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# MoneyBox

Personal Finances  
Manager

For WINDOWS

Owner's Manual

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## **INTRODUCTION TO 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!**

# MONEYBOX INSTALLATION

## INSTALLING MONEYBOX

Use File Manager to select the diskette and run INSTALL.EXE

This will install the Windows version (and the DOS version) of MoneyBox in C:\ACCOUNTS.

To run the Windows version of MoneyBox, use Windows Program Manager to create a new file item ( File, New, Program Item, OK). Next enter MoneyBox in the Description box, MoneyBox.exe in the Command Line box, and C:\ACCOUNTS in the Working Directory box. Next click OK.

Now you can double click the new MoneyBox icon that has appeared.

This install process will also create a demonstration set of personal accounts for 1985/86 in C:\ACCOUNTS\DEMO. Use the "Whose A/cs" function which is the first option of the Files menu of the Windows program and select year 1986 to access and browse through a real year's accounts.

If you are using the Windows "SMARTDRV", it is advisable to set the smartdrive parametres for your hard disk to read-only caching, and disable write caching. For more information refer to your DOS manual, or your DOS Help facility.

The Windows version of the program has a context sensitive Help facility - just press F1

### **GETTING STARTED**

Double click the MoneyBox icon to start the program.

A MoneyBox panel will appear. Click the OK button to run the program.

You will now see an empty Bank Account overlaid by the Help Getting Started panel.

(You are at the Beginner level of operation, which can be changed by selecting Options, Settings and then selecting either Expert or Professional.)

If you follow this Help section, it will first tell you about the Account Names list and Bank Accounts.

Next it will step you through entering data from your most recent Bank Statement, and then checking the data you have entered against that statement.

You will find relevant and comprehensive Help facilities at any time just by hitting the F1 key. You can also use F2 to turn on the Cue Card for a dialog to tell you what to enter in the individual fields.

## MONEYBOX INSTALLATION

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While you are learning to use MoneyBox, try using the Always on Top facility of Help. (In the Help Window click the Help menu item and then click Always on Top. This means that the Help Window does not disappear when you click outside its Window). When you don't need to read the Help contents, just click in the Help Window title area and, holding the button down, drag the window right down until only its title is showing at the bottom of the screen. Any time you need to read the Help Window, just drag it into view again. Hit F1 again to refresh the contents if necessary.

You may also want to learn the Bookmark and Paper Clip facilities of Help in order to refer quickly to specific topics, and to add your own notes to the MoneyBox Help text where relevant.

## WHY KEEP ACCOUNTS?

### UNDERSTANDING YOUR FINANCES

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

## WHY KEEP ACCOUNTS?

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- 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.

## **INCOME AND EXPENSE**

You should also 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?

### **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 .

## WHY KEEP ACCOUNTS?

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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.



## MONEYBOX FUNCTIONS

### ACCOUNT NAME LISTS

The basis of the MoneyBox system is a list of account names , i.e. categories of money you spend and receive.

There are three different sample lists for you to choose from and to change to suit your own needs:

- Student
- Householder
- Business Professional

There is also an empty set of account names from which you can build any form of accounts you need.

### LEVELS OF SKILL

You can also choose from three levels of skill in using MoneyBox:

**Beginner** which lets you manage your Bank and Credit Card (Charge) accounts simply.

**Expert** which adds facilities for

## MONEYBOX FUNCTIONS

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Budget / Cashflow / Graphics  
Last Year comparisons  
Foreign currency  
Financial Reports  
Year end actions  
Multiple sets of Accounts

**Professional** which fully automates Value Added Tax calculation together with both summary and detailed VAT accounting.

## USING MONEYBOX

### WORKING WITH YOUR BANK ACCOUNT

The base window in the system - that you cannot destroy - is the Account Names list.

From this list you select the account you want to look at - probably your Bank account.

You can either scroll to find the account you want, or click the Search button.

The account window you next see summarises the monthly totals throughout the year. Click the Details button to list all the items for the year, or double click one of the months for the details of that month only.

If it is a Bank account you can click the Reconcile button to show you your last statement balance and all payments and receipts since that statement .

From any line of a window showing detailed items you can add, delete or change items .

In the Reconcile window you can check off individual items either with the Tick-Off button or by double clicking the relevant item.

### **POSTING YOUR ACCOUNTS**

MoneyBox is a very flexible and forgiving system that lets you correct mistakes, change your mind, rearrange your list of accounts, etc.

It does however need to make sure that all implications of these changes are correctly shown in addition to checking that regular payments have been made.

This Posting process usually happens automatically when necessary. If you click the Posting button in the Account Names list you can choose a different currency for subsequent displays of information.

### **BEGINNER, EXPERT AND PROFESSIONAL LEVELS**

Select Settings... from the Options menu and then click the required skill level in the dialog that appears.

You will see that the number of menu items and the number of buttons in some displays will change to reflect the facilities available.

## **FOREIGN CURRENCY**

Select Foreign Currency from the Rates menu to be able to set up or change as many as 16 different currencies and their monthly exchange rates.

## **VAT HANDLING**

Set up Liability accounts to accumulate the amount owed to the authorities, and define up to 16 VAT rates. MoneyBox will calculate and record VAT automatically. The Liability accounts show the monthly totals and you can list all the details for any monthly total at each VAT rate. The net amount of each VAT transaction is posted to the relevant Income , Expense or Asset accounts.

## **FINANCIAL REPORTS**

Select the report you want from the Reports menu list.

You can go directly from the report line to the account it represents either by using the Review A/c button or double clicking the relevant report line.

## **BEGINNER**

Select the menu item "Options" and then click "Beginner".

This limits the number of menu items and displays visible, and also reduces the number of functions that can be selected from the displays. The object is to avoid distracting you with the more advanced functions while you are learning to use the basic MoneyBox functions. This section introduces you to the basic elements needed to record receipts and payments and to be able to reconcile your Bank and Credit Card statements when received.

It introduces you to the idea of a set of account names under which your various types of expense can be accumulated and reviewed - and reassures you that MoneyBox itself looks after all the dull pencil and paper work. It also covers the ability of MoneyBox to import data from other sources and to export data for use by other facilities. Finally it introduces you to the simple but powerful "Whose A/cs?" facility in the "Files" menu which lets you set up new sets of accounts, new years within existing sets of accounts and lets you select any existing year for review and update.

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# ACCOUNT NAMES

## ACCOUNT NAME FRAMEWORK

In order to record your personal accounts, you need a list of all the different types of payments and receipts that you expect to have.

Convention imposes the following framework on this list, but within this framework you have complete freedom to set up any set of account names that you like.

INCOME	Money In
EXPENDITURE	Money Out
FIXED ASSETS	Real Estate
SECURED LIABILITIES	Mortgages
CURRENT ASSETS	Car, Hi-Fi Equipment, Money in the Bank etc.
CURRENT LIABILITIES	Money you owe
CAPITAL	Your Net Worth
RESERVES	Known future liabilities

Let us now take a look at the account names list as set up in the Householder set.

## ACCOUNT NAMES

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If we look at the Income category of the Householder account names, we see the Detail accounts in that category. We see also that these can be grouped under Summary headings.

You can add delete or change any account name in the list you decide to use.

## **INCOME ACCOUNTS**

Your income comes from two main sources, your work and your capital . You may also have other "windfalls" from unexpected profits and gifts.

### 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.



Perhaps unconventionally, the Tax accounts are included in the Income category. The reason for this is that Tax is not an optional expense. Hence, your net Income after tax is what is available to spend on your needs and wants.

This is a matter of personal preference, and you can change your Account Names list to show Tax in the Expenditure category.

### **EXPENDITURE ACCOUNTS**

You have complete freedom of choice as to how you want to categorise your Expense. The model list gives you a fairly comprehensive set of Expense Summary and Detail account names. You can add to, change or delete from this set to suit your own needs.

#### EXPENDITURE

##### COST OF MONEY

- 10000 Bank Loan Interest
- 10100 Bank Overdraft Int.
- 10200 Other Bank Charges
- 10300 Credit Card Charges
- 10400 Foreign Exchange Costs

##### PROPERTY

- 11000 Insurance
- 11100 Rent / Mortgage

## ACCOUNT NAMES

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11200 Community Taxes  
11300 Water Charges  
11400 Maintenance / Repairs  
11500 Garden Upkeep  
HOUSEHOLD  
12000 Contents Insurance  
12100 Consumables  
12200 Durables  
12300 Equipment Repairs  
12400 Heat and Light  
12500 Domestic Help  
CLOTHING  
13000 Clothing  
MEDICAL  
14000 NHI Contributions  
14100 Private Medical Ins  
14200 Other Medical Expense  
LIFE INSURANCE  
15000 Endowment Premiums  
15100 Pension Contributions  
COMMUNICATIONS  
16000 Telephone  
16100 Radio & TV Licences  
16200 Magazine Subscriptions

## ACCOUNT NAMES

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### AUTOMOBILE

16500 Car Insurance & Licence

16600 Car Running Expenses

16700 Car Repairs & Service

### EDUCATION

17000 Education

### PROFESSIONAL

17500 Accountants Fees

17600 Lawyers Fees

### TRAVEL

18000 Travel Insurance

18100 Home Country Travel

18200 Overseas Travel

### PERSONAL

19000 Personal Insurance

19100 Luxuries

19200 Restaurants

19300 Theatre

19400 Wines & Spirits

19500 General Expenses

19600 Cash Expenses

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 get it right at first. You can

## ACCOUNT NAMES

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always change your Account Names list later and use the Transfer A/c and Transfer Item functions to move transactions to different accounts.

## **FIXED ASSETS AND SECURED LIABILITIES**

These next two categories are for your real estate and for any mortgages that you may have.

FIXED ASSETS  
REAL PROPERTY  
30000 House  
SECURED LIABILITIES  
SECURED LIABILITIES  
40000 Mortgage

## **CURRENT ASSET ACCOUNT NAMES**

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

CURRENT ASSETS  
HOUSE CONTENTS  
50000 Furniture  
50100 Equipment  
OTHER PROPERTY  
52000 Automobile

52100 Camera Equipment

52200 Hi-Fi Equipment

52300 PC Equipment

52400 Valuables

INVESTMENTS

54000 Shares

SUNDRY DEBTORS

56000 Other Money owed to you

BANK ACCOUNTS

58000 Bank deposit A/c

58500 Current A/c

## **CURRENT LIABILITY ACCOUNT NAMES**

Your liabilities are what you owe e.g. Bank loans , Charge Accounts etc.

CURRENT LIABILITIES

BANK LOANS

60000 Bank Loan A/c

SUNDRY CREDITORS

62000 Other Money Owed by you

CHARGE ACCOUNTS

63000 Access

63100 American Express

63200 Visa

## ACCOUNT NAMES

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### **CAPITAL AND RESERVES ACCOUNT NAMES**

These two categories consist of your Net Worth, as calculated by MoneyBox, and any amounts that you know that you may be liable to pay at some future date.

#### CAPITAL

##### CAPITAL

70000 Net Worth

#### RESERVES

##### DEFERRED LIABILITIES

80000 Unpresented Cheques

80100 Tax Reserve

### **HOW YOU USE THE ACCOUNT NAMES LIST**

To look at the contents of any account, use the scrolling or search facilities to find that account in the list of accounts, then double -click that line .

You will be shown a display of the monthly totals for that account. From there, if you have selected a Detail account, you can look at and update a display of the items recorded under this account heading.

When running in Expert or Professional mode, you can also look at the same account for last year ; review the budget for the account; and display the

account graphically together with the budget and with last year's figures from the monthly summary.

### **FINANCIAL INFORMATION IN THE ACCOUNT NAMES LIST**

MoneyBox accumulates all the items you have recorded against each of the Detail accounts. The total for each account is shown in one of the left hand pair of columns in the Account Names display.

The total of each of the Detail accounts is accumulated under the preceding Summary account and shown in one of the two right hand columns of the Account Names display.

The total of each of the Summary accounts is accumulated under the preceding Category account and shown in one of the two right hand columns.

The Income Deficit/Surplus, Net Fixed Assets and Net Current Assets are calculated and shown in one of the two right hand columns.

Your current Net Asset position is shown in one of the two right hand columns on the bottom line of the Account Names display.

### **ADAPTING THE ACCOUNT NAMES STRUCTURE**

As time passes, you may find that you want to show your accounts in more detail, or in different account groupings.

## ACCOUNT NAMES

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You can do this by adding the new accounts that you want and then using the Transfer Account and Transfer Item facilities (from the Account Summary and Account Detail displays) to move items from existing accounts to the new accounts that you have set up.

You can then delete the account names that you no longer need. Even if you delete an account name by mistake, just add it to the list again - no items are lost!

This is a very powerful set of facilities that lets you change radically your accounts if needed.



## ENTERING DATA

### 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 (the Search facility in the Account Names list will take you straight to it) 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

## ENTERING DATA

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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 prefixing the description of any account item by "S/o" or "S/o" followed immediately by a number.

"S/o" causes this item to be repeated every calendar month. A number immediately following the "S/o" specifies the weekly interval between the repeated items, e.g. "S/o4" specifies an interval of 4 weeks.

"S/o9", "S/o13", "S/o26" and "S/o52" cause the item to be repeated at two monthly, quarterly, half yearly and annual interval respectively.

## ENTERING DATA

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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 "Regular Payments" under the menu item "Reports" . From this display you can also cancel any or all of your automatic payments.

## **POSTING YOUR ACCOUNTS (Doing all the pencil and paper work)**

MoneyBox is a very flexible and forgiving system that lets you correct mistakes, change your mind, rearrange your list of accounts etc.

It does however need to make sure that all implications of these changes are correctly shown in addition to checking that regular payments have been made.

The Posting process usually happens automatically when necessary. In Expert or Professional mode, if you click the Posting button in the Account Names list, you can show your accounts in a different currency . More on this in the Expert section.

## **MANAGING YOUR BANK AND CHARGE ACCOUNTS**

### **BANK AND CHARGE 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.

Unless you are an accountant by training, you will probably want to see the displays of your Bank accounts looking the same as the statements received from your Bank, i.e. with payments shown in the left hand column and receipts shown in the right hand column - and overdrawn balances marked as DR. If you are an accountant, you will probably want to see Bank accounts shown in your accounts in the correct book -keeping form with receipts as debits and payments as credits .

The Options menu item allows you to choose which format you prefer. The default is the Bank format.

### **SETTING UP A BANK ACCOUNT**

Your Bank accounts 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 way to access any account including Bank Accounts is first to go 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.

## MANAGING YOUR BANK AND CHARGE ACCOUNTS

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This will take you to the Account Balance Summary which shows 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 requesting the Details facility, or the details of a specific month by double clicking the specific line, or you can look at the items that have not yet been included in the statements received from the Bank by requesting the Reconcile function.



## MANAGING YOUR BANK AND CHARGE ACCOUNTS

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If you select the Details function, 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 (S)

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 (R)

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.

## MANAGING YOUR BANK AND CHARGE ACCOUNTS

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### 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 function, the header of this display shows the name of the Bank account that you are currently looking at, suffixed by "- Reconciliation".

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.

Make your first account item "Opening Balance at (date)" together with the amount - i.e. the opening balance of the statement. This amount should be shown as a "Receipt" unless your Bank account balance is in overdraft, in which case you should enter it as a "Payment".

## MANAGING YOUR BANK AND CHARGE ACCOUNTS

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Remember when making this first opening balance entry, the account that this amount should "Come from" ("Go to" if overdrawn) is account number 70000.

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, you should return to the Account Balance Summary and select "Reconcile ". Follow the procedure described for reconciliation (below), but note that you will have to tick -off the item that you entered as Opening Balance. Note also that when you use "Statement" to display this first statement, you should set a zero value in response to opening balance question. This is because MoneyBox does not recognise the item you entered as your opening balance as being any different from all other items you enter, and it always calculates the opening balance from your items.

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**

Go to the Account Names list, search scroll to the account that you want to review, and then select the Review A/c function.

## MANAGING YOUR BANK AND CHARGE ACCOUNTS

---

This will take you to the Account Balance Summary which shows a summary of the monthly totals of items accumulated in this account.

Now select the Reconcile function. The header of the display shows the name of the Bank account that you are currently looking at, suffixed by " - Reconciliation".

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.

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 . Occasionally you may find that you have one or two old items stretching back into last year . Don't worry, this is not a problem for MoneyBox.

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

## MANAGING YOUR BANK AND CHARGE ACCOUNTS

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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 first line of this display.

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. (Unless you have selected Bank format - Menu item Options - amounts appearing in the left hand column of the Bank statement will appear in the right hand column in your accounts, and vice versa.)

When you find the matching amount in your display, scroll the highlight bar to that line and click "Tick -Off", 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

## MANAGING YOUR BANK AND CHARGE ACCOUNTS

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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.

## MANAGING YOUR BANK AND CHARGE ACCOUNTS

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6. When you have checked off all items on the statement , return to the previous Account Balances display, and then select the "Statement" function.

MoneyBox will ask you first to confirm which statement number you want to display. Next it 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.

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" 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:

## MANAGING YOUR BANK AND CHARGE ACCOUNTS

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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" function from the Account Balances display 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 " function again from the Account Balances display. 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.

### **ACTIONS REQUIRED AT YEAREND**

Normally you need carry out no special actions at year end for your Bank account. Each time MoneyBox reconciles a Bank account, it makes sure that the correct balance is carried forward from last year to this year.

If however you come to the end of a year and there is still an unreconciled item dating back to the previous year, you will need to transfer this item out of the Bank account to a reserve account. Alternatively, you can delete the item, but don't forget it.

If you don't remove the item from the account, MoneyBox will not be able to reach back across two years to find this item and adjust the statement balance shown at the start of your reconciliation display. This balance will be incorrect by the same amount as this old unreconciled item.

### **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.

## MANAGING YOUR BANK AND CHARGE ACCOUNTS

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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 Direct 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.

## MANAGING YOUR BANK AND CHARGE ACCOUNTS

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4. When you are starting a Charge account, your "Opening Balance at (date)" item should be entered as "Owing" and as a Charge 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.

## **RECORDING YOUR INCOME**

### **WHERE IT COMES FROM**

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

Whether or not you are aware of it, 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.

## RECORDING YOUR INCOME

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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

## RECORDING YOUR 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.

## **RECORDING 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.

### **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 .

## RECORDING YOUR EXPENSE

---

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.

### **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.

## ASSETS

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# ASSETS

## WHAT ARE THEY?

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 .

## ASSETS

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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 change item facility to change the value of the B/Fwd item to reflect the current value of the asset. This will be the first entry for the year in each account. This is not 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.

## LIABILITIES

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# LIABILITIES

## WHAT ARE THEY?

Your liabilities are the things that you owe e.g. the mortgage on your house, Bank loans, 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 .

# IMPORTING AND EXPORTING DATA

## INTRODUCTION

The normal way to enter information into your MoneyBox system is to use the add item function to record individual receipts and payments.

When you first start to use MoneyBox however, you may already have been using another program to record this type of information. Now that you have decided to switch to MoneyBox, you will want to be able to transfer in all the data that you have accumulated up to now - without having to re-key every item!

So long as you can create a text file of this data, MoneyBox can read in the information it needs.

Once you have recorded receipts and payments in MoneyBox, it is designed to show you quickly and efficiently the information most relevant to managing your money.

You may however want to carry out more specific analyses of your transactions either at a detail level or over a long span of time. Probably the best tool for doing this type of analysis will be a spreadsheet facility.

You may also want to incorporate information from MoneyBox in documents that you create with a word processing package.

All you need to be able to do is to transfer relevant data from MoneyBox to the spreadsheet or word processing program.

### **IMPORTING DATA**

***WHEN YOU IMPORT DATA FROM AN OUTSIDE SOURCE INTO YOUR ACCOUNTS, YOU CAN SOMETIMES GET RESULTS YOU DIDN'T EXPECT. I SUGGEST YOU FIRST USE THE BACK-UP FACILITY TO TAKE A COPY OF YOUR ACCOUNTS BEFORE IMPORTING DATA.***

The three vital pieces of information that you need for each accounting item are Date, Description and Amount. If you can create a text file with these three fields from your existing money recording facility, you can import these items into MoneyBox.

If you are importing items into a Bank account, receipts are debits and payments are credit. This is standard accounting convention. You will need to tell MoneyBox if payments imported are negative or positive numbers. A negative value is imported as a Credit unless you specify that positive values are to be Credit.

Don't worry if you get it wrong the first time. Just delete the imported items and re-import with the sign changed!

## IMPORTING AND EXPORTING DATA

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When you have got a text file of items to be imported, go to the detail display of the account into which you want to add the items, and then select Files, Import.

You will be able to specify whether each item is in a single text file line or whether you have one line per field with a special line to indicate the end of each record.

For the former, you will need to enter the offset of each field from the start of each text line. For the latter, you specify the prefix character for each of the field text lines.

The following is an example of single text line format:

1/5/93	Holiday Inn Portsmouth	-72.97
2/5/93	Tony P B'Day Champagne	-24.40
18/5/93	Castello di Gargonza	-137.92
23/5/93	Amex Paid	72.97
23/6/93	Amex Paid	24.40
27/6/93	Avis Fecamp-Paris	-43.09
11/7/93	AB Amex annual fee	-30.00
11/7/93	SB Amex annual fee	-70.00
23/7/93	Lunch Brasserie Jo & Ian	-87.30
25/7/93	Amex Paid	281.01
26/ 7/93	Avis Paris-Fecamp	-38.91
22/ 8/93	Turbo Analyst	-55.00
23/ 8/93	Amex paid	126.21
26/ 9/93	Amex paid	55.00

and the following is an example of a structured sequence of individual prefixed text lines for each input item field:

```
C 1/ 5/93
DHoliday Inn Portsmouth
V   -72.97
^
C23/ 5/93
DAmex Paid
V    72.97
^
```

If you are reading a structured text input file with a separate line for each item field, the end of each item must be denoted with a text line with a single ^ character.

MoneyBox will only accept items with a date in the format of the current display option (DD/MM/YY or MM/DD/YY) that falls within the current accounting year. Any item with a date outside the current year or with an invalid date format is ignored.

MoneyBox will also only accept a numeric non-zero value. Any item with an invalid or zero value is ignored.

## IMPORTING AND EXPORTING DATA

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This means that MoneyBox can effectively select accounting items from a general text input file, e.g. a report produced by another program, while ignoring all non account item lines, e.g.:

```
=====
                        63000 AMERICAN EXPRESS GOLD
=====
S#  RE  DATE  DESCRIPTION                                PAID  CHARGED  BALANCE
=====
57  AM  1/5/93  Holiday Inn Portsmouth                        72.97    72.97Cr
58  AM  2/5/93  Tony P B'Day Champagne                       24.40    97.37Cr
59  AM  18/5/93  Castello di Gargonza                       137.92   235.29Cr
58  DD  23/5/93  Amex Paid                                   72.97    162.32Cr
59  DD  23/6/93  Amex Paid                                   24.40    137.92Cr
59  AM  27/6/93  Avis Fecamp-Paris                           43.09    181.01Cr
59  AM  11/7/93  AB Amex annual fee                          30.00    211.01Cr
59  AM  11/7/93  SB Amex annual fee                          70.00    281.01Cr
60  AM  23/7/93  Lunch Brasserie Jo & Ian                      87.30    368.31Cr
60  DD  25/7/93  Amex Paid                                   281.01     87.30Cr
```

Using the ability to specify where fields start in a text record, and relying on MoneyBox to reject all invalid records, you could read all the debit items of the above example in one pass, and the credit items in a second pass. (You should also tell MoneyBox to take positive values as credits in the second pass.)

## ACCOUNT NUMBER REFERENCES



Before you import items from an external text file, MoneyBox will ask you to specify a default account number reference. Even if the account references of the items being imported are the same as those set up in your Account Names list, you need to tell MoneyBox what to do with a reference it doesn't recognise.

You can specify any account reference already set up. I recommend however that you set up a special (temporary) account so that all unrecognised account references will be accumulated under a single heading.

From this special account you will be able to review each item and transfer it to the appropriate account. When all items have been transferred to the correct accounts, you can delete the special (temporary) account.

I recommend that you use this same technique if you are importing items without account references.

### **EXPORTING DATA**

The most common form of exported information is to the printer to give you a hard copy of what is displayed on the screen. In general, exporting to a text file is an extension of printing information .

The simple text file option of the Export functions is available from all printable displays. Like a printed output it has a header, a body and a footer section. Unlike a printed output, it does not have any page breaks. Hence a 200 line display that would appear as several pages with headers and footers on each

## IMPORTING AND EXPORTING DATA

---

page, will be written to the export text file as a header followed by a 200 line body followed by a footer.

This format contains all the necessary information for subsequent Word Processor manipulation to fit the document into which it is to be incorporated.

A final export facility is to be able to transfer account items to other systems in exactly the same way as you are able to import them from other systems. You can create structured text files where each field of an item is a separate text line prefixed by an alpha character of your choice, each record being separated by a text line containing a single ^ character. You can also create text files where each line contains all required fields at offsets within the line that you specify.

## BACKING-UP YOUR FILES

### BACK-UP

You can create a back -up of your current year's accounts at any time by selecting "Back-up" in the "Files" menu.

Almost everyone learns the hard way at some time that data files can get deleted or overwritten by mistake. If you regularly back -up your files, you merely restore from your back -up and carry on. If you haven't backed -up you are faced with re -entering all the lost data. I do recommend backing up your data frequently. It is very easy with MoneyBox. If you can have the discipline to enter your receipts and payments, do please extend that discipline to backing-up your accounts.

The back-up process writes all your account items for the current year as a text file which you can use in any way you like.

I do not advise however trying to create a similar format file to be restored as a short cut to importing data. I think you will probably cause more problems than you hope to avoid.

## BACKING-UP YOUR FILES

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The format of the back -up record is as follows:

<u>Column</u>	<u>Description</u>
1 - 6	Date (DD/MM/YY)
8 - 9	Debit Statement Number
11 - 12	Credit Statement Number
14 - 15	Reference / Cheque Number
17 - 21	Debit Account Number
23 - 27	Credit Account Number
29 - 52	Description
54 - 64	Amount
66 - 67	Currency (1 - 16)
69 - 70	VAT (1 - 16)

## SETTING UP A NEW ACCOUNTING YEAR

### NEW ACCOUNTING YEAR

Select "Whose A/cs?" from the "Files" menu.

You will see a conventional files dialog which shows you the accounting years you already have set up in the current directory. You do not have the option to change the filename which is pre -set as ACNAMES with the year suffixed.

In the filename box of the dialog, acnames.\* is displayed.

If you select one of the existing years and click the OK button, your accounts for that year and the preceding year are loaded ready for review and update.

If you click the OK button without selecting one of the existing years, MoneyBox will attempt to load the next year following the one currently loaded. If this year does not exist, a new year will be created using the current year as a model to copy from.

If you have selected a directory which has no accounting records, clicking the OK button will let you select a model set of accounts from which to create a new account set.

## SETTING UP A NEW ACCOUNTING YEAR

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When you reconcile any of your Bank or Charge accounts in the new year, MoneyBox will automatically pick up the closing balance from that account in the previous year.

If you have other balances that you need to carry forward, I suggest that you now read the section in the Expert level concerning year end housekeeping. It may be time for you to start using the Expert level.

## **EXPERT**

Select the menu item "Options" and then click "Expert".

This increases the number of menu items and displays visible, and increases the number of functions that can be selected from the displays. You can now take full advantage from all the financial data in MoneyBox. You can set up and monitor budgets and cashflow projections. Graphs tell you instantly how you are doing. You can enter transactions and keep Bank and Charge accounts in different currencies and review any aspect of your finances in any currency you have set up. You also have access to a full set of up to the minute reports at the click of a button. From each of these reports you can go direct to the underlying account details. You have a full set of facilities for closing one accounting period and opening the next with all balances correctly carried forward. For those keeping accounts for someone else, there are facilities and guidance for maintaining a proper audittrail.

No information is lost if you decide to change back to Beginner mode. You can change back and forth between Beginner, Expert or Professional levels of operation at any time.

# MANAGING YOUR EXPENSES WITH A BUDGET

## WHAT IS A BUDGET?

A budget is a set of monthly target amounts against which you can measure the performance of an account. The account can be a Category , a Summary or a Detail 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 a "Good News" / "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



## MANAGING YOUR EXPENSES WITH A BUDGET

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and scroll the highlight bar to the relevant account. Next select the Review A/c function to display the Account Balances for this account.

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

## MANAGING YOUR EXPENSES WITH A BUDGET

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"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.

## MANAGING YOUR EXPENSES WITH A BUDGET

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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 "Actual vs Budget" from the "Reports" menu.

## MANAGING YOUR EXPENSES WITH A BUDGET

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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. Next you can select the Sort function and re-sequence the detailed items in the account by value. This will tell you very quickly where you have been overspending!

If the highlighted account is a Category or 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 .

## CASHFLOW - MANAGING YOUR BANK BALANCE

### WHAT IS CASHFLOW?

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 with in 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

## CASHFLOW - MANAGING YOUR BANK BALANCE

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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.

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 at the bottom 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:

## CASHFLOW - MANAGING YOUR BANK BALANCE

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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 red line runs from day 1 to the end of the month showing the actual account balance at the end of each day.



## CASHFLOW - MANAGING YOUR BANK BALANCE

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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 "S/o" items generated by MoneyBox at the beginning of the month, or any items you yourself have entered ahead of their due dates.

The dotted 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.

## FOREIGN CURRENCY HANDLING

### INTRODUCTION

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, a weekend cottage in France and you are currently working in Germany, you will have Bank and Charge accounts in three 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 Deutschmarks.

MoneyBox does this for you instantly.

### **BASE AND FOREIGN CURRENCIES**

Select "Foreign Currency" from the "Rates" menu. MoneyBox lets you to specify up to 15 different currencies 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 Sterling, which is your base currency. All the others are initially set up as "Foreign Currency". MoneyBox takes no action on these dummy currencies. You will need to enter the names and rates of any additional currencies to be used.

If you use the Update facility, you will see that the base currency is set to have two decimal places and a conversion value of 1.0 . 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.

Use Update facility to review the first foreign currency . You will see that you can change the name of the currency and the number of decimal places normally used for that currency (usually two). You will also see that the exchange rate is set to 1.0 for each of the 12 months of the year.

## FOREIGN CURRENCY HANDLING

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Leave the exchange rate for your base currency as 1.0 for the whole year.

You can change any or all of the "Foreign Currency" entries. 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 - Eurocheques for example.

### **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.

This is actually done by the Posting function which accumulates all your individual accounting entries under the Account Names you have set up.

If you invoke the Posting function from the Account Names display, you have the option to change the posting currency from the "Currency in Use" for this posting run only.

A further feature that is sometimes useful is the ability to display all the entries that you have made in a specific currency. You can select this option from the Foreign Currency list.

## COMPARISON WITH LAST YEAR'S ACCOUNTS

### THIS YEAR / LAST YEAR

MoneyBox keeps sets of accounts in 12 month periods that can end on any nominated month.

When considering income and expenses in the current year it is frequently useful to be able to make a direct comparison with the same information for the previous year.

For example, when setting up a budget a useful starting point is last year 's figures which you then adjust to reflect your assessment of the coming year.

You will find that you can refer directly to last year 's account names list, foreign exchange list and any account information directly from the relevant display in the current year.

## AUDIT TRAIL CONSIDERATIONS

### AUDIT TRAIL CONSIDERATIONS

When someone else is handling your money, it is important to reduce the temptation to misappropriate any money.

In a manual system this is done by applying the following basic rules:

1. Different people should be responsible for making the entries in the Day Books, Cash Book and the Ledger.
2. All entries in the Day Books and Cash Book must be supported by a document that verifies that entry.
3. No entry in the Ledger can be changed, it can only be corrected by a separate authorised reverse entry.
4. The Cash Book must be reconciled with each Bank Statement received.

An automated accounting system effectively enters both sides of a transaction simultaneously, thereby eliminating a major fraud prevention procedure.



A commercial automated accounting system overcomes the elimination of Rule 1 by adding system procedures that reinforce Rule 3, and by emphasising the need for strict adherence to Rules 2 and 4.

In keeping your own accounts, it would be a hindrance to have to obey a restrictive set of procedures designed to protect commercial organisations. How you record your own accounts is entirely your own business. Hence MoneyBox allows you to make any changes you like at any time - there are no restrictions.

MoneyBox does however keep track of all entries that do not originate in a Bank or a Charge Account. You can display this list by selecting "Journal Entries" in the "Reports" menu.

If you use MoneyBox to keep somebody else's accounts, I suggest that at the end of each accounting year you print out the following information and file it separately with all the Bank and Charge Account statements :

1. Detailed listing of each Bank Account .
2. Detailed listing of each Charge Account .
3. Listing of all Journal Entries.

## AUDIT TRAIL CONSIDERATIONS

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4. Account Names list (which shows all account balances).
5. Trial Balance report.
6. Income and Expenditure report.
7. Balance Sheet.

You should file a diskette copy of the set of accounts with these printed records, and make no further changes to the on -line copy that you will probably keep for comparative reference.

# MONEYBOX REPORTS

## INTRODUCTION

Under the "Reports" menu you will find the two groups of items. The first group comprises:

- Regular Payments - a list of all the latest automatic payments processed.
- Journal Entries - all items not originating in a Bank or Charge account.
- Unposted Items - all items MoneyBox has not been able to accumulate in an account. Almost always this is due to an account having been deleted from the Account Names list. Just re-instate it and all will be well.

The second group of reports tells you the state of your finances:

- Trial Balance - which is a checklist of all your detail accounts. The total of the debits should equal the total of the credits .
- Income and Expenditure Account - which tells you whether you are earning more than you are spending.

## MONEYBOX REPORTS

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- Balance Sheet - which tells you what you own, what you owe and how much you are worth - financially that is!
- Cashflow / Financing Report - which tells you what you did with an earnings surplus or how you financed a deficit .
- Budget Report - which tells you the good news and bad news on any budgets you have set.

## **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.

## **INCOME AND EXPENDITURE ACCOUNT**

This is the report that shows you whether or not you are living within your means. You can get a completely up -to-date report at any time.

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.

Select "I & E A/c" from the "Reports" menu.

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.

## MONEYBOX REPORTS

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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 .

### **BALANCE SHEET**

This report 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).

One example of a Reserve is an old cheque that has not been presented for payment and which you now need to remove from your Bank account . (Use the Transfer Item function to transfer the cheque from your Bank account to the Unpresented Cheques account)

Another example of a reserve would be 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)

Select "Balance Sheet" from the "Reports" menu.

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 .

## MONEYBOX REPORTS

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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 .

### **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.

Select "Financing" from the "Reports" menu.

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 .

## **YEAR-END HOUSEKEEPING WITH MONEYBOX**

### **INTRODUCTION**

MoneyBox follows the normal convention of one year accounting periods. At the beginning of each new accounting year, a fresh set of accounts needs to be opened, and the values of your assets and liabilities need to be transferred (brought forward) from the end of the previous accounting year .

Normally your Income Surplus or Deficit for the previous year is effectively carried forward in the value of your Assets and Liabilities. This happens automatically without any action by you.

There may be occasions however when you want to carry forward from the previous year an Income or Expense amount that may be owing. This is handled as described below in "Carried Forward Amounts".

The following sections describe how to open a set of files for a new financial year and to transfer into these new files the values of your assets and liabilities as they stand at the end of the previous year.

### **MONEYBOX FILES**

There are four essential files which form a set of accounting records for the year:-

ACNAMES.nn	The list of all your account names .
FOREXxxx.nn	Up to 16 foreign currencies and 16 VAT rates.
ACITEMS.nn	The file of detailed accounting entries .
BALANCES.nn	Your account balances created by Posting .

You need not consider the BALANCES file since this is re-created by MoneyBox each time you run the Posting function.

The .nn suffix to the file names is the accounting year, e.g. 91, 92, 93 etc.

The xxx in the FOREX file is because there are in fact two FOREX files, FOREXNAM and FOREXVAL. You should however consider the FOREX file logically as a single file.

### **CREATE A NEW SET OF FILES**

When creating a new accounting year or new set of accounts you only need to specify the set of accounts and the year using the "Whose A/cs?" item in the "Files" menu.

If you have selected a directory containing existing MoneyBox files, you will see each of the years specified as ACNAMES.nn where nn is the specific year.

## YEAR-END HOUSEKEEPING WITH MONEYBOX

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If you now click the OK button without selecting one of these existing years, MoneyBox will ask you if you want to create a new year. This will create a copy of the ACNAMES and FOREX records together with an empty ACITEMS record for the year following the currently accessed year.

If you select a directory with no existing MoneyBox files, you will be able to select the model accounts or skeleton accounts to start off this new account set.

In either case you can also specify a specific, but non-existent year, and create a set of accounts for that year.

Now you are ready to bring forward the values of your Assets and Liabilities from the previous year.

### **ACCOUNTING BACKGROUND**

Remember that your accounts are split into four main categories - Income, Expenditure, Assets and Liabilities .

If you are using MoneyBox just to keep your Bank and Charge Accounts properly reconciled, MoneyBox will post all your receipts and payments automatically to the Income or Expense account. Your Assets and Liabilities will consist of your Bank and Charge Accounts.

If you are being more ambitious in your use of MoneyBox, you will have a variety of Income and Expense accounts and a variety of Asset and Liability accounts.

In any case, you will want the value of your assets and liabilities transferred to the new year's set of accounts.

You may also want to take account of amounts owing or paid in advance at the end of last year. More of this under Carried Forward amounts - below.

### **CREATING / UPDATING B/FWD VALUES**

Select "Suggest B/Fwds" from the "Year End " menu.

MoneyBox will go to the previous year's set of accounts and create a pro-forma brought forward balance for each of the asset and liability accounts. It will display these as a list of Journal entries for this year. Each item will be prefixed with B/Fwd and will be suffixed with a "?" to show that it is a suggested brought forward value that has not yet been transformed into a real accounting item for this year.

MoneyBox next goes to this year's set of accounts to see if any B/Fwd items already exist (as will be the case if you use this function subsequently). It reads the real B/Fwd items for this year and matches them against the pro-forma items suggested from last year's accounts. If it finds an exact match of account number and amount, it deletes the pro-forma item and displays the real B/Fwd

## YEAR-END HOUSEKEEPING WITH MONEYBOX

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item in its place (there is no "?" suffix on a real item already existing in this year's accounts). If MoneyBox finds that it has more than one B/Fwd item for a given account but with differing values, it marks these apparent duplicates with an "\*\*".

You can now use the Add, Change and Delete facilities to update the list of suggested B/Fwd items . All action that you take in this way is provisional. Any changes made to pro -forma items created from last year have no effect on last year accounts.

When the list of suggested B/Fwd items is the way that you want it, then select "Accept B/Fwds". MoneyBox will now create real B/Fwd items in this year's accounts to match the provisional list.

At any time you can quit before using "Accept". In this case no changes are made to either year.

In order to see what MoneyBox has recorded as this year brought forward balances, just select "Review B/Fwds" from the "Year End " menu.

### **CARRIED FORWARD AMOUNTS**

You may find that unless you take account of Income and Expense amounts owing or prepaid at the year end , your accounts for the year will be distorted. There are four conditions that may arise: -

## YEAR-END HOUSEKEEPING WITH MONEYBOX

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- Income received in advance.
- Income due but not yet received.
- Expense due but not yet paid.
- Expense paid in advance.

You may have noticed that when you selected "Create Accruals" from the "Year End" menu, you were given a display of all your Income and Expenditure accounts. If you now move the highlight bar to one of these accounts and select "Add C/Fwd" you will see a dialog similar to an Add Item dialog.

This enables you to create an item reflecting the pre -payment or accrual in last year's accounts. This item is also detected by the "Suggest B/Fwd" function to create the corresponding reverse entry in this year's accounts. (If you didn't make this reversing entry you might for example increase last year 's income by an amount that you were owed, and inflate this year's income by not deducting the portion that belongs to last year.)

You will note in the dialog that the pre -payment / accrual categories appear according to whether you have selected an income or an expense account. The date is fixed as the last day of the previous year, and MoneyBox will insist on the description starting with C/Fwd.

## **ACCOUNTING ENTRIES**

If you use these automated facilities, MoneyBox will automatically put the opposing entries of all C/Fwd and B/Fwd items to your Capital Account. At the beginning of the new year, the B/Fwd balance of your Capital Account represents your Net Worth .

At the end of the year, your Net Worth will have increased or decreased according to whether you had an Income surplus or deficit during the year. Those of you with accounting experience will recognise this as a slight simplification. However MoneyBox allows you freedom to make whatever entries you like, including B/Fwds and C/Fwds that need not be offset directly to Capital Account.



## **PROFESSIONAL**

Select the menu item "Options" and then click "Professional".

This gives you access to the VAT rates table and the displays of VAT amounts.

It also lets you select VAT rates when entering items in accounts designated as Bank or Charge accounts. Such items are shown as gross amounts in the account of entry, and net amounts in the receiving accounts. The difference, i.e. the VAT amount, is accumulated in monthly totals in the designated VAT account, and can be displayed in detail via the VAT rates table.

If you switch back to Beginner or Expert mode, any VAT information is ignored, and all amounts are shown gross. The VAT information is not lost, and you can switch back to Professional mode at any time.

## **SALES AND VALUE ADDED TAX HANDLING**

### **INTRODUCTION**

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 most of 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.

Rest assured - MoneyBox handles it all.

### **VAT ACCOUNTING REQUIREMENTS**

The first requirement is to set up a detail account name for each rate of VAT to be charged or offset. These accounts should be set up under a separate summary account heading in the Current Liabilities section of the Account Names List.

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 or Charge 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.

## SALES AND VALUE ADDED TAX HANDLING

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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 need a detailed list of the detailed VAT items for any VAT rate, you should go to the VAT rate display, select the relevant rate and request "Display VAT Items". This will give you a complete list of all amounts calculated

automatically at this VAT rate, either for the selected month or for the whole year.

### **OPERATIONAL RESTRICTIONS**

Automatically calculated VAT amounts can only be entered from Bank or Charge accounts. You may need to define any Supplier or Customer accounts as Charge accounts.

You should not enter an automatic VAT entry with the offsetting account being another Bank or Charge account. This will result in a warning being given next time you Post your accounts. If this happens, just follow the directions of the warning message.

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 or Charge 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.

## SALES AND VALUE ADDED TAX HANDLING

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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.

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