Appendix 1

PRODUCING BUDGETS AND ACQUITTAL REPORTS from MYOB and spreadsheets

Explanation of Budgeting and Acquitting

This appendix outlines the process of preparing budgets and reports so that you can complete departmental acquittal forms at the end of each quarter and year. It will be helpful to organisations who receive funds from the Queensland Department of Communities and Disability Services Queensland.

The process involves both MYOB and a spreadsheet (e.g. Microsoft Excel) as explained in Part 2.3.3 of this training manual -- Comparing Actuals to Budgets and Variance Analysis. The process of exporting information to Excel for the purposes of Graphs, Charts or Tables is also included in the manual in Part 2.3.4.

This appendix is a more detailed guide to those processes. It consists of two parts:

1. Explanation of the budgeting and acquittal process (7 pages), and
2. Six spreadsheets which demonstrate the steps required:

- Spreadsheet 1: MYOB Input Sheet
- Spreadsheet 2: Annual Budget, including Quarterly and YTD breakdown
- Spreadsheet 3: Periodic Return Quarter 1
- Spreadsheet 4: Periodic Return Quarter 2
- Spreadsheet 5: Periodic Return Quarter 3
- Spreadsheet 6: Periodic Return Quarter 4

“Workbooks”, “Worksheets”, and “Spreadsheets”

A “spreadsheet” is a document which has lots of columns and rows. You can fill in information (data), and create formulas. A formula can perform a function like add amounts in different cells, or subtract, or multiply, or divide.

The Excel program uses the name “worksheet” instead of “spreadsheet”. In this appendix, we will use both names to refer to the same thing.

A “workbook” is a set of “worksheets” (or spreadsheets). A new Excel workbook always gives three worksheets. At the bottom of the screen, on the left-hand side, you will see three “tabs”: /Sheet 1 /Sheet 2 /Sheet 3.

You can “link” cells in one worksheet to cells in other worksheets in the same workbook.

In our example, the workbook has six worksheets.
You can get copies of this explanation and the six spreadsheets, which have been specially prepared, from the Developing Your Organisation website:

https://olt.qut.edu.au/BUS/DYO

Once the DYO web page appears, click on “Standard Chart of Accounts” in the top left-hand corner, and you will get the screen on the following page:

How to find sample spreadsheets:

- Click on Training Manuals column,
- Click on the MYOB cell, and
- Click on “Appendix 1 – Budgets & Acquittals Spreadsheets” at the bottom of the screen.
- In the spreadsheet file, you will see six tabs along the bottom of the screen:
  - Input Sheet,
  - Annual Budget,
  - Periodic Return Quarter 1,
  - Periodic Return Quarter 2,
  - Periodic Return Quarter 3,
  - Periodic Return Quarter 4.
- Click on each tab, and print out the spreadsheet.

It will help you if you have the printed spreadsheets, and refer to them while working through this explanation.
Planning your Budget

Each time you apply for a grant from the government, your organisation is required to prepare a budget for each year (it could be a three year grant), and for each month or quarter during the period. This budget is normally attached to your grant application, and it is part of the service agreement you sign when the grant is approved.

When budgeting, the Treasurer of the organisation prepares a timetable for the income and expenditure of the grant funds (either by month or by quarter). Look at the example Spreadsheet 2: Annual Budget, including Quarterly and year to date (YTD) breakdown. In the full example, you will see a budget for a whole year.

Look at the example Spreadsheet 2: Annual Budget. A small section is given below:

- Column C shows the budget for a whole year (e.g. $100,000).
- Columns E ($25,000) and F ($25,000) are for the first two quarters.
- Column G ($50,000) shows the total YTD ("year to date") up to the end of the second quarter. (There are four quarters in the year.)

<table>
<thead>
<tr>
<th>Column A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual</td>
<td>Qtr 1</td>
<td>Qtr 2</td>
<td>YTD Qtr 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income - Grants (State) Operating</td>
<td>$100,000</td>
<td>$25,000</td>
<td>$25,000</td>
<td>$50,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This budget is developed by your organisation using a spreadsheet, e.g. Excel. All the cells are filled in ("populated") manually or calculated by the person/s developing the budget.

It is best to develop your budgets using a spreadsheet package, and then expand it and use it for reporting to the Management Committee. The same spreadsheets will also help you to complete Periodic Returns for the Department of Communities and for Disability Services Queensland. So one set of documents can be used for several purposes, rather than having to create several sets of documents for all stakeholders.

How to fill in formulas:

In these example spreadsheets, the formulas have been filled in to show you how a budget spreadsheet works.

The example above actually has a formula in column G. The bookkeeper has instructed the computer to add the amounts (or values) in column E and column F.

You can fill in your own formulas by going to any cell (where you want the answer), and clicking on various cells anywhere else in the spreadsheet. Always start with an equal sign (=). (Use * to multiply; use + to add; use / to divide; use – to subtract.)
The Standard Chart of Accounts numbers and names in *Spreadsheet 1: MYOB Input Sheet* have been used for the structure of the budget:

4-1040  Grants (State) Operating  
4-5000  Other Income  
**Total Income**  
6-0040  Assets Purchased <$5000  
6-0050  Audit Fees  
6-0110  Client Support Services  
6-0320  Equipment Hire/Lease  
6-0500  Motor Vehicle Expenses  
6-0520  Printing & Stationery  
6-0600  Salaries & Wages  
6-0710  Travel & accommodation  
6-0720  Utilities  
6-0730  Volunteer Costs  
**Total Expenses**  
Net Profit or (Loss)

Notice that you leave out the account numbers and names that are not used in your organisation. Keep only those that are relevant to your activities.

**Limitation of MYOB**

Depending on the grant, there may be a number of jobs or projects within that grant. Unfortunately, quarterly budgets cannot be entered by job in MYOB, so you need to type in the budget amounts in MYOB. The six spreadsheet examples show only one grant and one project, but once you are familiar with the process, you can expand it for several jobs or projects.

Follow these steps to type in the budget amounts:

**Step 1** In MYOB, go to the “Command Centre”.

**Step 2** Select “Accounts”.

**Step 3** Select “Accounts Lists”.

**Step 4** For each Expense and Income account, click on the little white arrow on the left of the account name. You will get a “Profile” screen. Click on the “Budget” tab.

**Step 5** For each account, you can now fill the Budget amount—on a monthly or quarterly basis. The example in the next screen shows that for “Grants (State) Operating – Recurrent” we are expecting to receive $25,000 at the end of May, July, November, and February. (These are not real dates!)
Exporting the Profit and Loss Statement

The main report (produced from MYOB) is the Profit and Loss Statement. Instructions for preparing the P&L are given in the MYOB Training Manual in Part 2.3.1 Preparing the Profit and Loss Statement. You are now going to follow the steps to export the P&L Statement into the spreadsheet, and then work with the amounts to develop your budget.

In MYOB, here is a very simple Profit & Loss Statement. It shows all the Income items, and deducts the Expenses items, giving a Net Profit (or Loss, if the Expenses are greater than the Income). In this example, the amounts for Quarter 1 are obviously the same as the Year to Date for Quarter 1.

<table>
<thead>
<tr>
<th>QTR1</th>
<th>YTD QTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-1040</td>
<td>Grants (State) Operating</td>
</tr>
<tr>
<td>4-5000</td>
<td>Other Income</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
</tr>
<tr>
<td>6-0040</td>
<td>Assets Purchased $5000</td>
</tr>
<tr>
<td>6-0050</td>
<td>Audit Fees</td>
</tr>
<tr>
<td>6-0110</td>
<td>Client Support Services</td>
</tr>
<tr>
<td>6-0320</td>
<td>Equipment Hire/Lease</td>
</tr>
<tr>
<td>6-0500</td>
<td>Motor Vehicle Expenses</td>
</tr>
<tr>
<td>6-0520</td>
<td>Printing &amp; Stationery</td>
</tr>
<tr>
<td>6-0600</td>
<td>Salaries &amp; Wages</td>
</tr>
<tr>
<td>6-0710</td>
<td>Travel &amp; accommodation</td>
</tr>
<tr>
<td>6-0720</td>
<td>Utilities</td>
</tr>
<tr>
<td>6-0730</td>
<td>Volunteer Costs</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Profit (or Loss)</td>
<td></td>
</tr>
</tbody>
</table>
To export the Profit and Loss Statement information, click on the button on the bottom of the page (third icon) called “Send To…”

You will see that a number of options are available. For this exercise, click on the first option “Excel”, and follow the prompts to save the data.

*Important note:* You will need to manually populate the DYO Spreadsheet 1 and Spreadsheet 2 with your own organisation’s details. You may need to add and/or remove income and expense items to suit your own budget. You can use the “copy and paste” facility to simply transfer the data from your exported MYOB “Excel” spreadsheet to the DYO spreadsheets.

**Formulas in Excel**

This Appendix does not aim to teach you the skill of using a spreadsheet (e.g. Excel). However, it is important to know that the main advantage of spreadsheets is that they can do many complex calculations.

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**Example formula: Calculating Year to Date Quarter totals**

Spreadsheets contain many different formulas (or formulae!): addition, multiplication, subtraction, division, or combinations of these. You can fill in formulas to combine the contents of any cell with any other cell, and these calculations will happen automatically. Look at Spreadsheet 2: Annual Budget. You will see:

- To calculate the Year to Date Quarter 2 amount, the spreadsheet will automatically add “column E row 2” to “column F row 2”, and give the total in “column G row 2”.
- To calculate the Year to Date Quarter 3, the spreadsheet will add “column H row 2” to “column G row 2”. The total is in “column I row 2”.
- To calculate the Year to Date Total, it will add “column J row 2” to “column I row 2”. The total for the year is in “column K row 2”.

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Linking spreadsheets

You can “link cells” in different worksheets. This can be set to automatically populate in the other spreadsheets when the figures in the first worksheet are populated. Once you have created a formula in one worksheet, you can link it to another worksheet in the same workbook.

How to create a link

To link a cell in worksheet 1 and worksheet 2:

- In worksheet 2, click the cell that you want to link (or copy) from worksheet 1. Type an equal sign “=”
- Go to worksheet 1, and click the cell that you want to “copy”. Press Enter.
- You will then see the change in worksheet 2. Whenever you change a number in the first worksheet, it will automatically change the linked cell in the second worksheet.

Notice that columns in spreadsheets 3 to 6 are all populated from spreadsheets 1 & 2 (except for column Q—See note below).

One exception is the variance columns which are calculated in the four Periodic Returns. (A variance is the difference between the budgeted amount and the actual amount. Variances are blanks for favourable and “-” for unfavourable for both Revenue and Expenses in the worksheets.) The calculations for the variances which result in zero or an error (#DIV/0!) are included for demonstration purposes.

Notice that results of one spreadsheet can populate a column in the next spreadsheet:
- Column Q in Periodic Return Quarter 1 populates Column E in Periodic Return Quarter 2.
- Similarly, Column Q in Periodic Return 2 populates Column E in Periodic Return Quarter 3.

We need to stress again that this Appendix does not aim to teach you the skill of using spreadsheet software. However, it is important that you know that spreadsheets can be linked, and this can save you many hours when preparing reports and acquittal documents.
Reporting to Management Committee

Budgets are essential documents for good management of any organisation. The Management Committee needs to have control of the funds coming into the organisation, and expenditure. It is their responsibility to ensure that the organisation is meeting the conditions of the Service Agreement.

Look at Column S in all the Periodic Returns. In this column the Treasurer gives comments to the Management Committee about the results for that quarter. For example (taken from Period Return Quarter 2), column S shows:

- Row 6 states “PC & data-projector purchased.” The Treasurer is commenting that it was cheaper to purchase a computer and data-projector rather than to lease them.
- Row 7 shows “Nil variance”. That means that the budgeted amount is the same as the actual income or expenditure.

Notes for the Management Committee can be expanded if necessary. In Periodic Return Quarter 4:

- Row 4, column L shows that you had budgeted to receive $200,000, but column M shows that you actually received $220,000. So you received an extra $20,000. However, looking at row 16, you will notice that you spent $10,447 more than budgeted, leaving you with a surplus of $9,553 (as shown in row 18, column M). The additional expenditure is primarily the result of extra staffing required (refer to column Q, row 12) which shows a variance to budget of $12,463 for salaries and wages.

Acquittal reports to Government Department

The Department is keen to know whether your organisation is spending its grant funds in the ways that were budgeted at the beginning, and are contracted for in the Service Agreement. The Department is keen to know that the funds are being allocated in various categories according to the service provision your organisation promised.

Although Column S is “internal” information for the Management Committee, you can also send the Periodic Returns—including Column S—to the Department. This column explains variances, which the Department may find interesting. By giving this information, you may save yourself some telephone enquiries from Departmental officials!