



Article # 1096

Technical Note: How to Make the Most Out of AccountMate's Budget Feature

Difficulty Level: Intermediate Level AccountMate User

**Version(s) Affected: Accountmate 7 for SQL and Express
AccountMate 6.5 for SQL and MSDE
AccountMate 6.5 for LAN**

Module(s) Affected: General Ledger

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DESCRIPTION

The ability to set up and maintain budget records is a basic function of most accounting software; and AccountMate is no exception. AccountMate's Budget feature provides the ability to create budget records; provides reports on the details of these budget records; and provides comparison of budget information against the results of actual operations.

This document is provided to highlight the capabilities of the AccountMate Budget feature and define the circumstances under which it can be utilized to best serve the user's needs.

SOLUTION

Key Components of AccountMate's Budget Feature

The AccountMate Budget feature can be summed up into the following key components:

1. Provides Different Options for Budget Data Sources

In AccountMate, budget records can be built from various sources of data. Budgets may be created using system data as the basis for calculation, or be formulated using another budget record. Users may make changes directly to the same budget record; or it can be exported to another external spreadsheet, and once complex calculations are done with it, it is simply imported back into the system.

2. Budget Values Calculated using Percentage Changes

Budget values calculated using AccountMate's Budget Maintenance function are derived from the Percentage Change formula. The system multiplies

the base figure by the percentage (positive or negative) defined by the user. The result of the Percentage Change formula is added to the base figure to arrive at the new budget data. A positive percentage change results in a positive value that is added to the base figure. A negative percentage change results in a negative value that is deducted from the base figure. A zero percentage change results in a budget figure that is equal to the base figure.

3. Supports the Use of Account Filters

Since budgets are created to suit various goals and objectives, it is necessary to provide users with the option to define the GL Account IDs that will be included in each budget record. AccountMate allows users to define budgets using Account Filters. These filters allow to define the GL Account IDs and cost centers (i.e., Department, Division, Location, etc.) which will be included in the budget.

4. Generates Budget Reports

AccountMate's Budget feature does not end with setting up budget records; it includes reports that are generated as a result of these budgets. Three reports are available: Budget Listing, Yearly Budget Total Report, and Budget Statement. While each report serves a different purpose, all three reports work together to assist users in achieving their fiscal and budgetary objectives.

Matching the Need to the Function

The secret to making the most out of AccountMate's Budget feature is knowing which options and functions to use to meet each specific need. In the following sections, we have identified some of the most common budget scenarios. For each scenario, well defined steps must be followed to accomplish the objective with the least expenditure of effort.

Setting Up Sales Forecasts

Sales Forecasts, expressed in monetary figures, can be set up as budget records with the use of **Account Filters**.

Create a Budget record and assign to it a Budget ID that is descriptive of the particular sales forecast it represents. Select the applicable Data Source and enter through the Account Filters window the specific **Account #** range that represents its corresponding GL Account ID. Specify the Percentage Change desired; then, run the update. Accept or change the values populated by the system to suit your requirements.

Setting Up Budgets per Cost Center

Budgets may need to be set up separately for each cost center. A cost center may be a department, division, location or some other means of grouping people or functions. As organizations grow, monitoring requirements become more complex. Managers now review financial reports not just for the entire company, but also for each cost center; and where the financial reports go; budgets are sure to follow.

Cost Centers are best handled in AccountMate through the use of **Account Segments**. Each Cost Center type may be represented by a separate Account Segment. In this manner, when organizations add another category to a cost center (i.e., add a new location or new department), it will be a simple enough matter to add this new cost center category in your GL Chart of Accounts.

Our Budget feature operates on the same principle. When the cost centers are defined in the Chart of Accounts, setting up budgets is simplified.

To do so, define in the Account Filter the specific cost center in need of budget. For example, you have "Location" as one of your cost centers and have set it up as one of your Account Segments. If you are creating a budget for your East Coast Operations, define only those "Location" segment values that represent the East Coast Operations. Enter the desired percentage change and then click the "Start Update" button. The GL Account IDs bearing the specific segment value "Location" will be included in that particular budget. You may proceed to accept the values populated by the system or change them as needed.

Using Complex Calculations to Set Up Budgets Based on Historical Data

Sometimes budget calculations are so complex that they must be taken out of AccountMate to be properly set up. For example, calculation of sales forecasts may involve more complex mathematical operations than can be supported by the Percentage Change method used by AccountMate.

When this happens, the users will be faced with the problems of: a) getting the historical data stored in AccountMate into a file that they can use to do their calculations; and b) getting the final budget figures back into the system. This is where the Budget Maintenance Import/Export functions are useful.

Define a Budget ID for the record to be created. Use the same budget ID when the final record is ready for import into the system.

Select **Actual Balances** as your Data Source and define the fiscal year from which the data will be taken. Define a 0% percentage change and set up any other filter criteria that may be needed. When running the update, the system will populate the budget values using actual account balances. Export the results to a file in the desired directory using one of the file types supported by AccountMate.

Once you have performed your offline calculations and have confirmed the budget, you can use the Import function in Budget Maintenance to bring the data into the system. Be sure to use the same data format (data type, data columns names and order in which the data are presented) used in the Export file. Access the Budget ID used for export and then click the Import button. In the Import Budget Data window, define the file type and directory; then, click the Import button.

Adjusting Budgets for Unexpected Market Changes

In these uncertain times, an organization must quickly adjust to market changes in order to survive. This may involve applying changes on long term and short term plans as smoothly as possible. As short term plans include budgets, AccountMate provides an easy way for users to put these budget changes into place.

When budget changes are required midway through a budget period, users are faced with the dilemma of changing the budgets for the remaining period without changing past values entered.

There are two ways to address this concern in AccountMate. First, is to directly change the existing budget so that it reflects the changes for the remaining budget period. Access the current record and then manually input the necessary changes; or if there are more periods to be changed, define the desired percentage change and the data source so that AccountMate will automatically populate the values for you. Then by manually keying in the old values you can revert to the correct figures for those periods that have already lapsed.

Second, is to create a new budget record from an existing budget with changes made only on the remaining budget periods. This is useful if the user wants to retain a copy of the original budget record for audit or control purposes. Use the **Other Budget ID** as the Data Source and select the specific existing budget from the list supplied by the system. While the change affects certain months only, define a 0% percentage change; then, manually input the figures for the periods affected by the change.

This discussion details the capabilities of AccountMate's Budget feature in creating a new budget record. Its purpose is to maximize user knowledge in the creation of various types of budget scenarios.

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