

Using Budgets GetReal for Business

1.00 Introduction. Welcome to the great time saver.

Major benefits to you

For small business Budgets GetReal is an extremely simple and time saving method for preparing your accounts, managing cashflow and budgets, and producing Business Activity Statements.

Consider the following:

- ❑ Firstly there is **virtually no manual entry of transactions required**. You simply import your bank statements. You can optionally decide to manually enter cheques or wait until they are imported and simply categorise these.
Works with all banks with export in common CSV, OFX, QIF formats. We have yet to find a bank worldwide where our customers have been unable to import their statements.
- ❑ Secondly your **transactions are automatically categorised** using powerful artificial intelligence. So you import a transaction and the customer/supplier is named, it's categorised and a default tax code applied without you having to lift a finger.
We have seen time savings of around 90% with this feature. The only transaction that does not automatically name are cheques - but most times when you supply a name the category and default tax code is applied without extra work. If you manually entered the cheques it all applies (reconciles) on import.
- ❑ Finally there is a really **simple to use reporting systems** that makes understanding your business, and manage your cashflow, easy. The reports provide graphical comparisons while allowing you to simply "drill-down" to the underlying transactions.
These reports can be extremely powerful allowing you to do complex calculations like the Australian Business Activity Statement (BAS).

These are but a few of the features. Our aim, in mentioning these, is not to "Sell" the program but rather to alert you to how these main features can, if properly used, help simplify your business.

What are Budgets GetReal's limitations ?

The principal method of data entry to BGR is by importing downloaded statements from your financial institutions and importing these into BGR.

Most "conventional" accounts programs require that you first enter your transactions and then reconcile these with your bank statements. For some business this is essential, but for most simple businesses this two step process is an unnecessary complication.

With Budgets GetReal the process is simple to use and, more importantly, avoids the complicated and time consuming reconciliations needed with most accounting packages. Cheques can be manually recorded as written or simply categorised when they appear on the statement. Either way their reconciliation is automatic and no input by you is required.

There is no Accounts Receivable, Accounts Payable or Inventory facilities. For small businesses this is often not a limitation - in fact it may be a major advantage in terms of simplicity and ease of use.

Aim of this guide and Contents

The aim of the guide is to explain the main program features, how they differ from “conventional” programs, and how you can get the most from the Budgets GetReal experience.

The contents in this guide are as follows:

- 1.00 Introduction
- 2.00 Business tasks with Budgets GetReal
- 3.00 Categorising imported statements
- 4.00 Additional Accounts and Categories

If you have not yet imported or categorised any transactions we strongly suggest that you:

1. Review and setup your Accounts and Categories to suit your business structure. Refer Section 4.00 of this guide.
2. Install the Business Pack module. This module must be Activated for Budgets GetReal to record the business codes used for taxation reporting.
3. Review your business codes and their rates. Ensure that all categories and Other Assets/Liability accounts are assigned a default code. Refer to the *Budgets GetReal - Business Pack: User Guide* and program Help for details
4. Then import and categorise your transactions.

Further information

Further detailed information is available as follows:

- The program contains extensive contextually based Help with illustrative screenshots for all important tasks.
- Budgets GetReal - Business Pack: User Guide* outlines how to setup and use business codes and groupings for powerful taxation and sales reporting. It illustrates how this can be used to prepare Australian Business Activity statements. This is a demanding task and illustrates the power of the program. It also details the extensive reporting and exporting facilities.
Refer to program Help for details of how to download this document.

Revision status

This document is a work in progress. It is expected to change (even if only slightly) in the future:

Last Revision Date: October 17, 2007

The latest version of this document can always be downloaded using the Budgets GetReal application. To do this open the main program Help at the *Business Pack* topic. This Help topic includes the latest link to the most recent copy of this document.

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2.00 Business tasks with Budgets GetReal

Accounts Receivable

Budgets GetReal does not incorporate a separate Accounts Receivable module.

Accounting systems that provide an Accounts Receivable module require you to create the Sales Invoice before you can record the Payment Receipt, usually require you prepare a Bank Deposit form, and finally require you Reconcile the bank account when you receive your bank statement. Unless you have a large number of Invoices to chase this may cost more time than a simple manual procedure.

Tracking outstanding Sales Invoices

Budgets GetReal requires that you manually prepare the Sales Invoice and categorise the receipt when it shows on your imported statement.

An easy procedure with Budgets GetReal, that will save you time, is:

1. Prepare the Sales/Tax Invoice and send to the customer.
2. Print a copy of the Invoice and file in a 2 part folder. In the front put the unpaid Invoices. In the back put the paid Invoices.

This really represents no extra work since you need to keep a copy of all Sales/Tax Invoices for taxation purposes.

3. As an Invoice is paid simply note the payment and bank deposit details on the Invoice. File in the invoice in the Paid section. Bank the receipt.
4. Import your statement when it arrives. For repeat customers the transaction will automatically categorise without any work by you. For new customers you may have to assign a name and sales category. If your categories are properly setup the sale will be correctly allocated for GST.

Electronic deposits

Having your customers pay electronically direct to your bank account will significantly simplify your workload. Require your customers to notate the deposit with a reference that has some relationship to the customers name in your accounts. This reference will appear on your statement, and assist in automatically categorising the imported transaction. Refer Section 3.04 for details

Accounts Payable

Accounting systems that provide an Accounts Payable modules are unnecessarily time consuming in comparison with simply paying the bill, recording the details (on the bill) and filing the received invoice.

Payment by Cheque

Budgets GetReal allows you to record cheques as an extension of the budgeting system. This means that you have a record of payments and non-presented cheques as well as the cashflow implications

The **recording of cheques is totally optional**. You can decide to record all cheques or simply those for significant amounts or those you suspect may take a while to present. You can also record the stopping of cheques.

When your statement is imported all recorded cheques are recognised and immediately reconciled. You do not need to enter or categorise anything. If you didn't record the cheque you will be asked for the payee name. If the payee has previously been paid the categorisation and tax codes will automatically suggest.

Should statement import show that a cheque presents for a different value than entered, or a stopped cheque is presented, an automatic Reminder / Alert will be issued. The

import process is not aborted. The alert will remain active until you resolve the cause and dismiss it.

The significant advantages over conventional accounting systems are:

1. Recording of cheques is optional. You enter what you think is relevant
2. You don't have to enter all your cheques before you manually reconcile your account
3. You don't have to reconcile the account. It is done automatically.

Electronic payment

When you pay bills electronically ensure that the reference (which will appear on your statement) has some relationship to the suppliers name in your accounts. This will assist in automatically categorising the imported transaction. Refer Section 3.04 for details.

Inventory, Sale and Purchase of stock.

Budgets GetReal provides a simple and robust method for accounting the Purchase and Sale of stock and any associated GST implications. There is no facility to record the purchase or sale of items from inventory on an item by item basis.

The key to efficiently using the system is to setup your Sales and Cost of Sales categories to reflect each tax code involved with each type of sale and purchase. That way you only need allocate the purchase to the correct category and the correct tax code is always applied as default. Trying to apply multiple tax codes to the any one category, while allowable, usually results in extra work and unnecessary complication.

So if you purchased and sold goods that were both taxable (eg GST code) and tax-free (eg FRE code) the best is to create separate Income and Expense accounts eg

Sales GST free and *Sales taxable*
Purchases GST free and *Purchases taxable*

Cashflow and budgeting

Budgets GetReal has some powerful budgeting and cashflow reporting features not usually found in other accounting systems. For these systems you often have to manually enter the budgeted amount for each income & expense category. Before you can enter these values you have to calculate them by some other method - often manually.

Realistically some budget items can only be calculated manually - for example where budgets are based on varying sales targets. However, in many cases, the majority of business expenses are periodic and can be easily predicted.

Cash Commitments Report

The Cash Commitments module is designed to help you manage your budgeted incomes and expenses.

It does this by allowing you to see how your spending, income and electronic transfers will affect the balances of your nominated linked bank and credit card accounts at different points in time. You can use it to decide what you must pay, what you can defer, how best to pay off your credit card statements and how to transfer funds between accounts.

Properly used, it will ensure you always have efficient levels of funds in all accounts and minimise the risk of bank fees due to low or overdrawn funds.

For more details refer to the in-program Help under the topic "Cash Commitments"

The Cash Curve

Provides a projection of liquidity and available cashflow. The Cash Curve allows you to use your budget to see how you are financially progressing, and to identify areas of possible cash-flow crisis in the next 24 months.

Armed with this information you can modify your budget, re-schedule large periodic payments, and provide for all contingencies. The Cash Curve will also tell you just how much free cash you have at any time to meet unforeseen eventualities.

Project income and expenses

The Future Provisions module allows you to budget for project expenses and have these automatically included with Cash Curve predictions.

Periodic income and expenses

Budgets GetReal can provide very good estimates of cashflow for expenses that can be easily predicted eg rent, wages, insurances, telephone etc. Simply enter each component item, the payment amount, frequency etc.. You will be reminded when each item is due + you can see the projected account balances via the Cash Commitments module.

Budgets vs Actuals, Profit & Loss reports

Budgets GetReal provides full reporting in a simple format that combines graphical representation along with actual figures. The results are viewable in any combination of category details and their respective category headings. Reports are directly queryable to give details of the underlying transactions and budget entries.

Working with your Accountant, Tax Agent or Bookkeeper

Budgets GetReal is designed to allow you to work efficiently with your Accountant, Tax Agent or Bookkeeper. The following features will help you achieve this:

1. The Budgets GetReal program is freely available & available for Windows and MacOS. There is no need to worry about having latest versions etc. since BGR always checks for latest updates & configurations.
2. The database is a common cross platform format usable, without any conversion, on all platforms. Database is the unit of licensing. You can simply email the database to your Accountant, have them make the changes, and return the file to you.
3. The database, and backups, are securely encrypted. An optional access password provides additional protection. BGR provides its own highly compressed backups well suited for transmission by email.
4. The database is fully exportable in the common CSV and tab-separated forms. It can be used with common Spreadsheet programs. The export fields & their orders are fully configurable. Your Accountant or Tax Agent should be able to import these results to their software for final preparation & lodgement of your tax return
5. The reports which support preparing your Business Activity Statement are fully configurable and of open architecture. You can add whatever codes, tax rates, and groupings suit your business.

3.00 Categorising imported statements

The following section seeks to provide to give you an understanding how Budgets GetReal automatically categorises your statements. Effective naming of transactions, and how you use these names on electronic deposits and payments, is the one way you can help Budgets GetReal automatically categorise your statements.

Refer to the in-program Help for instructions on the following:

- Transaction Register
- Naming transactions
- Categorising transactions
- Custom Rules for naming

3.01 Overview of the categorisation process

Categorisation of imported statements consists of three basic steps.

1. You examine the transaction description to **decide the name of the person to whom / from whom the transaction occurred**. In some cases the description will clearly identify the person . In other cases, eg Cheques you will need to consider the date, amount & other records to determine a name.
2. Once you know to whom / from whom the transaction occurred you probably know **to what category (and possibly job and tax code) the transaction should be allocated**. In most cases, knowing prior allocations for a particular name, you can accurately suggest the appropriate categorisation based on past history.
3. Finally, once you have categorised the transaction, you need to **check it is a valid transaction**. Did you really incur the expense? Are the fees or charges nominated warranted? If not you should enter a reminder of the problem and commence action with your bank to rectify the problem.

With time it is not uncommon to have around 90% of your imports totally categorised without any input from you.

Automatic categorisation uses Artificial Intelligence (AI) processes to determine steps 1 & 2 above. This may or may not completely categorise a transaction. In most cases categorisation will be correct - however there will be some times when you need to make minor changes. Whatever the outcome you must check that the transaction is valid and its categorisation is correct.

So the key to minimising manual naming is to ensure that Budgets GetReal can clearly recognise a customer / supplier name from the statement description.

However even if you have to manually select a name and category with Budgets GetReal you still win over other systems for the following reasons:

1. You don't have to enter the basic details (date, amount, statement details, bank account details, cheque number). There is no possibility of making an error in entering these details.
2. You don't have to reconcile the account - it is automatically reconciled on import.
3. Chances are that once you select the name the category details automatically suggest for you.

Section 3.02 will details how names are used and how you can use them to advantage.

3.02 What you need to know about naming transactions

This section details how Budgets GetReal uses names and how you can use them to advantage. We start with considering how you would manually recognise names from your statement description. If you can't recognise who the description applies to then no computer will be able to either.

Name recognition process

Consider how you would categorise the following statement descriptions:

Deposit - Internet Banking 2114536 Payment Magellan Pay 02-Ju

Deposit - Internet Banking 2652367 Payment Magellan 06-Jun

If you were categorising the statement manually you would note that the significant word was *Magellan*. This happens to be your employer *Magellan Securities*.

You will also note that, with the exception of the reference numbers (2114536 & 2652367) and the date references (02-Jun & 06-June), both statement descriptions have exactly the same pattern. Each time you encountered this pattern you would apply the transaction to *Magellan Securities*.

The AI processor applies names in exactly the same way you would do manually. Once you have linked a name to one or more descriptions, and it can establish a pattern, it can then automatically check if the pattern (called a Rule) occurs and if so suggest that name.

An example of a naming rule

System generated rules are automatically created and maintained by Budgets GetReal. You cannot directly set their values or the order in which they operate. You can influence their operation by the names you assign to match statement descriptions.

For the above example for *Magellan Securities* the rule would be:

Word 1 Is Equal To Deposit

Word 2 Is Equal To -

Word 3 Is Equal To Internet

Word 4 Is Equal To Banking

Word 5 Is a Number

Word 6 Is Equal To Payment

Word 7 Is Equal To Magellan

All after Word 7 (the last strong reference match) is ignored

If you closely examine the rule you will see that only the word *Magellan* really defines the rule. The other words may well apply to many other different transactions. If you changed word 7 to (say) *Woolworths* you would have a totally different rule that would suggest a different name say *Woolworths*.

By choosing the words in your name you tell Budgets GetReal how to build any new rule. This is all you have to do to force it to generate and maintain a new system rule.

All you need to do is to create names that have at least one strong reference word that occurs in both the name and the statement description. In this case the strong word is *Magellan*. The pattern of other words must be identical in the descriptions considered. There must be one common strong word reference otherwise no rule can be created

Strong references are personal or company names that are not likely to be confused. Account numbers can also act as strong references. The following words commonly

occur in statements and are not suitable as strong references and are ignored if they occur within the name.

Deposit, Internet, Bank, Banking, Payment, Online, Pay, Dep, Withdrawl, EFTPOS, POS, TFR, Fee, Account, Ref, ATM, Transfer, Credit, Card, Purchase, Authorisation, Int, Interest, by, and, at

Punctuation eg comma, period are also excluded

Note that the name can have words other than those used to match the statements eg *Security*.

User generated Custom Rules

System generated rules require a pattern match across at least two statement descriptions with at least one strong name within them. They are also not editable nor accessible to you.

In some cases it is not possible to create a name with common strong references. This may be because:

- The statement contains only words like *Deposit* etc. If these words were part of the name they would be ignored.
- You want to use a name quite unrelated to the statement and of special significance to you ie there is no word match possible.
- Your bank statements do not provide sufficient information. If you have difficulty reading your statements and knowing the payee/payor then so will Budgets Get-Real (or any other AI processor for that matter).

In this case you can define your own custom rules. If you are a new user you don't need to worry about this initially - only be aware that they exist and can be very useful. Refer Help Section *Custom Rules for naming* for details.

Reserved Names

For each account there is an automatically created name that is used to denote cash withdrawals (& deposits) by ATM or EFTPOS. An example of such a name is:

\$CASH: NAB FlexiAccount

where the *NAB FlexiAccount* is the account name and *\$CASH:* is a reserved prefix. *\$CASH:* names cannot be modified. The name changes as you change the account name.

Similarly reserved prefix *\$TFR:* allows for transfers between accounts. In this case the reserved name ensures the complete categorisation to the nominated account.

3.03 What you should always do

Create names and match these to statement strings so that:

1. The names comprise as many words that are common between the name and the statement string. The more strong words the more specific the rule created.
A strong company name + an account number (often with some additional non-matched explanation) is often a good name.
2. The order of strong words in your name is unimportant.
3. Your name can incorporate non-strong words. You may use a naming system like “<strongWords> - <otherNotes>” to make your names more readable. The only limitation is that names cannot exceed 40 characters in length.
4. In some cases you may not be able to get any strong match between your name and the statement strings. In this case you should consider creating a User Generated Custom Rules
5. You should try and make the first word in the name as recognisable to you as possible. This is because name are sorted and searchable alphabetically. Keeping them together this way will make it easier for you to remember them.

If you follow these rules you will get a high proportion of imported transactions (with the exception on non-pre registered cheques) automatically categorised.

3.04 Getting the best from your bank

Section 3.02 discussed how selecting the correct name can help categorising your statement descriptions.

Credit Cards

Credit Cards the description usually very clearly identifies the merchant. The only issue is that sometimes the description includes reference numbers or the last part of the description is truncated to fit within a certain number of characters. In these cases Budgets GetReal may require 2 or 3 goes to permanently recognise the name.

You can help by creating names that match the description in accordance with Section 3.02.

Electronic deposits and withdrawals

In this case you or your customer determines the description that appears on the statement.

When you request your customers to pay you electronically you should tell them the reference number to quote. This should include some reference to the customers name. Similarly when you pay a supplier you should include some reference to their name in the transaction description.

You can significantly help categorisation by **selecting meaningful names for automatic standing transactions at your bank.**

Not specifying transaction names can result in unnecessary work. For example with some major banks Transfer Debits & Credits often show as follows:

Transfer Debit
INTERNET TRANSFER <A designation you specify>

If you don't specify the <designation> (when you setup the automatic transfer with the bank) you will get a default designation of *Transfer*. This means that all Transfers appear the same and may need manually classification.

A better way is to nominate different designations to your bank and link each to a unique name. This name may well point to a specific category/job code.

Example: Paying salaries

Properly specifying standing transactions is of use in automatically paying wages and allowances to your employees. In this case your setup would be:

Designation: *John Smith Wages*

Each time the account is debited the statement description will be *INTERNET TRANSFER John Smith Wages*

Create a name like *John Smith ...*

The rules processor will automatically recognise the strong reference name *John Smith*.

You can then associate the name to category to *Salary and Wages* and at the same time have the business code set to *PAY* (ie exempt from GST reporting)

The net result is that you will only have to categorise the statement string *INTERNET TRANSFER John Smith Wages* once and from then on it will automatically be categorised.

You may also wish to enter a budget rule for this periodic payment in Budgets getReal.

4.00 Additional Accounts and Categories

Business Categories and Accounts

The base Categories incorporated within Budgets GetReal are optimised for Personal Money management and do not consider the needs of business. This is because business needs are all different.

You may consider adding the following Accounts and Categories:

Other Asset, Other Liability Accounts

You do cannot directly import to these accounts - their transaction details are either allocated from imported statements or from manually entered journals. One allocates the transactions on imported statements to Other Asset/ Liability accounts just as if it were an Income / Expense category, adding the appropriate tax code as you go.

You may consider adding the following accounts. Set the balance to the opening value of assets/liabilities. Other Asset and Liability accounts provide for a default taxation code. This automatically applies to all debits and credits.

Name	Type	Usage
Stock OnHand	Other Asset	The value of stock on hand as periodically determined by stocktake.
Plant & Equipment	Other Asset	Capital purchases and disbursements. Split the transaction to record different tax rates eg private components of use.
Property Assets	Other Asset	Property related capital purchases & disbursements. Create a separate account for each property.
Fixed loan	Other Liability	Use where there is a liability without an importable bank account eg a personal loan from the owners for working capital.
Equity - Partner A	Other Laibility	To record capital entitlements and Drawings. These type of accounts will depend on your business structure.

In considering how to treat individual Sales and Purchases of Stock you have two alternatives.

The first, and by far the easiest and most common, is to create an Income category for “Sales” and an Expense category for “Purchases”. Each sale and purchase is directly allocated to these accounts. The actual Stock OnHand value is determined by periodic stocktake and journalled to the “Stock OnHand” asset account.

Alternatively you could allocate Purchases to the “Stock OnHand” account and then the value of the stock sold as part of recording the sales transaction. Budgets GetReal permits you to use this method. While it theoretically gives you the current value of stock, its accuracy is only as good as the value of stock you allocate with each sale. For this reason it is not recommended.

Income & Expense categories

The default categories are initially configured for personal usage with some personal business and investment interests. They do not include categories for staff and payroll, sale of stock items etc. You can always make existing Headers and Categories inactive or delete if you really won't require in the future.

You may consider adding the following Headers and reportable Categories, depending on your needs. You should specify a default taxation code for each category.

Name	Type	Usage
Business Income		
Product Sales	Income	If sales can involve multiple tax rates create separate category for each rate
Fee Income	Income	
Freight collected	Income	
Miscellaneous income	Income	
Cost of Sales		
Product purchases	Expense	If there are multiple tax rates create separate category for each rate
Delivery expenses	Expense	
Discounts given	Expense	
Inventory adjustments	Expense	For stocktake correction and journaling to your "Stock on Hand" account
Employment expenses		
Staff Amenities	Expense	
Superannuation	Expense	
Wages & Salaries	Expense	
Workers Compensation	Expense	
Other Employer Expenses	Expense	
Other business expense		
Taxation expense	Expense	To record payments and any refunds of GST / other tax obligations
Depreciation	Expense	
Retained Earnings	Expense	To transfer the accumulated profit/ loss for the year to Other Assets
Suspense	Expense	Record any transaction here whose category is unknown. You can always locate and correct this later