Did you know that by using Budgets in Tally.ERP 9, you can monitor your company’s revenue and expenditure against your budgets and this can help you use your funds effectively?

Budgeting helps a company to keep a track of how much money it has, where its money is going and allocate those funds at any point in time. A proper budgeting system enables a business to keep a track of its expenditures and use its funds effectively. Hence, business owners can compare revenues and expenses with ease, and more importantly, make better future investments.

Taking care of the budgeting process is no longer a challenging task with Tally.ERP 9’s powerful and intuitive Budgeting feature. It allows users to create multiple budgets as per their requirements and include these figures in a financial statement. Now, users can compare the actual and budgeted figures along with variance just from one screen.

To enable Budgets in Tally.ERP 9:

- Go to Gateway of Tally > F11: Features (Accounting Features)
- Set ‘Maintain Budgets and Controls’ to ‘Yes’

Creating Budgets

Budgets can be created for an individual ledger account, groups of ledger accounts and Cost Centers or for all of them. For example, we can create budgets for traveling, advertisement, operations etc.

To create Budgets:

- Go to Gateway of Tally > Accounts Info. > Budgets
- Select ‘Create’ > Press ‘Enter’
- Enter budget name in ‘Name’
- Select ‘Primary’ in ‘Under’
- Specify the ‘Period of Budget’ in ‘From:’ and ‘To:’

1) For Group Budgets:
Say you want to track all expenses; you can create Financial Budget as shown below:

- Set ‘Yes’ under ‘Group’ in ‘Set/ Alter Budgets of’ > Press ‘Enter’

![Budget Creation](image)

- In ‘Group Budgets’ screen, select the required Group in ‘Account Name’
- Select the appropriate ‘Type of Budget’
- Enter budget ‘Amount’
- Accept the screen

### Note:
‘On Closing Balance’ option is used to compare the closing balances of the Accounts with the budgets in the final statements. ‘On Nett Transactions’ is used to monitor the transaction amounts (not the balances) for a specified period.

2) **For Ledger Budget**

Just as we have created the group ledger, ledger budget can be created as shown.

![Ledger Budget](image)

3) **For Cost Centre**

- Set ‘Yes’ under ‘Cost Centres’ in ‘Set/ Alter Budgets of’ > Press ‘Enter’
In ‘Cost Centre Budget’ screen, select the required Cost Centres and enter ‘Expenses’ for each Cost Centre (Income and Closing Balance can also be entered if required).

Alteration and Deleting Budget

You can make changes to Budgets as per your requirement. To do these:

- Go to Gateway of Tally > Accounts Info. > Budgets > Alter

  To delete budget, press ‘Alt+D’ on the budget alteration screen.

Displaying Budgets and Variances for Groups and Ledgers

Once the required budgets are created, they can be displayed in the new columns in financial statements such as Balance Sheet, Profit & Loss Account etc. Business owners can use this handy feature to compare budgeted figures against the actual figures.

Let’s include the created Group Budgets in Trial Balance and view the variance.

- Go to Gateway of Tally > Display > Trial Balance
- Press ‘Alt+B’ or click on ‘B: Budget Variance’
On the Variance Analysis screen, select the appropriate Budgets > Press ‘Enter’

Now, the report has columns for Group Budget, Actuals, and Budget Variance as shown below:
Displaying Budgets for Cost Centre

By default, the cost centre report in Tally.ERP 9 automatically displays the values of Budgets and Variance with corresponding actuals based on the last voucher entry date. Tally provides its user an extremely important and useful capability for time period based allocation of budget amount. Hence, if a user changes the time period, say from yearly to quarterly, Tally automatically distributes and allocates the related amount based on the period selected. Hence variance is based on the actual amount and the proportional budget for that time period.

To show this:

- Go to Gateway of Tally > Display > Statements of Accounts > Cost Centres > Category Summary
- Press ‘Alt+B’ and select the required Budget and the report will display budgets and variance as shown below:

Tally.ERP 9 provides a handy option to view the budgets and variance based on month, half-year, quarter, fortnight etc. To do this:

- Press ‘Alt+N’
- Select the required ‘Column Details’
- Set ‘Yes’ to ‘Show Total Column’ and press ‘Enter’

The budgets and variances based on the selected ‘Column Details’ will be displayed as shown:
Hence, with Tally.ERP 9, making decision for future business planning and getting information on how your funds have been utilized can be done easily with the ability to see variance in the budgets based on user specified time periods.