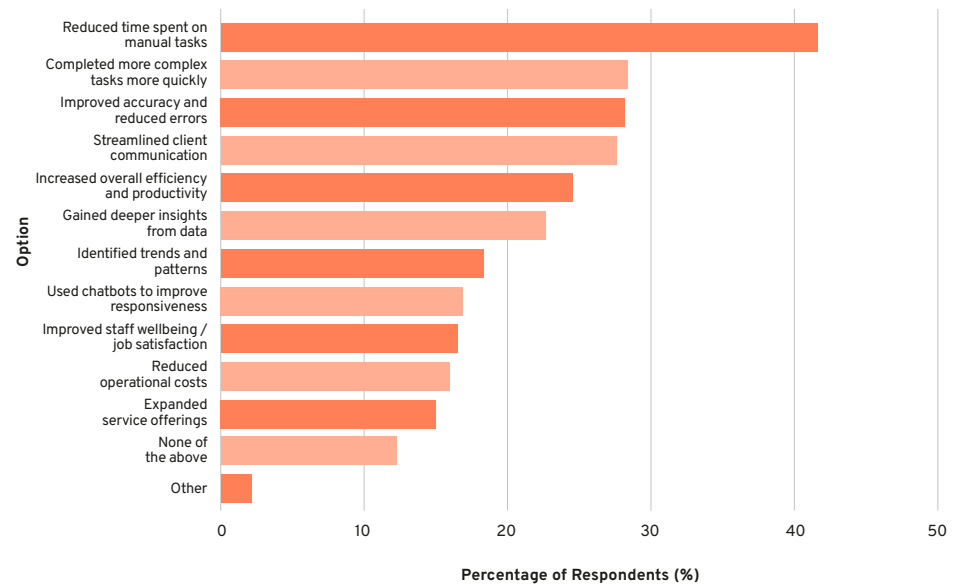
In other words, accountants are treating AI like a high-powered first-draft machine: it gives them a starting point, filling blank pages, polishing wording and potentially speeding up client or project work.

**Modest wins, not transformation**

While the majority of accountants are using a mixture of AI tools via core accounting or external software, reviews of its performance are mixed. Of our respondents, just over half (**53%**) report either minimal or moderate benefits, while **7%** report a “transformational impact”.

When accountants do see potential value in AI, it’s in time and efficiency savings. A standout **42%** state that AI has reduced time spent on manual tasks, with **28%** stating they can complete more complex tasks more quickly and improve accuracy.

**Q11: Areas of benefit: In which ways has AI improved your day-to-day work?**



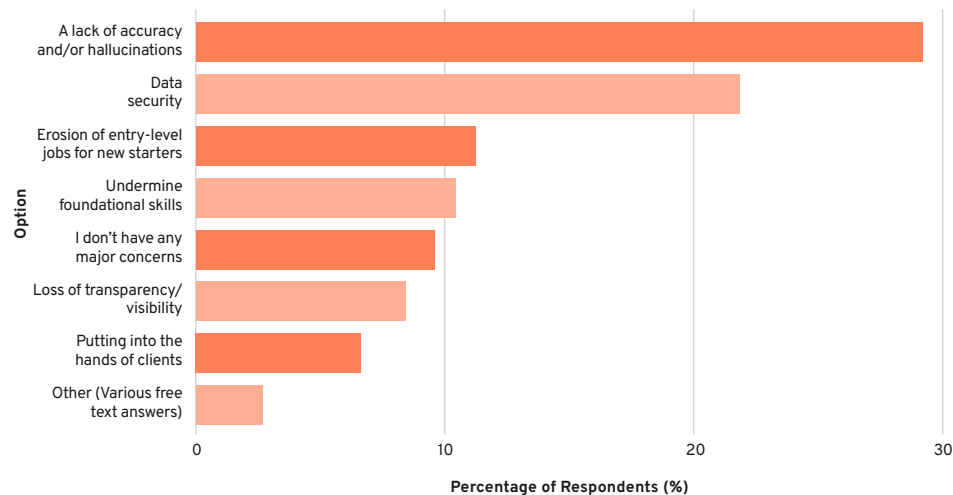
The contrary view is impossible to ignore, because accountants volunteered it repeatedly in the survey’s free text sections: some feel AI features create extra checking and correction work, or get in the way when they’re forcibly switched on inside products, with no off switch.

This is the under-discussed cost of the current phase of AI in accounting: while productivity gains are real, so is the drag of verification. AI may well be transforming accountancy, but could technology inadvertently be changing the role of an accountant into a glorified fact-checker? We’ll likely know more as 2026 unfolds.

### Adoption challenges: Trust, skills and the integration problem

When asked about their biggest concern regarding AI in accounting, a lack of accuracy or outright hallucinations ranked highest among professionals.

#### Q13: What is your biggest concern about the rise of AI?



*When it comes to widespread AI adoption, skills, training and readiness also remain major constraints.*



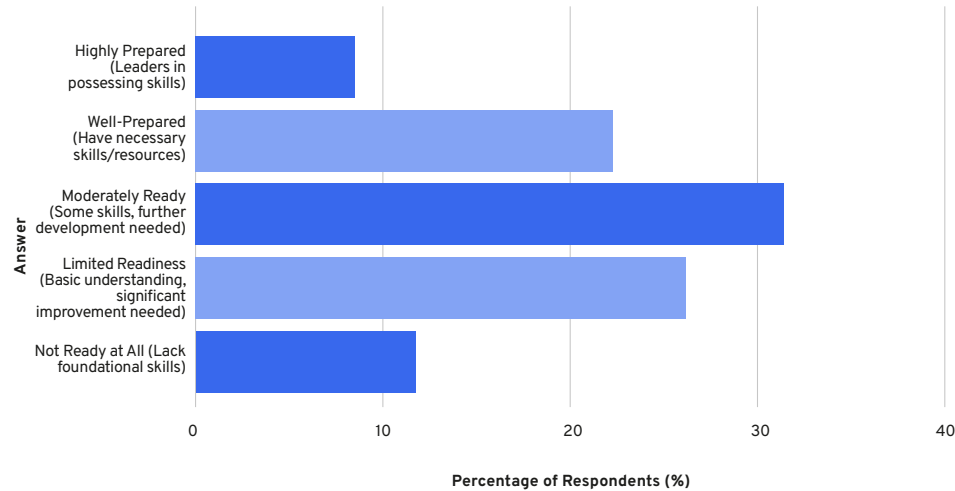
This isn’t Luddism; it’s risk management. Accountants are trained to be the person who doesn’t go with the first plausible answer, but instead displays professional scepticism in the face of an answer that’s easy or too good to be true.

Accountants also expressed concerns over data security, worrying that firm or client information could end up leaking into the public domain or being used as training data for large language models via staff error or broken vendor promises. Either way, in a profession where reputation counts, such a leak could be disastrous.

On a more existential level, **11%** of accounting professionals also worried about the undermining of foundational skills. Given the black-box nature of some of the newer AI systems, it’s also mildly surprising that just **8%** of respondents flagged a loss of transparency as a concern.

When it comes to widespread AI adoption, skills, training and readiness also remain major constraints.

**Q12: To what extent do you feel your practice has the right skills to successfully adopt and use AI?**



More than a third of respondents (**38%**) flagged “limited readiness” or said they were “not ready at all” for AI, with a further **31%** stating they were “moderately ready” with further development needed. At the other end of the spectrum, **8%** feel “highly prepared” to adopt and use AI successfully, while **22%** are “well prepared”.

This patchy preparation reflects a profession that is often slow to react to new tech developments, where practitioners are often left to seek out materials from outside the accountancy sphere. Programmes are now beginning to drip out, but it may take some time to fully integrate AI into accounting’s professional development.



*The future is likely somewhere in between general large language models and accounting-specific apps.*



Vendors can ship all the AI features they want, but firms still have to build capability, and that takes time that most practices don’t have.

Then there’s the integration gap. The much-hyped concept of AI agents, systems that don’t just perform single tasks, but execute complex workflows across different functions and packages, hasn’t properly come to fruition because vendors haven’t built them to orchestrate smoothly with other products – a throwback to previous eras of accounting technology when systems didn’t want to talk to each other.

**The AI tools of the future: Embedded, specialised, boring**

The future is likely somewhere in between general large language models and accounting-specific apps, with the specialist front-end providing reassurance on security and relevance while still leaning on the capability of more generalised models.

There is also a growing ecosystem of niche AI-powered tools in areas such as tax research and audit/document interrogation tools that can pull key terms out of leases and loan agreements.

But the next big step probably isn't a flashier chatbot with more bells and whistles; it's governance and operating discipline. Accountants say the most important practical steps to fully leverage AI include guidance from professional bodies/regulators on ethical and secure use (such as those recently [released by the PCRT](#)), dedicated, firm-specific training, integration into existing software, and clear policies on security and privacy.

In many professions, an AI-powered future may be just around the corner, but for accountancy, there is still work to do. Early large language models struggled with arithmetic reliability, which is why modern accounting AI typically combines language models with calculation engines and structured data. The near-term impact may be felt more on the administrative side than on heavy number-crunching.

The direction of travel is clear, but the landing looks messy, and it may take years, perhaps decades, before AI breaks into accountancy's inner sanctum. The firms that get ahead won't be the ones making the loudest noise about their AI capabilities; they'll be the ones that make it quietly safe, repeatable and, frankly, boring.



*The direction of travel is clear, but the landing looks messy, and it may take years, perhaps decades, before AI breaks into accountancy's inner sanctum.*



# The AI Imperative: Why 2026 is the year for UK practices to modernise

ARTICLE

02



**2026 is the year to review your artificial intelligence tech stack, set your controls and secure the necessary training and education you need to survive and thrive.**

*Chris Downing, director for accountants and bookkeepers, Sage*

For the UK accounting profession, 2026 is shaping up to be one of the most demanding years in recent memory. It is not only about dealing with the introduction of Making Tax Digital for Income Tax, beginning in April 2026 for those with income over £50,000, followed by further cohorts in April 2027 and April 2028 continuing to deliver self assessment in parallel, and adapting to the withdrawal of the P11D through the payrolling of benefits in kind.

# 27%

of respondents would describe themselves as very confident in their firm's awareness of the capabilities and limitations of AI

The question every practice, regardless of size, must ask is: "How can we keep on top of this monumental workload while safeguarding the personal and professional wellbeing of our staff?"

My firm belief is that 2026 is the year to sort out your artificial intelligence (AI) tech stack, set your controls and secure the necessary training and education to survive and thrive.

## The misconception of AI

For too long, the term AI has been generic, overused in marketing and frankly, confusing. Accountants and bookkeepers are now ready to move past the hype and see how this technology can be implemented to improve their workflows. They are looking for hands-on, practical and repeatable examples of the advantages it can bring to their businesses and their clients.

Our research for this report showed that only **27%** of respondents would describe themselves as very confident in their firm's awareness of the capabilities and limitations of AI. In Sage's previous ["Going for growth" AI research](#) in 2024, we found that only **16%** of practices felt well prepared to meet the AI skills demand, so it's pleasing to see that (Q12) showed this number had risen to **31%**.

When it comes to adopting AI tools, a third (**34%**) did not believe their current core accounting software incorporated AI, and **29%** of survey respondents said that their team were not using AI tools not already embedded in their primary software.

It's understandable why some professionals are hesitant. Many people's early interactions with AI have been through general-purpose large language models (LLMs) like ChatGPT, Google Gemini and Claude. While these LLMs are powerful, they present a crucial challenge: you haven't shared your client data with them. The idea of entering sensitive financial information into a general LLM is, rightly, worrying.

The real power of AI is realised when it becomes almost **invisible**, an integral part of the workflows you use day in and day out. This means moving beyond generic tools and adopting purpose-built solutions, like the AI agents Sage is developing, that are embedded within trusted accounting ecosystems.

### A new model for practice efficiency

At Sage, we are fundamentally changing how we approach the delivery of technology for accountants and bookkeepers.

Our Sage for Accountants platform is a complementary, free-of-charge practice management solution, designed to help firms manage jobs, tasks and workflows.



*The real power of AI is realised when it becomes almost **invisible**, an integral part of the workflows you use day in and day out.*



The next big shift will be the adoption of AI agents, and we believe we are ideally positioned to be your trusted partner in this shift, giving you the tools to deliver real automation and efficiency gains.

This approach is particularly critical when you consider the makeup of the UK profession. Figures from the [Office for National Statistics show](#) that **80%** of accounting firms have fewer than five employees. These smaller practices often lack the time or resources to implement complex, disparate tools. Sage's AI agents are designed around the specific pressures of the UK market, with the initial focus being on the [critical workflow of MTD for Income Tax](#). This is just the first of a multitude of agents we plan to roll out, covering key areas like client onboarding, KYC/AML checks, and proposal generation.

### Overcoming friction: The open ecosystem advantage

The competitive landscape shows two key weaknesses that create friction for practices. Firstly, some providers adopt a "single ledger world" approach, essentially demanding that a practice uses only their specific ledger solution for all clients to benefit from their compliance or practice management tools. We don't believe this is the way forward. As an accountant, moving a client from QuickBooks to Xero to Sage, or vice versa, is an inefficient, time-consuming process that delivers no value.

Sage's approach is different: we don't mind what ledger your clients are using. Our practice management solution allows you to manage all your clients in one place, providing single-click access regardless of the underlying bookkeeping software. Furthermore, we don't believe in unnecessary bundling; you should be able to buy software as and when you need it.

Secondly, we've all seen the challenges some vendors have faced with AI.

Attempts to integrate general AI often produce impractical or unbelievable examples – the kind that leave accountants and bookkeepers scratching their heads. For AI adoption to succeed, it must be tangible, repeatable and directly address the challenges of compliance, payroll and insight generation.

### The human element: Expertise amplified

The rise of AI doesn't diminish the role of the accountant; it elevates it.

As I speak with accountants and bookkeepers across the UK, I hear a huge range of stories, both good and bad, from professionals getting to grips with the challenges and opportunities of AI. One accountant recently shared an example where a client came to them armed with a detailed tax query response generated by ChatGPT, confidently stating they could reduce their VAT bill in a certain way. The accountant, however, had to step in and explain that the AI had misinterpreted the VAT manuals and that the approach would not work for their specific situation.

This highlights an essential truth – **the expertise, experience, knowledge and wisdom of the accountant are now even more important than ever.**

Unlike previously, where it was highly unlikely a client would attempt to decipher

tax manuals, clients can now increasingly interact with complex tax and legal manuals via AI tools, sometimes receiving highly detailed but inaccurate advice. Accountants need to increase their own AI knowledge, but more critically, their highly trained skills are what validates (or corrects) the machine's output.

AI should not replace the accountant, but should be guided and validated by their expertise. Examples I've seen where accountancy firms are setting up their own AI agent to scrape HMRC manuals and flag legislative changes demonstrate how technology can free up human resources to focus on interpretation, advice and turning complex compliance into "human speak".

To support this necessary transition, Sage is committed to education.

Our forthcoming [AccountingWEB AI Labs with Sage](#), debuting at the FAB26 show and rolling out in roadshows across the UK from April 2026, will provide the hands-on learning and practical tips needed to give practices the confidence that they have a workable plan, no matter where they are on their technology journey.

The clock is ticking. 2026 is the year to integrate AI, streamline processes and prepare your practice to not just survive, but lead, in this rapidly evolving profession.



*AI should not replace the accountant, but should be guided and validated by their expertise.*



# Looking to the future with AI in accountancy

ARTICLE

03



**With the benefits and reality of AI just beginning to become apparent in the profession, our survey gives a clear picture of where we stand now and what is likely to follow.**

*Richard Sergeant, managing director, Principle Point*

Artificial intelligence (AI) has quickly become one of the most talked-about developments in the world of accountants and bookkeepers, but the reality of adoption and benefit is only now beginning to take shape. This AccountingWEB survey, in association with Sage, offers a grounded picture of where the profession stands today and where progress is most likely to come next.

It reflects the lived experiences, concerns and expectations of accountants already feeling the effects of AI tools in their daily work, and signposts where the future next steps are likely to happen.

# 71%

are already using external tools such as ChatGPT or Microsoft Copilot for work-related tasks

## A profession exploring, but with caution

Most firms see themselves as either **Strategic Adopters (45%)** or **Cautious Observers (32%)** when it comes to AI (Q6), a position that suggests measured optimism rather than resistance. Confidence levels broadly support this: **39%** describe themselves as “somewhat

confident” in understanding AI’s capabilities and limitations, while **27%** now feel “very confident” (Q4).

There is, however, real and active engagement. **Over two thirds** of respondents (**71%**) are already using external tools such as ChatGPT or Microsoft Copilot for work-related tasks (Q9), with the most common uses being **researching tax legislation (59%)**, **drafting emails (59%)**, followed by **summarising financial data (54%)**. The profession is clearly experimenting with tools that feel immediately useful, even if they exist outside traditional accounting platforms.

But experimentation is tempered by a degree of caution. **Data security (62%)** and **a lack of skilled personnel (48%)** top the list of implementation challenges (Q24). Furthermore, when asked for their single biggest concern, **a lack of accuracy and hallucinations** takes the lead at **29%** (Q13). The message here is unmistakable: accountants won’t fully commit to tools unless they can be trusted, embedded and demonstrate clear value.

### Where value is actually being realised

Despite the scepticism, AI is already delivering practical benefits to many firms. Over three-quarters of respondents (**80%**) report at least some positive impact (Q10). Efficiency wins dominate: reducing time spent on manual tasks is the most recognised benefit at **42%** (Q11), followed by quicker delivery of complex tasks at **28%** and better client communication at **25%**.

These improvements suggest that AI is quietly entering the compliance workflow, yet genuine transformation remains rare: only **7%** report a “transformational impact” (Q10). Currently, AI still feels like a helpful add-on rather than a fundamental change to the way work is performed.

This positioning extends to expectations of clients. The most common view is that clients “won’t care” how work is delivered as long as the results are right (**33%**, Q21), and a relatively small minority believe AI will be seen as a value-add that clients would pay more for. Efficiency, not differentiation, remains the central value story for the time being.

### Skills, systems and support – the adoption priorities

When asked whether their practices have the right skills to adopt AI successfully, **31%** felt well or highly prepared (Q12). Far more place themselves at the “moderately ready” or “limited readiness” stage. This reinforces a confidence gap more cultural than technical: accountants see where new tools may help, but aren’t sure how best to introduce and govern them.

The path forward is clearly signposted. The most important enablers include guidance from professional bodies on appropriate and secure use (**39%**, Q25), natural integration into core accounting software (**38%**, Q25), and dedicated training or CPD on the practical use of external AI tools (**37%**, Q25).

Together, these indicate a strong desire for structured support from trusted organisations, rather than technology alone. Accountants look first to regulators and firm leadership for direction, with vendors playing a critical role in helping people understand what “good” looks like (Q15).

### Where AI is expected to go next

There is broad clarity on the areas with the most potential. Automating aspects of bookkeeping and data entry is the standout opportunity, cited by **58%** of respondents, followed by anomaly spotting and fraud detection (**33%**) and improvements in financial forecasting and management reporting (Q23). Many of these are workflow headaches where accuracy and speed matter more than judgment, ideal territory for automation technologies.

Looking three to five years ahead, accountants expect AI adoption to translate directly into better financial performance: **59%** predict increased profitability and **54%** increased revenue (Q20). At the same time, **54%** expect staffing levels to remain largely unchanged (Q20). This reinforces the view that AI is more likely to enhance the productivity of existing teams than replace them.



*The most common view is that clients  
“won’t care” how work is delivered as long as  
the results are right.*



### The risks that hold firms back

While the optimism is real, the barriers remain substantial. Beyond data security, accountants are concerned about:

- **data security (62%, Q24)** – the single most cited obstacle
- **a lack of skilled personnel to manage these tools (48%, Q24)**
- a decline in foundational skills for junior staff **(10%, Q13)**.

Many firms see AI as potentially increasing work before it reduces it, particularly where outputs require careful review. As one respondent commented, tasks can actually take longer if AI's involvement introduces new errors to check.

Workflows must evolve before the profession can extract the full advantages. Without this shift, AI risks looking like extra complication, not simplification.



*Many firms see AI as potentially increasing work before it reduces it, particularly where outputs require careful review.*



### The big picture: The future is coming into focus

This survey reveals a profession that is perhaps still moving through the hype and is starting to work out what AI is really good for.

Accountants believe in the potential for AI to make their working lives more efficient, less repetitive and better supported by intelligent insights. But they equally believe the risks are too great to adopt without clear safeguards, proper training and closely integrated technology that respects the confidentiality and precision of the work.

The headline is therefore one of steady but deliberate progress.

AI adoption today is defined by experimentation, not revolution. The most significant gains are being seen in incremental improvements to workflows that have long been seen as a key area for automation – and arguably has been let down by pure cloud tools and APIs.

Looking ahead, the favourable direction of travel seems to be embedded AI inside core systems, supported by strong policies, new skills and guidance from the profession's trusted bodies.

Smart use of AI-enabled tools is likely to help position those that want to strengthen their service, their pricing flexibility and their capacity. However, the jury is still out on whether or not this will mean a reduction in the staff required to help deliver.

The evolution of the profession may be progressing cautiously right now, but it is undeniably underway.

# AI Adoption in Accountancy: A closer look at the data

ARTICLE

04



**Further investigation of the data from our survey revealed a profession that is cautiously embracing AI while demanding security, integration and clear guidance from their technology partners.**

*Richard Sergeant, managing director, Principle Point*

The rise of artificial intelligence (AI) has prompted much discussion across the accountancy profession. The insights from our survey provide a compelling, and often sceptical, view of current adoption, future expectations and key priorities. Three main hypotheses about the market were tested against this data, revealing a profession that is cautiously embracing AI while demanding security, integration and clear guidance from their technology partners.

**Hypothesis 1:** Most digital and cloud-enabled accounting firms are already benefiting from AI in some form, even if they are not fully aware of it.

**Hypothesis 2:** Accountants generally expect vendors to take the lead on both the practical application and demonstration of use cases for AI.

**Hypothesis 3:** Accountants will prefer to have AI embedded in their everyday tools, rather than learn and master external tools.

## Hypothesis 1: Firms are already experiencing AI benefits

The data supports the view that AI is no longer a purely theoretical concept, but for now at least, its impact remains modest. A healthy majority of firms, **80%**, report achieving at least a minimal benefit from their use of AI. This value is overwhelmingly felt in the most fundamental area: **reducing time spent on manual tasks, thereby freeing up staff for other work (42%)**. This clearly demonstrates that the immediate benefits of AI lie in enhancing efficiency at the transactional level.

However, the findings temper any claims of a widespread, transformative shift yet. **Nearly a fifth of firms (20%)** report achieving no impact whatsoever from AI use, while another **22%** see only a minimal impact. So, although many firms are using AI-enabled tools (**66% believing it is embedded** in their core software), there is plenty of value yet to be recognised.

# 20%

report achieving no impact  
whatsoever from AI use

### Hypothesis 2: Responsibility for AI guidance is shared

It was hypothesised that accountants would expect vendors to take the lead on demonstrating AI's best uses, but the data indicates a more nuanced, shared responsibility.

Respondents are looking primarily to **firm leadership (26%)** and their own **professional bodies (25%)** for identifying and demonstrating AI's best uses, with both groups closely aligned for the top spot. Software vendors come in at **14%**, tied with other **accountants/bookkeepers (14%)**.

However, this does not paint the whole picture. Vendors are tasked with providing the necessary practical support and insights that will drive adoption and value creation. The profession's top priorities for leveraging AI are practical steps that rely heavily on vendors, including the need for **natural integration of AI into existing software (38%)** and **support/training (32%)**. The message is clear: the profession sets the ethical and strategic direction, but vendors must deliver the secure, integrated tools – and show how they can be used to gain real, practical benefits.



*The profession sets the ethical and strategic direction, but vendors must deliver the secure, integrated tools – and show how they can be used to gain real, practical benefits.*



### Hypothesis 3: Embedded AI is the clear preference

The strongest finding in the survey is the decisive preference for embedded AI solutions over external tools (like ChatGPT, Google Gemini or Microsoft Copilot). While **over two thirds (71%)** currently use non-embedded tools for tasks like **researching tax rules (42%)**, this practice could be seen as high risk until dedicated products come into the market.

The demand for natural integration of AI into existing accounting software (**38%**) appears to be driven by security fears. This concern is now the dominant anticipated obstacle to future AI implementation, cited by **62%** of all respondents (far outweighing “unclear ROI” at **29%**). This anxiety is mirrored in current adoption barriers; for those not using external tools, **lack of perceived need (47%)** and **security/privacy concerns (47%)** are the primary barriers cited.

This suggests the profession requires a move towards secure, vendor-controlled solutions. The compelling evidence points to a preference for AI features seamlessly integrated, thereby minimising the risks associated with moving confidential data to unsecured, external platforms.

# 71%

currently use non-embedded tools for tasks like researching tax rules

# Why smaller firms could be winning the AI long game

ARTICLE

05



**Far from lagging behind their larger peers, small firms are agile enough to make the most of the AI revolution.**

*Richard Sergeant, managing director, Principle Point*

In the noisy debate about artificial intelligence (AI), size is often conflated with success. The assumption is that large firms have the budget, IT departments and data to leverage AI, while smaller firms are left somehow scrambling in their wake.

But a closer look at the data in this survey suggests this narrative is not quite right.

Of 275 micro and small firms (those with one to 10 employees), the picture is that they are not falling behind. Instead, they are adopting a fundamentally different and perhaps smarter strategy. While the giants of the industry chase revenue growth and transformational change, smaller practices are quietly using AI to secure what matters most: profitability, efficiency and the client relationship.

Far from being the laggards of the profession, the data suggests that small firms could be seen as the agile realists of the AI revolution.

## Profit over vanity

The most striking finding is that small firms are prioritising bottom-line health over top-line expansion.

When asked about their outlook for the next three to five years, small firms were notably more optimistic on profit than they were on revenue. While **40%** expect their revenue to increase, a slightly higher number (**44%**) expect their profitability to rise.

Together it reveals a clear strategic intent. For the small firm owner, AI is not a marketing gimmick to win more clients than they can handle. It is a tool to make their work pay better. The data backs this up: **64%** of small firms cite “increased efficiency” as their primary benefit, and **39%** are already reporting “reduced time on manual tasks”.

By using AI to strip out the low-value drudgery, small firms are building leaner, more robust businesses. They aren't trying to be the biggest; they are trying to be the most efficient.

### Hidden innovators

A remarkable **40%** of small and micro firms in our survey identified themselves as “strategic adopters” or “trailblazers”. That represents a significant tier of the market – agile, tech-savvy owners – who are punching well above their weight.

Unlike larger firms, which are often bogged down by committees and procurement cycles, these “quiet innovators” can move fast. They are able to be focused on where AI can help them immediately, with **62%** identifying bookkeeping as the number one area for potential automation. They aren’t trying to “boil the ocean” with complex, custom-built AI models but plugging in the tools that work, automating the basics, and moving on.

### The human premium

Perhaps the small firm’s greatest competitive advantage in an AI world is the one thing technology cannot replicate: genuine care.

Our data shows that **44%** of small firms firmly believe there are specific services AI should not deliver. This isn’t fear – it is a strategic ring-fencing of their unique selling point. Small firms know that their clients pay for judgment, empathy and a personal relationship – things that become *more* valuable, not less, as data processing becomes a commodity.

# 44%

of small firms firmly believe there are specific services AI should not deliver

By using AI to handle the hands-on work, small firms seem to be aiming to free up more time for the “head and heart” work. In a market where large competitors may be tempted to automate client interactions to cut costs, being small enough to care becomes a powerful differentiator.



*Unlike larger firms, which are often bogged down by committees and procurement cycles, small firms can move fast.*



# What are the AI no-go areas?

ARTICLE

06



**While the majority of respondents are embracing AI there are still areas where letting it loose was seen as a line not to be crossed – judgment, empathy and ethics.**

*Richard Sergeant, managing director, Principle Point*

Respondents to the survey drew a distinct line between **processing data** and **managing relationships**. They seemed happy for artificial intelligence (AI) to handle the “grunt work”, but they were fiercely protective of tasks requiring empathy, judgment or high-stakes responsibility.

While the data confirms that adoption is already the norm – **71%** of firms are using external AI tools and confidence is growing – a deeper look reveals a significant divergence in how firms believe these tools should be applied.

When we asked respondents if there were specific services that simply should not be delivered with the help of AI, the profession was almost perfectly divided. A slight majority (**55%**) of respondents indicated that all services are potentially suitable for AI intervention. For this group (often the “strategic adopters”), the technology is a tool that can be applied universally, provided the oversight is correct.

However, **45%** of respondents drew a firm line. While we could assume these are all sceptics, the reality is that they are more likely to be active adopters who have

simply identified specific boundaries where they believe the technology creates risk or dilutes value.

Analysis of their free-text responses identifies three distinct pillars where the human in the loop is seen as non-negotiable: judgment, empathy and ethics.

## The judgment threshold

The most frequent reservation concerns complex decision-making. While there is broad enthusiasm for automating data entry and reconciliation (**58%** said this was the top potential use case), respondents consistently flagged high-level audit and tax planning as areas requiring human cognition.

Respondents noted that “*audit tasks that require professional judgment*” and “*subjective tax matters*” rely on nuance that large language models (LLMs) currently lack. The sentiment here is that AI can process the what and the when, but is ill-equipped to determine the why. For these professionals, the risk of hallucination or lack of context in statutory work is a red line.

### The empathy requirement

The second theme is relational, underlining that the human touch is valued not just as a soft skill, but as an essential part of service.

Respondents specifically cited *face-to-face chats* and sensitive financial discussions such as *following up late payments*, as tasks that should remain human-led. The data suggests a fear that automating client communication (while efficient) risks commoditising the trusted relationship. For **45%** of the profession, efficiency at the cost of empathy is a bad trade.

### Ethical and moral reasoning

Finally, there is a strong protective instinct regarding ethics. Respondents cited “*human critical thinking*” and “*moral judgments*” as capabilities that algorithms cannot replicate. In a regulated profession built on trust, the idea of outsourcing ethical reasoning to a “black box” remains a significant barrier.

This 55/45 split challenges the assumption that the end goal of AI adoption is total automation. Instead, it suggests the profession is heading towards a hybrid model.

For the **55%**, the strategy is likely to be automate and supervise – using AI across the board with rigorous checking. For the **45%**, the strategy is automate and protect – using AI for the heavy lifting, but ring-fencing specific high-value tasks as exclusively human domains.

As we look towards 2026, the firms that succeed will likely be those that can articulate this distinction clearly to their clients, using AI to drive efficiency, while highlighting the judgment, empathy and ethics that remain the unique superpower of the accountant.



*The data suggests a fear that automating client communication (while efficient) risks commoditising the trusted relationship.*



# The brilliantly terrifying advance of AI

ARTICLE  
07



**The potential of AI is terrifying – but in a good way. That’s the response of mid-tier accounting firms as the new technology is adopted at speed across the profession.**

*Richard Hattersley, managing editor, AccountingWEB*

“AI is terrifying... but terrifyingly brilliant.” That was the verdict of an IT professional working in a mid-to-large accounting firm at the end of a panel I participated in at the [Accountants in IT’s](#) (AIT) InnovAIT conference last year.

That comment has stayed with me because it captures how mid-tier accounting firms are responding to the gravitational pull of artificial intelligence (AI). Firms know they need to embrace the technology, but there is a real tension over where to begin, how fast to move and how far ahead their competitors really are. Above all, the sheer power and potential of AI is so overwhelming that many firms are still only scratching the surface of what’s possible.

It’s hard to look back at the past 12 months and not be struck slack-jawed at the speed of adoption across the profession, particularly among mid-tier and large firms. Our 2025 Accounting Excellence Awards research illustrates this shift. More than two-thirds (**68%**) of large firm entries mentioned using AI, while **64%** of mid-tier firms were close behind.

## Usage trends

Usage still leans heavily towards drafting and editing emails, letters and advice, but firms are increasingly turning to the technology for research, technical queries and audit analytics.

Despite ongoing concerns about transparency and maintaining service standards, mid and large firms are progressing beyond experimentation and low-level, time-consuming tasks, even if some unease persists within these organisations.

For example, AccountingWEB’s AI research with Sage found that large firms are the most assertive in their adoption, with **80%** identifying as either strategic adopters or trailblazers. Mid-tier firms were just behind, with **50%** falling into the strategic adopter category and **11%** as trailblazers. They are noticeably ahead of smaller firms, especially micro firms, where the trailblazer persona is almost non-existent.

## Obsessed with AI

It's one thing to see the data; it's another to hear it directly from firms. At the AIT conference, where I spoke on the "Balancing innovation and risk" panel alongside Esther Mallowah, head of tech policy at the Institute of Chartered Accountants in England and Wales (ICAEW), and Kyle Wilkinson, Workday's strategic industry advisor, there was no doubt what the room really wanted to talk about.

I don't think I'll break any Chatham House rules when I say that throughout the day, artificial intelligence dominated conversations with chief technology officers and IT professionals, and the content agenda. You couldn't walk 10 paces without overhearing delegates swapping AI stories.

The sentiment that "AI is terrifying... but terrifyingly brilliant" was frequently expressed in those discussions, although the exact wording varied. Over coffee, one IT professional talked me through his firm's AI concerns (mainly around clients trying to drive down fees), but then promptly pulled out his smartphone and showed me the latest AI tools he was experimenting with.

The same conversations I had over coffee and danishes are probably happening in hushed tones across mid-tier and large firm boardrooms in the UK.

## Mixed picture

Ian Pay, ICAEW's head of data analytics and tech, who hosted a couple of roundtables at the AIT conference, described the take-up of AI among mid-tier accounting firms as a "mixed picture".

You'd expect progressive firms at the AIT conference and the Accounting Excellence Awards to describe their experiences with AI, but not every firm has these tangible use cases.

According to Pay, the vast majority of mid-tier firms are playing a wait-and-see game. Speaking to AccountingWEB months after the AIT conference, Pay recalled one attendee saying: "We're quite happy being second."

Pay explained: "When it comes to the adoption of relatively new technologies, most firms wait and see how it lands with other firms before they decide what to invest in."

## The wait-and-see game

The same wait-and-see theme came up in a roundtable I ran with mid-tier and large firms at last year's Finance, Accounting & Bookkeeping Show (FAB).

These firms recognised they needed to do something, but some hadn't nailed their strategy or found themselves outpaced by the technology. One attendee crafted their firm's tech strategy in 2023, and at no point did it mention AI.

"AI needs its own strategy, in the same way you plan your headcount or market expansion," said the roundtable attendee, who admitted that they had to rip up their strategy and start all over again.



*The sheer power and potential of AI is so overwhelming that many firms are still only scratching the surface of what's possible.*



These false starts might make mid-tier firms assume they're falling behind, but for many, their expectation of where other firms are compared to theirs differs from reality.

“The challenge with AI is it's moving so quickly that if you wait too long, then you end up falling behind,” said Pay. “But I think a lot of firms think they're behind, when actually the reality is that pretty much all the firms are in that same space.”

### Fear of getting it wrong

Much of this hesitation comes from how firms think about software decisions in general. According to Pay, any nervousness about committing to a particular path comes from the mindset that a software decision is a milestone event that you have to get right – otherwise you're stuck with it.

“Whether it's simply choosing ChatGPT, Google Gemini or Microsoft Copilot, people are overwhelmed by choice. They worry about whether it will work out for them, or what if it doesn't develop like the others,” he said.

His advice to firms paralysed by choice is simple: just go for it. “It's not a big, multi-year investment anymore. If it's not working out the way you want it to, and you're looking over the fence and seeing another tool that looks like a better fit, then that's okay. But it does require a cultural change in an organisation to be comfortable with that agility,” he said.

That cultural shift is where some firms struggle. Because the technology is so new and transformative, senior leaders are unsure where to begin. All they know is that when they look over the garden fence, their competitors are doing something, so they feel they must, too.

### Get a policy in place

Another common concern is the use of large language model (LLM) tools like Microsoft Copilot, Google Gemini and ChatGPT in the workplace. At the mid-tier and large firm roundtable at FAB 2025, attendees discussed the need for AI training and shared stories of other firms issuing blanket bans on certain AI models, which inadvertently led to shadow use in these organisations.

“Some firms ban LLM-style models entirely. I don't think it's progressive, but I understand; it's a risk management strategy,” said one roundtable contributor.

For many, there is an acceptance that employees will use this technology, so they should create an internal policy. Although I've heard noises (not so much recently, admittedly) from some who would rather err on the side of caution and have installed a blanket ban on the use of AI. Again, firms haven't found a consensus here.

According to AccountingWEB's AI research with Sage though, medium and large firms appear to be more open to using external AI tools than their smaller counterparts. The research found that **81%** of medium firms and **90%** of large firms use these tools, while micro firms in particular appear to be more resistant.

### People-first approach

The firms making the most progress with their AI plans are those that are taking a people-first approach. Last year, [I spoke with Amy Wilson from mid-tier firm Harold Sharp](#), who has successfully got their people on board with AI. She said their strategy is simple but effective: “We ensure everyone has a voice.

“We have done this gradually with time, resources and expertise, and we've got our people on board. We didn't enforce a sudden and massive change of strategy

– that only makes people nervous. They’ve come along with us as part of a longer journey,” she said.

Pay advises mid-tier firms to at least have a policy and make their people feel supported in using tools correctly, rather than turning a blind eye to shadow use.

“Staff will be using this technology whether you allow it or not,” he said. “If you start from the point of view that they are going to use this technology, then you need to put in place policies that ensure they’re using it in a way the firm is comfortable with, rather than just saying, ‘We don’t want you to use this technology.’”

“The horse has already bolted. You can’t say you’re not allowed to use these tools. People will just use it on their personal phones.”

That’s not to say firms aren’t cautious for other reasons. According to AccountingWEB’s AI research with Sage, data security remains a major concern, cited by **62%** of medium-sized firms and **57%** of large firms. However, this is a problem that cuts across firms of all sizes. The skills shortage is another significant barrier, with **47%** of medium firms and **48%** of large firms saying they struggle to find the right people to implement and run the technology.

Larger firms, however, are already taking a more sophisticated approach. One entrant to the 2025 Accounting Excellence Awards, for example, explained that it had created a dedicated role specifically to oversee the security of its AI systems.

### Client expectations and the fee question

One of the most persistent fears around AI is how clients will react. For some decision-makers at least, this might be the “terrifying” part of using AI.

As already mentioned, some partners are already voicing their concerns about how their AI strategies are communicated to clients: if tasks are performed more quickly, clients will expect to pay less... surely?

“This is a classic pushback trope,” said Pay. “I’d encourage the conversation to be turned around instead to: we’ve had to invest heavily in technology, and using new technology is allowing us to be more productive and deliver better service.”

He advised firms to reframe the conversation with clients and inform them that using the technology actually allows the firm to minimise any fee increases. For those reticent about the firm using AI, Pay suggested firms present the option without AI.

“The premium is on not using technology,” he said. “If they do not want to engage technologically, then that’s going to cost more. The message they should communicate is, ‘Using the technology allows us to maintain fees at a manageable level and absorb some of the cost increases relating to other external factors.’”

### Terrifying, but brilliantly terrifying

“Terrifying, but brilliantly terrifying...” That one delegate really summed up the current AI landscape for mid-tier and large firms perfectly. Just how AI can completely reshape the profession is terrifying. The potential of the technology is still untapped. As the Accounting Excellence research shows, firms are increasingly using it beyond drafting emails.

But whether partners are for or against the tech, whether they have a policy in place or not, and whether disgruntled clients are already banging on the office door demanding a fee reduction, you really can’t escape the fact that the technology is “brilliantly terrifying”.

02

# Getting the most from AI

# How AI agents are reshaping the future of accounting practices

ARTICLE

08



**The next stage of AI adoption, where it tackles tasks rather than just helping, features agents that can take action within trusted boundaries.**

*Lisa Ewens, senior vice president for small business product, Sage*

For many accounting and bookkeeping practices, artificial intelligence (AI) still feels narrowly defined. Ask around and you'll often hear the same use cases cited: meeting transcription, drafting emails or generating marketing content. Useful, yes, but incremental.

The real transformation comes when AI moves beyond assistance and starts *doing some of the work*.

That shift is now underway. At Sage, we've entered the next phase of AI adoption in accounting: AI agents. This is about intelligent, specialist capabilities that can take action on behalf of accountants and their clients, within clearly defined and, critically, trusted boundaries. Nowhere is this clearer than in [MTD for Income Tax Agent](#), which we announced in September 2025. This is the UK's first AI agent built specifically to help tackle one of the most complex and capacity-intensive regulatory changes the profession has faced – Making Tax Digital for income tax.

## Progress from tools to teammates

To date, you could argue that AI in accounting has focused on task-level automation: reconciling transactions, categorising expenses, flagging anomalies. But, more recently, generative assistants have helped accountants query data or get guidance faster. These innovations are important for how AI is integrated into businesses, but they still rely heavily on humans to stitch workflows together.

AI agents change that model entirely. Rather than responding to prompts, agents operate continuously in the background, orchestrating entire workflows end to end. They monitor deadlines, segment clients, request information, flag risks and progress work, all while keeping the accountant firmly in control.

This isn't about replacing professional judgment. It's about removing the operational drag that prevents accountants from applying that judgment where it matters most. And where their expertise can add the most value to their clients.

### Why MTD is the perfect test case

MTD for Income Tax is a defining moment for UK accountants and bookkeepers. From April 2026, self-employed individuals and landlords will be required to maintain digital records and submit quarterly updates through compatible software. For practices already stretched for capacity, the administrative overhead is significant.

MTD was designed specifically to address that pressure.

Rather than treating MTD as a series of disconnected tasks, the agent manages the process as a single, continuous workflow. It automatically segments clients based on complexity, builds and maintains task lists, chases missing information, flags potential issues early, and supports both quarterly updates and end-of-year submissions.

The result is not just faster compliance, but greater confidence – confidence that nothing has been missed, that risks are surfaced early and that clients are being managed consistently at scale.

As Lee Coombes of Lee Coombes Accountancy Digital puts it: *“Sage’s MTD for Income Tax Agent takes a big part of the burden away by automating admin and flagging issues early. It means we can manage extra demand without losing focus on the clients who need our advice most.”*

### Built for trust, not testing

In a market where many AI solutions may chase novelty, trust is the real differentiator. Accountants and bookkeepers operate in a world where accuracy, auditability and compliance are non-negotiable.



*Rather than responding to prompts, agents operate continuously in the background, orchestrating entire workflows end to end.*



That’s why Sage’s AI agents are built on three core principles.

- **Permission and control:** Agents only act within parameters defined by the user, with clear approvals and audit trails.
- **Domain intelligence:** They are designed using Sage’s decades of accounting, tax, payroll and compliance expertise, rather than generic models alone.
- **Embedded experience:** Agents are built directly into existing Sage workflows, rather than bolted on as standalone tools.

Under the hood, these capabilities are delivered through the Sage Platform, which provides a secure, governed environment where data, workflows and AI services come together at scale.

### Accessing agents in practice

For practices, one of the most important aspects of this shift is how accessible it is.

MTD for Income Tax Agent is enabled through Sage Copilot capabilities, with increasing levels of automation added ahead of the April 2026 MTD deadline. Accountants and bookkeepers don't need to learn a new system or radically change how they work, which is an important point. The agent operates within Sage for Accountants and across Sage's MTD portfolio, supporting workflows practices already use today.

Over time, this approach will extend well beyond MTD. Sage is building a connected network of AI agents across compliance, payroll, cashflow, onboarding, VAT and more. Each is purpose built for a specific domain and designed to work together. After all, it is this connectivity between systems that will provide greater insight and usefulness for practices.

### What this means for the profession

There's a common fear that AI will remove jobs. In reality, the greater risk is standing still. As the World Economic Forum has highlighted, AI is reshaping roles across the workforce, and those who adapt fastest will thrive.

It is all about AI creating greater opportunity for value-adding work, rather than the elimination of roles. For instance, for accountants, AI agents represent an opportunity to finally break the link between growth and headcount. By taking repetitive, time-consuming work out of the system, agents free up capacity for higher-value services: advisory, planning and deeper client relationships.

This is how practices move from reactive compliance to proactive partnership.

As we see it at Sage, the future of accounting isn't about humans versus machines. It's about **humans supported by trusted, intelligent systems** that quietly handle the work that no one entered the profession to do.

MTD for Income Tax Agent is just the beginning. However, it's a powerful illustration of how AI can move beyond hype and into the heart of practice operations.



*Rather than treating MTD as a series of disconnected tasks, the agent manages the process as a single, continuous workflow.*



# Embracing AI: How one bookkeeper became a trailblazer

ARTICLE

09



**Natasha Everard of Bewitching Bookkeeping has taken a proactive, strategic and ultimately transformative approach to adopting AI in her practice.**

*Jake Smith, head of branded content, AccountingWEB*

When it comes to the adoption of artificial intelligence (AI) in accounting, our research shows many practices are held back by caution and uncertainty. However, for Natasha Everard, the sole practitioner behind Bewitching Bookkeeping, the approach has been proactive, strategic and ultimately transformative. Far from being an observer, Everard self-identifies as a trailblazer – a member of the small percentage of professionals who are actively seeking and integrating AI solutions to enhance their practice.

In a recent survey conducted by AccountingWEB and Sage, a large portion of accountants and bookkeepers expressed nervousness or neutrality regarding their confidence in AI. The majority classed themselves as “strategic adopters” (**45%**) or “cautious observers” (**32%**), with just **13%** classing themselves as “trailblazers”. Everard, however, is a prime example of how embracing AI, coupled with implementing controls and guardrails, can lead to significant gains in efficiency and service quality.

## Strategically selecting the right AI tools

Everard’s success isn’t built on a single, catch-all AI solution. Instead, she employs a carefully curated tech stack of tools, each selected to solve a specific problem within her workflow.

“I think an important realisation is that AI can’t do everything,” Everard explains. “AI will only work as well as what you put in – your prompt – and also the importance of selecting the right AI for the task you want to achieve.”

Her current toolbox includes the following.

| AI tool                           | Primary function                       | Key benefit   |
|-----------------------------------|--|---|
| <b>Teams ChatGPT (Premium)</b>    | Daily task automation, general queries | High-level security, customised output based on 12 months of fine-tuning, calendar management |
| <b>Comet (Perplexity Browser)</b> | Web browsing, data extraction          | AI agents for research and information retrieval  |
| <b>Gamma</b>                      | Marketing content generation           | Creates presentations and newsletters efficiently   |
| <b>Sage Copilot</b>               | Core accounting tasks                  | Early adopter for established, secure software integration                                    |

A practical example of her tactical use of AI is a simple, yet highly effective, daily automation: setting up an agent in her premium ChatGPT subscription to review her Outlook calendar each morning and report back on available gaps. This saves time and provides a clearer picture for slotting in bookkeeping tasks.

### Security and transparency – the essential guardrails

For any practice dealing with sensitive client data, security is paramount. Everard has gone to great lengths to ensure her AI usage is compliant and secure, which has been a non-negotiable step in her adoption process.



*I have always seen AI as an assistant.  
It's never going to take my job over.  
It's not going to replace me.*



“I pay £60 a month for the premium level of ChatGPT because that way it's not actually using what I'm doing to teach other people how to do it. So all the data I put on there is secure and I never use client data on it.”

Beyond choosing premium, non-training models, Everard has implemented formal policies.

- **AI policy:** A dedicated internal policy outlining the safe and appropriate use of AI within the practice.
- **Engagement letter transparency:** She proactively informs clients in her engagement letter that certain aspects of their work will be supported by AI. This ensures transparency and manages client expectations, positioning AI as an assistant, not a replacement for human judgment.

### Problem-solving approach to tech adoption

Everard applies the same rigorous process to evaluating new AI tools as she does to any other application in her tech stack. Her mantra? “It has to solve a problem, not create further problems.”



*Everard uses AI to extract complex financial data and translate it into clear, non-accounting terms for her clients, enabling more efficient real-time data analysis and discussion.*



This methodical approach prevents the “Franken app” problem – a sprawl of disparate apps that create more integration headaches than they solve. She uses a tick-box system to evaluate any potential new tool against criteria.

1. What is the *real* problem I am trying to solve?
2. Will it create a further problem, such as too much time spent on installation?
3. Does the output meet my exact standards?

This critical evaluation recently led her to switch from a newer software back to an older, more established solution, simply because the latter met more of her core criteria for compatibility and functionality with the whole range of bookkeeping/ledger software she uses with clients.

### **The ultimate assistant, not a replacement**

Looking ahead, Everard sees AI becoming far more embedded within her business, moving beyond ad hoc assistance to deeper integration with core accounting software.

Crucially, she views AI as an **assistant**, not a threat. “I have always seen AI as an assistant. It’s never going to take my job over. It’s not going to replace me,” she states emphatically.

For Everard, AI’s greatest benefit is its ability to take over the “boring, repetitive stuff”, freeing her up to deliver higher-value, human-centric services. AI has even helped her become a better bookkeeper by improving communication with clients. She uses it to extract complex financial data and translate it into clear, non-accounting terms for her clients, enabling more efficient real-time data analysis and discussion.

Everard’s journey with Bewitching Bookkeeping proves that confidence in AI adoption starts with a strategic, problem-focused mindset, reinforced by strict security protocols. For other professionals standing on the sidelines, her advice is simple: “Write down what you do in your daily routine. What’s the most horrible thing that you do repetitively? Then Google what AI can do for that.”

# AI adoption: Keeping things simple to build confidence

ARTICLE  
10



**Ana Fearn of Afearn Accountancy is at the beginning of her AI journey, using a cautious but steady approach to find what works best for her.**

***Jake Smith, head of branded content, AccountingWEB***

The conversation around artificial intelligence (AI) in accountancy is often dominated by grand pronouncements of transformative technology. But for sole practitioners like Ana Fearn at Afearn Accountancy, the reality of adoption is much more grounded: it's about taking practical, cautious steps to streamline the everyday. Fearn confirmed: "My approach to AI, particularly as a sole practitioner, is summed up in one philosophy – keep it simple to build confidence."

"I'm still at the beginning of my AI journey, but I've already integrated a few key tools that have begun to transform routine administration. For instance, tools like Sage and AutoEntry are invaluable for data capture, significantly reducing the manual effort involved in bookkeeping."

Furthermore, Fearn said that features like Sage Copilot provide automated assistance, with reminders for VAT returns, flagging duplicate entries in records and automating invoice and email reminders once they are set up.

## Enhancing workflows

Beyond the support within the Sage platform, Fearn uses AI to enhance her workflows for client interactions. "I rely on tools like Read.ai and Otter.ai during meetings to generate accurate transcripts and summaries. This simple change saves me countless hours of note-taking, freeing up mental space during the meeting to focus entirely on the client and the advisory discussion."

These initial steps to an AI-enhanced future are crucial to the sole practitioner. "They allow me to explore how AI can take care of routine admin so I can shift my focus to high-value client and advisory work, which is where I add the most value."

## Practical guardrails for safe adoption

For any accountant making the first steps into using AI with their practice, maintaining client trust and data security is paramount.

Fearn shared a simple set of guidelines she follows when considering implementing a new tool or piece of software.

“My current guardrails are straightforward but effective,” she said.

- 1. Compliance and confidentiality:** I ensure that any tool I use rigorously complies with data protection rules and respects client confidentiality.
- 2. Review before sharing:** I always perform a thorough review of AI outputs before sharing *anything* with clients to ensure accuracy and context.
- 3. Trusted platforms:** I limit access to sensitive data and only use platforms that I trust and have vetted.

This cautious approach extends to integrating any new tool into her tech stack. “My process involves careful research to ensure it aligns with my needs and compliance requirements. Crucially, I test any new technology on a small scale before considering a full-scale rollout. This ‘learn as I go’ strategy allows me to adjust, based on what genuinely works best for my practice and my clients.”

### Measured view of the future

Looking ahead, Fearn says her AI adoption plan will remain step by step. The immediate goal is to gradually automate processes like client onboarding and bookkeeping, making them seamless and efficient. In the longer term, she’s keen to explore tools that offer predictive insights, further enhancing client advisory services. Fearn said: “For me, AI adoption isn’t about rushing to incorporate everything new; it’s about strategically adopting technology where it demonstrably adds real value.”

Even at this early stage in her AI journey, Fearn is seeing benefits. “The core benefit I’m experiencing, is significant time recovery. Less time spent on admin and fewer errors thanks to automation and duplicate checks within my core software,” she said.

“This efficiency, coupled with a better client experience through timely invoices and reminders, achieves my overarching goal: creating a seamless, efficient experience for clients while freeing up my time for strategic advisory work.”

### Pervasive misconception

When it comes to doubts, Fearn says her biggest concern with the widespread introduction of AI is the pervasive misconception that it will replace people. “I firmly believe AI is a supportive tool, not a replacement,” said Fearn. “By efficiently handling repetitive, process-driven tasks, AI gives me more time for the truly human side of accountancy: building relationships, understanding complex client needs and helping them make sound financial decisions. The future of accountancy is not less human – thanks to AI, it has the potential to be *more* human.”



*The future of accountancy is not less human – thanks to AI, it has the potential to be more human.*



ARTICLE

11

# Take your next steps with AI



**There are many advantages to adopting AI in your practice. Here are some tips on embarking on your AI journey with confidence.**

*Richard Sergeant, managing director, Principle Point*

The results of this survey paint a clear picture: most firms are exploring artificial intelligence (AI) cautiously, seeking security, accuracy and practical benefit before changing how they work.

Yet AI is already helping many practices save time and reduce manual effort now, and developing their approach on their terms.

With that in mind, you might consider three next steps.

|   |   |
|---|---|
| <b>1. Focus on the work you already know could be more efficient.</b> | Start where bookkeeping automation or document processing can speed things up without compromising quality. These areas are seen as the highest-value opportunities.      |
| <b>2. Build understanding within your team.</b>                       | Most firms describe themselves as having “moderate” to “limited” readiness. CPD, internal guidance and defined good practice help reduce anxiety and improve consistency. |
| <b>3. Strengthen your AI governance.</b>                              | Policies for both embedded and external tools are now seen as important by most. Clarity reduces risk and increases trust.  |

The real progress will come, not from dramatic change, but from making the everyday work more effective through careful, confident adoption.

**Here are persona-based high-level next steps.**

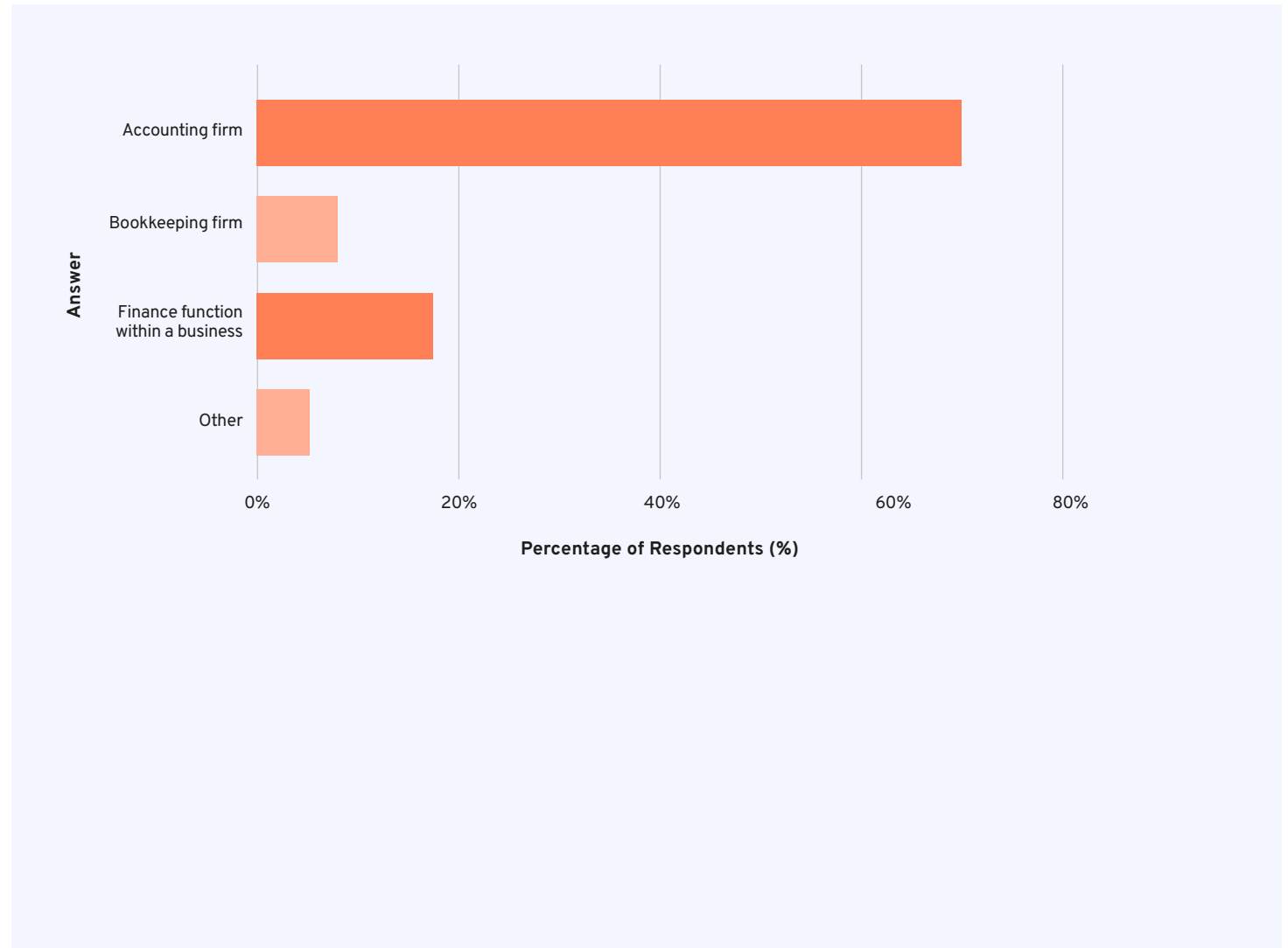
| Trailblazers  | Strategic adopters   | Cautious observers  | Cautious traditionalists   |
|---|--|---|--|
| <p>Already experimenting and want to push value.</p> <ul style="list-style-type: none"> <li>• Focus on measurable impact (eg, productivity, margin uplift).</li> <li>• Document wins to support wider firm adoption.</li> <li>• Contribute back into professional networks as leaders.</li> </ul> | <p>Prepared to invest when confident of the direction.</p> <ul style="list-style-type: none"> <li>• Prioritise embedded AI inside core workflows.</li> <li>• Develop team-level CPD tied to specific trusted tools.</li> <li>• Engage vendors for enablement, rollout planning and return-on-investment tracking.</li> </ul> | <p>Curious but wary – trust and accuracy are essential.</p> <ul style="list-style-type: none"> <li>• Pilot small internal use cases where human review is built in.</li> <li>• Build a simple policy framework for staff use of AI.</li> <li>• Look to peers and professional bodies for practical examples.</li> </ul> | <p>Minimal perceived benefit – need reassurance and control.</p> <ul style="list-style-type: none"> <li>• Only adopt where risk is clearly lower than effort today.</li> <li>• Keep vendor support and secure integration as a default requirement.</li> <li>• Bring juniors along to protect development of foundational skills.</li> </ul> |

# 03 The AI Data

Data surveyed on AccountingWEB Quarter 4 2025

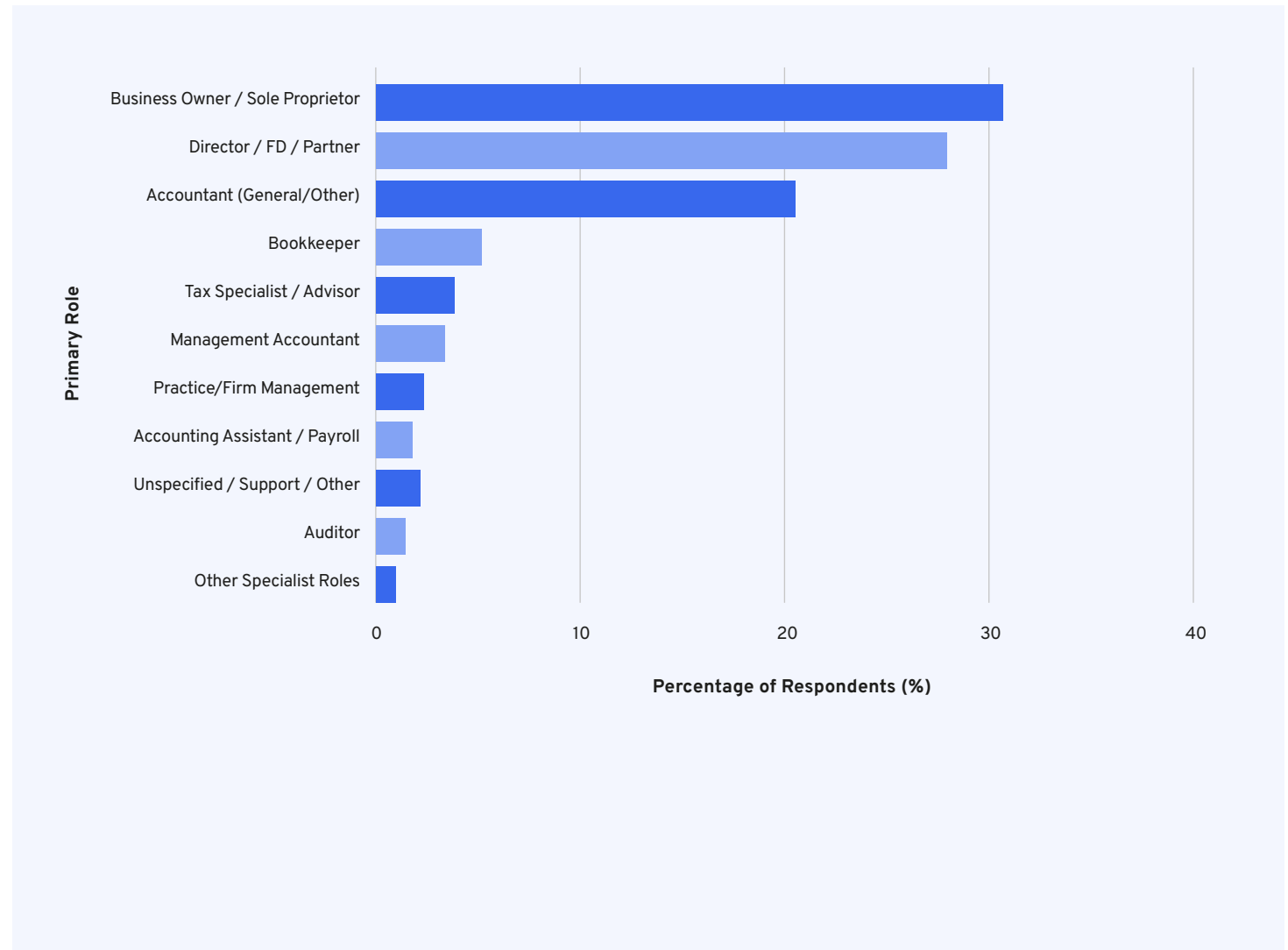
# Q1

Which best describes the business you work for?



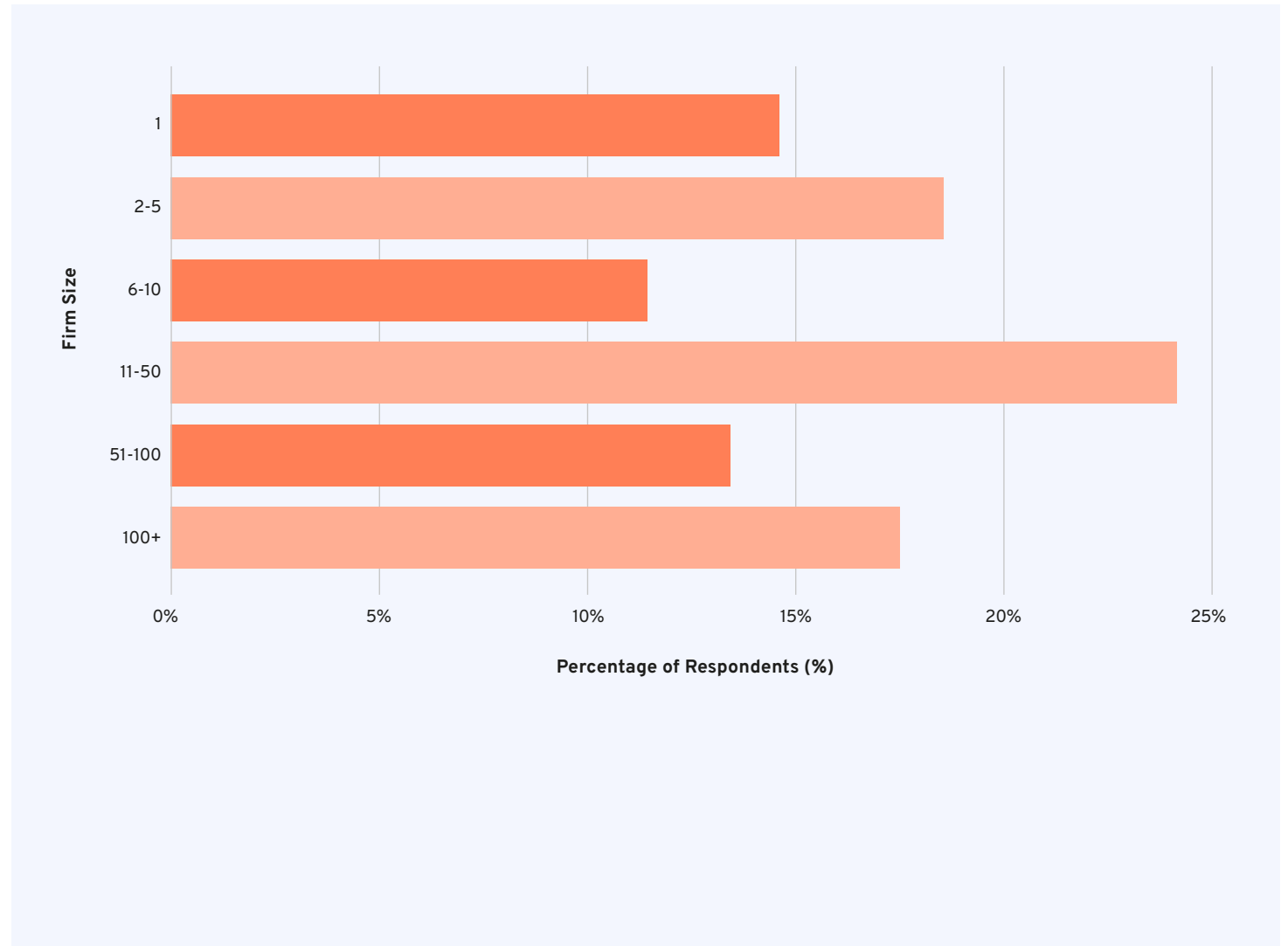
# Q2

**What is your primary role within the business?**



# Q3

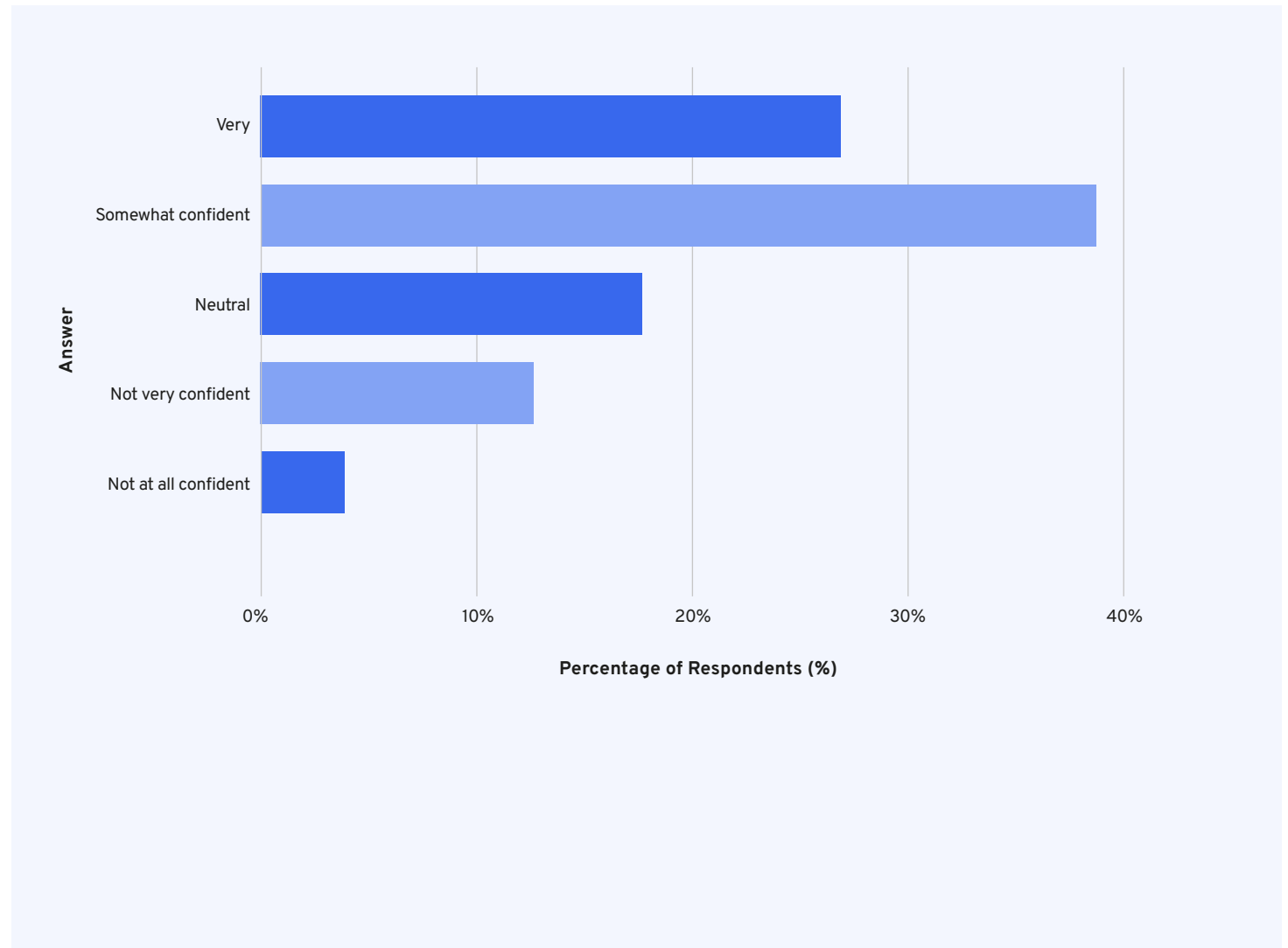
Including yourself, how many people are in your firm?



Approximately **one third (33%)** of firms have between 1 and 5 people.

# Q4

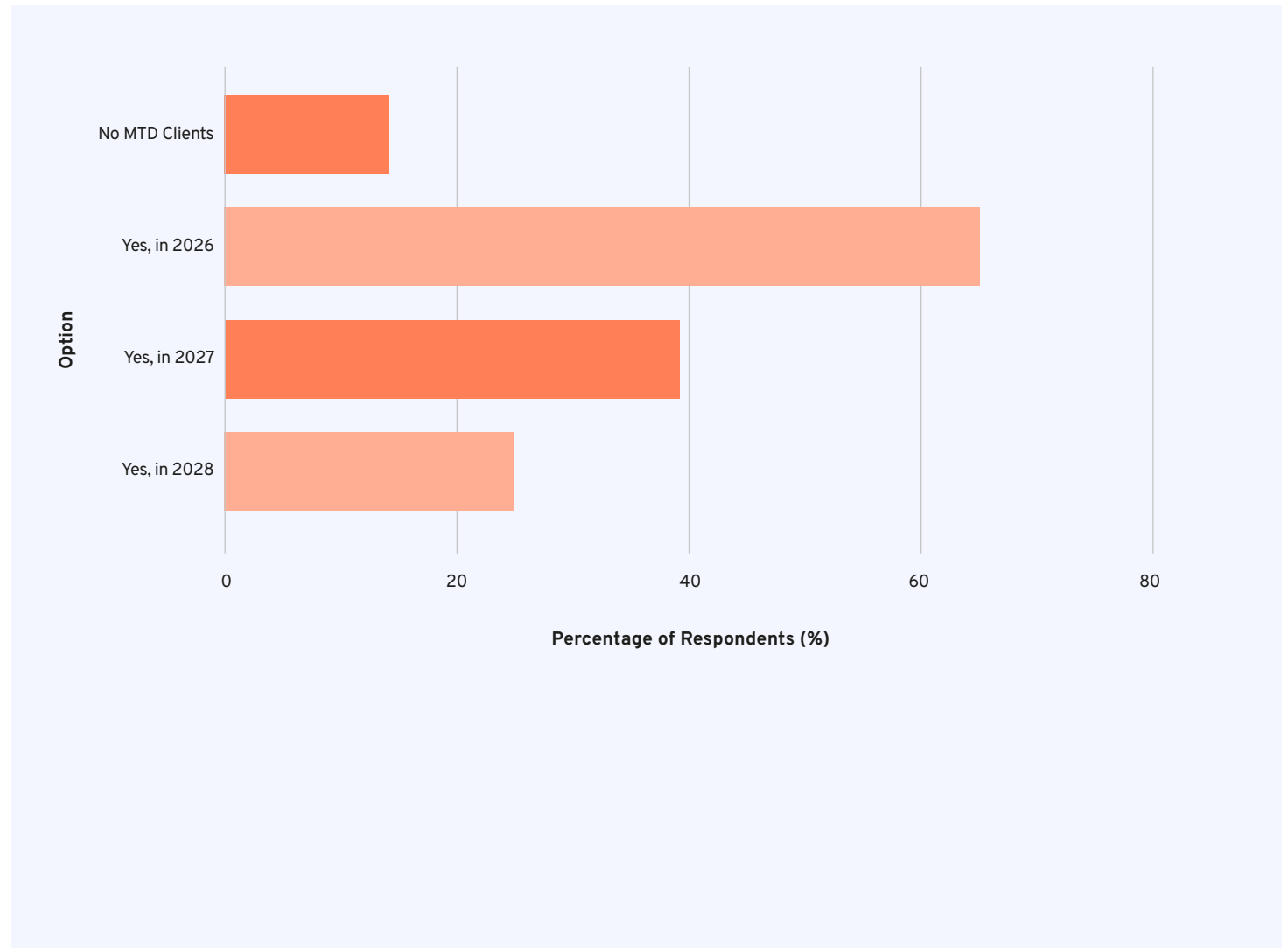
Which statement best describes your firm's awareness of the capabilities and limitations of AI technologies?



Firms report growing confidence, with **39%** feeling 'somewhat confident' and a significant **27%** now feeling 'very confident', indicating a market that is maturing past the initial learning curve.

# Q5

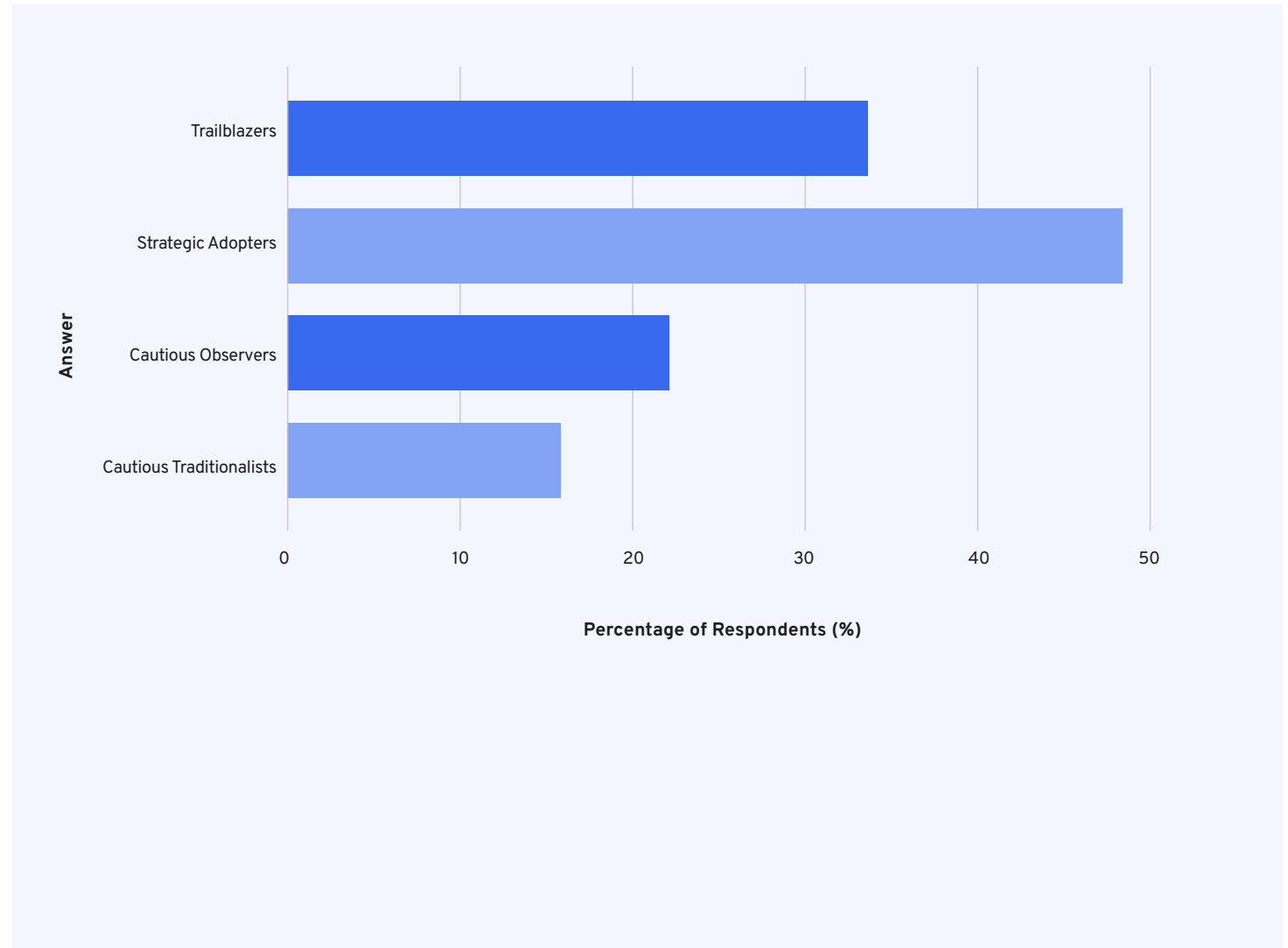
**Do you have self-employed and landlord clients who will come into MTD for income tax in any of the following years?**



*Readiness for Making Tax Digital (MTD) is relatively high, with nearly two-thirds of firms (65%) reporting they have clients who will enter the regime in 2026.*

# Q6

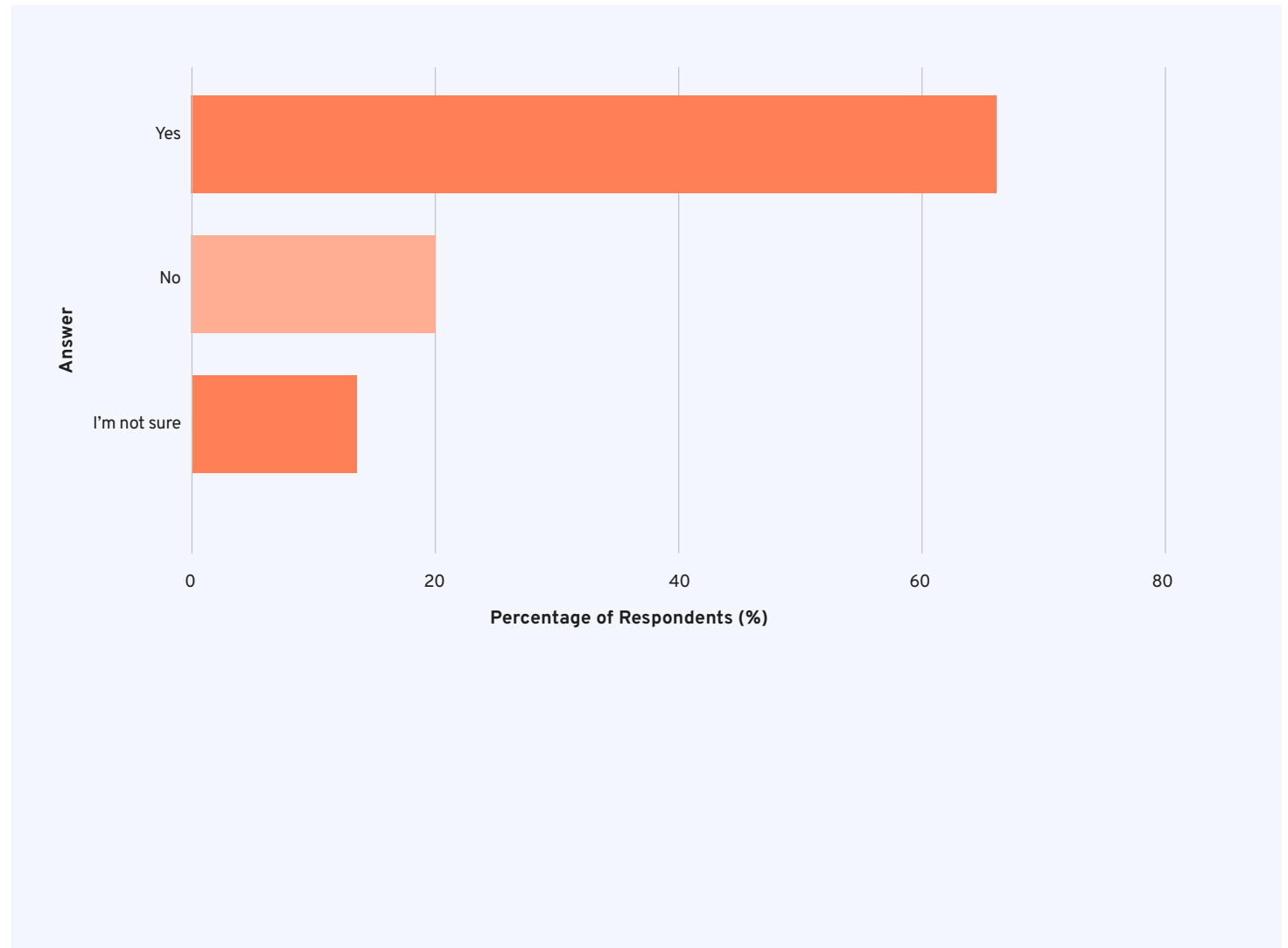
Which of the descriptions best describes your firm's attitude and approach towards adopting AI technology?



The behavioural pattern has shifted towards action. **Strategic adopters (45%)** are now the single largest group, overtaking **cautious observers (32%)**, suggesting the profession is moving from 'watching' to 'doing'.

# Q7

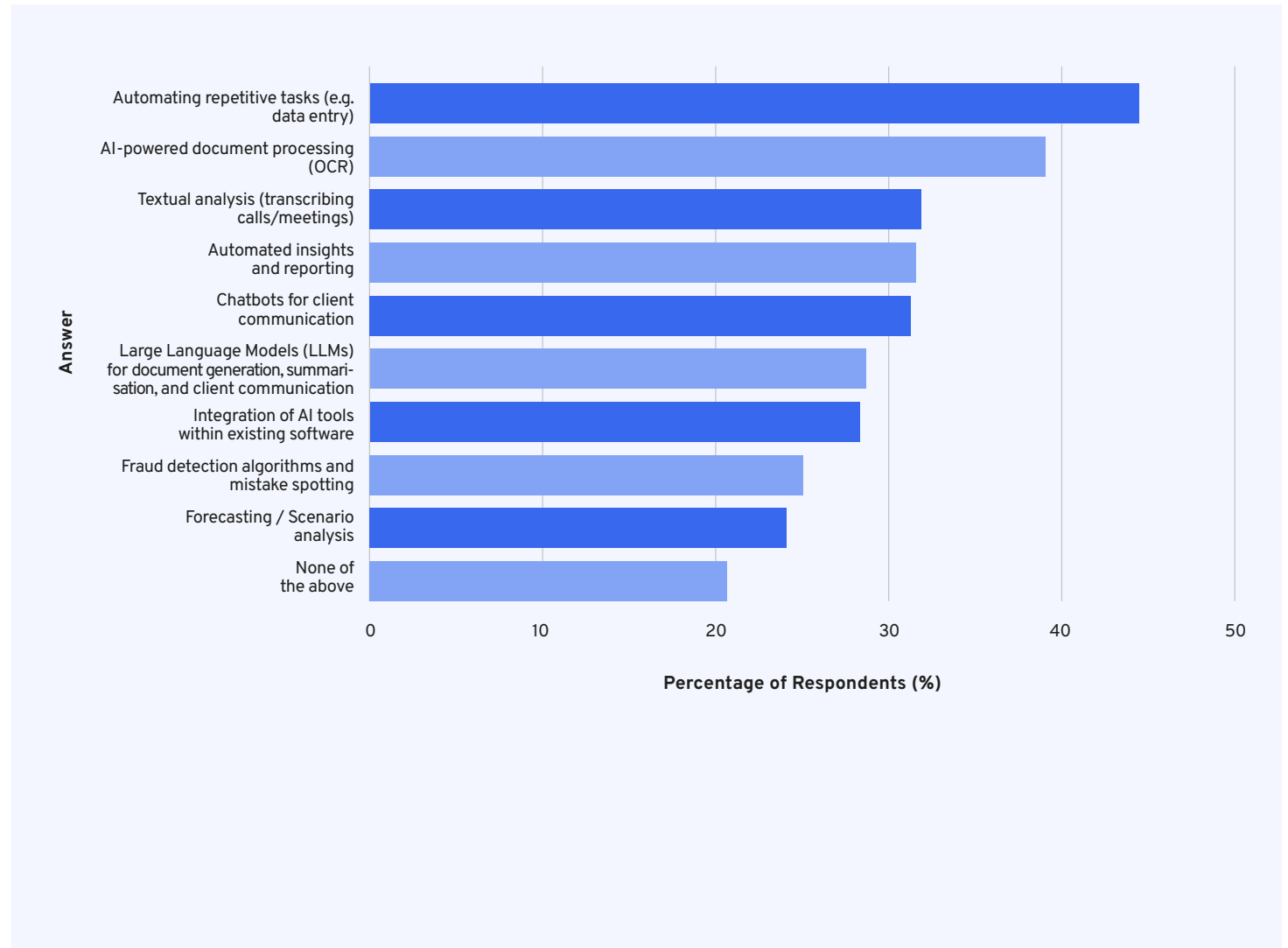
**Do you believe the core accounting software you use already incorporates AI and related technologies?**



A majority (**66%**) of firms believe AI is already present in their core accounting software.

# Q8

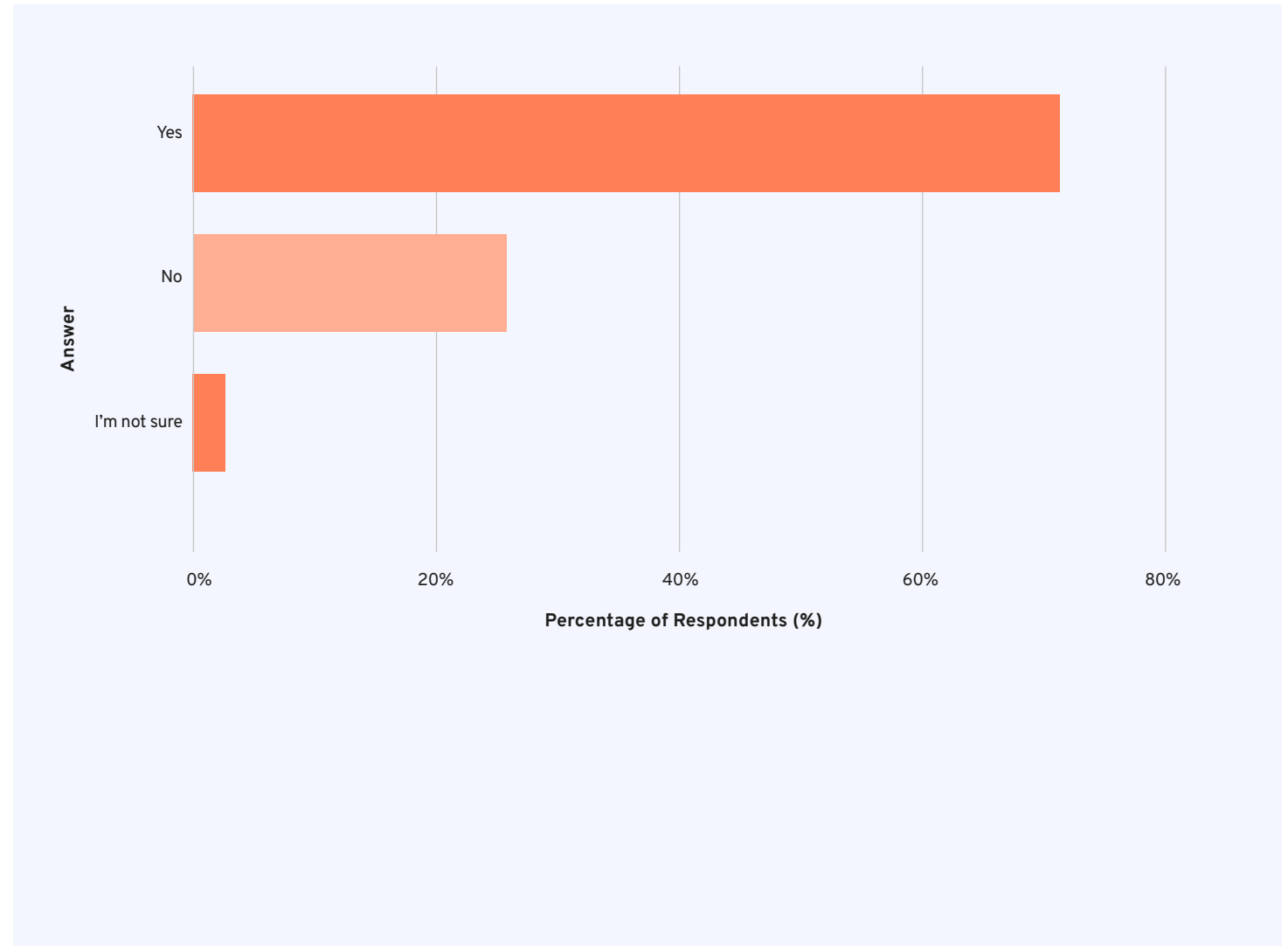
**Are you aware of the use or adoption within your firm of any of these technologies or tools?**



*Firms are most likely to recognise **automating repetitive tasks (45%), AI-powered document processing (39%)** in their firm today.*

# Q9

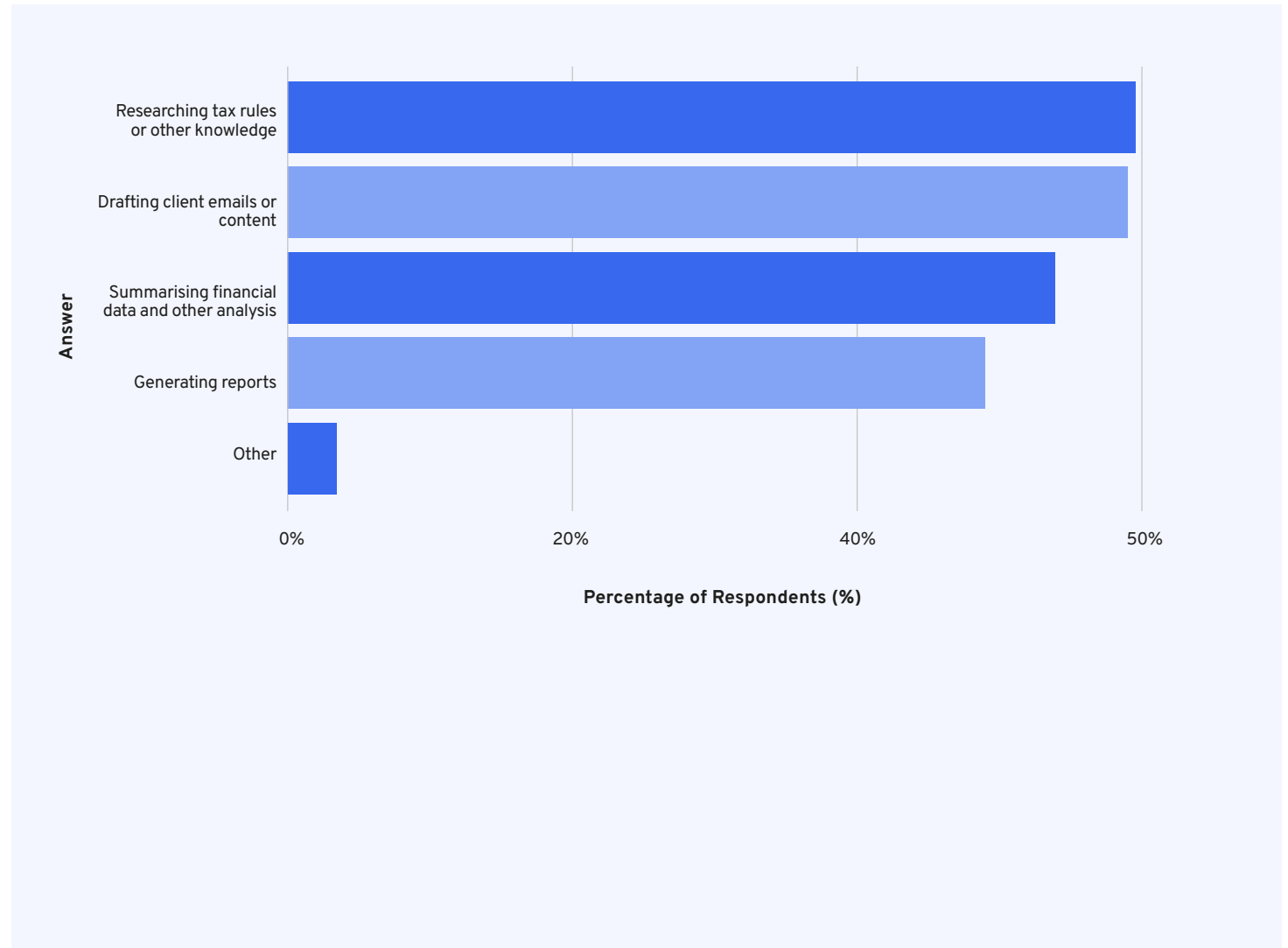
**Do you or your team use external AI tools not embedded in your primary accounting software (e.g., ChatGPT, Google Gemini, Microsoft Copilot)?**



*Usage of external tools like ChatGPT and Copilot is widespread, with **71%** of respondents now using them for work-related tasks.*

# Q9a

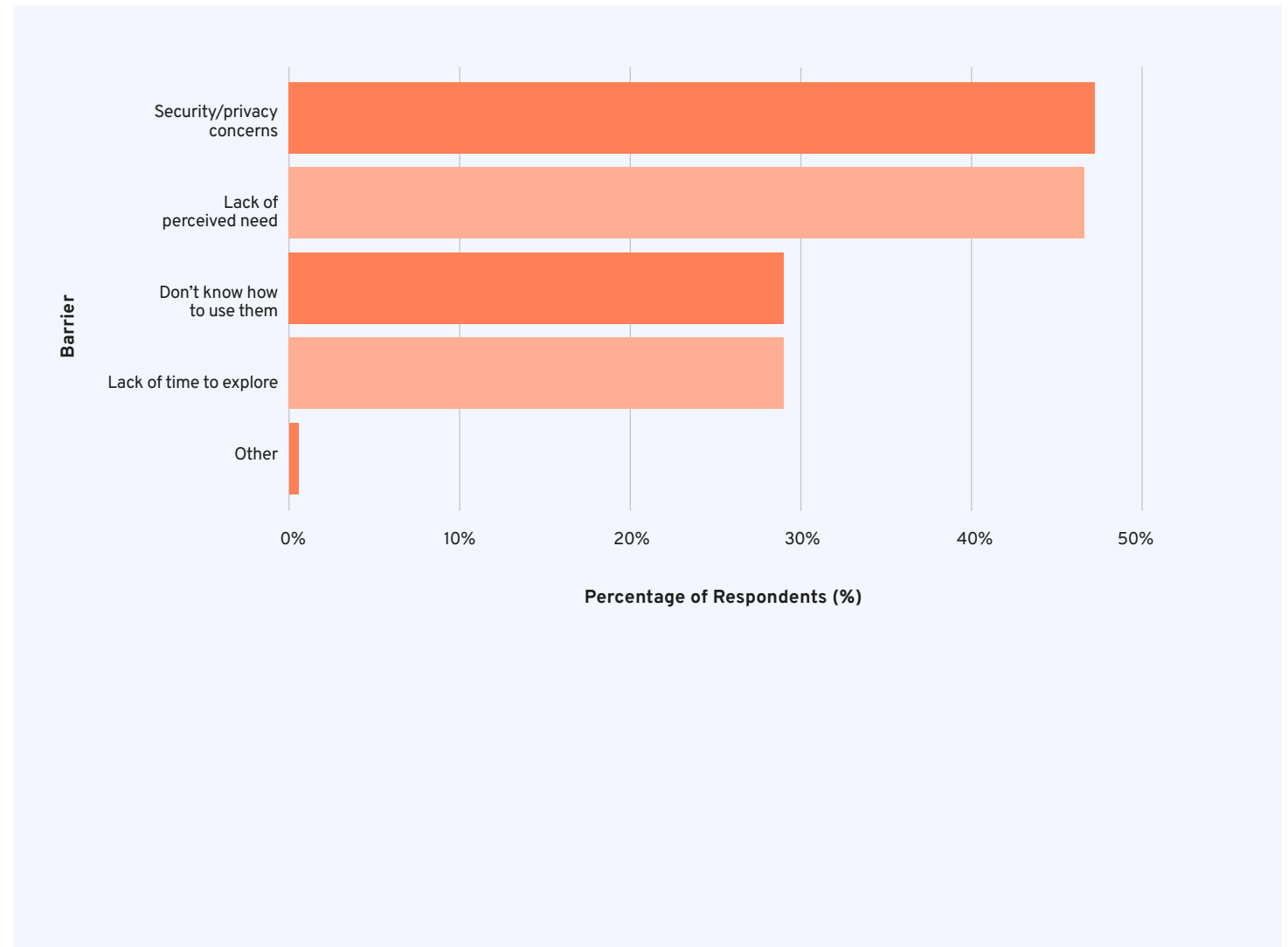
If you or your team DO USE external AI tools not embedded in your primary accounting software, for what tasks?



These tools are primarily acting as assistants for research and communication: **researching tax rules (42%)** and **drafting client emails (42%)** are the top use cases.

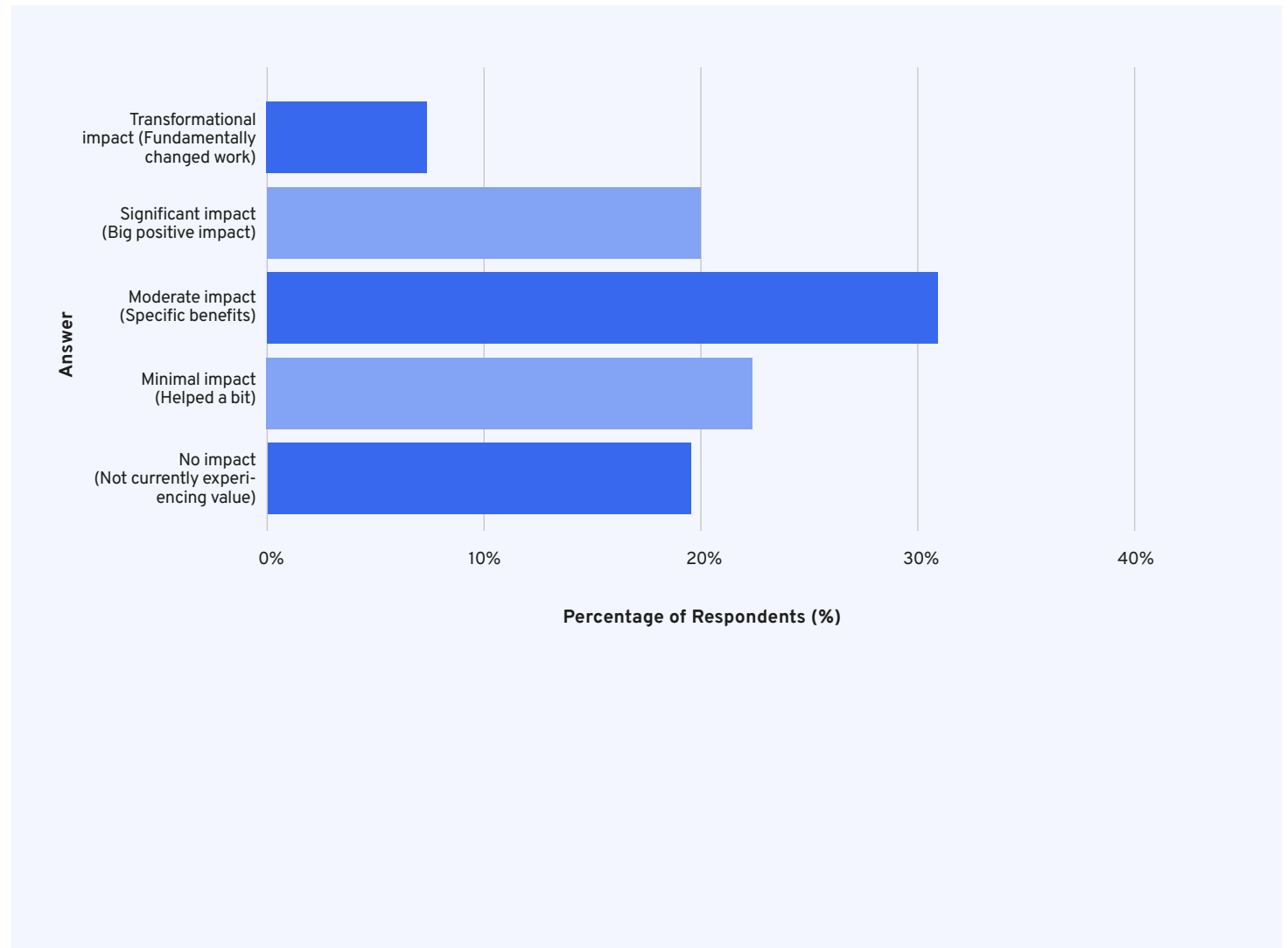
# Q9b

**If you or your team DO NOT use external AI tools not embedded in your primary accounting software, what are your main reasons for not using them?**



# Q10

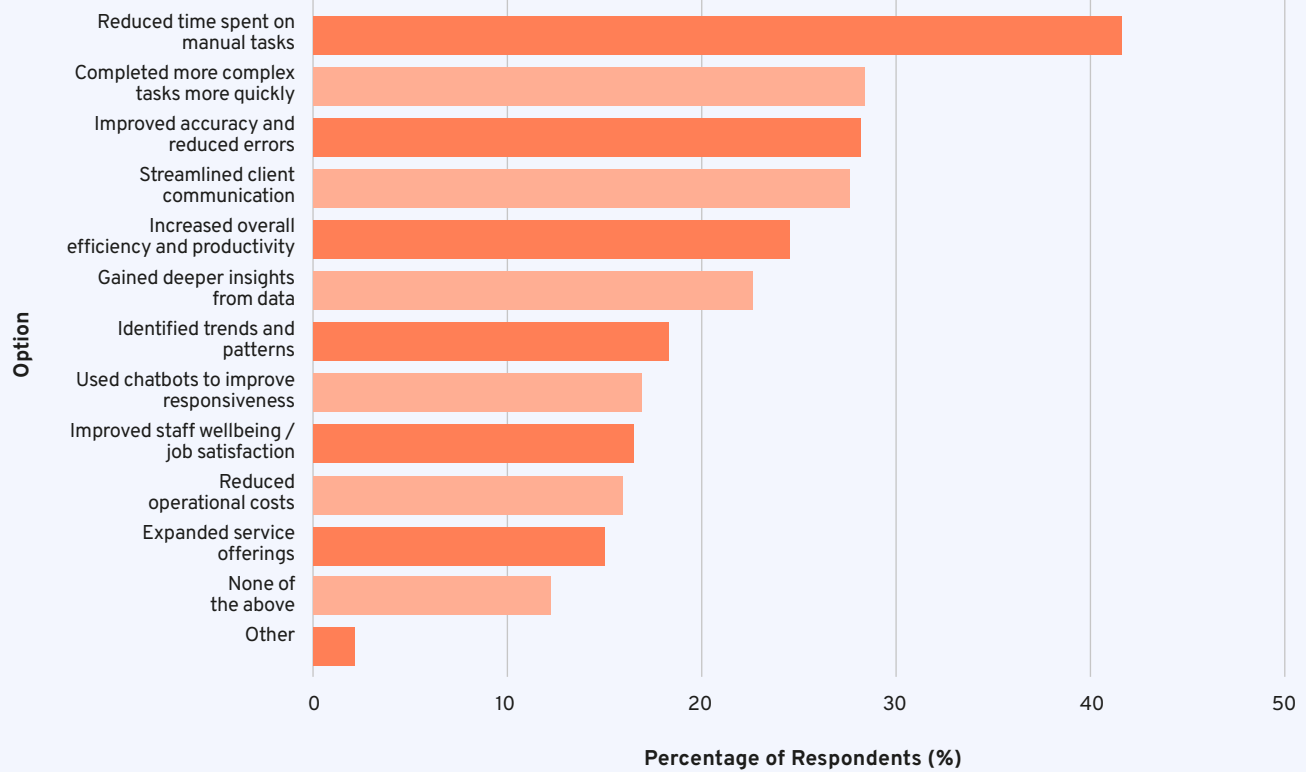
Which of the following best describes how your practice is currently getting value from using AI technologies?



Current value realisation is concentrated in the mid-to-low impact tiers, with **moderate impact (31%)** and **minimal impact (22%)** dominating.

# Q11

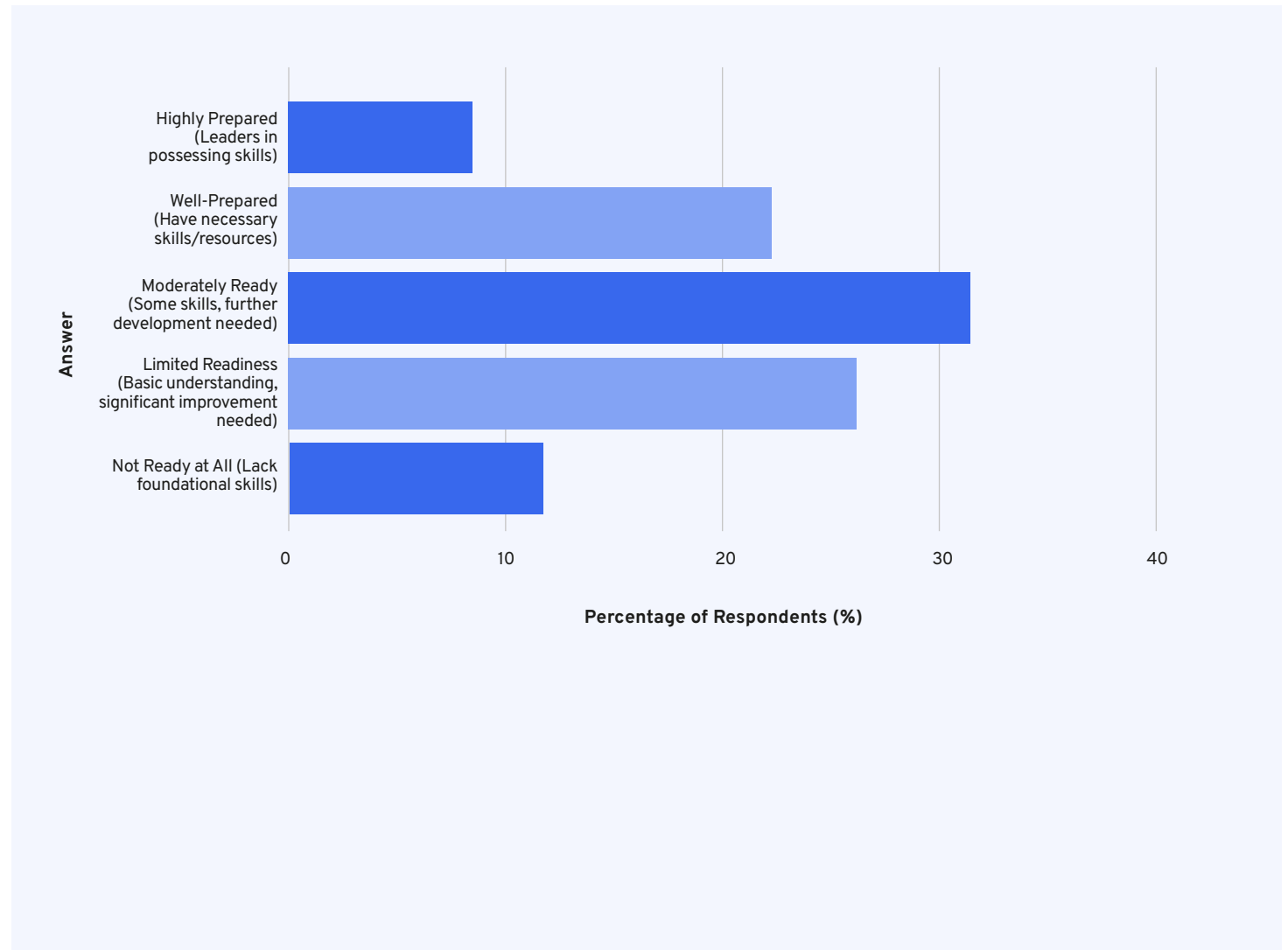
**Areas of benefit: In which ways has AI improved your day-to-day work?**



The top realised benefit is **reduced time spent on manual tasks (42%)**, confirming that AI's primary value today is efficiency and capacity creation.

# Q12

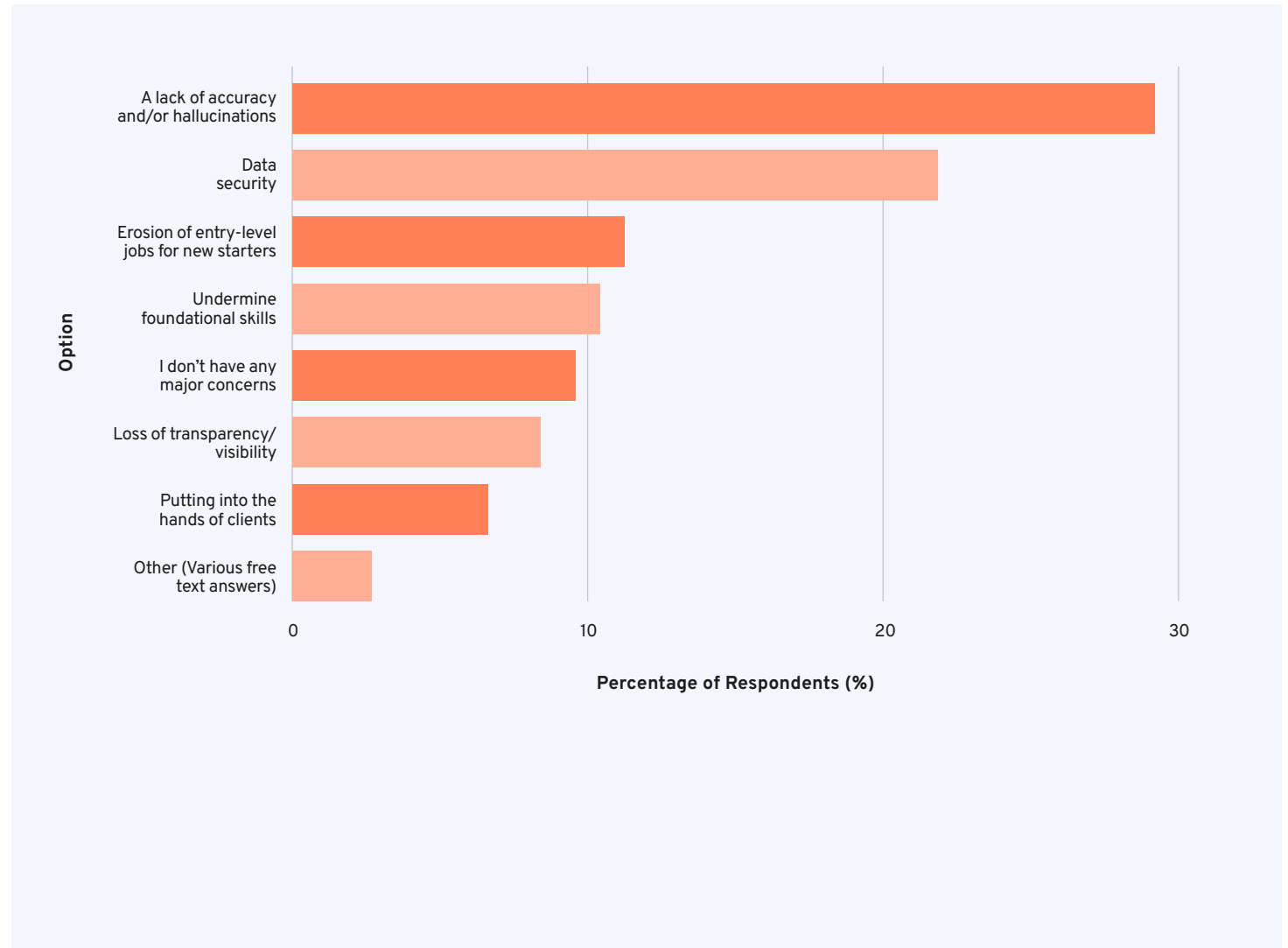
To what extent do you feel your practice has the right skills to successfully adopt and use AI?



Firms acknowledge a lack of internal expertise, identifying as **'moderately ready' (31%)**, though a significant **31%** feel well or highly prepared.

# Q13

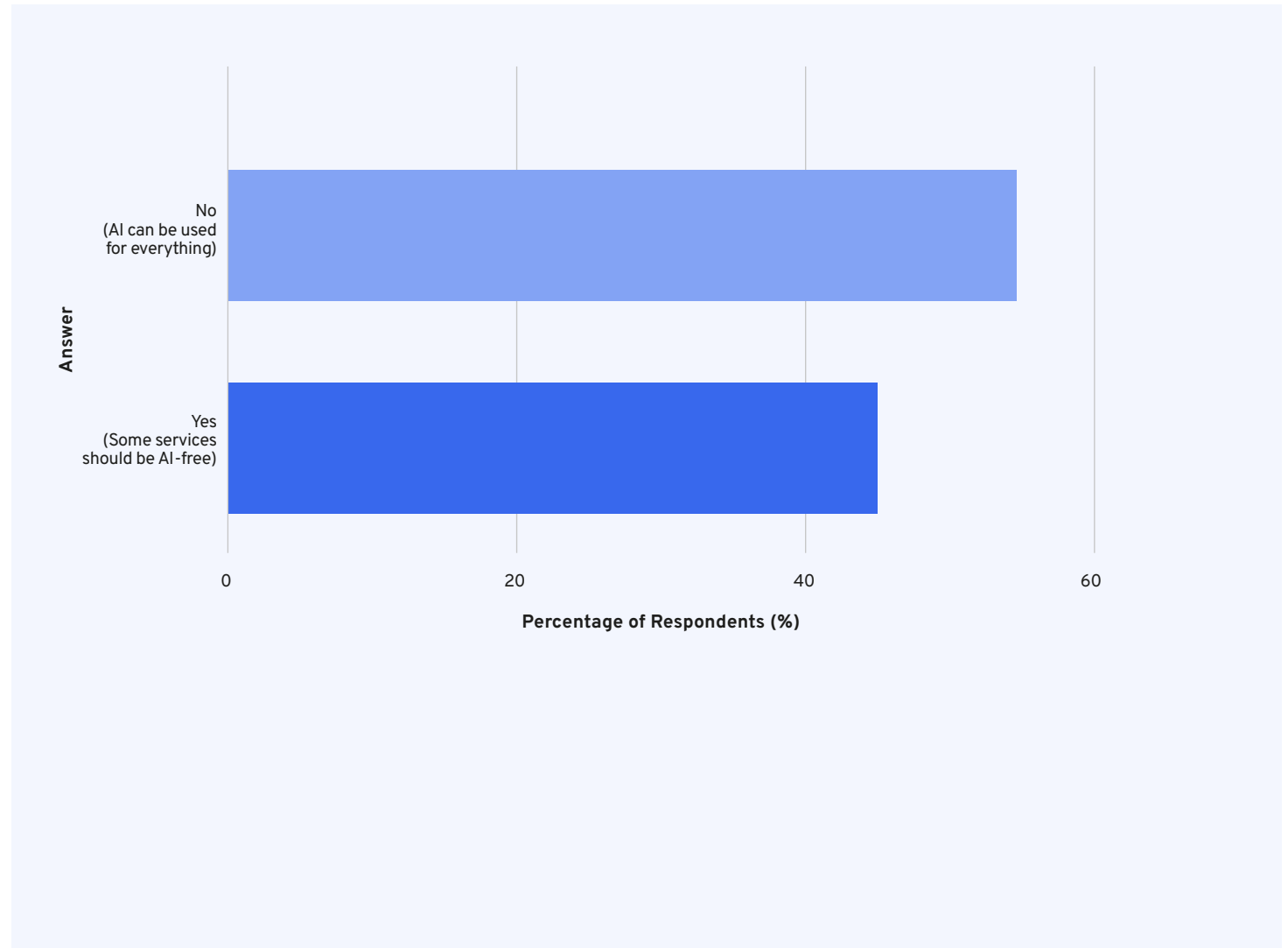
**What is your biggest concern about the rise of AI?**



*The core attitudinal barrier is a fundamental lack of trust, with the highest concern being **a lack of accuracy and/or hallucinations (29%)**, followed closely by data security concerns.*

# Q14

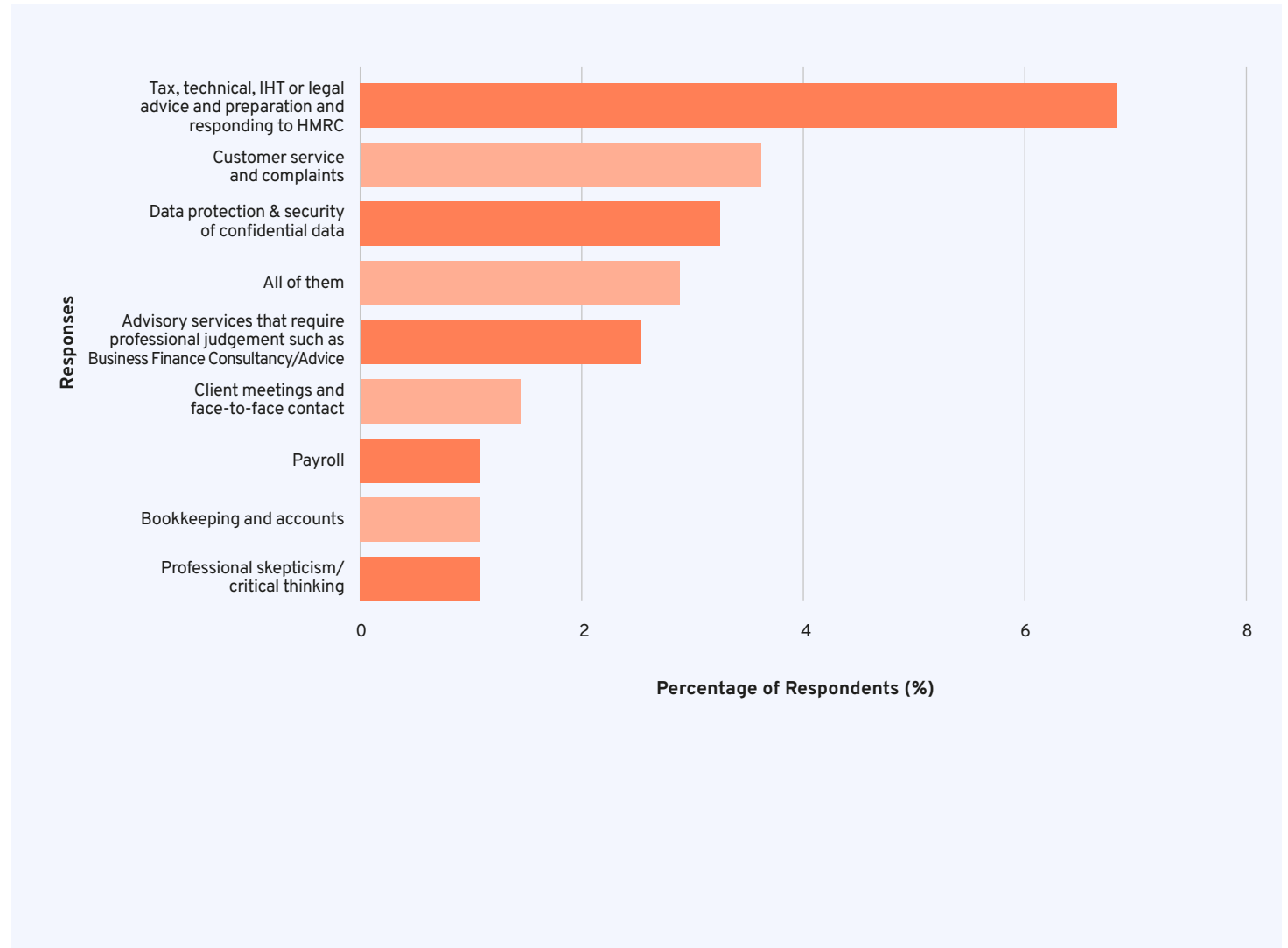
**Are there services that you think should not be delivered with the help of AI?**



*The profession is split on the limits of AI; while **55%** are comfortable using it across all services, a significant minority (**45%**) believe certain tasks should remain human-only.*

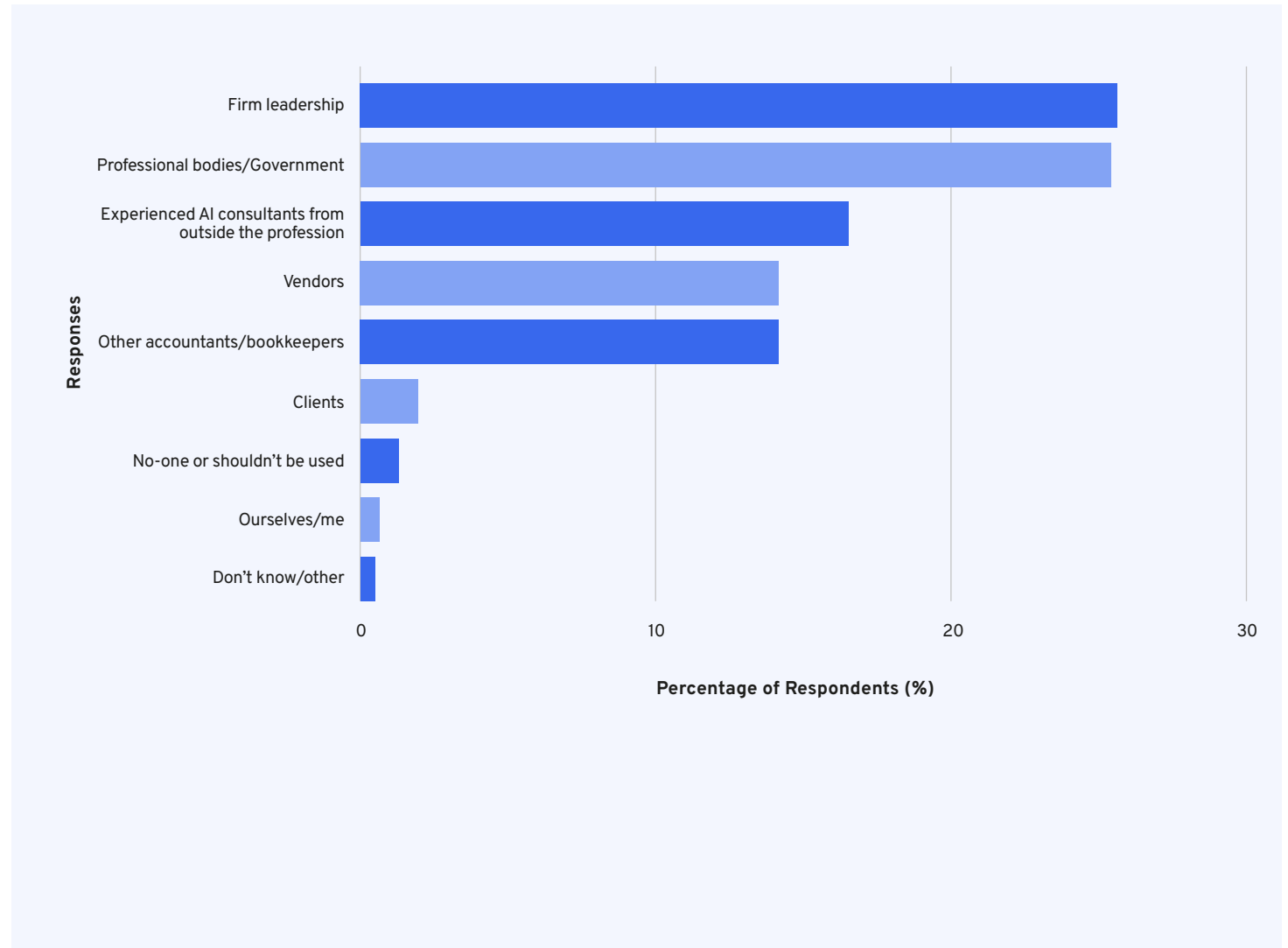
# Q14b

**If YES, which services should not be delivered with help of AI?**



# Q15

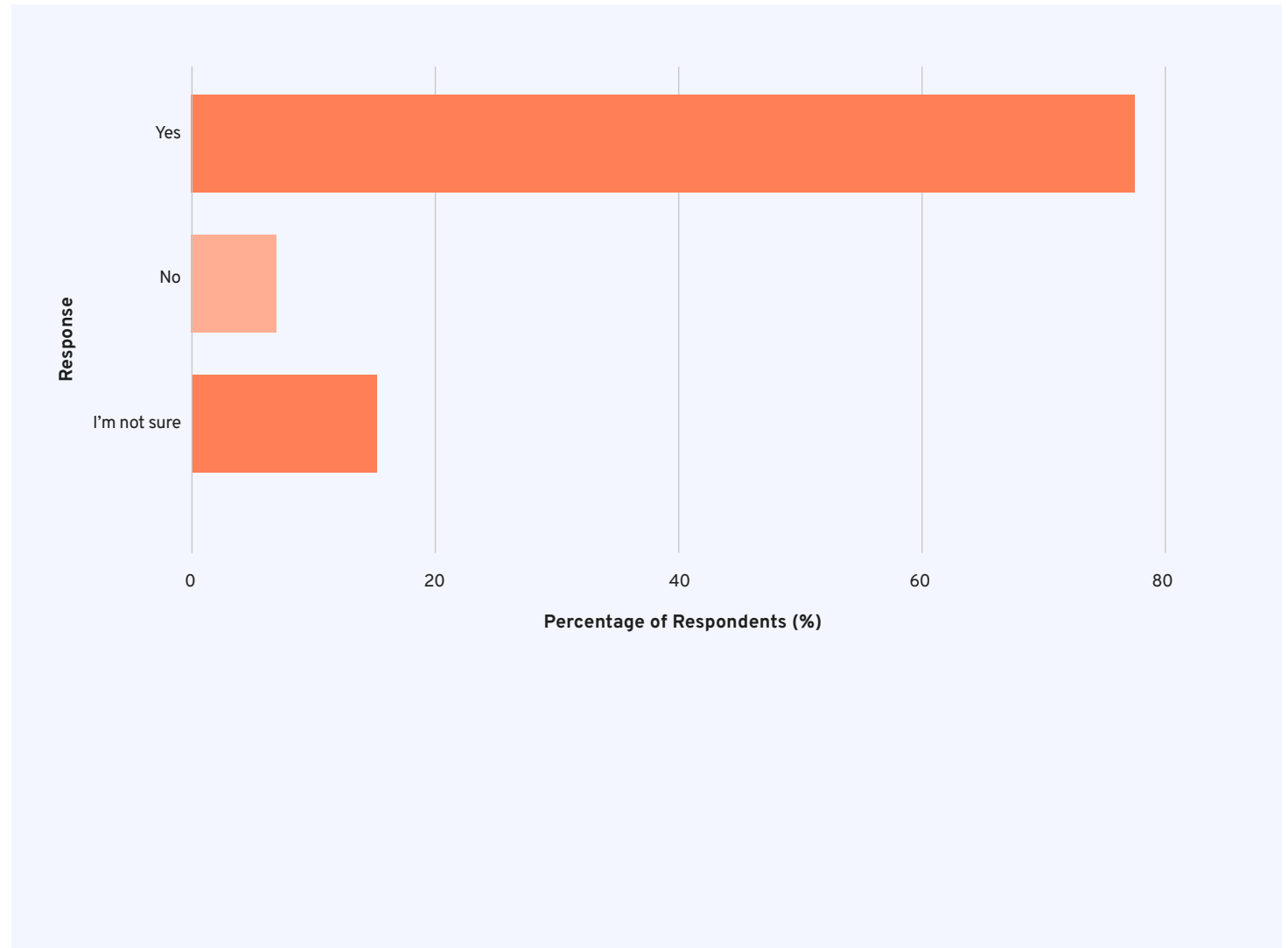
**Who do you believe is primarily responsible for identifying and demonstrating the best uses of AI in accounting?**



*The profession is looking for leadership from within, with Firm Leadership (26%) and Professional Bodies (25%) tied as the primary expected sources of guidance.*

# Q16

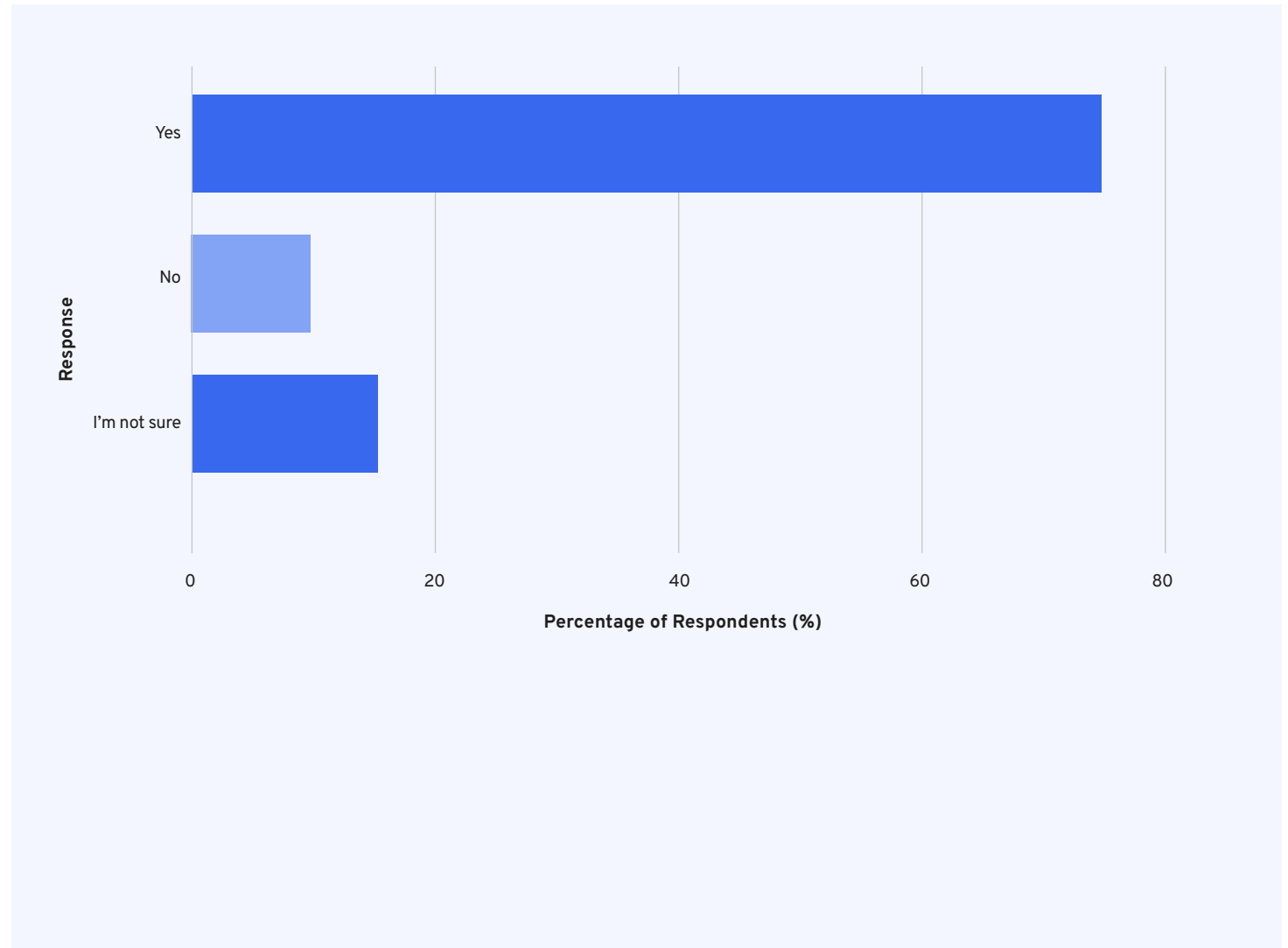
**Do you think it is important for firms to have a specific policy on the use of non-embedded AI tools (e.g. ChatGPT)?**



Over three quarters **(78%)** believe a specific policy is necessary for external tools, underlining the need for governance.

# Q17

And do you think it is important for firms to have a specific policy on the use of AI that comes embedded in your core tools?

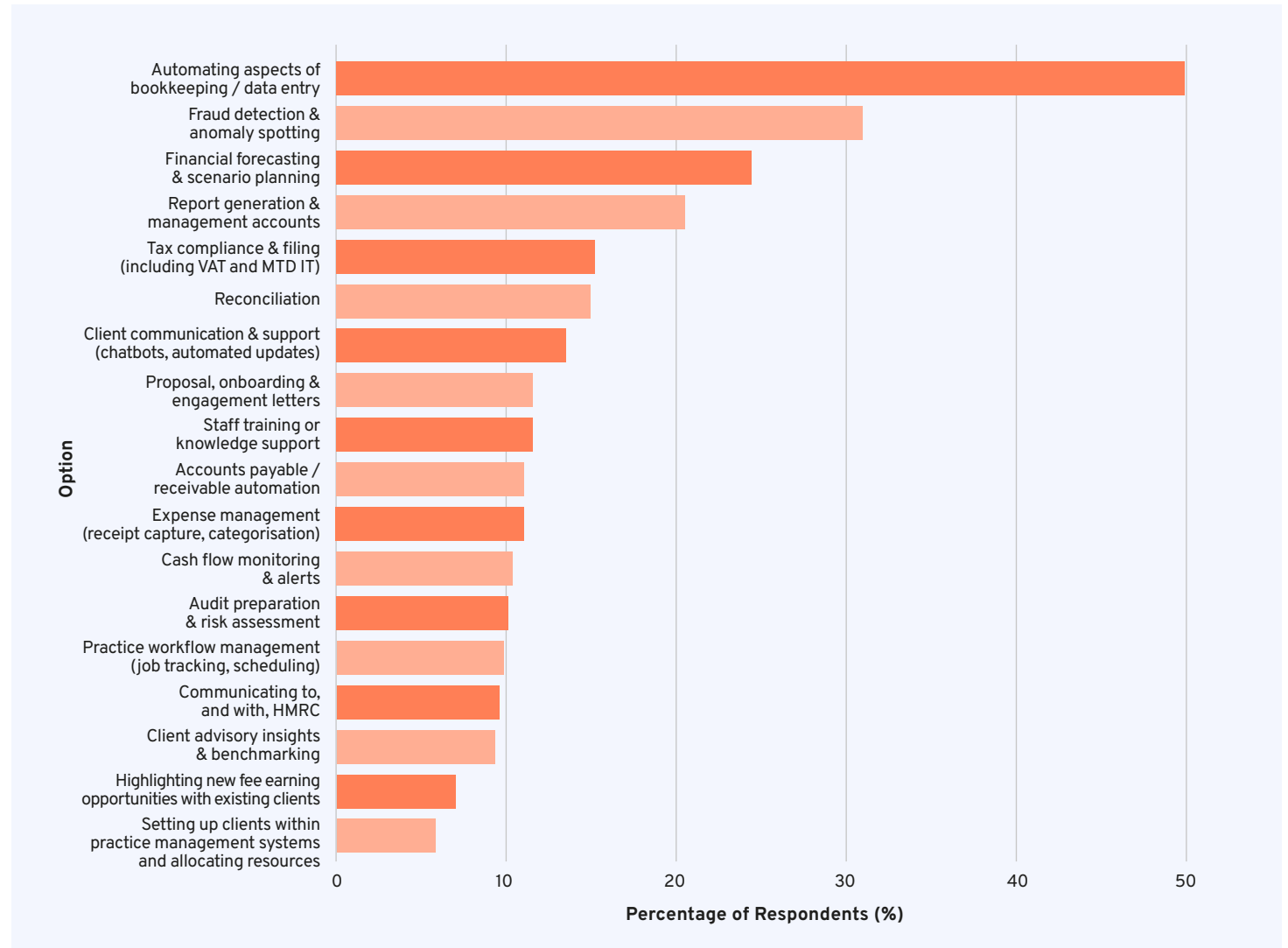


Governance is seen as critical even for built-in tools, with **75%** of respondents believing a specific policy is necessary for AI features embedded in core software.

# Q18

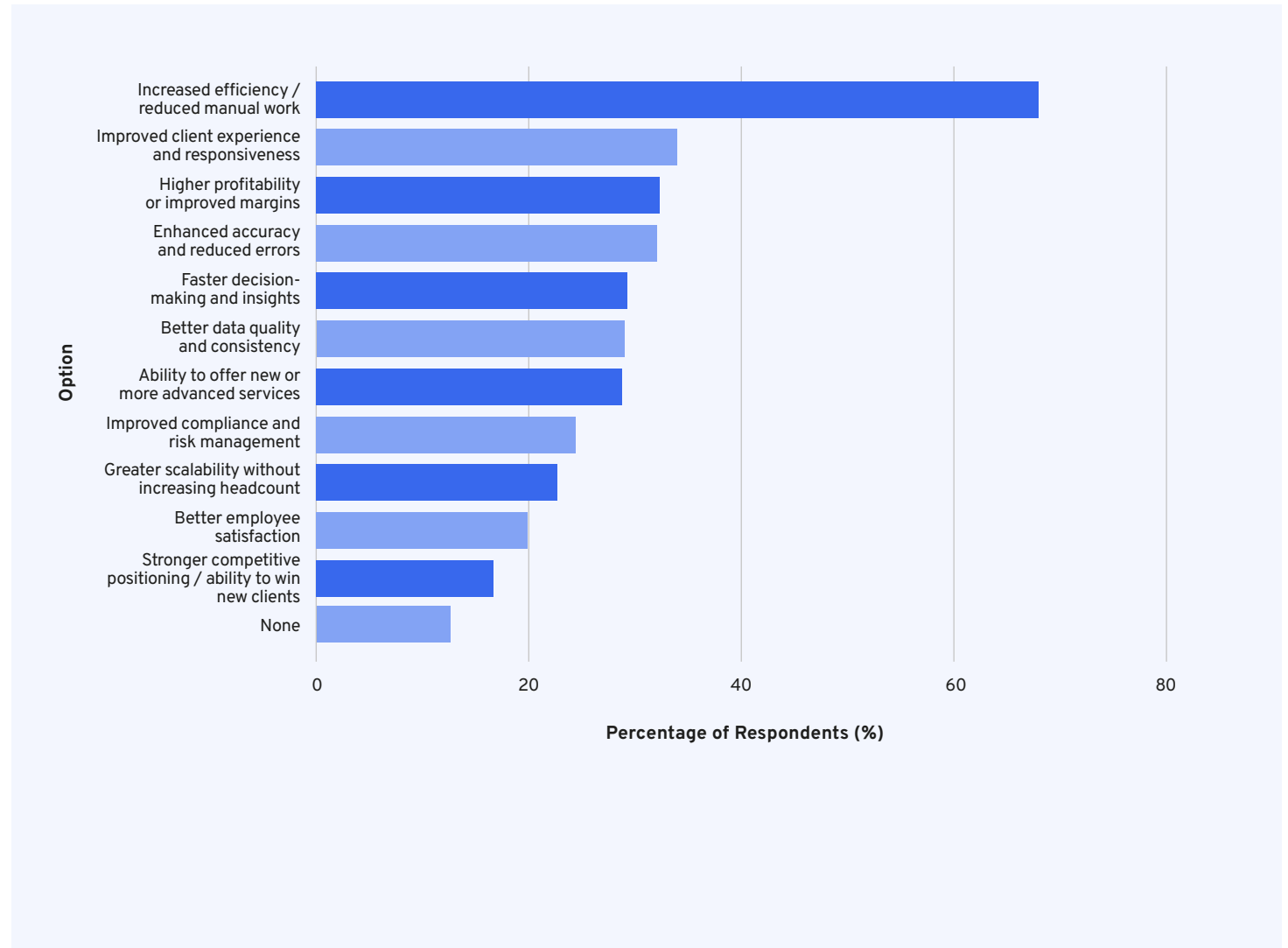
Where do you see the most potential for AI to be used in accounting practices in the future?

The highest perceived potential is in automating aspects of bookkeeping / data entry (50%), followed by fraud detection & anomaly spotting (31%).



# Q19

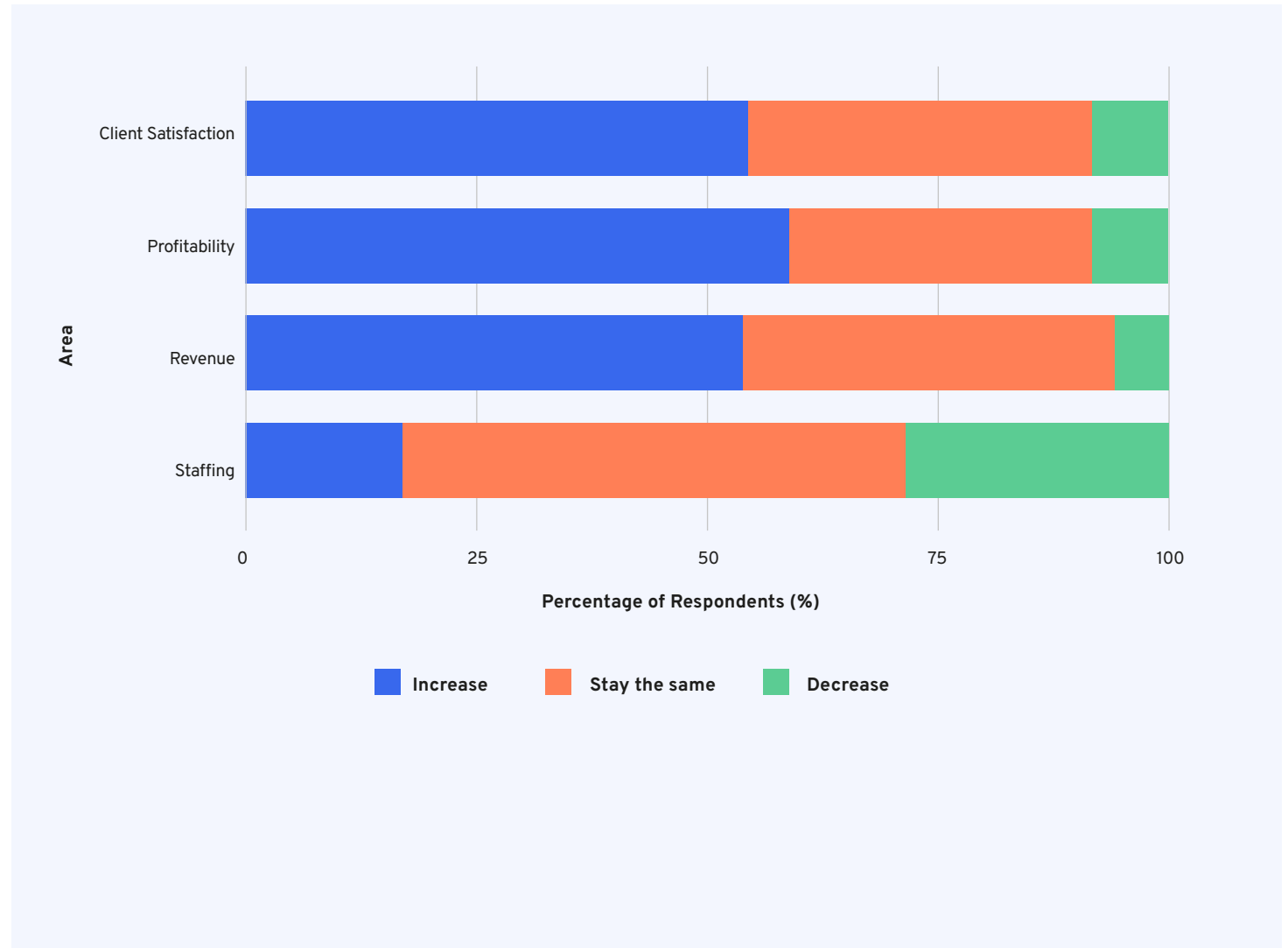
**What do you believe the primary benefits of wider AI adoption would be for your firm?**



*Efficiency is the undisputed driver, with **68%** of firms citing “increased efficiency / reduced manual work” as the primary benefit, double that of “improved client experience” (**34%**).*

# Q20

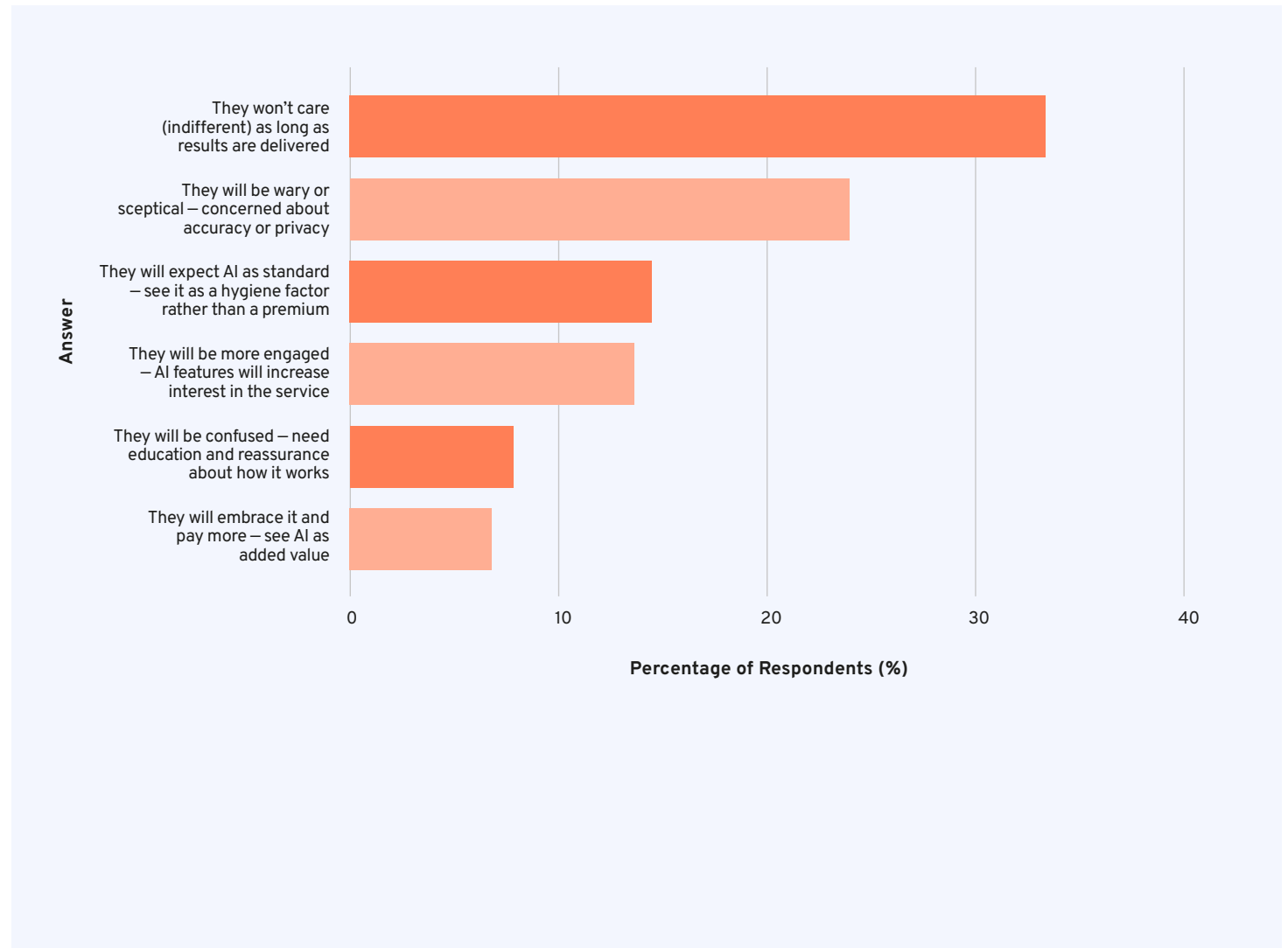
In the next 3-5 years, how do you think AI will directly affect your firm?



Firms confidently predict AI will lead to increases in **profitability (59%)** and **revenue (54%)**. As well as **54%** expecting staff levels to remain the same.

# Q21

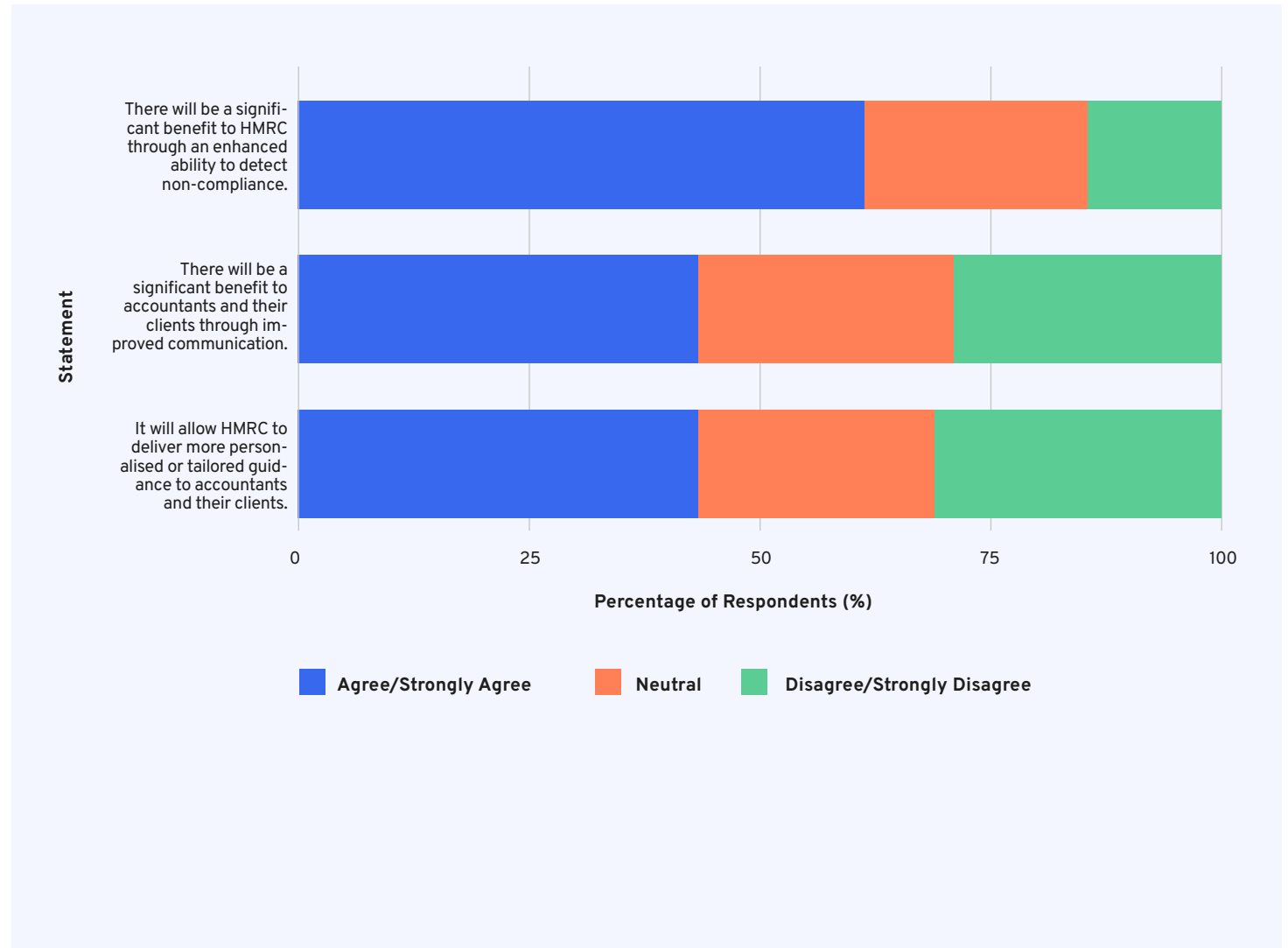
**In the next 3-5 years, how do you think AI will directly affect your firm?**



*The top client attitude prediction is **they won't care... as long as results are delivered (33%)**.*

# Q22

To what extent do you agree with the following statements around how AI will impact the service and relationship with HMRC?

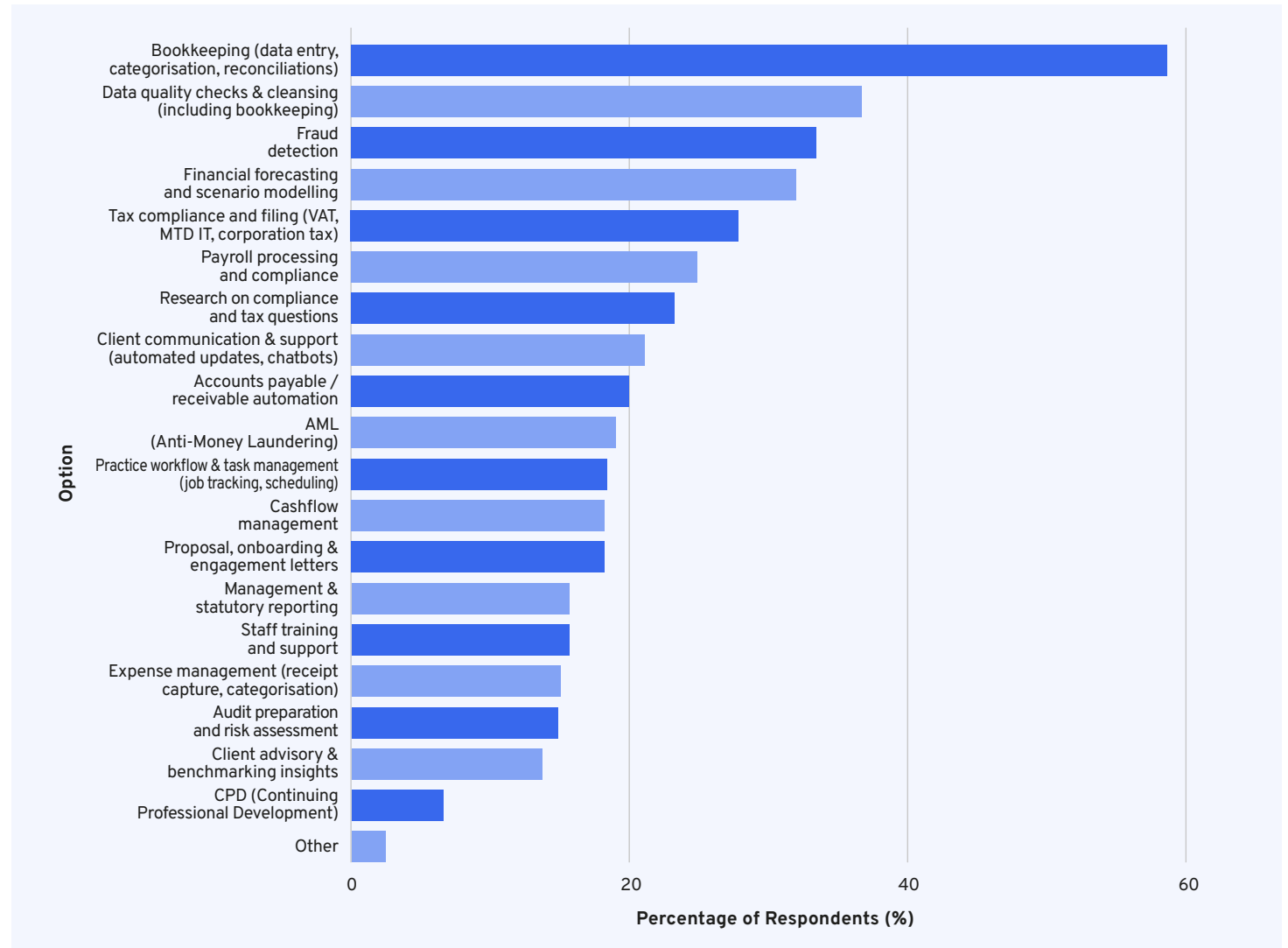


There is a strong consensus (61%) that AI will significantly benefit HMRC's ability to detect non-compliance, while 43% believe it will improve communication between accountants and the tax authority.

# Q23

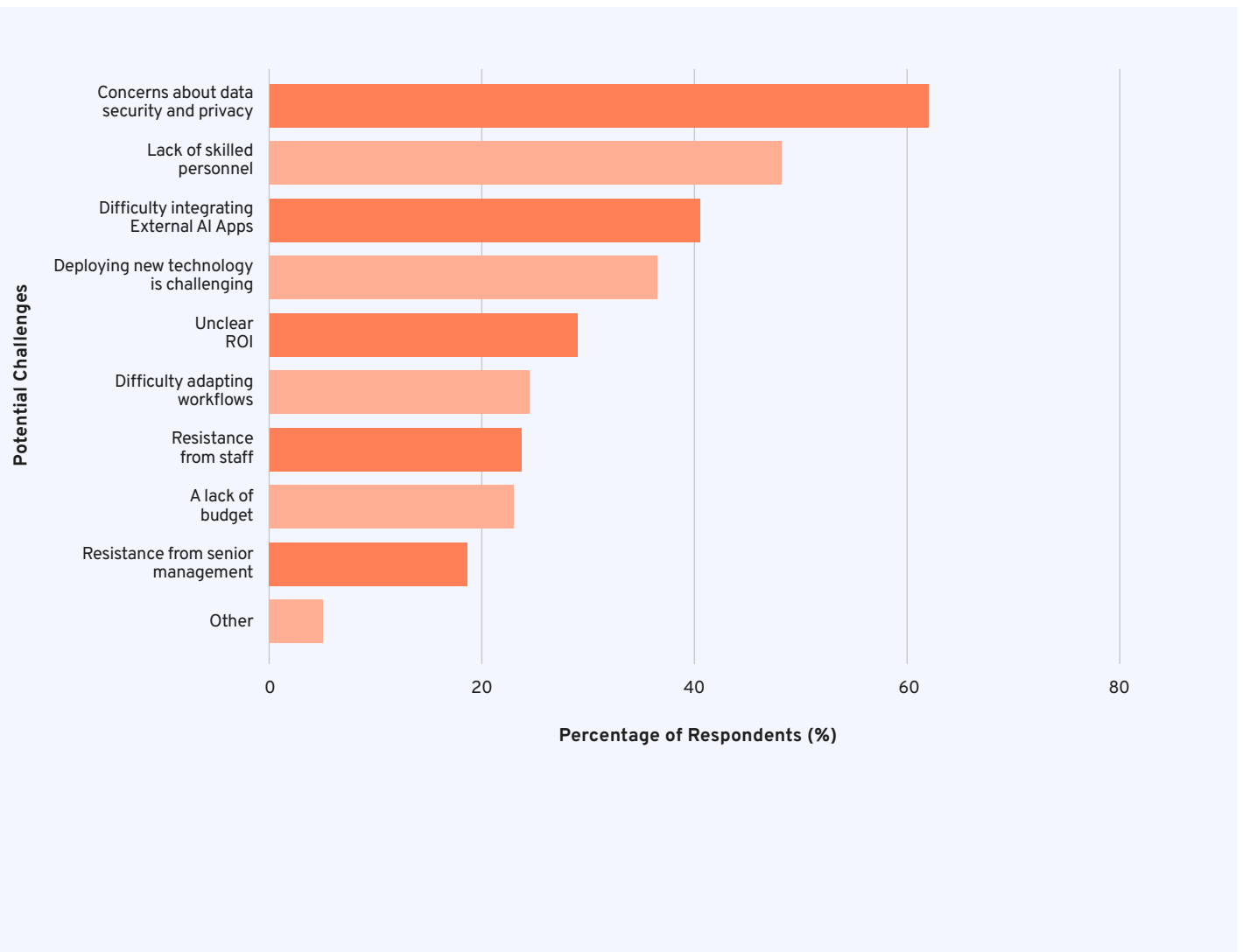
**Which functions or services do you see as having the most potential for AI in the future?**

When asked to rank their top priorities, the “core” compliance tasks dominate: Bookkeeping (58%), data quality checks (37%), and fraud detection (33%) are the clear winners.



# Q24

## What are the potential challenges to implementing AI?

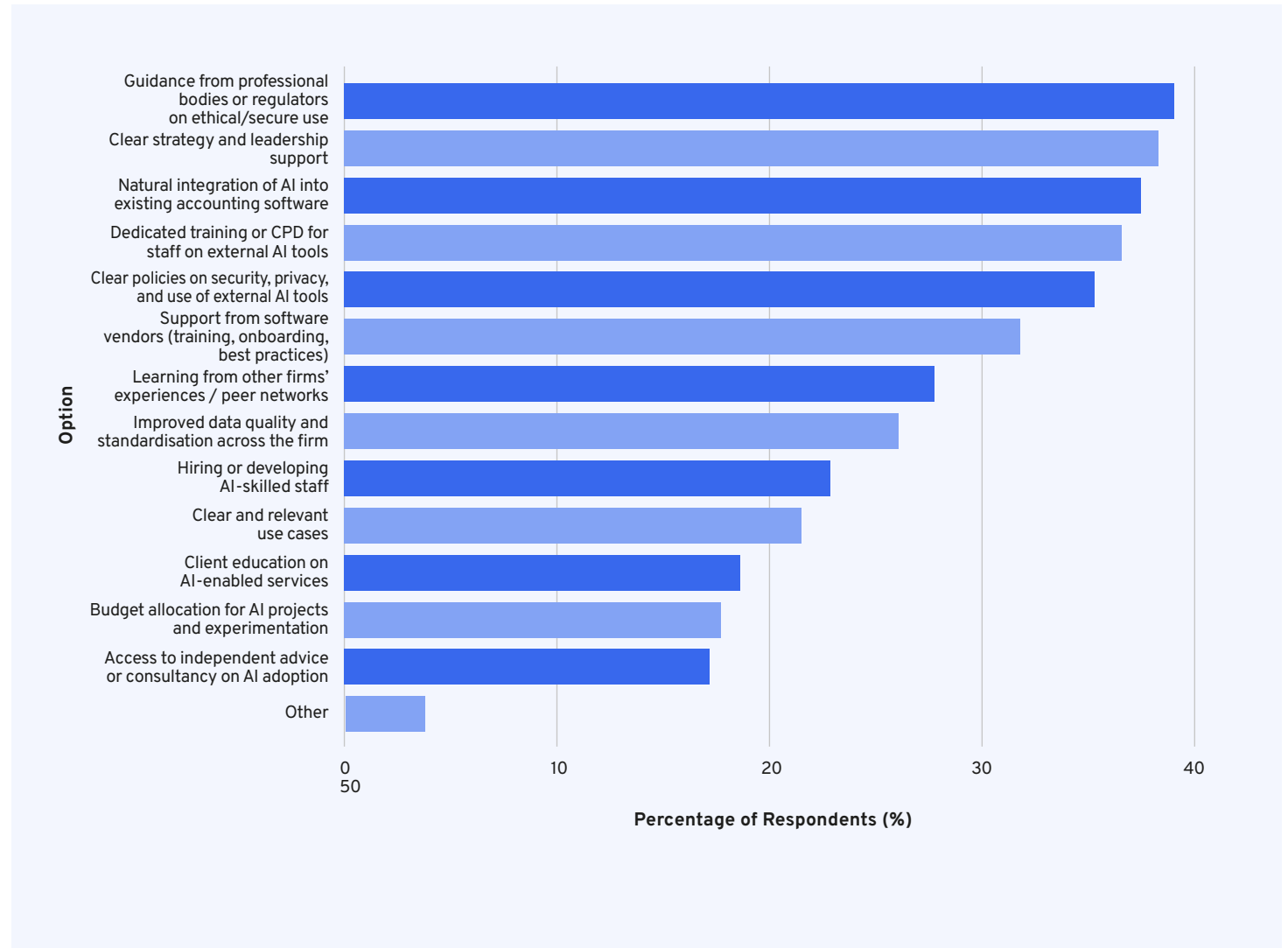


The barriers are primarily operational and risk-based. **Concerns about data security (62%)** and a **lack of skilled personnel (48%)** are the dominant obstacles, outweighing ROI concerns (**29%**).

# Q25

**What are the most important practical steps for your firm to fully leverage AI in the future?**

The three highest-ranked steps are **guidance from professional bodies (39%)**, **Clear strategy and leadership support (38%)** and **natural integration of AI (38%)**.



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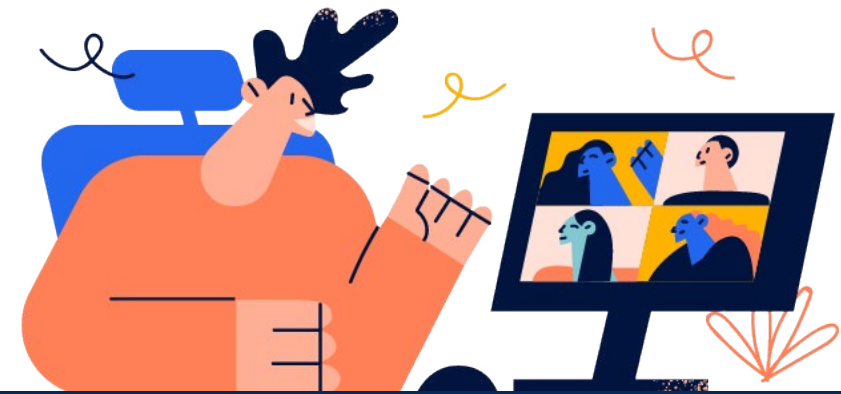
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