

Actuals, Variances & Rolling Forecasts

Key Learning Outcomes

- Understand how to handle Actuals data in Castaway
- Re-Forecasting options
- Managing forecast versions

The Story

Smith knows that he will need to understand how his business is performing and whether he is on track to achieve his forecast. He also understands his budget may need to change to reflect changes in the market and in the assumptions, he used to formulate the first forecast. He anticipates he will need to re-forecast every quarter as he gets more familiar with the business.

Foundation Skills

Castaway is designed to accept monthly Actuals data and, from this, calculate Actuals values for the full suite of reports. Actuals also enable variance analysis of Actuals data compared to Budget or Revised Budget data.

Every Castaway file starts out in Projected-only mode. There is a once-only process needed to enable actuals. We recommend you enable actuals only after you are happy with the numbers in the forecast AND you have backed up your file.

The moment you Enable Actuals, Castaway creates and locks a full set of reports with Original Budget data. These will now be available from the [Report On](#) selector on the report toolbar.

What restrictions apply after Actuals are enabled?

Some of your element settings will be locked as well to ensure that your Original Budget, Revised Budget and Projected data cannot later become Out of Balance by deleting or changing settings on elements.

What you Can Do	What you Can't Do
<ul style="list-style-type: none">• Enter forecast data for projected (ie post-Actuals) months• Change forecast data• Change MANY element settings• Create new Elements• Rename existing Elements• Update Opening and Actuals data• Enter or Import Opening and Actuals data• Update the Original Budget• Create and update a Revised Budget	<ul style="list-style-type: none">• Delete existing elements• Change SOME element settings• Reset to no Actuals

Enabling Actuals

Follow these steps to enable actuals:

1. Make a safety copy of your forecast
2. Go to the [Forecast Workspace > Opening & Actuals](#)
3. Click the [Enable Actuals](#) button
4. The first month of the forecast will be enabled for Actuals
5. If the Opening month of the forecast contains data, the Actuals month may well be Out of Balance by the Opening Retained Earnings. This is normal, because Castaway automatically carries your Retained Earnings forward

If you want to enable more months for Actuals, we recommend 'clearing' the OOB by entering an offsetting number against the first bank account. Once all balance sheets are in balance, you can roll the Actuals month forward

CASTAWAY Smith's Chocolate Shop

File Setup **Forecast** Reporting Window

Chart of Accounts

Profit and Loss

- > Sales (2)
 - + Sales Section + Costs Secti
- > Direct Costs (3)
 - + Sales Section + Costs Secti
- > Overheads (9)
 - + Overheads Section
- > General Overheads (1)
- > Other Income (0)
- > Other Expense (1)
- > Depreciation (3)
 - Store Fitout at Cost
 - Office Equipment at Cost
 - Delivery Van at Cost
- > Interest Income (2)
- > Interest Expense (4)

Opening & Actuals Data

Enable Actuals Set Actuals Month **Jul 2021** Create Revised Budget Update Original Budget

Balance Sheet Da... Profit & Loss Data Drivers Data

	Opening	Jul 21
OUT OF BALANCE	0	-34,000
CURRENT ASSETS		
Bank Accounts		
Main Bank Account	0	0
Cash on Hand	1,000	0
Total Bank Accounts	1,000	0
Receivables		
General Trade Debtors	3,000	0
Total Receivables	3,000	0
Inventory		
Milk Chocolate COGS	10,000	0
Dark Chocolate COGS	3,000	0
Total Inventory	13,000	0
Prepayments		
Prepaid Costs		
Insurance	2,000	0
Total Prepaid Costs	2,000	0
Total Prepayments	2,000	0

Best Practice

You **cannot** undo Enabling Actuals. So, save a backup of your Castaway file before you decide to Enable Actuals to have a file version that you can still make changes to. To save a backup of your original file, so to [File > Save As](#) and enter a new File Name.

Adding Actuals data

For each Actuals month, Castaway is expecting to receive Profit & Loss, Balance Sheet and (optionally) Drivers data. Naturally, the data you add to Castaway must balance, otherwise Castaway cannot balance.

Actuals can be brought into Castaway using one or more of the following methods

1. Import via the Integrations Module
2. Upload from an Excel Import Template
3. Copy/paste from Excel into the Opening & Actuals Data screens
4. Manual Entry into the same screen

Setting Future Months for Actuals

When you Enable Actuals in a forecast, only the first month will be set to actuals.

After this, you can move the Actuals Month forward one month at a time, or in multi-month jumps. The only restriction is that you cannot set the last month of the forecast to Actuals. Don't worry; if you try this Castaway will warn you and suggest that you first extend the forecast period in the Setup workspace.

To move the Actuals month forward:

1. Make sure all Balance Sheets are in balance
2. Go to [Forecast > Opening & Actuals](#)
3. Change the month in the [Set Actuals Month](#) cell
4. Answer Yes to the caution question

Revised budgets and rolling forecasting

The Original Budget is generally created once a year, at the start of the year. At that time, it is the 'best view of the future' the business has. As the year progresses, the only constant is change. Market conditions change, business intentions change, opportunities and risks come to light. The assumptions underlying the original budget may prove to be no longer accurate.

Once the assumptions (and the budget) become invalid, it makes little sense asking why there are variances between Actuals and Budget, because the answers provide few insights of value.

It is common, therefore, to update the targets to better reflect current conditions, assumptions and expectations. This is where Castaway's Revised Forecast comes in. You can choose at any time to create a new Revised Budget (or to update an existing one). This does not disturb the Original Budget, which remains a useful reference point.

Skill Builder

1. Enable Actuals for the month of July 20 and load the Actual values
2. Revise the following Expense Lines
 - a. Telephone & Internet \$1150 from Aug 20 till Jun 21
 - b. Shop Supplies \$400 from Aug 20 till Jun 21
3. Create a Revised Budget
4. Extend model by 1 more year, increasing sales and overheads by 3% using last month of the forecast.