



Balance Sheet and Cash Flow Design Tips in Microsoft Forecaster 7.0

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The information contained in this document should be considered guidelines and should not be construed as being all inclusive. Please refer to documentation provided by Microsoft for official software application instructions.

Forecaster 7.0 Design Tips for Balance Sheet and Cash Flow Budgeting

- **Departments to Budget:** For revenue and expense budgeting, you will budget many departments. For balance sheet and cash flow, you will usually budget to one central department/company (e.g. Corporate dept = 000). It is common practice to create a few new dummy departments that do not exist in your GL to separate some of your BS/CF budgets into separate schedules. This will reduce the size of your line and calc set for better performance, trouble shooting and security access if different users budget different balance sheet items. For example, you may create two new dummy departments with the ID of "BS_CA" for Current Assets and "BS_CL" for Current Liabilities. In these dummy departments, it is recommended to use dummy accounts with an alpha prefix that do not exist in the GL so you do not duplicate an account balance. An @LOOKUP formula will be used by the Corp dept 000 to look up values from the dummy departments so at the end of the day your true GL numeric accounts will have balances in the Corp dept 000.
- **Input Sets to Use:** A second input set is recommended for BS/CF budgeting. This input set will usually contain additional columns for prior month and year end balances that do not exist in the input set used for revenue and expense budgeting. The two input sets (one for BS/CF and one for Rev/Exp) will share the same periods (e.g. Periods 1 to 12 of Budget 2010). An added benefit of a second input set for BS/CF budgeting is the ability to use a different line/calc set for the corporate dept that may differ considerably from the line/calc used for rev/exp budgeting. Within Forecaster security, input menus and assignments may be defined to grant or deny users access to certain input sets and departments.
- **Calculations:** Take advantage of various calculation types and functions for BS/CF budgeting. The Forecaster help menu is excellent at providing detail descriptions and examples of calculations. Element calculations are frequently used to calculate specific cell values. The syntax for an element calc is ColumnID.LineID=. A design tip in the column is to use a generic and static Code for Calculation that does not change from year to year (see Figure 4 below). As for calculation functions, the following are very useful: @BBAL (beginning balance), @CUM (cumulative gain/loss), @DIF (net change from period to period), @LOOKUP (retrieve balance from different dept), and @ROLLUP (use summary acct balance).
- **Account Rollups:** Account rollups can quickly be created to provide summary level reporting and calculating of balances. For example, Net Income can easily be defined through a lookup formula that captures all revenue expenses for all departments (e.g. @LOOKUP(TDPT,TNET) where TDPT is the grand total/root for all departments and TNET is the summary account that rolls up all revenue and expenses (see Figure 5 below).

- **Both Lines and Columns for Beginning Balances:** A combination of Columns (Figure 3) and/or Lines (Figure 1) may be used for beginning period balances. Subsequent columns and lines then calculate net and/or cumulative amounts.
- **Hidden Rows and Columns:** To reduce clutter and confusion in the input screen/input set, consider hiding certain lines/columns from displaying.
- **Accurate Assumptions and Macro vs Micro Budgeting:** As basic and trivial as it may sound, proper historic and projected financial analysis is a must to accurately detect and formulate account balances and account correlations. There have been many instances where incorrect assumptions and formulas have been uncovered. When budgeting BS/CF balances there is a happy medium between budgeting at a too detailed level or a too high of a level. The input design will need to take into account accuracy, user-friendliness, and ability to change assumptions easily for what-if analysis.

Multi Row	Single Row	Human Resources	Capital	Revenue	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
Account	Label	Jan 09 Bud	Feb 09 Bud	Mar 09 Bud	Apr 09 Bud	May 09 Bud	Jun 09 Bud	Jul 09 Bud	Aug 09 Bud	Sep 09 Bud	Oct 09 Bud	Nov 09 Bud	Dec 09 Bud				
ACCOUNTS PAYABLE																	
PDM0	Pay Down % - Current Month	82%															
PDM1	Pay Down % - 1 Month Ago	10%															
PDM2	Pay Down % - 2 Months Ago	8%															
=	PDTL Pay Down % - TOTAL	100%															
=	AP01 Beginning Balance	2,217,739	1,374,179	959,601	972,643	899,580	730,481	736,314	830,438	579,412	640,101	572,310	572,643				
=	AP02 Monthly spending (operating expenses)	2,063,684	1,808,250	1,807,956	1,731,763	1,704,389	1,662,125	1,704,736	1,574,462	1,642,042	1,514,204	1,675,317	1,673,637				
=	AP03 Deduct: Payroll related expenses paid monthly	(1,003,917)	(932,045)	(957,030)	(954,665)	(1,097,078)	(1,012,513)	(955,032)	(1,097,184)	(1,063,046)	(999,514)	(1,156,857)	(1,029,242)				
=	AP04 Mo spending (op exp) net of payroll related exp	1,059,767	676,205	850,826	777,098	607,311	649,612	749,704	477,278	578,996	514,690	518,460	644,395				
=	AP05 Add/Deduct: IPO costs incurred (paid)	0	0	0	0	0	0	0	0	0	0	0	0				
=	AP06 Paydowns	(2,907,244)	(2,022,828)	(1,794,914)	(1,804,826)	(1,873,487)	(1,656,292)	(1,610,613)	(1,825,487)	(1,581,353)	(1,581,995)	(1,674,985)	(1,552,168)				
=	AP07 COGS (doing a 1 month lag)/ Milestone Payments	0	0	0	0	0	0	0	0	0	0	0	0				
=	AP08 Ending Balance - Accounts Payable	1,374,179	959,601	972,643	899,580	730,481	736,314	830,438	579,412	640,101	572,310	572,643	694,112				
ACCRUED COMPENSATION																	
=	AC01 Beginning Balance	1,678,348	1,843,574	2,008,800	495,678	660,904	826,130	996,750	1,167,370	1,337,990	1,530,237	1,722,484	1,914,731				
=	AC02 Accrued bonus (Includes Taxes)	165,226	165,226	165,226	165,226	165,226	170,620	170,620	170,620	192,247	192,247	192,247	192,247				
=	AC03 Bonus payments	0	0	(1,678,348)	0	0	0	0	0	0	0	0	0				
=	AC04 Ending Balance	1,843,574	2,008,800	495,678	660,904	826,130	996,750	1,167,370	1,337,990	1,530,237	1,722,484	1,914,731	2,106,978				

Figure 1: Dummy Dept "BSRE" that does not exist in GL used to break down BS/CF budget into smaller line/calc sets. Dummy alpha prefixed accounts are used in the line set so account balances are not duplicated in the dummy department and the true numeric GL dept/accts as seen in Figure 2. It is also common to use lines/accounts for beginning and ending balances with the end result of YTD ending amounts posted to the monthly periods.

		Capital		Revenue											
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC		
Account	Label	Jan 09 Bud	Feb 09 Bud	Mar 09 Bud	Apr 09 Bud	May 09 Bud	Jun 09 Bud	Jul 09 Bud	Aug 09 Bud	Sep 09 Bud	Oct 09 Bud	Nov 09 Bud	Dec 09 Bud		
1200	Accounts Receivable	0	0	0	0	0	0	0	0	0	0	0	0		
= 2100	Accounts Payable	1,374,179	959,601	972,643	899,580	730,481	736,314	830,438	579,412	640,101	572,310	572,643	694,112		
= 2200	Accrued Compensation	1,843,574	2,008,800	495,678	660,904	826,130	996,750	1,167,370	1,337,990	1,530,237	1,722,484	1,914,731	2,106,978		

Formula bar: =@LOOKUP(BSRE,APO8)

Figure 2: Screen shot of true numeric dept and accts that will be budget to at the end of the day. Notice in lower left corner the @LOOKUP formula that looks up balances from the dummy alpha prefixed dept and account.

		BEGBAL	B8200801	B8200802	B8200803	B8200804	B8200805	B8200806	B8200807	B8200808	B8200809	B8200810	B8200811	B8200812
		Beginning Balance 2008	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Assets														
Current Assets														
= 1100	Cash-Checking	65,000	638,557	398,461	409,105	400,140	398,483	405,671	411,687	413,871	417,151	413,784	422,722	419,446
1110	Money Market (Short-Term)	43,778	0	0	0	0	0	0	0	0	0	0	0	0
= 1200	Accounts Receivable	101,266	139,744	22,034	3,902	2,133	2,551	6,930	(666)	1,207	8,644	4,772	2,528	4,873
1205	Allowance for Bad Debt	1,523	0	0	0	0	0	0	0	0	0	0	0	0
1309	Due from FWC	10,178	0	0	0	0	0	0	0	0	0	0	0	0
1310	Inventory	134,333	0	0	0	0	0	0	0	0	0	0	0	0
1350	Inventory Supplies	2,595	0	0	0	0	0	0	0	0	0	0	0	0
1430	Prepaid Other	1,156	0	0	0	0	0	0	0	0	0	0	0	0
= XTCA	Total Current Assets	359,828	778,302	420,495	413,007	402,273	401,034	412,601	411,020	415,078	425,794	418,557	425,251	424,319
Property Plant and Equipment														
1510	Leasehold Improvements	280,000	0	0	0	0	0	0	0	0	0	0	0	0
= 1515	Accum. Depr. - Lease Imprvmnts	(32,289)	(1,404)	(1,404)	(1,404)	(1,404)	(1,404)	(1,404)	(1,404)	(1,404)	(1,404)	(1,404)	(1,404)	(1,404)
= 1520	Office Furniture & Fixtures	145,000	0	0	8,000	7,200	0	0	0	0	0	0	0	0
= 1525	Accum. Depr. - OF&F	(25,046)	(833)	(833)	(967)	(1,087)	(1,087)	(1,087)	(1,087)	(1,087)	(1,087)	(1,087)	(1,087)	(1,087)
= 1540	Office Equipment	35,000	0	0	0	0	9,600	0	0	0	0	0	0	0

Formula bar: In Progress

Figure 3: A second input set devoted to BS/CF is common practice which will include prior months and year end balances of which some may be hidden to avoid confusion and clutter in the input screen.

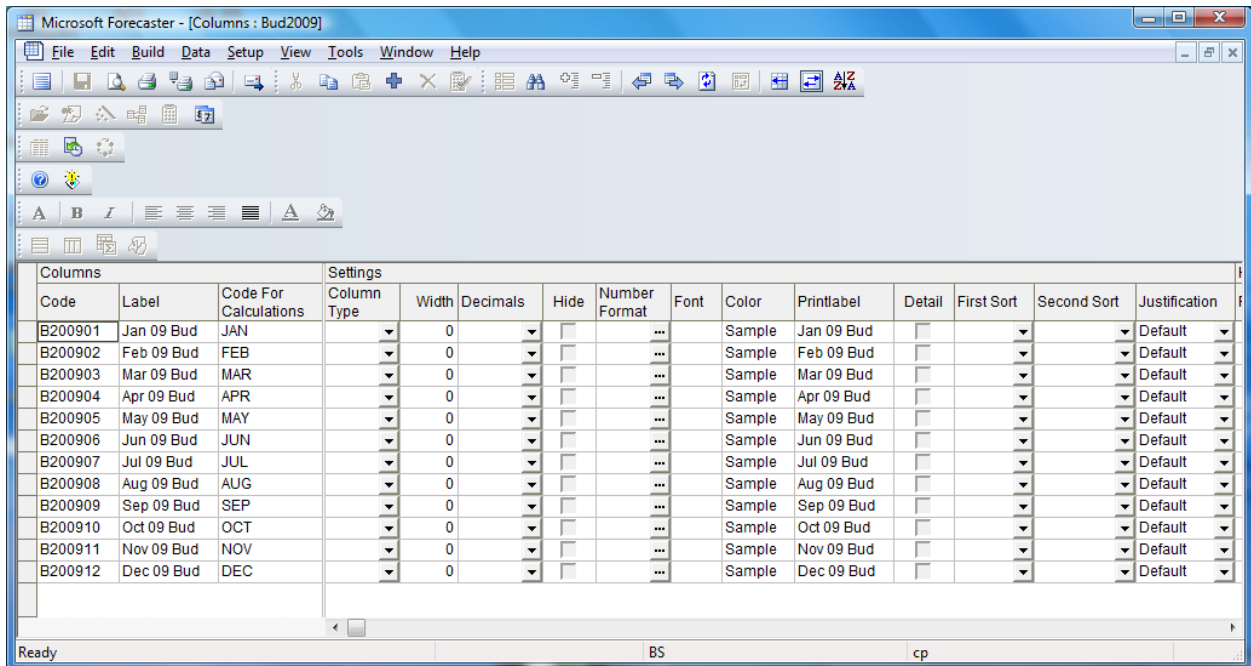


Figure 4: Use of generic & static Codes for Calculations in Column that do not change from year to year.

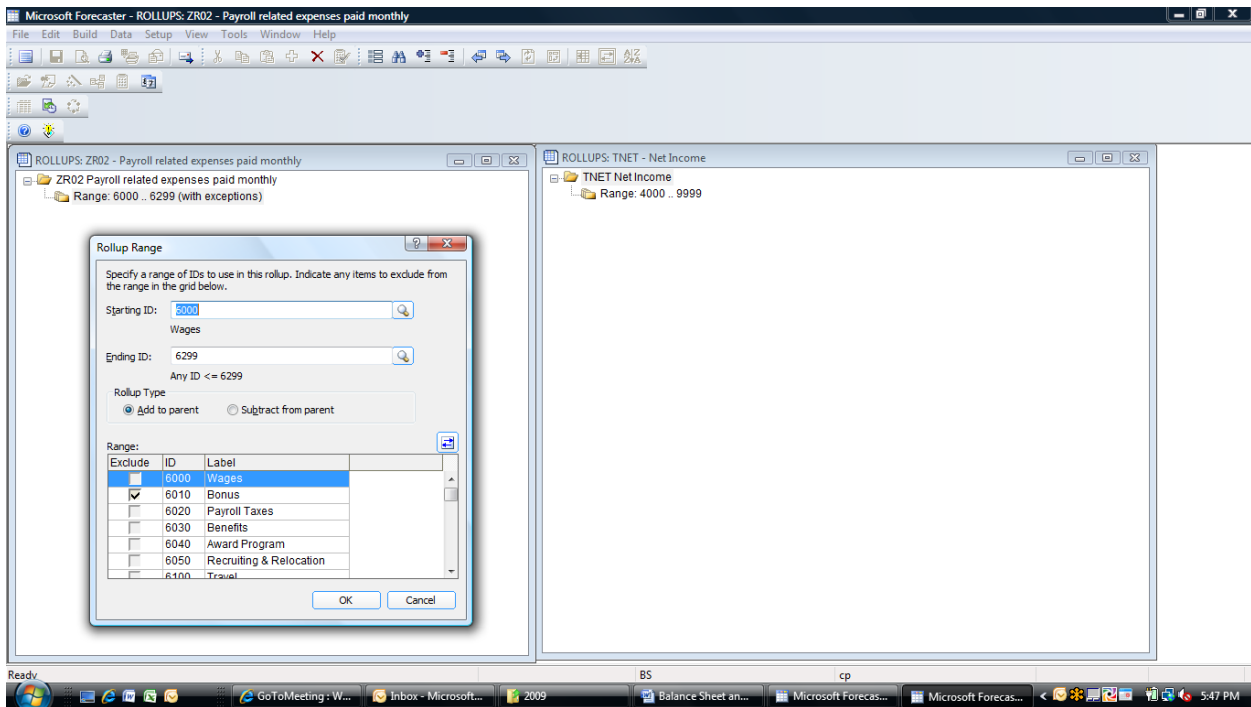


Figure 5: Account rollups easily created to summarize balances for items like Net Income and Payroll Related Expenses used in BS/CF and Accounts Payable calculation.