

Ultrasoft CheckBook

Getting Started

by

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Introduction

Ultrasoft® CheckBook is a full-featured Personal Financial Manager that makes it easy to manage your finances on your Palm OS® handheld. Ultrasoft CheckBook includes optional add-in modules to provide support for scheduled bills and deposits, budgeting, reporting, and international currencies.

-Ultrasoft CheckBook User Guide

The functionality of Ultrasoft CheckBook is based upon that of its sister product, Ultrasoft Money, which is designed to integrate seamlessly with the Microsoft Money desktop PC software package via a dedicated HotSync conduit to provide a single personal financial management solution across both PC and PalmOS platforms.

Ultrasoft CheckBook is effectively Ultrasoft Money without the synchronisation capability.

Given this relationship, it should be clear that many of the features and much of the structure of Ultrasoft CheckBook are defined by the corresponding features and structure of the Microsoft Money desktop application (via its relationship with Ultrasoft Money). While this should be clear to the users of Ultrasoft Money, who presumably also have Microsoft Money installed on their desktop computer, it is recognised that users of Ultrasoft CheckBook, are unlikely to be users of Microsoft Money and may therefore be unfamiliar with some of the concepts and data types used within that application.

Thus, this tutorial document has been written to try and explain some of the possible uses of the types and structures provided by Ultrasoft CheckBook.

Examples are provided where appropriate.

Overview

The first thing that must be stressed is that **there is no right answer** to the question of how Ultrasoft CheckBook *should* be configured for use. There are a number of *possible* ways in which any particular task may be managed within Ultrasoft CheckBook and all of them could be described as correct.

If you are happy that you know what you're doing with this software, you need read no further through this document. If, however, you're interested to see how someone else might use some of the facilities available within CheckBook before diving in for yourself, then this is written with you in mind.

Account Types

Ultrasoft CheckBook supports seven different account types, each of which is briefly described below. Many of the features of these account types are identical and the differences highlighted here are really purely cosmetic - transaction type naming conventions for example. For this reason, just about any account can be handled within Ultrasoft CheckBook using the three basic account types of Cash, Checking and Credit Card. The others need not be used at all.

Cash or Other
Checking
Credit Card
Line of Credit
Savings
Asset
Liability

Additional account types are provided, however, because:

- They permit a degree of filtering and reporting to be carried out using the Accounts View;
- The 'transaction type' terminology used within them provides for ease of interpretation during transaction analysis;
- Some of them have a specific meaning within Microsoft Money and thus (Ultrasoft Money).

The supported Account Types are:

Cash or Other

Supported Transaction Types:

Spend
Receive
Transfer

While primarily intended for the use of tracking the contents of your pocket or purse, this is really a 'catch all' account type that can be used for tracking just about any kind of financial account.

It is characterised by its supported transaction types.

Checking

Supported Transaction Types:

Withdrawal
Deposit
Transfer
Check
Cash Withdrawal
Paycheck

The Checking account type is probably the 'normal' account type that most people will use at least once. It is intended for use in the management of all of your day-to-day accounts. Primarily for checking (or cheque) accounts, it supports all of the transaction types you would expect to use with one of these accounts.

Notes:

- When entering a check, the next number will be automatically provided.

- 'Paycheck' is a special form of split transaction that is only appropriate to Checking and Savings accounts. (See the Ultrasoft CheckBook User Guide for further information).
- The Checking account definition supports a 'minimum balance' figure that may be set negative to indicate the presence of an overdraft facility.

Balance	0.00	Debit	Credit
Minimum	250.00	Debit	Credit
Opening	0.00	Debit	Credit

Credit Card

Supported Transaction Types:

Charge
Credit
Transfer

Intended to support the management of Credit Card accounts (as its name suggests) this account type supports a simple set of transaction types consistent with that goal. The names of the standard transactions have been changed from Withdrawal and Deposit to Charge and Credit, to better reflect this purpose.

Notes:

- The Credit Card account definition supports a 'Credit Limit' figure rather than a 'Minimum Balance'.
- Normal balances and Charge transactions are indicated as negative numbers as this corresponds to the figure you owe the bank on the card account. This also facilitates payment from a Check account such that a positive balance can be transferred from that account to cancel out the corresponding negative balance on the Credit Card account.

Balance	0.00	Debit	Credit
Limit	500.00	Debit	Credit
Opening	0.00	Debit	Credit

Line of Credit

Supported Transaction Types:

Charge
Credit
Transfer

Very much in the same vein as the Credit Card account type, the Line of Credit type is designed to differentiate types of Credit for reporting purposes. A possible use for this account type may be to differentiate between Credit Card borrowing and Charge card spending or any other form of non-Credit Card borrowing.

Savings

Supported Transaction Types:

Withdrawal
Deposit
Transfer
Check
Cash Withdrawal
Paycheck

The Savings account type is effectively identical to the Checking account type. It is provided to permit some differentiation to be made between your day-to-day accounts (Checking) and your longer-term savings accounts (Savings). The supported transaction types and characteristics are the same as for Checking accounts.

The main benefit to using this type of account within CheckBook is that the Accounts view and Reports module can be filtered on this.

Asset

Supported Transaction Types:

Increase
Decrease
Transfer

Assets would normally be used only by those wishing to maintain a record of the value of either a physical item or an insurance policy (or similar) with a monetary value within CheckBook.

Standard examples of a physical item would include a house or car where you own something, normally of significant value, that you wish to keep track of within CheckBook (e.g. because you want to maintain a nominally accurate figure of your 'net worth' at the bottom of the CheckBook Accounts view.)

The requirements to manipulate the value of an asset would normally be few, as any change to the account would relate to a change in value of the item in question. Typical asset values do not vary on a daily basis!

Alternatively, when used to track the value of an Insurance Policy, Share Portfolio or pension fund, the value of the item in question may be updated from monthly/annual statements.

Notes:

- The value of an Asset account is not tracked within the Budget Module of Ultrasoft CheckBook.

Example:

A car is set up as an asset within Checkbook at the time of its initial purchase, the purchase being entered as a transfer to the Asset account rather than a Charge or Withdrawal.

Annually, the value of the car is reappraised and a balancing 'Decrease' transaction is entered to account for the loss of value suffered by the vehicle over time.

When the vehicle is sold, the remaining balance from the Asset account may be transferred back to the appropriate Checking/Cash/Savings account to the value of the money received for the vehicle; any remaining balance being 'written off' using a final 'Decrease' transaction.

Liability

Supported Transaction Types:

Increase
Decrease
Transfer

As the direct opposite of Assets, the normal use of Liability accounts will include such things such as Mortgages and Loans (or other outstanding debt) maintained within CheckBook so as to track the balance of these items and maintain a valid approximation of 'Net Worth' by making this data available on the Accounts view.

Typically, Liabilities will be updated when payments are made (if the liability is a loan or similar debt) or when statements of value are received.

Notes:

- Ultrasoft CheckBook does not support the calculation of repayment values for Loans and Mortgages. The use of Liability accounts to represent these debts will need to be supported by manual calculation and entry of the Capital/Interest parts of any repayment made.
- As with Asset accounts Liabilities are not tracked within the Budget Module of Ultrasoft CheckBook.

Example:

A Mortgage is set up as a liability account within CheckBook.

Monthly payments on the Mortgage are configured as a repeating monthly transfer within the Bills and Deposits module from the appropriate Checking or Savings Account.

Mortgage Interest charges are configured as a repeating monthly Increase in the bills and deposits module enabling the value of the interest charged on the loan to be added manually every period.

Ultrasoft Checkbook does not calculate loan interest automatically.

Transaction Types

Transactions are entries you make in Ultrasoft CheckBook to record the details of income and expenditures.

-Ultrasoft CheckBook User Guide

As highlighted above, each type of account supports a slightly differing set of standard transactions. Each of these types of Transaction has a unique purpose and definition within the software meaning:

- each type of transaction will present you with a dedicated set of field titles on the 'New Transaction' page to guide you in the entry of the required details
- you cannot add to or amend the list of transaction types supported by any of the types of account.

Spend/Receive

Applicable to cash accounts only, this is the most generic form of Income and Expenditure supported by Ultrasoft CheckBook

Example:

If you write a check to pay your credit card bill each month, this should be represented within CheckBook as a transfer rather than entering two separate Check and Credit transactions.

Transfer

This type of transaction is common to all accounts and is the internal mechanism used by Ultrasoft CheckBook to represent the transfer of money between accounts. In the 'real world' you may write a check on one account for payment into another but within CheckBook this should be recorded as a transfer.

Note: A check number may be recorded against a transfer type transaction if required but it won't be allocated by the software by default.

Withdrawal/Deposit

The standard transaction types available for use with Bank Account types (Check and Savings).

Increase/Decrease

The standard transaction types available for use with Asset and Liability accounts.

Charge/Credit

The standard transaction types available for use with Credit/Charge Card accounts (or similar form of credit financing).

Check

This is a special form of Withdrawal transaction which automatically calculates the number of the next check (cheque) appropriate to the account in use and inserts it in the 'Num' field of the 'New Transaction' page. It is important to note that this is simply a sequential process – if you use your checks out of numeric order (because you have two check books on a single account for example) the automatic allocation of numbers will probably not be correct.

Cash Withdrawal

This is another special form of Withdrawal transaction.

It takes quite a simple form as all that it does over and above the standard transaction type is force the Payee to contain the word 'Cash'.

Note: This transaction type is not universally useful (see panel for details).

As with the Transfer type of transaction, if your cash withdrawal is made via check, the number can be entered manually if required.

Example:

If you maintain a cash balance in your CheckBook software, a transfer between your Bank and Cash accounts is the simplest method of representing a cash withdrawal rather than using the dedicated Cash Withdrawal type.

Paycheck

This is a special form of Deposit transaction and as such is only available within Bank Account types (Bank and Savings).

Categories

You can assign each transaction to a category as you record it. Categories help organize your transactions so that you can see where your money goes using the Budgeting and Reporting add-in modules

-Ultrasoft CheckBook User Guide.

Categories are provided to help you break down your income and spending in such a way as to aid in the analysis of where your money is coming from and going to. Generally, therefore, it is advisable that:

Child Costs	Expense
Clothing	Expense
Computer	Expense

- each transaction be recorded against a specific category or categories;
- each category be used to record either income or expenditure but not both (except in exceptional circumstances).

Categories are the basic units on which both the Budget Module and the Reporter Module report. If you want to track spending against a budget for a specific item, therefore, splitting that expenditure out into its own category is recommended.

Example:

A couple aim to run their car on an average budget of \$100 per month.

All of their car expenses are booked against a single 'Car' category (or its subcategories) so that the facilities of the budget module can be used to report on their actual spending against their planned budget.

Example:

You wish to know in more detail where your Food expenditure is going.

To achieve this, you specify sub-categories of your general Food category to cover Food, Drink, Luxuries and Chocolate. When entering the details of your weekly shop you allocate proportions of the expenses to these categories (including the top-level Food category) using a Split transaction.

Using the Reporter module, your total expenditure on food will be available, but you will also have visibility of how that is made up.

Generally, Categories are used to differentiate different 'types' of spending rather than spending by different people or on different projects.

While some categories will be common to many users, e.g. Food or Clothing, any individual's list of categories will probably be unique to them - no two people will need exactly the same set to track their finances. As categories can be added or modified at any time, it is not necessary to define a full set before you can start using Ultrasoft CheckBook - your category list can grow (or be modified) as you begin to get a handle on your spending as you track it with Ultrasoft CheckBook.

Categories may be defined at two levels enabling you to track your expenses in more detail than a gross level, single category allocation.

Bills	Expense
: Council Tax	-
: Electricity	-
: Gas	-
: Telephone	-

Where subcategories are present, transactions may still be assigned to the top-level category so if you want to

track one low level item in detail, e.g. Drink as a subcategory of Food, create a single sub-category for that expenditure and assign the rest of your Food expenditure at the top level.

When coupled with the Reporter Module, or the register filtering capability, the use of Categories and Sub-Categories in this way can provide a very powerful analysis tool.

Classifications & Classes

In addition to categories, you can create classifications to further organize your transactions. For example, with classifications, transactions can be organized by family member, property, or project. You can create two classifications, each with an unlimited number of classes.

-Ultrasoft CheckBook User Guide

Example:

Where you are tracking a joint bank account and wish to keep track of who is spending the money(!). Setting up a Classification of 'Purchaser' with Classes of Bob and Mary (for example) will allow each transaction to be allocated to the appropriate individual.

The use of Classifications and Classes is very similar to the use of Categories in as far as these provide another way of sorting your transactions such that the split may be interrogated from within the Reporter Module in order to provide an alternative view of your income and expenditure.

The Budget Module does NOT use Classification and Class data for budget reporting, however.

Classifications and Classes provide for the situation where you want to gather information on your spending across multiple Categories to provide information of expenditure on a specific item or event.

Effectively, Categories should be used to keep track of what your money is being spent on while Classifications and Classes will let you keep track of who is doing the spending or why the money is being spent.

Two different sets of classifications are supported by Ultrasoft CheckBook which effectively allows three-way tracking of income and expenditure.

Example:

When you wish to keep track on your total holiday spending, using a classification of 'Type' with Classes of Normal and Vacation would allow you to continue allocating your money against the appropriate category for budgeting purposes but permit a report to be generated detailing how much was spent while on holiday (and in what categories).

Budgeting

Managing a budget will mean different things to different people which is why, once again, there is no 'correct' solution to the question of budget management using Ultrasoft CheckBook.

How much of your income and spending you track in the budget depends simply on the number of categories you include in the configuration of the budget module. A number of different scenarios are possible:

- Do you save money every month against current and future expenditure in specific categories? – Ultrasoft CheckBook can be used to track these sums and monitor the spending against them.
- Do you want to ensure that you balance your expenditure against your income? – Ultrasoft CheckBook can be used to monitor your total income and outgoings each month.

'Fund Management'

If you want to keep an accurate record of the state of one or more 'funds' of money, perhaps allocated against specific future expenditure, then the Ultrasoft Budget module offers one possible way of achieving this.

If you keep this fund of money in its own bank account, extra tracking may not be required. If it is a notional sum, maintained as part of a larger account, or if multiple 'funds' are maintained in a single bank/savings account then the budget module offers the simplest form of fund management available within Ultrasoft CheckBook.

Notes:

- For simplicity, it should be possible for expenses from each fund to be allocated to a single category or sub-category.
- Where this is not possible, balancing budget transfers ('reallocations') may be used to 'move' the expenditure to the correct category within the budget. (Note: such movements affect the reporting in the budget module only and have no effect on the content of the Register or the Reporting views.)
- The Budget Module should be configured so that Bills and Deposits are excluded from the budget calculation to ensure that an accurate 'fund' value is maintained.

The sum of money that you put into the fund(s) every

Example:

A couple who run their car on a \$100 monthly budget always ensure that the balance of their car 'fund' is always available in the bank. They use the Ultrasoft Budget module to achieve this

Each month, \$100 is added to their budget corresponding to the \$100 transferred into the Car fund. This is configured in the Budget Setup view within CheckBook.

As money is spent on the car (in the Car category), the value of the budget fund is reduced. At the end of each month, the remainder of the fund is carried forward by way of a reallocation into the next month's budget.

month (or at the interval of your choice) may be represented as the budgetary figure in the Budget Setup view within Ultrasoft CheckBook while expenses against the funds will be recorded automatically against the fund if the expense transactions are entered against the appropriate category.

At the end of each month the balance remaining in each of your fund categories will need to be manually re-allocated into the appropriate category for the next calendar month where it will be added to the new month's budgetary allocation providing you with a total fund value.

'Budget Balancing'

If you want to use Ultrasoft CheckBook to ensure that your income matches our expenditure, the Ultrasoft Budget Module may be used to assist you.

First, you must ensure that all income and expenditure categories you are going to use are included within your budget i.e. included somewhere in the Budget Setup view. Each one will need to be allocated with a budgetary expenditure figure too – make sure that you balance your planned income and expenditure at this point (i.e. budget an equal amount for income and expenditure) otherwise balancing the budget in actual use will be harder.

From here, balancing your budget is as simple as entering your income and expenditure into the register and regularly checking the status of your budget categories and the overall total figure at the bottom of the Budget detail view. If you can keep this 'Actual' figure at 0 at the end of every month, your budget is balanced.

Spending beyond your budget in some areas is not a complete disaster - if you overspend on one category, Ultrasoft CheckBook will tell you, allowing you to 'reallocate' some funds from another category to bring your budget back into balance. If you overspend on all categories in one month, or receive less income than you budgeted for, you may be able to 'reallocate' money from another month to maintain a balance.

There are no hard and fast rules so how you choose to ensure a balance is up to you.

Conclusions

There is almost definitely a lot more that could be written on the use of Ultrasoft CheckBook and a lot of people will be using it in ways that haven't been considered in the writing of this guide.

As such, it needs to be re-iterated that this is not intended as a definitive list of uses for the software, nor is it a set of recommended procedures for performing any given function. It is simply a definition of some of the ways that this software may be used.

There will be things I have missed and areas that I haven't addressed so feel free to make any suggestions for further enhancements to this guide. They will be gratefully received and may be incorporated in later versions if deemed appropriate.