

Accounts package vs spreadsheet working

What's the best way to handle your personal finances? We compare two alternatives.

If you've decided to put your personal finances in order, what sort of software could help you best — a specialised, comprehensive home accounts package, or a spreadsheet?

← The case for spreadsheets

Obviously, Marks & Spencer or the Ford Motor Company are not going to keep their accounts on a spreadsheet. But there is every good reason for the family or self-employed person to do so. That was why spreadsheets were invented.

Excel 97, Lotus 1-2-3 97 and Corel Quattro Pro 8 may have charting, mapping and web-page facilities, but the root concept is based on the bookkeeper's worksheet. You enter the figures for the various accounts and then add them up. If you have one of these spreadsheets now, there is nothing else to buy. 'But I don't know anything about bookkeeping,' you may say. In which case you would probably be no better off with an accounts package because you would have to learn its vocabulary anyway.

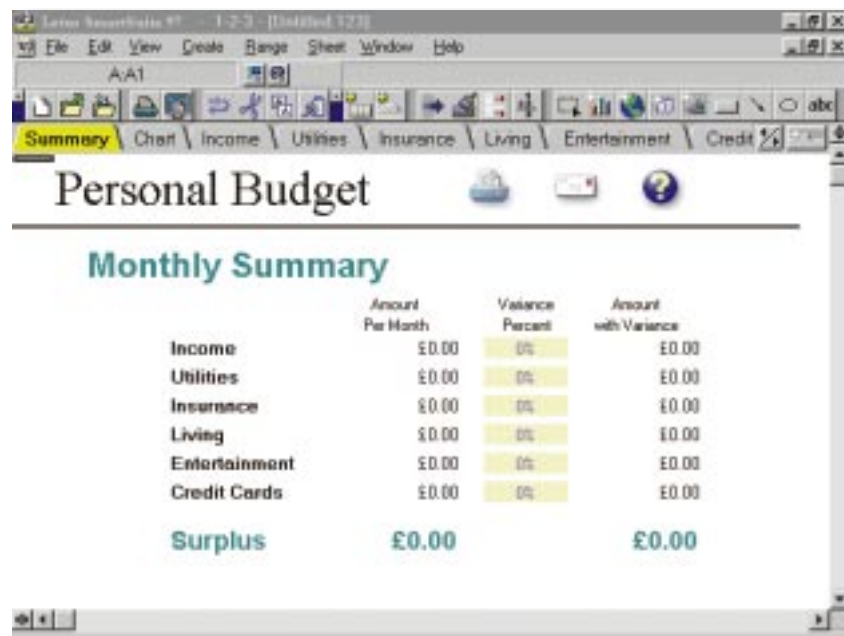
To help you get started, you have a number of choices which include:

the use of a template [Fig 1]; asking your accountant what they need from you; or you could buy one of many

inexpensive paperbacks on the subject.

The beauty of a spreadsheet is that if you currently have some kind of manual system, you can enter it the way it is. With a home accounts package you would have to run the two systems together until you were confident that you knew how to correct errors, add or delete accounts, make adjustments and print the reports you need.

With a spreadsheet you can design your own system, tailored to your own circumstances. If you're self-employed, say, you can avoid maintaining two sets



▲ Fig 1 You don't have to start from scratch with a spreadsheet. Lotus 1-2-3 97 provides this excellent personal budgeting template with different categories grouped on separate worksheets

of books and entering many items twice. If you work from home, you'll pay one electricity bill but may be entitled to charge a percentage of it to your business. You can probably split your expenses for fares or petrol.

Some people prefer to set up a budget against which they continuously compare their expenses. Some like to compare this year's monthly average for each expense item with the average for previous years. It can confuse some accounts packages if you record your home as an asset

but don't have a mortgage. Other people would like a separate worksheet on which to record progress of a complicated debt reduction program.

You may not wish to record every expense, counting only cheques and giving yourself a lump sum for petty cash each week, or month. But if you use PC banking, you may seldom write cheques. Many people use telephone banking. Some professionals record income when they send out an invoice; others don't record it as actual income until the cheque has cleared.

To make it easier for themselves to

keep track of credits and debits, all accounting packages specify groups of accounts which cannot be changed. If you design your own system, you can group your accounts how you like.

← The case for accounts packages

'Useful, huh?' comments the audio tip following an American script but read by a soothing nanny-figure with a plummy English voice.

Money 99's full-featured version, known as Financial Suite, has tried its darndest to look English. Colour is not spelt 'color' and cheque is not spelt 'check'. But its very pizzazz gives it away and the examples list the 'gas station' and the 'Springfield Diner'. The net worth statement is mixed: in the US, the most liquid assets are listed first, but in the UK the least liquid are traditionally listed first. Money 99 lists them at random.

There is no need to load the whole kit and caboodle, which takes 120Mb of hard-disk space, as all the 'movies' —

Money 99 is really a jack-of-all-trades and master of none

ACCOUNTING ON A SPREADSHEET

Each of the three leading spreadsheets offers tools, built-in formulas and macros to help you create an accounting system. Here are some of the helpful features of Excel 97.

The first 12 worksheets

in a typical accounting workbook could each hold all income and outgoings for one month of the year. There might be other pages for direct debits, new inventory items and so on, but the last page, so you can jump to it easily, would be a summary for the year.

Outlines. Using the built-in outlining macro for one summary worksheet [Fig 2] you can instantly see your expenses monthly, quarterly or annually. Clicking outline + and - symbols, or numbers, instantly unfolds or condenses the time frame. Similarly, going down the rows, you can automatically display only subtotals for income and expenses, and then sub-subtotals for groups like personal expenses, home, car, or display every row which gives all the details.

'Names' can save a lot of work. Say the annual total to date for each item is in column R. Column S has

the running monthly average with the starting formula R2/Months. Cell S2 is dragged down the column. By simply changing the definition of Months from 1 through to 12 during the year, you can update all the formulas at once.

Comments in a cell can remind you of what an unusual expense or income item was for. A little red triangle in a cell acts as a flag. Point at that cell and the comment is displayed.

'Fixed decimal' lets you make lots of entries in pence without first entering the decimal point. Alternatively, you can set that box to -3 and thousands are added automatically. Enter '123' and display 123,000.00.

Automatic rounding. Formatting a cell may only display the contents to two decimals, but there may be many decimal places stored. This can create the

	A	B	C	D	E	F	G
1	1996	Jan	Feb	Mar	1st Qtr	Apr	May
20	Council Tax	-	-	-	-	-	237.61
21	Electricity	-	-	52.33	52.33	-	-
22	Gas	26.50	26.50	19.00	72.00	19.00	19.00
23	Insurance	-	-	-	-	-	141.00

	A	E	I	M	Q	R	S
1	1996	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year Total	Monthly Average
20	Council Tax	-	237.61	-	236.00	475.61	43.24
21	Electricity	52.33	42.50	35.21	-	130.04	11.62
22	Gas	72.00	57.00	57.00	56.00	244.00	20.36
23	Insurance	-	141.00	-	-	141.00	12.62

anomaly of totals not equalling each other when they should. But choose Tools, Options, Calculation, Precision As Displayed, and only the pounds and pence will be stored.

3D formulas. It's easy to total individual cells across a number of worksheets. If medical expenses are in cell AH9 on each of the monthly worksheets, you can total them in any cell with the formula =SUM('January Expenses: December Expenses'!AH9).

Hyperlinks. You can make a link on a sheet to a particular note or cell

▲ FIG 2 USING ONE EXCEL WORKSHEET, THE TOP WINDOW SHOWS THE MONTHLY DETAILS, THE BOTTOM WINDOW SHOWS QUARTERS, THE YEAR'S TOTAL AND MONTHLY AVERAGES

anywhere in the file. Enter Last year's taxes in a cell, click on the hyperlink tool, browse for the right cell, click OK. The entry turns blue to indicate it is active.

Page design. Printing reports is simplified by the extensive options in the Page setup macro. You can set margins by entering dimensions or dragging margin lines. Excel will automatically centre a sheet on a page if you wish, and even magically shrink it to fit.

tutorial macros with dialogue — and audio tips will run from the CD-ROM, as will the many articles on, and worksheets for, recording taxes, pensions, insurance and home inventory.

The advantage of an accounts package is that it is a relational database management program. A spreadsheet can hold several lists but it can never be more than a flat-file database. An Excel PivotTable can display one list of your expenses and income in various ways, but it would be a Herculean task to try

and duplicate the power of a database like Access. Money 99 is like a specialised application running in Access. You can see reports in countless ways [Fig 3].

You start a report by picking the categories to be included, which might be all of them, or just car expenses, or a combination of holidays and meals out. Then you pick a period which might be the past month or quarter, year, or even odd dates like April 15 to June 30. You can even choose to see who received your money within those definitions, like Hilton Hotels, Boots the chemists

and Shell oil. And you can see the information as a listed report, a bar chart, a line graph or pie chart.

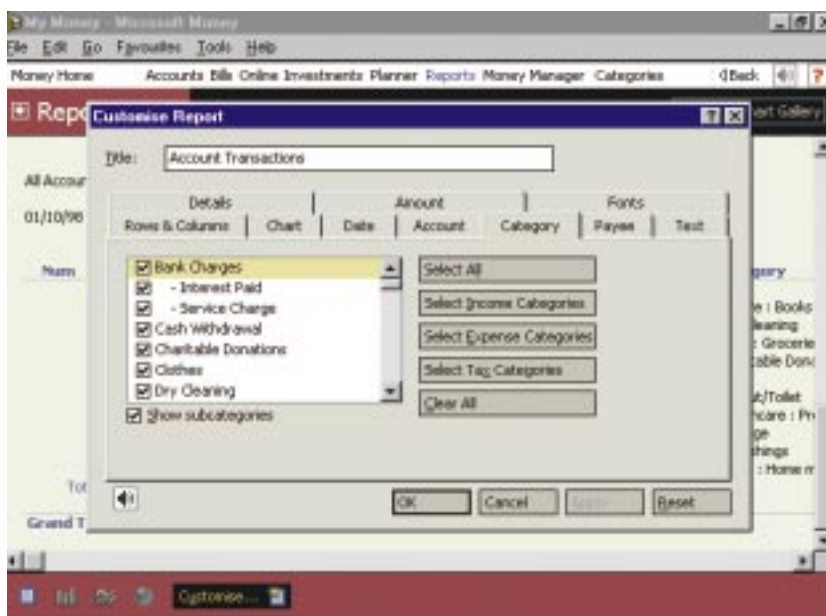
Once set up for it, you can go online and download a bank statement. With Money 97, this was just with Barclays. Then, with Money 98, the Nationwide was added. Now, Money 99 adds several more banks and the ability to extend as soon as the institutions are ready for it. But for more interactive services, you're better served by each bank's own software. With Barclays own PC Banking

Software, for instance, you can see cleared balances in real time, arrange recurring fund transfers and request loans and overdrafts.

Money 99 gives you a lot of likely results for calculating a mortgage but qualifies them all by giving the phone number to ascertain the names of Independent Financial Advisors in your area. It doesn't say whether your monthly payments are figured to be credited monthly (as in the US) or annually (as has often been the case in the UK).

The same applies to planning a retirement income. And the tax estimator does have a current figure for a personal deduction but precedes the whole exercise by pointing you to a 'tax professional' or the Inland Revenue — you would do better to order the Inland Revenue's free EVR (Electronic Version of the Self-Assessment Tax Return).

The investment tracker is also a disappointment. You can enter your holdings and go online to check the current value of your portfolio, but three of the four stock markets on which it reports are in New York. In London, it only offers the FTSE 100 so the majority of shares are not listed. On connection, however, it does update currencies and overall indices, plus some mortgage and interest rates and financial news. There are many sources of current stock data on the web and Excel is the standard software for accessing it. Just choose Data, Run Web Query and choose a built-in template for downloading.



▲ FIG 3 MONEY 99'S BEST FEATURE IS ITS CHOICE OF REPORTS — BY CATEGORY OR PAYEE, AND THE MULTIPLICITY OF TIME PERIODS. FORMATTING IN THIS SECTION IS ALSO VERY FLEXIBLE

Money 99 includes a Household Inventory template but if you have MS Access, which is included in the Office 97 Professional suite — or Lotus Approach, in SmartSuite 97 — you'll find that their equivalent templates are far superior.

Money 99 helpfully adds an icon to your Taskbar which will indicate whether or not Money is running, whether bills are due, or past due to be paid. Providing you are within the set time for a lengthy reminder (say, 30 days before a bill is due) this works very well. And, you can start Money from that icon.

The supplemental invoicing module could be useful if you're self-employed. It is integrated with the Sales Ledger so

that when you issue an invoice, it is automatically recorded in the ledger. If you are patient you can also eventually have the Sales Ledger balance show up as an asset in your 'net worth' statement. The problem is, unlike Money's other reports, you cannot edit its template. Both the font sizes and field sizes are too small and inappropriate for a service business (i.e. the majority of self-employment). So, you will need to create an invoice in Money to get it into the Sales Ledger and then create one in, say, Word or Excel for the customer. The invoice template provided with Excel is far more flexible. Oddly, Money 99 provides no equivalent Purchase Order, but Excel does.

Money 99 is really a jack-of-all-trades and master of none. But it is interactive with Microsoft's Money home page so later improvements can be made whenever you connect. And, if you have never set up a spreadsheet workbook for recording your income and expenses, and much prefer convenience foods to your own home cooking, you'll like Money 99 or its main competitor, Quicken 98, which includes QuickTax 98 and runs under MS Internet Explorer.

The fact is, spreadsheets were originally invented for keeping accounts, and for the individual or very small business they are the best solution still.

STEPHEN WELLS

WHICH SOFTWARE TO USE?

➤ **Spreadsheets**

- ✓ Great if you're used to working with old-fashioned paper ledgers.
- ✓ Many spreadsheets include web creation facilities. Accounts packages don't.
- ✓ Almost everyone has a spreadsheet. Save your money and stick with it.
- ✗ If you're thinking of setting up your accounts on a spreadsheet, you'll have to design your own

accounting tables. An accounts package takes care of it for you.

➤ **Accounts packages**

- ✓ Install and go. It's ready to start working from day one.
- ✓ Some packages can connect directly to online banking facilities.
- ✓ You can't beat an accounts package when it comes to comparing various aspects of your finances.

✓ A spreadsheet is all-encompassing but an accounts package is specific.

- ✓ Accounts packages often include supplementary utilities so your accounts are more likely to be relevant to the way you live.
- ✗ You have to use the system set up by the programmer — no free reign to choose your own as there would be with a spreadsheet.

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