



**August 2010**

## **Take a Vacation From Long-Term Financial Concerns: Use QuickBooks' Budgeting Tools**

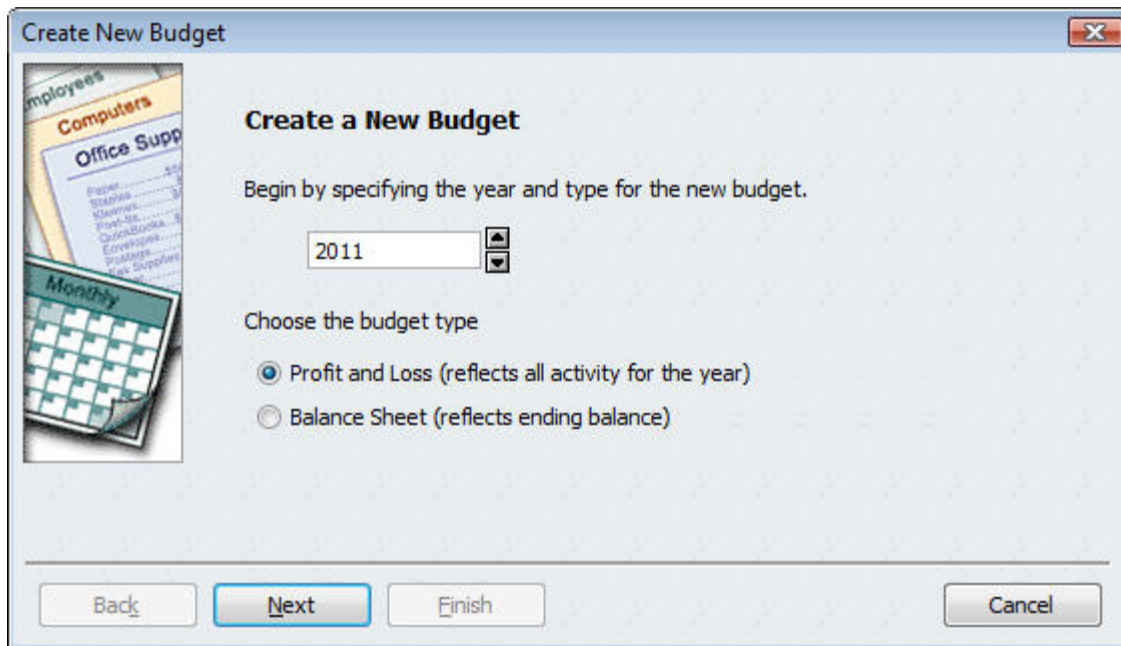
If your summer vacation is filled with worry over what's happening back at the office, you can ease that anxiety by using one of QuickBooks' budgeting tools. This powerful feature can provide insight on how wisely you're managing your income and expenses.

Using a budget, you can determine how your real income and expenses compare to what you'd anticipated. It can also be a jumping-off point for discussions about long-term planning.

### **A Good Benchmark**

Budgets. Many people make them, but few succeed at staying on top of. QuickBooks simplifies this process, making it easy to track your progress. Still, before you take on this task, you'd be wise to consult your accounting professional; it'll increase your odds of creating a successful financial blueprint.

To get started, click on the **Company** menu. Select **Planning & Budgeting**, and then **Set Up Budgets**. If you've already set up a budget, that one will appear. You'll be able to edit it or create a new one. If you haven't created a budget, the window shown in **Figure 1** opens.



*Figure 1: You'll start working on your budget by selecting its year and content.*

Select **Profit and Loss** to include all of the previous year's activity and click **Next**.

On the next screen, you'll also be able to include the criteria, (**Customer:Job** or **Class**), so you can budget for individual customers/jobs or classes instead of by account only. Leave this box unchecked for now. Click **Next**.

### **Determining the Content**

Next, you'll indicate whether you want to start from scratch with your own figures or let QuickBooks pre-populate your budget with last year's numbers. Select **Create budget from scratch**. Click **Finish**. A window similar to the one shown in **Figure 2** opens.

Budget

FY2011 - Profit & Loss by Account

| Account                      | Annual Total | Jan11 | Feb11 | Mar11 | Apr11 | May11 | Jun11 |
|------------------------------|--------------|-------|-------|-------|-------|-------|-------|
| Sales                        |              |       |       |       |       |       |       |
| Uncategorized Income         |              |       |       |       |       |       |       |
| Cost of Goods Sold           |              |       |       |       |       |       |       |
| Subcontracted Services       |              |       |       |       |       |       |       |
| Advertising and Promotion    |              |       |       |       |       |       |       |
| Automobile Expense           |              |       |       |       |       |       |       |
| Bank Service Charges         |              |       |       |       |       |       |       |
| Computer and Internet Exp... |              |       |       |       |       |       |       |
| Depreciation Expense         |              |       |       |       |       |       |       |
| Dues and Subscriptions       |              |       |       |       |       |       |       |
| Equipment Rental             |              |       |       |       |       |       |       |
| Insurance Expense            |              |       |       |       |       |       |       |
| Interest Expense             |              |       |       |       |       |       |       |
| Meals and Entertainment      |              |       |       |       |       |       |       |
| Office Supplies              |              |       |       |       |       |       |       |
| Payroll Expenses             |              |       |       |       |       |       |       |
| Postage and Delivery         |              |       |       |       |       |       |       |

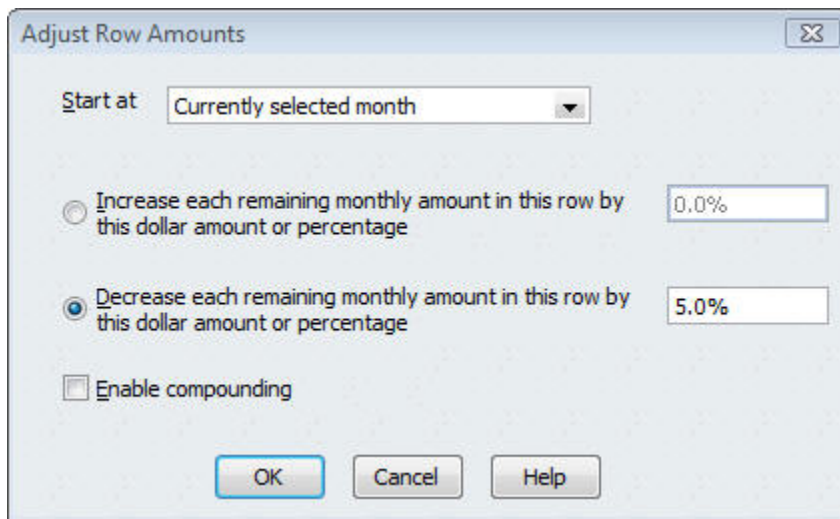
Figure 2: Budgets in QuickBooks are account-based, so yours will be set up that way.

Click on **Rent Expense** and enter 3,500 in the January column. Hit **Tab**. You'll notice that the **Annual Total** column changes to reflect that entry. If you expect that your number will fluctuate over the year, continue to enter those figures in the month columns. If it will remain the same, click **Copy Across** in the lower left corner. Every column (except for Annual Total) now displays 3,500.

When you're satisfied with your budget, click **Save**. You can easily access and edit it anytime from the **Company** menu.

### More Budgeting Tools

QuickBooks' budget flexibility doesn't end there. Let's say that your major office supply vendor has just lowered its bulk prices by 5%, halfway through the year. It's easy to make this change to your existing budget. Click the **Office Supplies** row, and then click on **Adjust Row Amounts** at the bottom of the screen. The window shown in **Figure 3** opens.



*Figure 3: Need to make a global dollar amount or percentage change to a row? QuickBooks makes this easy.*

At the top of the window, you can choose to have the change begin at the first month of your budget or at the currently selected month. Check one of the two buttons below that to indicate whether you want an increase or decrease, and then enter the numerical value in the box.

Tip: Want to start over? Click on the **Clear** button in the lower right corner. This deletes all of the data in the current page of the budget.

To switch back and forth among budgets, click the arrow under **Budget** in the upper left corner of the window. A list of your budgets drops down. To build a new one, click on the **Create New Budget** button in the upper right corner.

### **Seeing the Fruits of Your Labor**

Keep in mind that you can only create one budget per fiscal year for each account, customer or job, and class combination, as shown in **Figure 4**. This still gives you a lot of budgeting power. You can create budgets for individual customers, for example, and use some of the same accounts found in your overall company budget.

| Budget   |              |          |          |
|--|--------------|----------|----------|
| FY2012 - Profit & Loss by Account and Customer:Job |              |          |          |
| Current Customer:Job                               |              |          |          |
| Amy Kennedy  |              |          |          |
| Account  | Annual Total | Jan12    | Feb12    |
| 47900 · Sales                                      | 14,400.00    | 1,200.00 | 1,200.00 |
| 49900 · Uncategorized Income                       | 2,400.00     | 200.00   | 200.00   |
| 50000 · Cost of Goods Sold                         |              |          |          |

*Figure 4: You can create one budget per fiscal year for each unique combination of accounts, customers and jobs, and classes.*

Of course, the real power of QuickBooks budgets lies in its budget reports. Using these, you can get an instant, insightful look at how your income and expenses are performing. Go to **Reports | Budgets and Forecasts** to find them. They include **Budget Overview**, **Budget vs. Actual**, and **Profit & Loss Budget Performance**.

These reports will tell you precisely what you may be doing wrong—and right. If you're doing more of the former than the latter, get a copy of your budgets and corresponding reports to to your accounting professional for advice.

Carefully crafted budgets are a key piece of your business success puzzle. QuickBooks can help you shape them.