

Budgets

When you prepare a budget, you are predicting the financial state of your business. For example, you could prepare a budget that predicts how much you intend to spend and earn over the next financial year. Having a budget means that, as the year progresses, you can track projected data against actual data and take corrective action if things are not going according to plan.

You can also use budgets to plan for future goals. For example, you may want to undertake a new business venture in the coming year. By creating a budget, you can work out the amount of money you will need for the venture, where this money will come from, and the impact that the venture will have on other aspects of your business.

What do I need to budget?

You can [enter budgets for individual detail accounts](#). The accounts that require a budget will vary according to your business. Most people prepare budgets for *Profit and Loss* accounts such as Income, Cost of Sales and Expenses accounts, and Balance Sheet accounts for specific assets and liabilities. To decide on the accounts that will require a budget, consider what changes you anticipate in your business and the financial impacts these changes will have. For example, you may be considering taking out a new loan (which will affect your Bank Loans account).

What period can I budget for?

You can create and revise your budget for the current financial year and the next financial year. If you have budget info in a spreadsheet, you can import this into AccountRight. [Learn how to enter budget amounts](#).

Reviewing your budget

You can review your budgets periodically to track your financial progress and see if it is going to plan. A slight variation from the budget is normal. Large variations, on the other hand, may need investigation. For example, if you have a large increase in accounts receivable, it may indicate that your customers are taking a longer time than expected to pay your account.

You can compare your budgeted amount with actual account balances by viewing the Budget Analysis reports for Balance Sheet and Profit and Loss accounts. For information on displaying, customising and printing reports, see [Reports](#).

Learn about the [Budget Shortcuts window](#).

Related topics
Entering budget amounts
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