CV Bookkeeping
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FREE GUIDE · PLANNING YOUR YEAR

Next year's budget, *one line at a time*

A budget is your best guess at next year, written down so you can compare it with what actually happens. You don't need to predict the future: you start from last year's real numbers and adjust for what you already know.

What to do once you get your actuals

We send you last year's profit and loss, month by month, in a spreadsheet. Plan on about 2 hours in total. It's fine to split that across two sittings.

1. **Skim last year** — 15 min
   Notice your busiest and quietest months. Circle anything odd and flag it for us: no need to fix it.
2. **List what you already know is changing** — 20 min
   New prices, a lease renewal, a new teacher, a big one-off purchase. A rough list is plenty.
3. **Budget income, stream by stream** — 30 min
   Start from last year's month, then apply your changes.
4. **Budget costs, biggest lines first** — 30 min
   Small lines can stay the same as last year.
5. **Add owner pay and tax set-asides** — 15 min
   Rows below net income in your worksheet. See the notes below.
6. **Read it through and send it back** — 10 min
   If the bottom line doesn't feel believable, adjust one or two big lines.

Total: about 2 hours

How to think about each line

- **Income by stream.** Budget memberships, sessions or retail separately: each grows for different reasons.
- **Seasonality.** Don't divide a yearly number by 12. Follow last year's monthly pattern, so busy and quiet months are built in.
- **Price changes.** Apply a new price from the month it starts, and allow for a few clients buying a little less.
- **Cost of goods sold.** Teacher, associate and card processing fees move with income, so budget them next to the income they support.
- **New staff or contractors.** Add them from their start month. An employee costs more than their wage: include employer CPP and EI contributions and vacation pay.
- **Known one-off costs.** Put each in the month you expect to pay it. For bigger purchases, ask us or your accountant whether they belong on the P&L.
- **Owner pay.** A sole proprietor's draws aren't a P&L expense, so add a row below net income for what you plan to take. Incorporated? Your accountant can help you decide how to pay yourself.
- **Sales tax and income tax.** Budget before sales tax: leave out the GST/HST, PST, or RST you charge, and any GST/HST you claim back. Income tax isn't on the P&L either, so add a set-aside row below net income.

Want help turning last year into next year's plan?

Book a free 30-minute consult at cvbookkeeping.ca/consult/

cvbookkeeping.ca

PAGE 2 · THE WORKSHEET

Three columns: *actual, change, budget*

Writing down *why* turns a number into a decision you can check later. Here's March for Birch Lane Yoga, a made-up studio, before sales tax.

LINE	LAST MARCH (ACTUAL)	CHANGE AND WHY	NEXT MARCH (BUDGET)
Income			
Memberships	9,840.00	Price up 5% from January	10,332.00
Drop-in classes	3,275.00	No change expected	3,275.00
Workshops	1,450.00	Two workshops last year, three planned	2,175.00
Total income	**14,565.00**		**15,782.00**
Cost of goods sold			
Teacher contractor fees	4,860.00	New Saturday class with a new teacher	5,400.00
Payment processing fees	421.80	About 2.9% of income, rounded	460.00
Total cost of goods sold	**5,281.80**		**5,860.00**
Gross profit	**9,283.20**		**9,922.00**
Expenses			
Rent	4,200.00	Lease renewal, up 3%	4,326.00
Marketing	350.00	No change	350.00
Utilities and internet	310.00	Allowing for a small increase	325.00
Cleaning and studio supplies	275.00	One-off: replacing worn mats (400.00)	675.00
Software (booking and accounting)	234.00	No change	234.00
Insurance	185.00	Renewal expected to be a little higher	195.00
Total expenses	**5,554.00**		**6,105.00**
Net income	**3,729.20**		**3,817.00**

Below net income, the studio's worksheet also has rows for owner draws and an income tax set-aside. Those stay in the worksheet: the budget we import covers the profit and loss only.

Two ways to get there

- **We build it with you (an add-on).** You fill in the worksheet, then we match it to your accounts, set it up in QuickBooks Online (Plus or Advanced) or Xero (Standard or Premium), and check it against your worksheet.
- **You build it yourself (no charge).** Comfortable setting up your own budget in QuickBooks Online or Xero? Let us know once it's in, and we'll add it to your monthly report.
- **Either way, every month:** your monthly report includes a budget vs actuals page, with footnotes on the lines that moved the most. Page 3 shows what that looks like.

PAGE 3 · EVERY MONTH AFTER

Your budget vs actuals, *in 30 seconds*

The same page of the monthly report, a year later. Each line says how far it came in over or under plan, and whether that's better or worse. Start at net income, then the biggest "worse" lines.

Birch Lane Yoga (sample)

Prepared by CV Bookkeeping

Budget vs Actuals (Monthly)

March 1 to 31

Name	Actual	Budget	Vs plan	Result
INCOME				
Memberships [1]	9,960.00	10,332.00	372.00 under	▼ Worse
Drop-in classes	3,610.00	3,275.00	335.00 over	▲ Better
Workshops	2,175.00	2,175.00	On plan	–
Total Income	**15,745.00**	**15,782.00**	**37.00 under**	**▼ Worse**
COST OF GOODS SOLD				
Teacher contractor fees [2]	5,720.00	5,400.00	320.00 over	▼ Worse
Payment processing fees	457.00	460.00	3.00 under	▲ Better
Total Cost of Goods Sold	**6,177.00**	**5,860.00**	**317.00 over**	**▼ Worse**
GROSS PROFIT	9,568.00	9,922.00	354.00 under	▼ Worse
EXPENSES				
Rent	4,326.00	4,326.00	On plan	–
Marketing	350.00	350.00	On plan	–
Utilities and internet	342.00	325.00	17.00 over	▼ Worse
Cleaning and studio supplies	690.00	675.00	15.00 over	▼ Worse
Software (booking and accounting)	234.00	234.00	On plan	–
Insurance	195.00	195.00	On plan	–
Total Expenses	**6,137.00**	**6,105.00**	**32.00 over**	**▼ Worse**
NET INCOME [3]	3,431.00	3,817.00	386.00 under	▼ Worse

Footnotes

[1] **Memberships:** 12 members paused over spring break. Drop-ins made up 335.00 of it.

[2] **Teacher contractor fees:** four substitute classes during spring break. A one-off, not a new ongoing cost.

[3] **Net income:** 386.00 below plan, almost all from the two lines above. No change to the rest of the year needed.

How often to update: look monthly (15 min), re-forecast quarterly (45 min), and rebuild yearly (2 hours).

Corrie's take: Your budget doesn't need to be right. It needs to be yours, so that when a month looks different, we can talk about why.

Made-up figures. Budgets need QuickBooks Online Plus or Advanced, or Xero Standard or Premium. Not tax advice.