

Staying one step ahead

Looking after your money

In today's world, the financial transactions in our lives have become numerous and complex.

Money flows out via direct debits, credit and debit card purchases. We have mortgages, we buy on extended credit schemes, we sign up for insurance policies, we sign up for long term savings.

Unless we keep up with what other people are taking out of our bank accounts, we can land in a mess.

Just a little discipline and a handy tool will keep you one step ahead.

This little book will help you.

Keeping one step ahead

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Chapter 1

INTRODUCTION

1 INTRODUCTION

Most normal people hate paying bills and checking their bank and charge account statements.

Too often we have this nasty feeling we are spending too much, but we don't really want to face the facts. Unsolicited credit cards coming through the letterbox every day make it too easy to carry on spending.

Sooner or later we will have to face reality - but maybe not just yet.

There are three ways out of the dilemma:

1. a great big cash windfall - unlikely
2. you take control of your finances - easier than you might think
3. somebody else takes control - Court Orders etc

The purpose of this book is to help you take control. It tells you **WHAT** you should know and do, and **HOW** to do it.

The HOW instructions and examples use MoneyBox, a free program that can be downloaded from www.moneybox.ai

At the start of each topic, you will find the **WHAT** explained followed by the **HOW** using MoneyBox.

1.1 WHY KEEP ACCOUNTS?

Staying ahead in the money game is just like any other game:

learn the rules

**don't spend more than you can afford
satisfy 'needs' before 'wants'
avoid easy credit, it can be very expensive
borrow from your Bank not your Credit Cards**

keep the score

**know how much you pay for credit
know if you are spending more than you earn
know if you are spending more than you planned
know how much you can save**

improve your technique

use last year's figures to manage this year better
increase the assets that earn you money
decrease the liabilities that cost you money

If you get into financial difficulty, you need help. To get help you will have to list your Income and Expenditure. If you do this as a matter of course you may avoid the difficulty in the first place.

A clear understanding of your financial position is the foundation for achieving many ambitions.

1.2 MANAGING YOUR OWN FINANCES

In managing your own finances there are several "thresholds" of understanding:

1. managing the flow of money into and out of your Bank and Charge accounts without paying too many interest charges.
2. knowing whether your Income exceeds your Expenses, what you did with your surplus or how you financed your deficit.
3. knowing what your Net Worth is, how that is made up of assets that earn you money and liabilities that cost you money.

MoneyBox will enable you to develop a full understanding of your finances, but the basis of this understanding is the patience to enter all your receipts and payments.

1.3 CASHFLOW v I&E

You should distinguish between Income and Expense, and your Cashflow:

If you earn £13,000 per year and spend £12,000, you are in good shape - you have a surplus.

However if your expenses occur at the rate of £1,000 per month and your income is paid only once at the end of the year - you have a Cashflow problem.

Your Bank Manager will willingly lend you the temporary shortfall if you can show him clearly your Income and Expense and what Assets you have.

If your Income is greater than your Expense, the surplus increases your Net Worth.

Did you leave it in the Bank?

Did you pay off a loan?

Did you invest in something that adds to your Income?

Did you spend it on a shiny new toy?

1.4 WHAT IS MONEYBOX?

MoneyBox is a simple to use program to help you keep track of your money.

If you take the trouble to enter your payments and receipts, MoneyBox will keep your Bank and Credit Card balances completely up to date. Regular payments and receipts e.g. Rent / Mortgage, Salary / Allowance are entered automatically on their due dates.

Checking Bank statements against your own records is really easy. MoneyBox remembers previous statements and shows you the balance on your last statement and all amounts not yet checked.

You just tick off (double-click) the amounts on the latest statement received. At all times you know exactly what your up to date balance is. Even if it is bad news, it is better to know it before the Bank Manager tells you!

Even better - you can show him your next statement before he sends it to you!

ENTERING ITEMS

MoneyBox follows the normal bookkeeping conventions in that each item is entered into two accounts - the account it Comes From and the account it Goes To.

For example when you pay your rent, the money Comes From your Bank account and Goes To the Rent account. Interest received from the Bank Comes From Interest Received account and Goes To your Bank account.

It might sound a little complex, but it is very easy and becomes quite natural very quickly.

To enter items into MoneyBox, you go to your Bank account (your Bank account is normally the first display when you start MoneyBox) and select the Add Item facility.

Actually entering the data is much like writing a cheque. You check whether this is a payment or a receipt and then enter the date, description and amount, and where the money Comes From or Goes To.

MoneyBox makes an assumption according to the type of account you are entering as to whether it should be a payment or receipt. It is usually right, but if it is wrong and you don't notice, it takes about two seconds to change a payment into a receipt using the Change Item facility.

Selecting which account you want this payment or receipt to be accumulated in - i.e. where it Goes To or Comes From - is easy.

All the detail account names in the Account Names list appear in a selection box when you are entering account items. You just select the appropriate account. They normally appear in alphabetic sequence, but change automatically to numeric sequence if you key in a numeric character.

Don't worry too much about getting it right first time. there are really only three basic mistakes you can make:

- entering a payment as a receipt or vice versa.

- entering the wrong amount.

- allocating it to the wrong account.

The first two types of mistake you pick up when checking your Bank account against the statement received from the Bank. Using the Change Item facility you can make corrections on the spot.

A wrong allocation (Posting) will stand out later when you are looking at a specific account and find something doesn't belong. In this case you use the Transfer Item facility to send it to the correct account.

You will find as you add transactions that the system will fill in other fields in the dialog as you type the description if the description is the same as one you have already entered. This feature is called EasyFill, and will save you a lot of time in entering your transactions.

REGULAR PAYMENTS (Standing Orders)

In the same way as you can tell the Bank to make payments automatically on specific dates, you can tell MoneyBox to record payments and receipts automatically. This saves you the bother of having to remember to make these entries each time they fall due.

You do this very simply by clicking the S/o button when entering an item and selecting the interval at which the item is to be repeated and the last date on which it is to be paid.

These items are in fact created in advance at the beginning of each calendar month. They show their correct due dates, but give you an advance reminder of payments already committed.

DIRECT DEBITS

Neither your Bank nor MoneyBox can know the exact amount of each Direct Debit until notified.

I find it best however to treat a Direct Debit like a standing order, and on receiving notification of the exact amount, I just correct the amount shown in the item created in advance for the current month.

When you come to the end of the year and start a new year's set of accounts, MoneyBox will carry on making the automatic payments on the correct dates in the new year.

All you have to do to stop an automatic payment, is to retrieve the latest item and remove the "S/o " prefix using the Change Item function.

You can also display all your automatic payments by selecting the Transactions button in the toolbar and then clicking the "Regular Payments" tab. From this display you can also cancel any or all of your automatic payments.

Chapter 2

MANAGING THE FLOW OF MONEY

2 MANAGING THE FLOW OF MONEY

In managing your own finances there are several "thresholds" of understanding:

1. **managing the flow of money into and out of your Bank and Charge accounts without paying too many interest charges.**
2. knowing whether your Income exceeds your Expenses, what you did with your surplus or how you financed your deficit.
3. knowing what your Net Worth is, how that is made up of assets that earn you money and liabilities that cost you money.

MoneyBox will enable you to develop a full understanding of your finances, but the basis of this understanding is the patience to enter all your receipts and payments.

2.1 MANAGING YOUR BANK ACCOUNTS

Except for cash transactions, all your payments and receipts pass through either your Bank account or your Charge account. If you record all these transactions in MoneyBox, you will have entered very nearly all that is needed to give you a complete set of personal accounts.

In addition, if you take the trouble to reconcile your records against the statements sent by your Bank and Charge company, you will know that the information that you have entered is accurate.

A further benefit is that you can see the up-to-date balance on your Bank and Charge accounts without having to wait for each month's statement.

SETTING UP A BANK ACCOUNT

Your Bank account should be included in the CURRENT ASSETS section of the Account Names list. Whichever model Account Names list you will find it is called Current A/c.

Using the Change A/c Name facility in the Account Names display, change this entry to show the name of your Bank, and also tell MoneyBox which currency the account is to be kept in.

If you have more than one Bank account, add a new account name for each Bank account.

Entering the opening balance for a bank account is covered later in this chapter "MAKING THE FIRST ENTRIES".

REVIEWING YOUR BANK ACCOUNT

The quick way to access any account is to select the required account name in the drop down list in the Toolbar. This takes you directly to the detailed items in the account.

You can also access any account including Bank Accounts by first going to the Account Names list. Then scroll or search to find the account you want to review. Next select the Review A/c facility or double click on the specific line.

This will take you to the detail Account display. If you click the Monthly Summary tab, you will see a summary of the monthly totals of items accumulated in this account.

The left hand column shows the months of the year, ending with the month that you have specified as your year end.

The first line of the body of the display tells you any value that has been brought forward from last year. The monthly totals of the amounts received and paid by this account are shown under the Debit and Credit columns. The Balance column shows the cumulative total of the account at the end of each month.

The Month Net column shows the net total of receipts and payments accumulated for this account during each month.

The last line of the main body of the display shows you the net total of receipts and payments for the account for the year. It also specifies the currency of the Bank account.

You now have the choice of looking at all the individual items that you have entered in this account by clicking the Details tab, or the details of a specific month by double clicking the specific line. There are two additional tabs to see the items that have not yet been included in the statements received from the Bank, and to see the items in any specific statement.

To display the account information graphically and to set up a budget or a cashflow projection, use the appropriate buttons in the account toolbar. (Run the cursor slowly over the buttons to have their function displayed)

If you select the Details tab, the header of the Account details display shows the name of the Bank account that you are currently looking at. Each line of the body of the display shows one receipt or payment accumulated in this account. All items in the account are displayed and are visible by using the scrolling keys. The line currently accessed is highlighted.

The account items are displayed in date sequence starting with the first month of your accounting year. Each line has the following fields:

Statement Number (Stmt)

all items that you have reconciled to a Bank statement will have that statement number in this column. All unreconciled items will have blanks in this column.

Reference (Ref)

any two characters that you may want to use to denote a particular type or source of item, or a cheque number.

Date

the date of the transaction.

Description

to tell you what this receipt or payment is.

Payments Column

a value in this column tells you that this item has been paid out of your Bank account.

Receipts Column

a value in this column tells you that this item has been received into your Bank account.

Balance Column

starting at the top of this display, all receipts and payments are added or subtracted from the starting balance giving a running subtotal after every item in the account. If DR (CR if you have selected accountant's format) appears immediately after a value in this column, it shows that the balance of the account at this point was overdrawn.

If you select the Reconcile tab, the first line of the body of the display shows the closing balance of the Bank statement that you last reconciled.

Each subsequent line of the body of the display shows a receipt or payment that has not yet been checked off against a Bank statement. All such unreconciled items are

displayed and are visible by using the scrolling keys. The line currently accessed is highlighted.

These unreconciled account items are displayed in date sequence starting with the first month of your accounting year. All the lines of the display will have blanks in the Statement Number column to show that they have not yet been checked off against your Bank statement.

MAKING THE FIRST ENTRIES

When you first start to make entries in your Bank account, you will need to enter the opening balance in the account. The simplest way to make sure that you do not get confused is to start your entries with the last statement you received from the Bank.

Click the Opening Balance button to make your first account item "Opening Balance" together with the amount - i.e. the opening balance of the statement. Specify whether this balance is in credit or overdrawn.

MoneyBox will specify account number 70000 Net Worth as the account that the opening balance amount should "Come from" ("Go to" if overdrawn).

Having entered the opening balance, next enter each of the items that appears on the Bank statement.

As a check on having entered all these items correctly, follow the procedure described for reconciliation (below), but note that you will have to tick-off the item that you entered as Opening Balance.

Once you have got your first opening balance correctly entered, MoneyBox will thereafter maintain the balance for you and carry it over correctly from year to year. Even if you have to make a correction to an amount in last year's account, MoneyBox will update the balance brought forward from the end of last year to the beginning of this year.

RECONCILING YOUR BANK ACCOUNT

Use drop down list in the Toolbar to select the Bank account to be reconciled. This will take you to the details of your Bank account.

Now select the Reconcile tab.

All the lines of the display that have blanks in the Statement Number column to show that they have not yet been checked off against your Bank statement appear at the bottom of the list if items. All previously checked off items will appear before these unreconciled items in date within statement number sequence.

When you receive your Bank statement, just follow this sequence:

1. Pull out the previous statement and check that the closing balance is the same as the opening balance on the new statement, and the same as that showing on the last line of the previously checked off items.

If it is not then you should read the suggestions for finding opening balance discrepancies, below. I recommend that you find out why there is a discrepancy in the opening balance before checking the individual items on the current statement.

2. Check the number of the previous statement and make sure you allocate the next sequential number to the new statement. Remember that since MoneyBox treats this year and last year as a single period, you should not use a duplicate statement number in two consecutive years.
3. With the new statement in front of you, start at the first entry on the statement and look for the same amount in this display.

When you find the matching amount in your display, scroll the highlight bar to that line and click "Tick Item", or double click on the specific line. The first time you do this MoneyBox will ask you to confirm the current statement number. Confirm the number to MoneyBox, and you will see that number appear in the left hand column of the item that was highlighted.

4. Repeat checking off each item on the statement until there are no more items to be checked. You will find that MoneyBox always keeps un-ticked items in view in the display.
5. Whenever you find an item on the statement that does not match an item in your record, you will need to update your record using the "Change Item" or "Add Item" functions.

The normal reasons for such discrepancies are:

you have forgotten to enter an item.

you have entered an amount incorrectly.

the Bank has made a charge or credit that you had not previously been informed of.

It is rare for the Bank or Charge company to make an incorrect entry on your statement. However it can happen.

6. When you have checked off all items on the statement, select the "Statement"

tab.

MoneyBox will show you the opening balance that it assumes for the statement to be displayed. You can either accept this value, or change it as you require in the statement display controls at the right hand end of the account toolbar.

Having given MoneyBox this information, it builds a display of the statement that you have just reconciled. A quick check that the closing balance displayed is the same as the closing balance on the statement itself, will tell you that you have successfully checked off all items on the statement.

If you have included any item in this statement incorrectly, then use the "Un-Tick Item" function to remove it from the statement display.

If you need to correct an item in this statement display, then use the "Change Item" function.

If you need to include an additional item in the statement, go first to the reconciliation display to see first if you have already recorded but failed to "Tick-Off" this item. Otherwise you should now add this item.

Having followed these procedures, you will reach the point where you are sure that your records agree with the records of the Bank or Charge company.

BANK STATEMENT NUMBERING

When reconciling your Bank account you can either use the statement number printed on the statement, or a sequence number that you allocate and write on the statement yourself.

Bear in mind that MoneyBox always looks at this year and last year when reconciling an account. If in this two-year cycle you use the same statement number more than once, all items ticked off against those two different statements will be combined by MoneyBox into a single statement of that duplicated number.

Since some Banks re-start the sequence of statement numbering each year, you may need to allocate your own number and write that number on the statement to make sure that you do not duplicate numbers in the two-year period.

FINDING OPENING BALANCE DISCREPANCIES

If, when you are reconciling your Bank account, you find that the Statement Balance shown as the first line of your display is not the same as the opening balance shown on the statement from the Bank, then you should use the following procedure to correct the discrepancy:

1. Pull out the last statement that you successfully reconciled. Check that the closing balance on that statement is the same as the opening balance on the new statement. You may be missing a statement.
2. Check that you have not forgotten to transfer out of the account any unreconciled items dating from before last year. (See below - Actions Required at Year end)
3. Assuming that you have successfully reconciled up to the previous statement, it is probable that you have made a change to an individual amount that you had previously ticked off to a statement. This will have changed the balance of the account from the date of that changed amount up to the present time. You will need to check your account against previously reconciled statements.
4. Use the "Statement" button on the Toolbar to check each statement in turn. Just enter the statement number and opening balance, and MoneyBox will display that individual statement. You can quickly check the statement display against the actual statement by checking the closing balance on the display against the closing balance of the statement.

When you find a statement where the closing balances of the display and the statement itself do not agree, then look for individual items that do not agree.

When you have corrected any such errors, select the "Reconcile" tab again. Sooner or later, you will find any or all errors that you have made, and the opening balance on the reconciliation display will now be the same as the opening balance on the statement that you are about to reconcile.

2.2 MANAGING YOUR CREDIT CARDS

A Charge account (eg Mastercard, Visa, store cards etc) can be considered to be the same as a Bank account that is permanently overdrawn, except that the rate of interest on the overdrawn balance is much higher than a Bank loan or overdraft.

A Charge account can be a trap for the unwary. Your Bank manager will always encourage you to live within your means and pay of any overdraft. The Credit companies will encourage you to spend money you may not be able to afford and run up large debts that may be difficult to pay back.

SETTING UP A CHARGE ACCOUNT

Your Charge accounts should be included in the CURRENT LIABILITIES section of the Account Names list. If you look at the Householder list of Account Names, you will find three accounts:

63000 Access
63100 American Express
63200 Visa

Using the Update function from the Account Names display, change these entries to show the names of your Charge Accounts, and also tell MoneyBox which currency these accounts are to be kept in.

HANDLING CHARGE ACCOUNTS

For the purpose of keeping your own personal accounts, a Charge account can be considered to be the same as a Bank account that is usually overdrawn.

Keep all your charge slips when you make purchases, and enter them immediately into the relevant Charge account - as Charges. In the "Goes to" field of the data entry dialog you will need to specify the offsetting Expense (usually) account. For example, paying for a meal out on your American Express card would result in a charge to the American Express account, with the expense going to the account named Restaurants.

When paying a Charge account at the end of the month, as you enter the details of the cheque in your Bank account, write (e.g.) "American Express paid" in the description field, and enter the name of the Charge account as the "Goes to" account. When you next look at the Charge account you will see the amount of the cheque in the PAID column.

A direct debit card such as a Switch Card or a Debit Card is NOT a charge account, and charge slips should be entered directly against the bank account in exactly the same way as a cheque.

Apart from the following very minor differences, use exactly the same procedures as for your Bank accounts:

1. In the Account details display, the column headings are PAID and CHARGED instead of RECEIPTS and PAYMENTS.
2. In the data entry dialog, you can select between CHARGED and PAID with the default being CHARGED.
3. Also in the data entry dialog, the default value for the Reference is set to the first two letters of the name of the Charge account.
4. When you are starting a Charge account, your "Opening Balance" item should be entered as "Overdrawn" unless the balance at the start of the statement is owed to you, which is unlikely.

All other procedures are exactly as for a Bank account.

2.3 CASHFLOW - MANAGING YOUR BANK BALANCE

Even though your annual income may exceed your annual expense, you will probably find that the arrival of income into your Bank account differs from the pattern of expenses being paid out.

There are three ways around this potential problem:

Allow your account to go into overdraft from time to time, and pay the resulting Bank interest and charges.

Keep a sufficiently large credit balance in your account to ensure that you never go into overdraft. This will lose you the interest that could otherwise have been earned on this extra money now sitting in current account.

Plan ahead the timing of receipts and payments within your control so as to avoid either overdrafts or excessive credit balances, i.e. manage your cashflow.

Cashflow control means projecting when income will be received, planning to make your payments only when you have received enough money in your current account, and if you find a surplus building up in current account, moving that surplus to a deposit account or some other interest earning facility.

There are of course cashflow techniques which go far beyond my recommendations here, but these simple techniques will probably save you money and at least build your credibility with your Bank Manager.

SETTING UP A CASHFLOW PROJECTION

You can set a cashflow projection for any level of account: Category, Summary or Detail. Just go to the Account Names display and scroll the highlight bar to the relevant account. Next select the Review A/c function to display the Account Balances for this account.

Alternatively you can select the account from the drop down list in the Toolbar, and then click the Monthly Summary tab to display the monthly balances.

As with setting up a Budget, which operates for Income and Expenditure accounts, select the Budget function which will show a dialog for you to enter your Receipts and Payment projections for any of the current and five coming months.

You will see for each of the forecast months, the actual receipts and payments for the same months in the previous year. You will see space to enter your forecast receipts and payments over the coming months. The balance figures on the right hand side of the dialog represent the bank balance at the end of each forecast month resulting from the actual balance at the start of the period adjusted by your forecasts each month.

A simple approach to forecasting cashflow is to start from last year's figures plus some common sense to do a gross estimate across the next six months. You will next want to look more closely at the next two months by referring back to receipts and payments in the same period last year to identify probable amounts expected to be paid or received.

This process is likely to be repeated a few times until you are reasonably satisfied with the resulting projected month end balances over the next six months.

At any time you can select the Graphics function to get a clearer picture of your forecast. One of the graphics charts displayed will let you see the day to day evolution of this months balance and forecasts as receipts and payments are made - or delayed!

GRAPHIC DISPLAY

What you see in this display is a set of four sub-panels. Three of these show the six previous months followed by six months forecast of Receipts, Payments and Bank Balance in different combinations. The fourth shows the daily evolution of the current month versus forecast.

If we start at the top left-hand sub-panel, and then follow the sequence of top-right, bottom left, bottom-right, each sub-panel shows the following comparison:

1. Six months actual plus six months forecast payments versus balance.
2. Six months actual plus six months forecast receipts versus balance.
3. Current month daily receipts, payments and balance versus forecast.
4. Six months actual plus six months forecast receipts and payments versus net cashflow over the same period.

You can enlarge any of the sub-panels by double clicking on the one you want.

UNDERSTANDING THE CURRENT MONTH CHART

Chart 3 shows two sets of information at the same time, i.e. receipts and payments daily together with the resulting balance since the beginning of the month, and the

progress versus this month's forecast receipts and payments total and month end balance.

You will see that the bottom scale of the chart runs from 1 to 31, i.e. days of the month. You will also see a vertical line aligned with today's date.

To the left of this dividing line you will see daily receipts and payments shown in bar form above and below the horizontal zero value line. A green line runs from day 1 to the end of the month showing the actual account balance at the end of each day.

To the right of the today's dividing line are your projected receipts and payments between the current date and the end of the month. These will either be the standing order (regularly repeating) items generated by MoneyBox at the beginning of the month, or any items you yourself have entered ahead of their due dates.

The green line balance reflects these items, and then runs in a straight line between the last of these advance items and the projected month end balance. This shows you how much leeway you have in meeting your end of month target.

At the top and bottom of the chart you will see a solid line for your forecast receipts and payments. You will see that each of these forecast lines steps in toward the zero value line by the amount of the actual receipts and payments each day. You have an immediate picture of how you are doing against your current month's projected receipts and payments and the likelihood of achieving your projected month end balance.

Chapter 3

INCOME AND EXPENSE

3 INCOME AND EXPENSE

In managing your own finances there are several "thresholds" of understanding:

1. managing the flow of money into and out of your Bank and Charge accounts without paying too many interest charges.
2. knowing whether your Income exceeds your Expenses, what you did with your surplus or how you financed your deficit.
3. knowing what your Net Worth is, how that is made up of assets that earn you money and liabilities that cost you money.

MoneyBox will enable you to develop a full understanding of your finances, but the basis of this understanding is the patience to enter all your receipts and payments.

3.1 RECORDING YOUR INCOME

Your income comes from two prime sources: your work and your capital.

Everything you earn should be allocated to an income category eg Salary, Part time work, Bank Interest, Share Dividends etc

Much of your activity is taken up with earning enough money to satisfy your needs and your wants, and with putting some money aside to give you an income when you can no longer work.

Without accurate information as to how you are doing in this process you may miss opportunities to increase your security, satisfy more of your wants or to change your work occupation.

GROSS INCOME VERSUS NET INCOME

The money you receive may well have had tax deducted before you get it. If this is the case, when you record the receipt of money in your Bank account, you should at the same time make a second entry showing how much tax was withheld.

On adding the amount to your Bank account you will enter it as a Receipt. You will also specify the account that the money comes from, e.g. your Salary.

Next go to your Salary account and enter the amount of tax deducted as Income. This amount "Goes to" the Tax account.

Similarly enter as Income any other amounts that are deducted from your salary, e.g.:

Pension Contribution which goes to Pension Contribution account.

Social Security which goes to Social Security Contribution account.

Using this example, you will now see that you have recorded in your Salary account the Gross amount of your salary as Income. You have also recorded in the appropriate accounts the deductions that have been made.

Use the same approach for any other Income that you receive Net, i.e. enter the Net amount as a receipt in your Bank account, and add to the Income account the amounts that have been deducted.

You may find also that you receive Income on which you will have to pay tax at a later date. In that case make an entry for the estimated amount as follows:

Enter the amount in your Tax account as an Expense. The "Comes from" account should be your Tax Reserve account which is a deferred liability. (see Balance Sheet)

You will see in each model set of accounts that I have put the Tax accounts into the Income category. This is a matter of personal preference, and you can change your Account Names list to show Tax as Expense.

The reason that I prefer to show Tax as a deduction from Income is that I have no choice in how much tax I pay and it is not directly for my benefit. Hence, my Income after tax is what I have available to spend on things that are for my benefit.

If you look at the Householder set of accounts, you will see that under the Income category I have set up four Summary headings, each with Detail accounts under each Summary:

```
INCOME
  EARNED INCOME
  00000 Own Salary
  00100 Partner's Salary
  INCOME FROM CAPITAL
  01000 Share Dividends
  01100 Bank Deposit Interest
  OTHER INCOME
  03000 Profit on Assets sold
  03100 Money Gifts received
  TAX PAID
  09000 Tax on Earned Income
```

09100 Tax on Share Dividends
09200 Tax on Bank Deposit Int.

From the Account Names list you can make any changes you need to this starter set of Income accounts.

You will see that I have included a third type of Income in the list of Account Names: OTHER INCOME. This really is to record the windfalls that you may receive, rather than income generated by your own effort and planning. For the sake of your own understanding I recommend that you record these windfall items separately.

3.2 RECORDING YOUR EXPENSE

Everything you spend should be allocated to an expense category eg Clothing, Holidays, Heat and Light, Rent etc

WHY TAKE THE TROUBLE?

To save money. What you do with the money saved is entirely your choice. You may satisfy more of your needs; you may satisfy more of your wants; you may even increase your Capital.

The first step in reducing expense is knowing where the money goes. If you know where the money goes you will know the most effective areas to cut back.

You will find that there are some major types of expense that you can do little about without major changes in your lifestyle, but there are other types of expense that can be reduced quite easily.

You may also find significant amounts of money being spent in such areas as Bank and other credit charges that you had not noticed before.

If you need to discuss your finances with your Bank Manager to get a loan, you will find that your credibility is significantly improved if you can show him that you control your expense.

WHERE IT GOES TO

You have complete freedom of choice with MoneyBox as to how you want to categorise your Expense.

At the simplest level you can use the Skeleton Account Names and class all your payments as Expense with no distinction between any different types of expense.

You can use the Student, Householder or Business Professional Account Name list to give you a fairly comprehensive set of Expense categories. You can add to, change or delete from this set to suit your own needs.

You may find however that you need a totally different categorisation of your Expense. In this case you can also start from the Skeleton Account Name list, and build up any set of accounts you need.

TYPICAL EXPENSE HEADINGS

The Householder set of accounts contains the following set of Summary expense headings, each of which is sub-divided into several accounts:

- Cost of Money
- Property
- Household
- Clothing
- Medical
- Life Insurance
- Communications
- Automobile
- Education
- Professional
- Travel
- Personal

As you look at the Detail accounts within each of these Summary headings you will find that you have a fairly comprehensive checklist of the types of expense that most people encounter in their daily lives.

Using this set as a base, you should find it fairly simple to adapt it to reflect your own expense patterns. It does not matter if you do not get it right at first. You can always change your Account Names list later and use the Transfer A/c and Transfer Item functions to move transactions to different accounts.

Remember that when you record items, they go into the Detail accounts. MoneyBox automatically accumulates the totals into the Summary accounts.

3.3 MANAGING YOUR EXPENSES WITH A BUDGET

A budget is a set of monthly target amounts against which you can measure the performance of an account.

You set each target as a set of monthly values. MoneyBox compares these monthly figures with the amounts that you accumulate in the account as the year progresses.

In addition to being able to see how you are doing as a set of graphs for each account, MoneyBox also gives you an "Under Budget" (Good News) / "Over Budget" (Bad News) summary of all your budgets.

By using the budgeting facilities of MoneyBox, you can keep a constant check on whether you are staying within the financial targets that you have set for yourself.

SETTING UP A BUDGET

You can set a budget for any level of account: Category (e.g. INCOME or EXPENDITURE), Summary or Detail. Just go to the Account Names display and scroll the highlight bar to the relevant account. Next select the Review A/c function to display the Account Balances for this account.

Alternatively you can select the account from the drop down list in the Toolbar, and then click the Monthly Summary tab to display the monthly balances.

If you look at the right hand side of the display, the Month Net column shows the net total accumulated for this account during each month. The next column of the display is for the monthly figures you can set up as a budget against which to track this account.

Now select the Budget function which will show a dialog for you to enter or change the budget figures for each month.

You will see on the right hand side of this dialog, a column of 12 monthly amounts and a total for the year. You will see on the left of the dialog four functions that operate on these amounts.

N.B. This applies to Income and Expenditure accounts, for Bank accounts Budget shows Cashflow.

The simplest way to set up a budget is to enter the total expense in the Total field and click on "Straight Line" to spread that total equally over the 12 months.

If you have last year's data available, you may want to click on "Last Year Actual" to initialise the budget to the expense level of last year, then click in the Total field to increase or decrease the total as appropriate, and then use "Normalise" facility to spread the new total over the 12 months in the same proportion as last year's figures.

The budget figures that you set up will be displayed in the right hand column of the Account Balances display when you return to that display.

If you select the Graphics function, these budget figures are displayed graphically

together with the monthly actual figures for this year and last year.

You will find by experimenting that it is very easy to set up and change any budget.

GRAPHIC DISPLAY

You can get a graphic display of This Year versus Last Year and This Year versus Budget for any Category, Summary or Detail account. Just select the Graphics function when you are displaying the Account Balances.

What you see in this display is a set of four sub-panels, i.e. two graphs at the top of the display and two bar charts at the bottom.

The information displayed is this year's net monthly movements of the account whose name appears in the header section of each sub-panel, the same figures for the previous year, and the figures that you have budgeted for this account this year.

If we start at the top left-hand sub-panel, and then follow the sequence of top-right, bottom left, bottom-right, each sub-panel shows the following comparison:

1. This Year Cumulative versus Last Year Cumulative.
2. This Year Cumulative versus Budget Cumulative.
3. This Year Monthly versus Last Year Monthly.
4. This Year Monthly versus Budget Monthly.

In all of the sub-panels, the black line or blue or green bars represent This Year's figures. The red line or red bars represent Last Year's or Budget figures according to the heading of the sub-panel.

You can enlarge any of the sub-panels by double clicking on the one you want.

BUDGET REPORT

This is a report that lists all the budgets that you have set and shows you whether you are doing better or worse than your target on each of them. You can see very quickly where you may need to take action to improve your financial position.

Select the Financial Reports button in the main toolbar, then click the Budgets tab.

You can scroll the highlight bar to any line and select the Review Account function which will display the highlighted account. You can also double click on the highlighted line.

If it is a Detail account you will see the Account details. By clicking on the column headers you can re-sequence the detailed items in the account by value. This will tell you very quickly where you have been overspending!

If this account is a Category or Summary account you will see the monthly balance. You can use the Next A/c function to step through the Detail accounts that follow the account you selected.

On any of the Account displays, you can of course select the Graphics function to get a concise picture of the movements of This Year versus Budget and Last Year.

3.4 BUDGET REPORT

Having set up budgets to help you control various categories of income and expenditure, it is useful to be able to see at a glance where you are meeting or missing your targets.

When you select the MoneyBox budget report, you will first see a list of any budgets you have set at a summary account level. You see the budget amount and the actual amount over or under budget. The bottom line shows you the total for summary budgets and the total over or under budget.

You can select any period of the year, eg the second quarter of the year. You can also double click on any budget report line to go directly to display the selected account.

At a single click of a toolbar button you can change the report to show you all the detail budgets you have set and the amounts over or under budget.

A further click of the button will show you all your expenditure accounts, the budgets you have set, and the amounts over or under budget. You may find this useful to remind you of any categories of expense you should have budgetted for.

3.5 INCOME AND EXPENDITURE REPORT

The Income and Expenditure Account tells you whether you are earning more than you are spending. This is the report that shows you whether or not you are living within your means.

The I & E report shows you first your Income Summary accounts together with the total of your Income. Next it shows your Expense Summary accounts together with the Expense total. Lastly it shows whether you have a Surplus or a Deficit.

A surplus is an addition to your Net Worth, i.e. an increase in your Capital. A

deficit is a reduction in your Capital.

If you next look at the Financing report, MoneyBox will tell you what you have done with the Surplus, or where you got the money to cover your deficit.

DISPLAY THE I & E REPORT

You can get a completely up-to-date report at any time.

Click the reports button in the toolbar and then click the Income and Expenditure tab.

If you click the Change level of detail button, you can see the report either at the Summary or the Detail level.

You can scroll the highlight bar to any line and select the Review Account function which will show you the Account Balances display for the highlighted account.

If this account is a Detail account you can then select the Details function to display the Account details. If the highlighted account is a Summary account, when you have the Account Balances displayed, you can use the Next A/c function to step through the Detail accounts that follow the account you selected.

On any of the Account Balance displays, you can of course select the Graphics function to get a concise picture of the movements of This Year versus Budget and Last Year.

Chapter 4

ASSETS AND LIABILITIES

4 ASSETS AND LIABILITIES

In managing your own finances there are several "thresholds" of understanding:

1. managing the flow of money into and out of your Bank and Charge accounts without paying too many interest charges.
2. knowing whether your Income exceeds your Expenses, what you did with your surplus or how you financed your deficit.
3. knowing what your Net Worth is, how that is made up of assets that earn you money and liabilities that cost you money.

MoneyBox will enable you to develop a full understanding of your finances, but the basis of this understanding is the patience to enter all your receipts and payments.

4.1 RECORDING YOUR ASSETS

Your assets are the things that you own e.g. your house, furniture, automobile, Bank balances, investments, money you are owed etc.

If you look at the Householder set of Account Names, you will see that there are two Asset sections: Fixed and Current Assets.

1. The Fixed Assets consist of any houses, apartments or land that you may own.
2. The Householder list of Current Assets is as follows:

HOUSE CONTENTS

Furniture
Equipment

OTHER PROPERTY

Automobile
Camera
Equipment
Hi-Fi Equipment
PC Equipment
Valuables

INVESTMENTS

Shares

SUNDRY DEBTORS

Other Money Owed to you

BANK ACCOUNTS

Bank Deposit A/c

Current A/c

MAKING THE FIRST ENTRIES

Go to the Account Names display and, using the Add, Change and Delete A/c Name facilities, make any changes necessary to reflect your own assets, i.e. change the names, add new asset accounts, delete others.

Follow the instructions in the Bank Account section of this manual to enter opening Bank Balances.

You can now use the Review A/c function to display each of these (empty) accounts in order to enter the value of your assets.

When you first enter the value of your assets in each relevant account, you should enter an item for each account with the description e.g. "Automobile value at (date)" together with an appropriate value. This amount should be entered as "Acquired".

Remember when making these first Asset entries, the account that this amount should "Go to" is account number 70000 - your Net Worth.

Once you have got your opening Asset values correctly entered, MoneyBox will thereafter maintain the balances for you and carry them over correctly from year to year.

Once you have entered the initial value of your assets, any time you purchase further assets, you enter the payment in the normal way in your Bank or Charge account, with the "Goes to" account being the relevant asset account.

CHANGES IN VALUE OF YOUR ASSETS

If you have an accounting background, you will have your own opinion on how best to record the increase or decrease in asset values.

My advice to anyone else is simply to go through each of your asset accounts at the beginning of each year and see if the value brought forward by MoneyBox is reasonable.

If it is not, then use the add item facility to enter the amount by which you think the asset has depreciated, eg "Depreciation on Car" £500. The account that this amount should "Come From" is account number 70000 - your Net Worth. The balance will now show as a reduced amount.

This is not strictly correct accounting practice, but then these are your own records and you can do what you like. The important thing is that you are satisfied that you have got the right value for your assets.

4.2 RECORDING YOUR LIABILITIES

Your liabilities are the things that you owe e.g. the mortgage on your house, Bank loans, Credit Card debt, other money you owe etc.

If you look at the Householder set of Account Names, you will see that there are two Liability sections: Secured and Current Liabilities.

- 1. The Secured Liabilities are the loans that you have taken with a mortgage on your property.**
- 2. The Householder list of Current Liabilities is as follows:**

BANK LOANS
Bank Loan A/c

SUNDRY CREDITORS
Other Money owed by you

CHARGE ACCOUNTS
Access
American Express
Visa

MAKING THE FIRST ENTRIES

Go to the Account Names display and make any changes necessary to reflect your own liabilities, i.e. change the names, add new liability accounts, delete others.

Follow the instructions in the Charge Account section of this manual to enter opening Charge Account balances. You can now use the Review A/c function to display each of these (empty) accounts in order to enter the value of your liabilities.

When you first enter the value of your liabilities in each relevant account, you should enter an item for each account with the description e.g. "Owed to (name) at (date)" together with an appropriate value. This amount should be entered as "Owed".

Remember when making these first Liability entries, the account that this amount should "Go to" is account number 70000 - your Net Worth.

Once you have got your opening Liability values correctly entered, MoneyBox will thereafter maintain the balances for you and carry them over correctly from year to year.

When you make any repayments, enter the payment in your Bank account, with the "Goes to" account being the relevant liability account.

4.3 NET WORTH REPORT

This report, the Balance Sheet, summarises your Net Worth. It gives an up-to-date list at any time of all you own and all you owe.

The Balance Sheet lists first of all your fixed assets (e.g. real estate) then your borrowings against those assets, giving the net value of your fixed assets. Next it lists your current assets (e.g. furniture, automobile, investments, Bank balances etc.), then any money you currently owe (e.g. Charge accounts, Bank overdrafts etc.), giving the net value of your current assets.

The Balance Sheet then shows the net total of all your assets, and then breaks this down into what you had at the beginning of the year (Capital), how much this has increased or decreased since then (Surplus or Deficit), and any amounts that you know that you will have to pay out in the future (Reserves).

An example of a reserve would be the estimated tax due on income received gross. By recording the estimated amount as "Going to" your Tax account and "Coming from" your Tax Reserve account, you show both net Income and your deferred liability. (When finally you pay the tax, the payment "Goes to" the Tax Reserve)

DISPLAY THE BALANCE SHEET

Click the reports button in the toolbar and then click the "Balance Sheet" tab.

If you use the Details On/Off function, you can see the report either at the Summary or the Detail level.

You can scroll the highlight bar to any line and select the Review Account function which will show you the Account Balances display for the highlighted account.

If this account is a Detail account you can then select the Details function to display the Account details.

If the highlighted account is a Summary account, when you have the Account Balances displayed, you can use the Next A/c function to step through the Detail accounts that follow the account you selected.

On any of the Account Balance displays, you can of course select the Graphics function to get a concise picture of the movements of This Year versus Budget and Last Year.

Chapter 5

OTHER FINANCIAL REPORTS

5 OTHER FINANCIAL REPORTS

We have already looked at the Income and Expenditure account, the Balance Sheet and the Budget Report.

There are two more reports to consider:

Trial Balance - which is a checklist of all your detail accounts. The total of the debits should equal the total of the credits.

Cashflow / Financing Report - which tells you what you did with an earnings surplus or how you financed a deficit.

5.1 TRIAL BALANCE

The Trial Balance is the accountant's starting point when preparing a set of accounts. It is simply a list of all the accounts and their closing balances. The total of all the debit balances must equal the total of all the credit balances. The accountant then knows that all entries have been posted to their respective debit and credit accounts, and he can now proceed to the next stage of summarising and grouping the accounts into the Income and Expenditure Account and the Balance Sheet.

Since MoneyBox carries out this process automatically, you will probably not use the Trial Balance report. However, your own accountant may need to prepare accounts for you in a different format, in which case he would want to start from your Trial Balance.

DISPLAY THE TRIAL BALANCE

Click the "Trial Balance" tab.

You can scroll the highlight bar to any line and select the Review Account function which will show you the Account Balances display for the highlighted account.

You can then select the Details function to display the Account details.

On any of the Account Balance displays, you can of course select the Graphics function to get a concise picture of the movements of This Year versus Budget and Last Year.

5.2 FINANCING REPORT

This report shows you what you did with your I & E Surplus, or where the money came from to cover your Deficit. It shows you the movement of your money into and out of your Assets and Liabilities.

If you see from this report that you are paying off high interest loans and putting money into secure high return assets, you know that you are probably doing the right thing.

You may however have to finance a period where your Expense will exceed your Income. In this case you will use the report to ensure you are selling only low return assets and avoiding (if possible) high cost loans.

You will see that the starting point of the report is the Surplus or Deficit as reported by the Income and Expenditure account. This figure may be adjusted by any accruals (transfers) that you made between last year's accounts and this year.

The rest of the report shows you the Assets and Liabilities that you put money into or took money from.

DISPLAY THE FINANCING REPORT

Click the "Financing" tab.

If you use the Details On/Off function, you can see the report either at the Summary or the Detail level.

You can scroll the highlight bar to any line and select the Review Account function which will show you the Account Balances display for the highlighted account.

If this account is a Detail account you can then select the Details function to display the Account details.

If the highlighted account is a Summary account, when you have the Account Balances displayed, you can use the Next A/c function to step through the Detail accounts that follow the account you selected.

On any of the Account Balance displays, you can of course select the Graphics function to get a concise picture of the movements of This Year versus Budget and Last Year.

Chapter 6

FOREIGN CURRENCY HANDLING

6 FOREIGN CURRENCY HANDLING

Even if you might only deal with foreign currency when you travel abroad on holiday or on business, you will find it useful to be able to record Credit Card charges in local currencies.

If you are one of the large number of people who spends some time working abroad, being able to keep overseas Bank and Charge accounts in local currency is essential.

If you have assets such as a holiday home in another country, you will want to record all your foreign transactions in the local currency.

In all cases you will want to be able to incorporate all these assets and transactions in your personal accounts in just one currency - probably your home country currency.

For example if you have your home in England and a weekend cottage in France, you will have Bank and Charge accounts in two different currencies. You probably want to incorporate all your income and expenses in Sterling, but you may also need to prepare a tax return in Euros.

MoneyBox does this for you instantly.

BASE AND FOREIGN CURRENCIES

Select "Foreign Currency" from the "Lists" menu. MoneyBox lets you to specify as many different currencies as you need in addition to the one you use as your base currency.

When you first set up your accounts you will see that the first currency in the Forex list is Euro, which is your base currency. You will need to enter the names and rates of any additional currencies to be used. (You can change this to whatever you like - just follow the on-line Help guidance)

You will see that the base currency is set to have two decimal places and a conversion value of 1.0 . Leave the exchange rate for your base currency as 1.0 for the whole year. You probably will never have any reason to change this base currency.

All currency calculations are made against the base currency. The rates that you specify for any other currencies should be the rate against your base currency.

You can add as many foreign currencies as you like and change any or all of the foreign currencies listed. In each case you must specify the exchange rate between

your base currency and the foreign currency you are now setting up.

When you first set up a foreign exchange rate for any currency, I suggest that you take the option to set up a single rate for the whole year. Later on when it may become relevant, you can change the rate applicable to any of the twelve months.

As a guide I suggest that you set up a currency for each of your overseas Bank or Charge accounts. You can always set up others later.

BANK AND CHARGE ACCOUNT CURRENCIES

All Banks and Charge Companies keep each of your accounts with them in a single currency - usually their own base currency. Hence you will want to keep your record of those accounts in the same currencies.

When you add or change an account in the Account Names list in the Current Assets or Current Liabilities of the list, you can specify that this account is a Bank A/c or a Charge A/c. If so you will need to specify which currency the account is to be kept in.

Having told MoneyBox which currency each Bank or Charge account is to be kept in, MoneyBox will always display that account and all the items in the account in that currency. (You can display the account in any other currency any time you like)

If you use your Charge Card in a foreign country, the slip is written in the local currency, but the amount shows up subsequently on your statement in the currency of the account.

MoneyBox handles this very simply - enter the charge in the currency in which it is made. It will show up in the display of your Charge Account in the currency of that account having been converted at the exchange rates in your Foreign Currency list.

When you get your Charge statement, change the amount and currency of the item to that shown on the statement.

This way, not only do you keep a close check on the amount you will be billed, but you can also check whether the Charge company exchange rate was reasonable!

Use the same technique if you have a Bank account which lets you write cheques in foreign currencies.

OTHER FOREIGN CURRENCY FACILITIES

If you look at the list of foreign currencies, you will see that one of them is designated as the "Currency in Use". This means that all displays of accounts (except Bank or Charge accounts) and reports will be in that currency.

To change the Currency in Use, highlight the required currency and click the Use button.

You can also change the Currency in Use by selecting the required currency from the drop down currency list in the Account Names display.

A further feature that is sometimes useful is the ability to display all the entries that you have made in a specific currency. Select the Foreign Currencies button in the main toolbar and then click the relevant tab in the resulting display.

Chapter 7

RUNNING YOUR OWN BUSINESS

7 RUNNING YOUR OWN BUSINESS

If you are running your own business, you need to keep accounts both to know how you are doing and also to satisfy the various legal reporting requirements such as the filing of annual accounts, the submission of tax returns and the submission of VAT returns.

Many people in business for themselves rely heavily on their accountant to do all this work for them. This can be fairly expensive and it also cuts you off from vital day to day information about your business operation - you don't get the information until your accountant has processed it, by which time opportunities have been missed.

Any dialog you have with your accountant will be much more valuable to you if you yourself have prepared the figures on which he is giving you advice. At critical times in your business, your accountant will be able to point you towards financial solutions which are probably not obvious to you. At least being able to define the problem and discuss it will frequently lead to constructive new ideas.

Just by entering your business transactions daily, MoneyBox lets you see at any time how you are doing. This may be through the Income and Expenditure account, the Balance Sheet, the Budget report or the Financing report.

It may also be through exporting MoneyBox data to spreadsheet analyses you have developed specially for your own business needs.

A vital need will be to track the flow of money into and out of your bank to ensure that you have adequate funds at all times for your business activities. The up to date aged debt listings are a vital tool in this process.

7.1 SALES AND VALUE ADDED TAX HANDLING

Sales tax, common in North America, is a system whereby a business charges its customers a predefined percentage tax on the sales of most goods and services. The amount charged to customers must be accounted for and paid over to the tax authorities.

Sales tax paid by the business for its own purchase of goods and services is not separately identified. It is included as part of the cost of those goods and services, and charged as a business expense.

Value Added Tax, used throughout Europe, is a tax on the difference between the amount paid by a business for goods and services bought, and the amount

charged by the business to its customers for goods and services sold.

On the sales side, it is recorded in the same way as a Sales Tax, i.e. the amount of VAT charged on each sale is recorded for subsequent payment to the tax authorities.

On the purchases side, the VAT paid is also recorded separately and offset against the VAT on sales payable to the tax authorities.

This need for accurate accounting is further complicated by there being different rates of tax for different categories of goods and services. Also, if you have dealings in other Common Market countries, you may have a fairly complex set of regulations for offsetting Value Added Taxes in different countries.

VAT ACCOUNTING REQUIREMENTS

You must account to the VAT Authorities for all VAT charged to customers and paid by you on purchases of goods and services.

You will need to set up a VAT Payable account in the Current Liabilities section of the Account Names list. This is used to accumulate all the automatically calculated VAT amounts of the transactions you enter.

Next you will need to set up a Customs and Excise account in the Current Liabilities section of the Account Names list. This is used to record the amounts you have declared and paid to (or received from) the VAT authorities.

If you need to account to the VAT authorities of more than one country, you are advised to set up a pair of VAT Payable and Customs and Excise accounts for each country.

Next select the menu item Lists and then click Value Added Tax in order to define the VAT rates you will need to account for. These will be the different rates of VAT you are likely to encounter in your business transactions. For the purpose of preparing VAT Returns, I strongly advise you set up different rates for Sales and Purchases and for European Sales and Purchases if relevant.

The next requirement is to select the VAT option from the Account Names List display, to define the VAT rates you will need to account for, and in which account the individual VAT amounts are to be accumulated.

MAKING VAT ENTRIES

When you make accounting entries from a Bank, Charge, Customer or Supplier account you will find an additional input field. This is the VAT field which allows you

to select from the VAT rates you have set up.

When you select a VAT rate, you should enter the gross amount of money. The net amount will be posted to the normal offsetting account, and the VAT percentage will be accumulated in the account specified for this VAT rate.

If you do select a VAT rate, a "%" sign will appear at the end of the description in the detail item displayed after entry. This lets you see at a glance in any Bank or Charge account, all items which have had VAT automatically calculated.

There is nothing to prevent you from entering VAT and net amounts as separate manual entries posted specifically to whichever account is relevant.

HOW VAT ARE ENTRIES SHOWN

All of the automatically calculated VAT debits and credits for each month are shown as a separate summary item in the respective VAT accounts. Any manually posted VAT amounts will be shown individually and not accumulated with the automatically calculated items.

The reason for showing summarised monthly totals is to avoid an account display with possibly hundreds of detail entries, and to help with preparing your VAT returns to the tax authorities.

If you select the VAT Entries button in the main toolbar, you will see a display of all VAT transactions. You will also see a series of tabs at the top of the display allowing you to select the transactions for any VAT rate you have set up.

In addition there are two sets of controls in the toolbar to let you select the specific information needed to complete your VAT Returns:

- a button that lets you flip between the gross transaction values and the Net of VAT and VAT values of each transaction;
- controls to let you select the specific period.

You can very quickly select for example a display of the VAT value of all 17.5% Purchases in the second quarter.

OPERATIONAL RESTRICTIONS

You are not able to enter an automatic VAT entry with the offsetting account being another Bank or Charge account.

You will not be able to change or delete the Net amount of an automatically calculated item in the offsetting account. This can only be done from the originating Bank, Charge, Customer or Supplier account. There is no such restriction on non-

Vat items.

If you inadvertently post the net amount of an automatically calculated item to a VAT account, you will find that a "?" appears at the end of the description when you display the VAT account. You should use the Transfer Item facility to move this net amount to the correct account.

If you delete one of the VAT rates from your list, any items already processed at this rate in a Bank or Charge account will be displayed with a "?" instead of "%" at the end of the description in the detail display. You will have to re-select the VAT rate for each of these items, or alternatively re-enter the VAT rate in the list of VAT rates

If you delete a VAT account from the Account Names list, you may find that the VAT Rate display shows "???????". This is because MoneyBox is no longer able to find the account that you had previously specified for that VAT rate. You will also find that your accounts are out of balance when you next Post them.

MoneyBox will warn you if it finds that a VAT account is missing. The remedy is to reinstate the VAT account in the VAT names list.

7.2 INVOICING AND SALES ANALYSIS

If you sell some goods or perform a service, you will need to give the recipient an invoice specifying what goods and services he has received, how much he owes you, how much VAT you have charged and when you want to be paid.

It will help you plan your business better if you can subsequently analyse the invoices to see which of your customers are buying what goods and services.

CREATING INVOICES

First set up accounts in the Current Assets section of your account names list under the summary heading of Customers and specify each of these accounts as a Customer type.

Now when you display the details of any of these accounts you will see that there is an additional button labeled Invoice. If you click this button, you will see a dialog that lets you enter all the details of customer name and address, product quantities etc. As you enter the invoice details, you can also update the lists of customer and products.

When you click the OK button, the customer's account is updated and all the accounts you have specified for your products are also updated. In addition, all VAT is properly accounted for.

You can print the invoice at any time by clicking the Print button.

If you select the Options menu item and then Invoicing... you can change not only the information recorded on the invoice, but also the print format of the invoice.

SALES ANALYSIS

Select the Sales Reports button in the main tool bar. You will see a display of all the invoices you have issued.

You will see that the tabs at the top of the display let you select the different categories of information. By using the sorting facilities (clicking the column header buttons), the search and select facilities, the Gross, Net of VAT and VAT facilities and the period facilities, you can very clearly analyse what you are selling and to whom.

7.3 MANAGING CUSTOMER ACCOUNTS

As you create invoices for your customers, the total amount they owe you is built up in each customer account. When you receive a cheque from a customer, you record it as a receipt in your Bank account coming from the customer's account.

The customer's account now shows the invoices you have issued less the amounts he has paid. If he is in the habit of paying several invoices with a single cheque, you may find after a while that it is not too easy to see which invoices have been paid and which are still outstanding.

You also need to make sure that your customers pay on time.

The customer account works in the same way as Bank and Charge accounts in that you can tick off individual items. If you tick off invoices against the cheques which pay them, the customer's account will show clearly which invoices have been paid and which are still outstanding.

If you select the Account Names button in the main toolbar, and then click the Customers tab, you will see a list of all customers' accounts with an analysis of the age of balances owed by them. This will help you to decide which are the important amounts to chase for payment.

7.4 MANAGING SUPPLIER ACCOUNTS

Enter invoices and credit notes received from suppliers directly into the accounts you have set up for them.

Enter payments you make to suppliers in your Bank account with the "Goes To" reference being the specific supplier account.

The supplier's account now shows the invoices he has issued less the amounts you have paid. If you are in the habit of paying several invoices with a single cheque, you may find after a while that it is not too easy to see which invoices have been paid and which are still outstanding.

Also, you may want to defer payment to some of your suppliers in order to manage your own cashflow,

The supplier account works in the same way as Bank and Charge accounts in that you can tick off individual items. If you tick off invoices against the cheques which pay them, the supplier's account will show clearly which invoices have been paid and which are still outstanding.

If you select the Account Names button in the main toolbar, and then click the Suppliers tab, you will see a list of all suppliers accounts with an analysis of the age of balances owed to them. This will help you to decide which are the important amounts to pay.

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