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Slide notes: We are busy dealing with principles of Budget Capture, and in this tutorial we wish to clarify the principal of the KPI and Financial conversions that are optional with Physical Budgets.

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Slide notes: Physical Budgets are optional, but they are very useful. If and when we do them, we never do them on all GL Accounts, but only on those Accounts where it makes sense to have a Physical Budget. For example, an Account where we charge Man Hours or Tractor Hours or some similar Resource that we may measure the application of. That is the type of Account where we will usually choose to do a Physical Budget.

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Slide notes: This Account is a good example of an Account where we will NOT do a Physical Budget, because it is a Cost of Sales Account and there is no specific Resource that we can measure here, but for that reason it is also a good example of an Account with no KPI or Financial Conversion rate.

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Slide notes: To specify a Resource for a GL Account is entirely optional, even when Physical Budgets are in use. When there is no Resource specified for the Account, then the system will indicate a 'Money' Resource, in other words, a straight Financial Account. In this case, a default Financial Conversion of '1' is indicated. So if we Budget for a Physical Quantity of 100, then the Financial Budget will also be 100, and the KPI is not in use at all. It is also a very useful way to do all the Budgets with the same Capture screen, because for Financial Accounts, we can also Budget by Physical on a 1-to-1 basis.

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Slide notes: Since there is no KPI, then when we capture a Physical Quantity it is not transformed from KPI to Physical, because there is no KPI, and the Quantity is seen as a straight Physical Quantity.

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Slide notes: Even the update of the Financial Budget can be inhibited by changing the conversion to zero. When it is zero, then the Financial Budget will not be updated at all.

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Slide notes: Here we have an example of an Account where a Physical Budget is very appropriate, because we are measuring Man Hours used for Planting of Hectares of Land. There is a Man Hours Resource indicated, and a KPI of Hectares.

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Slide notes: The question is, where does this Resource and KPI come from? Actually, it is a setting on the GL Account. Let's have a look.
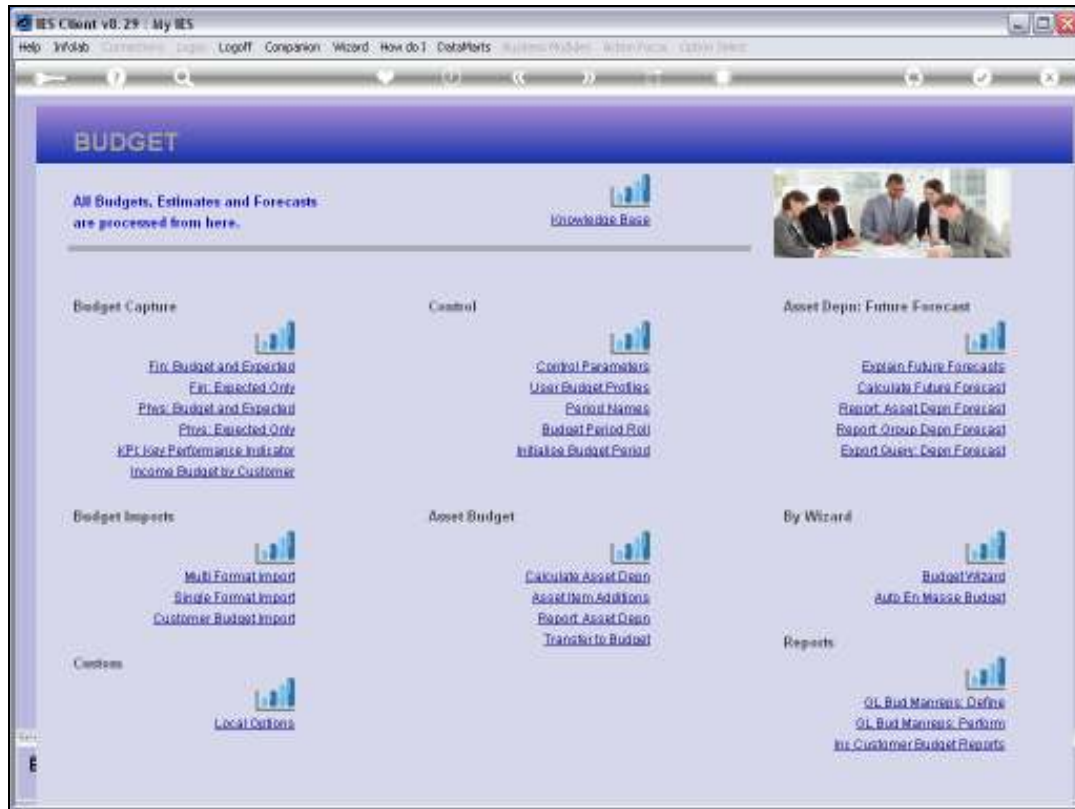
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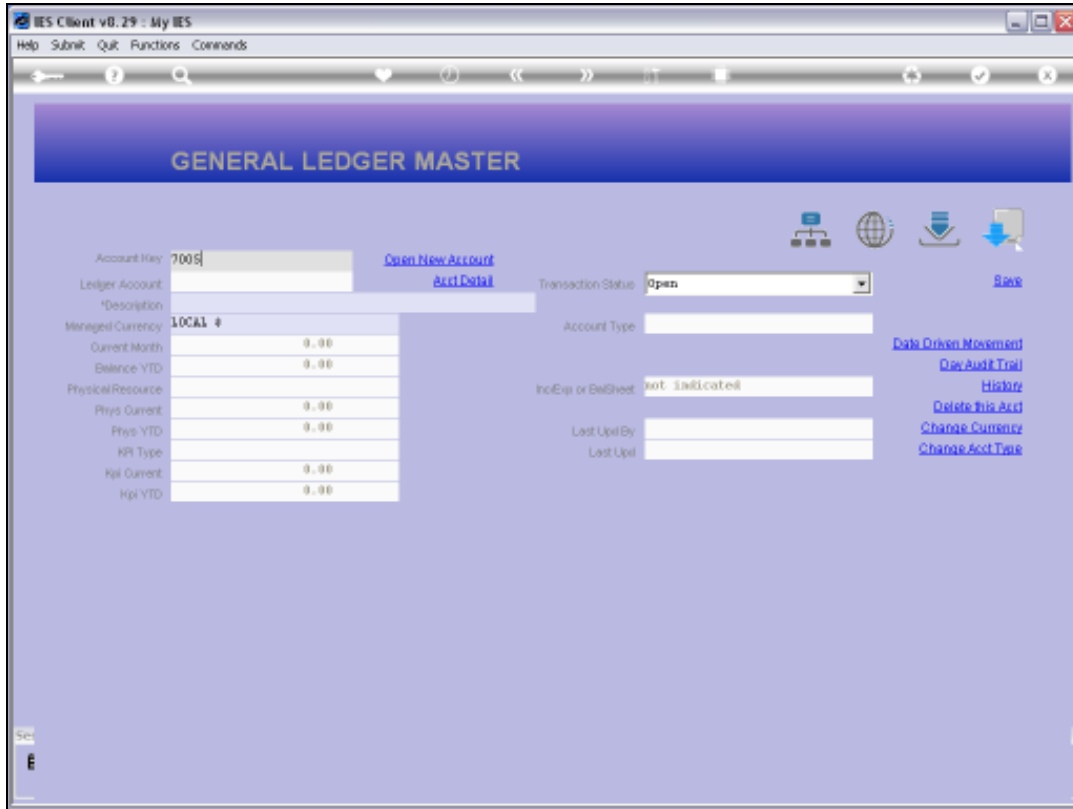
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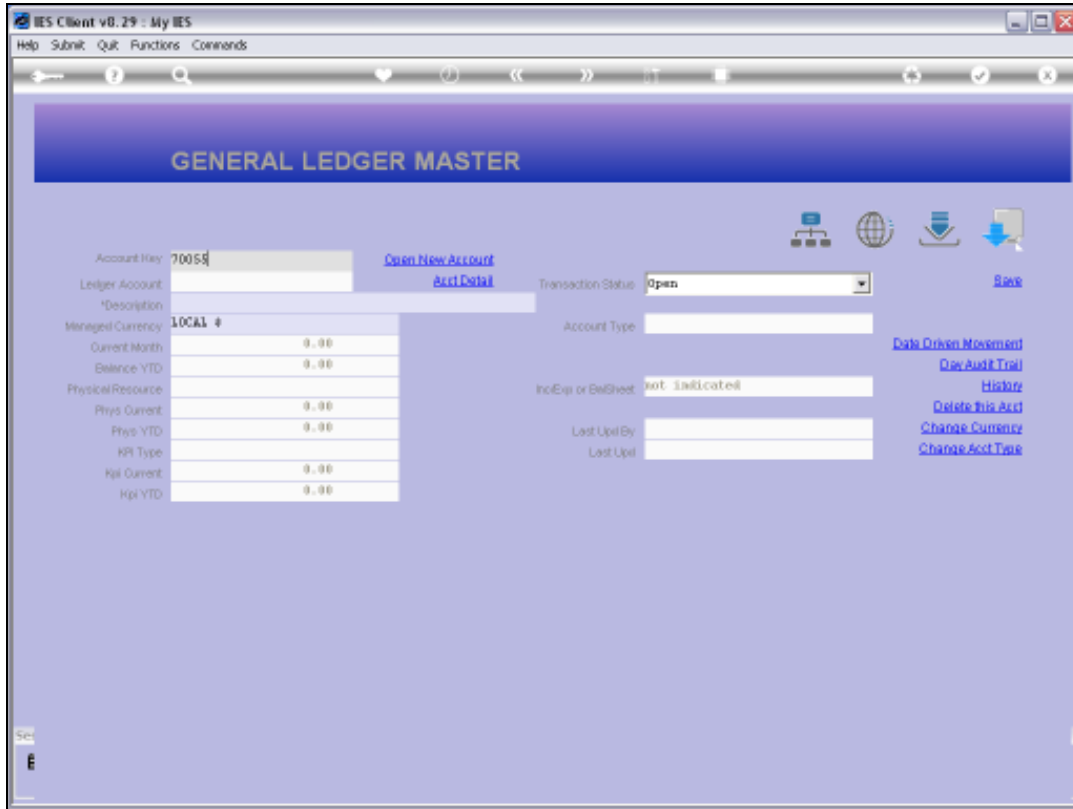
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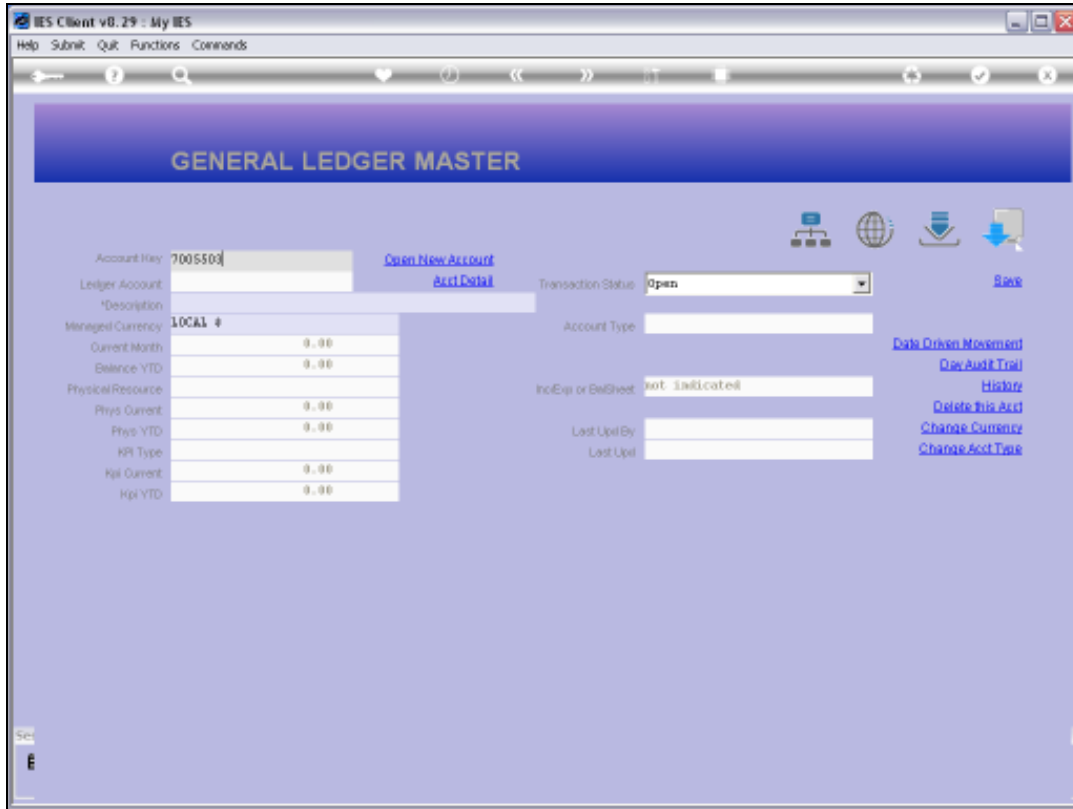
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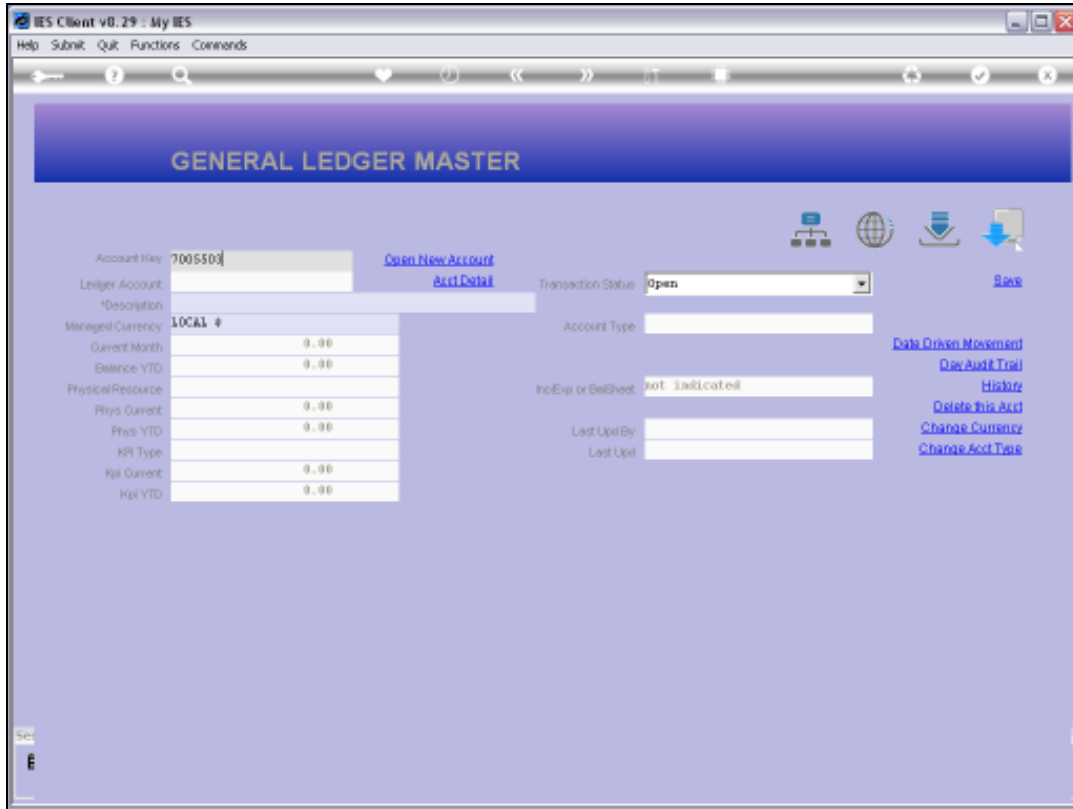
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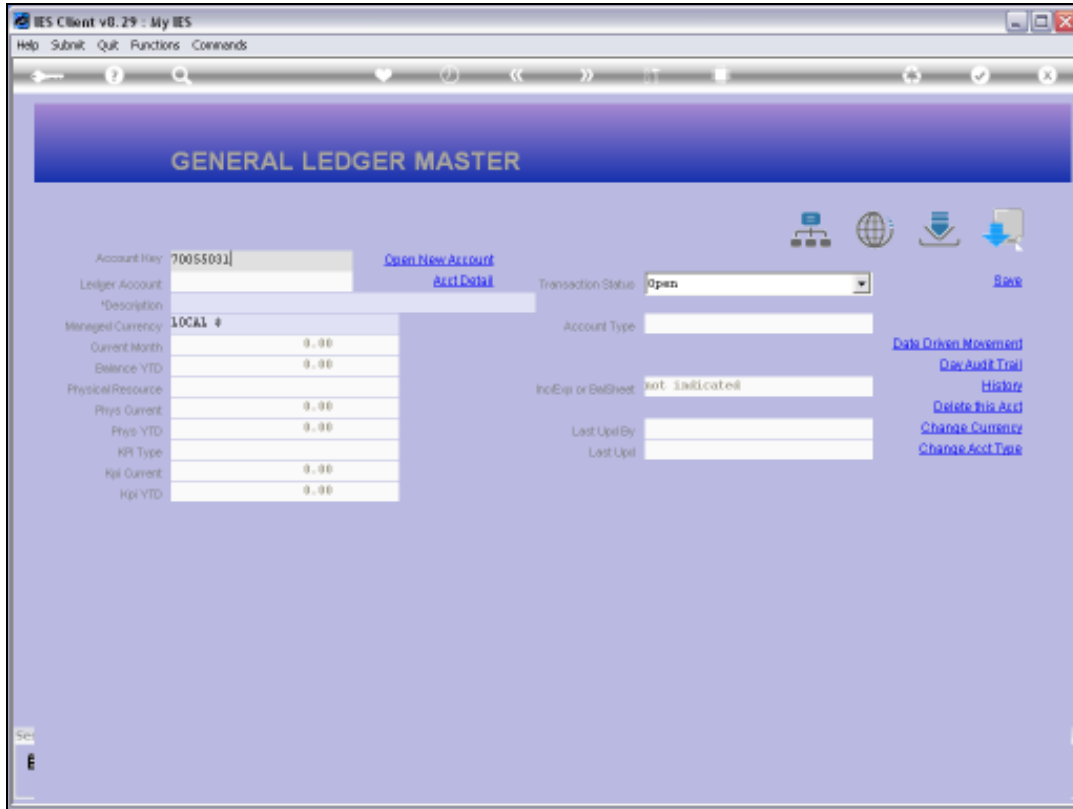
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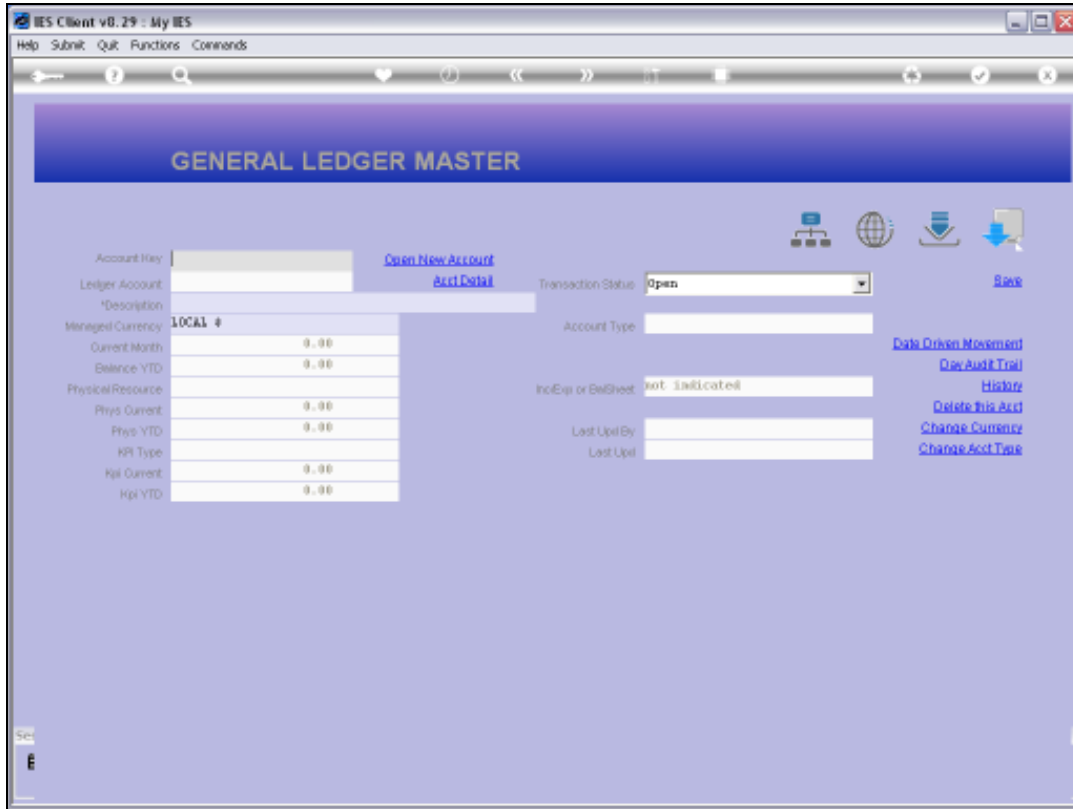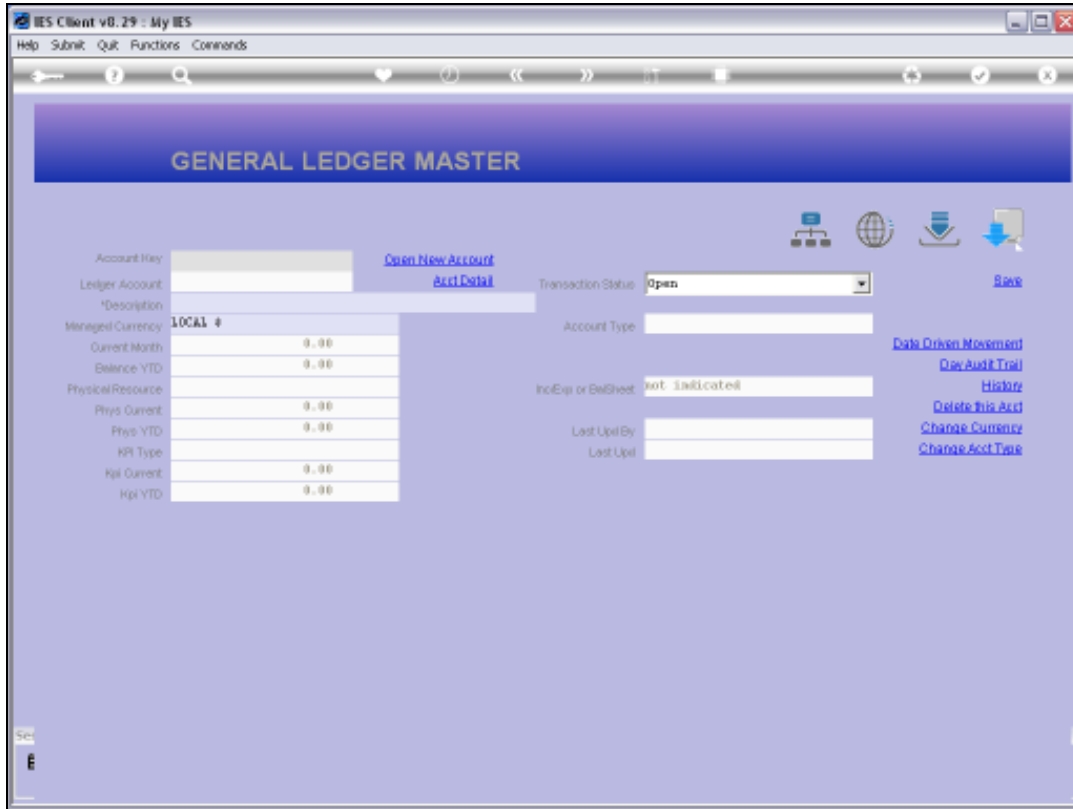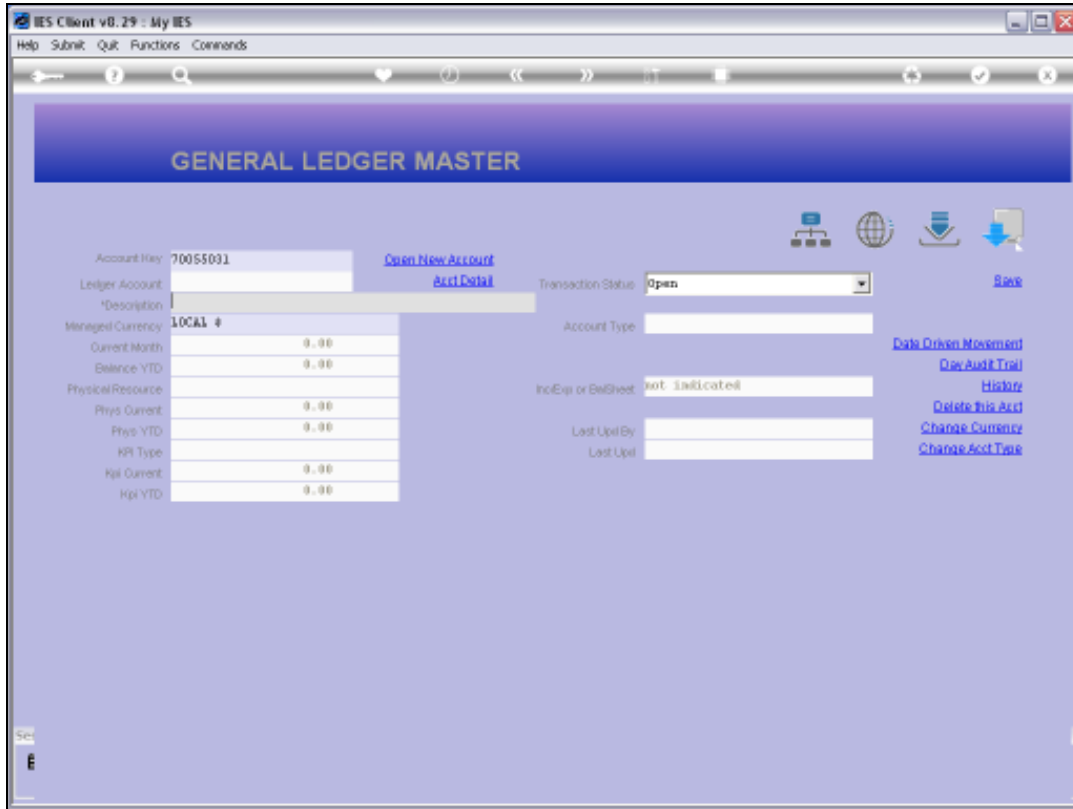
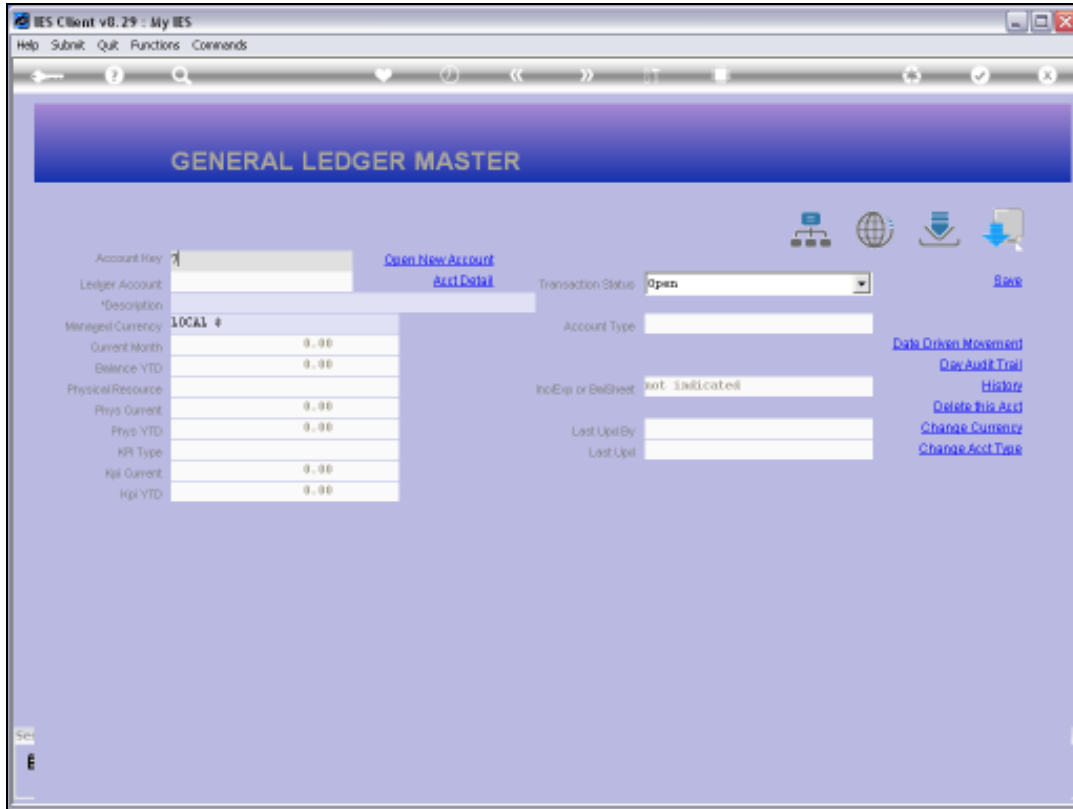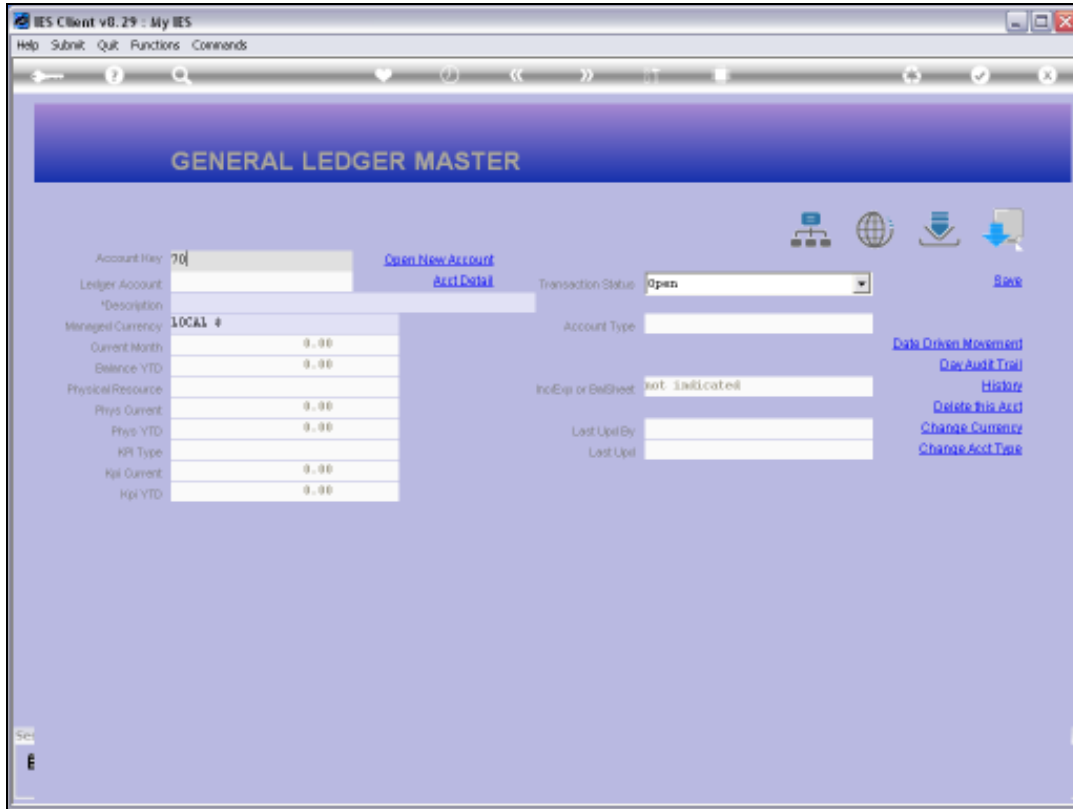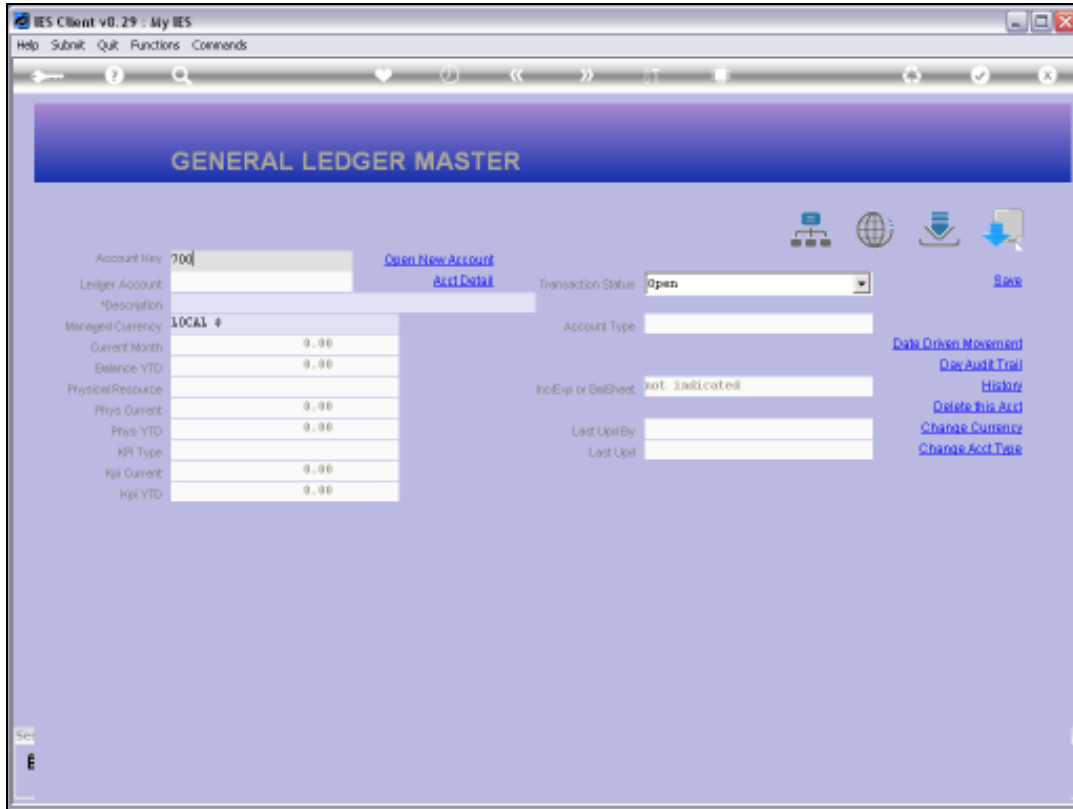Slide 41
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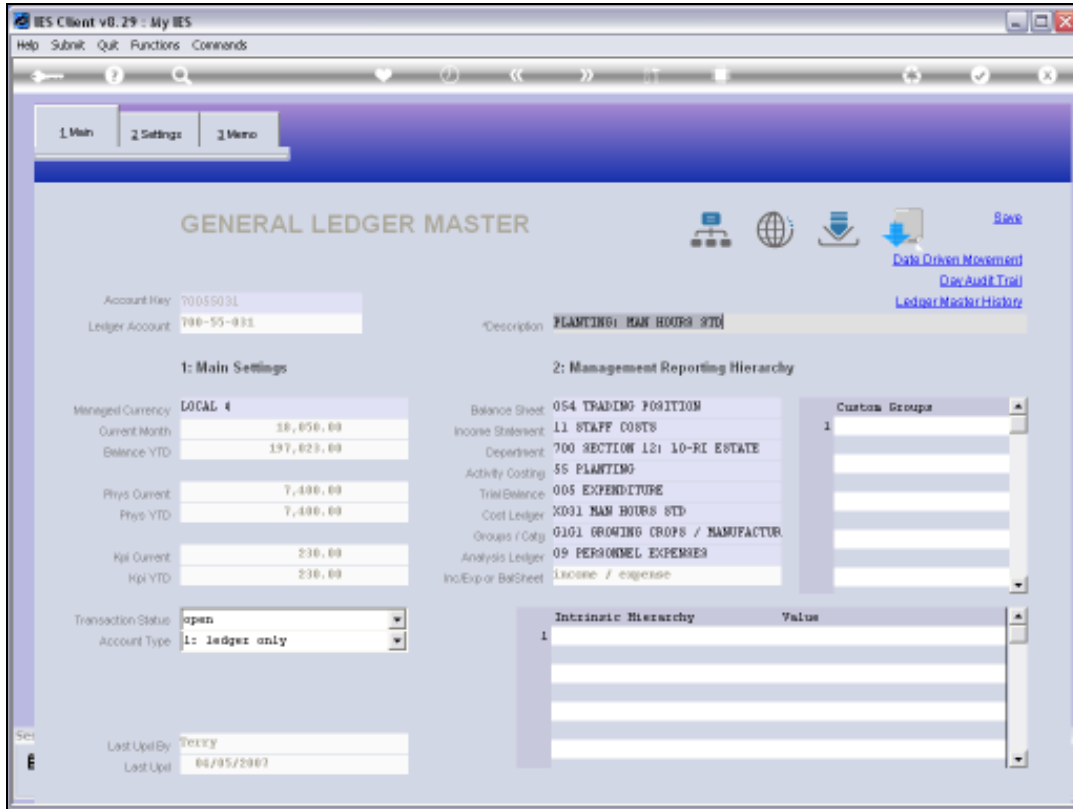
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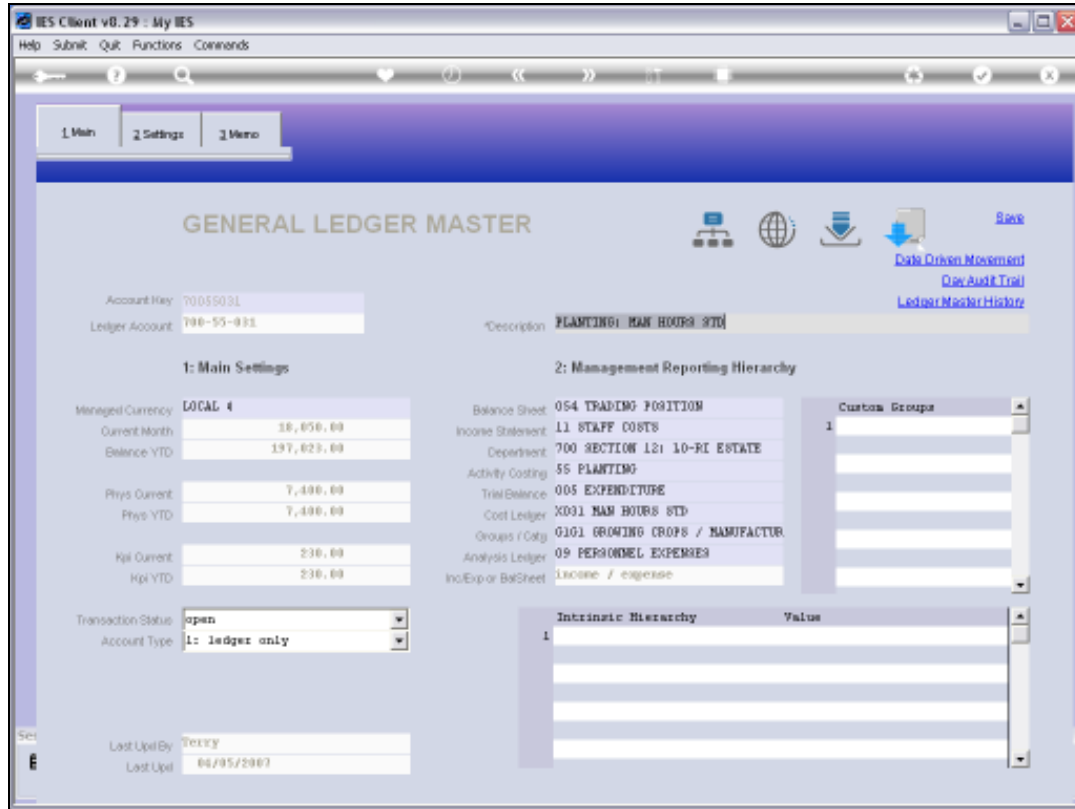
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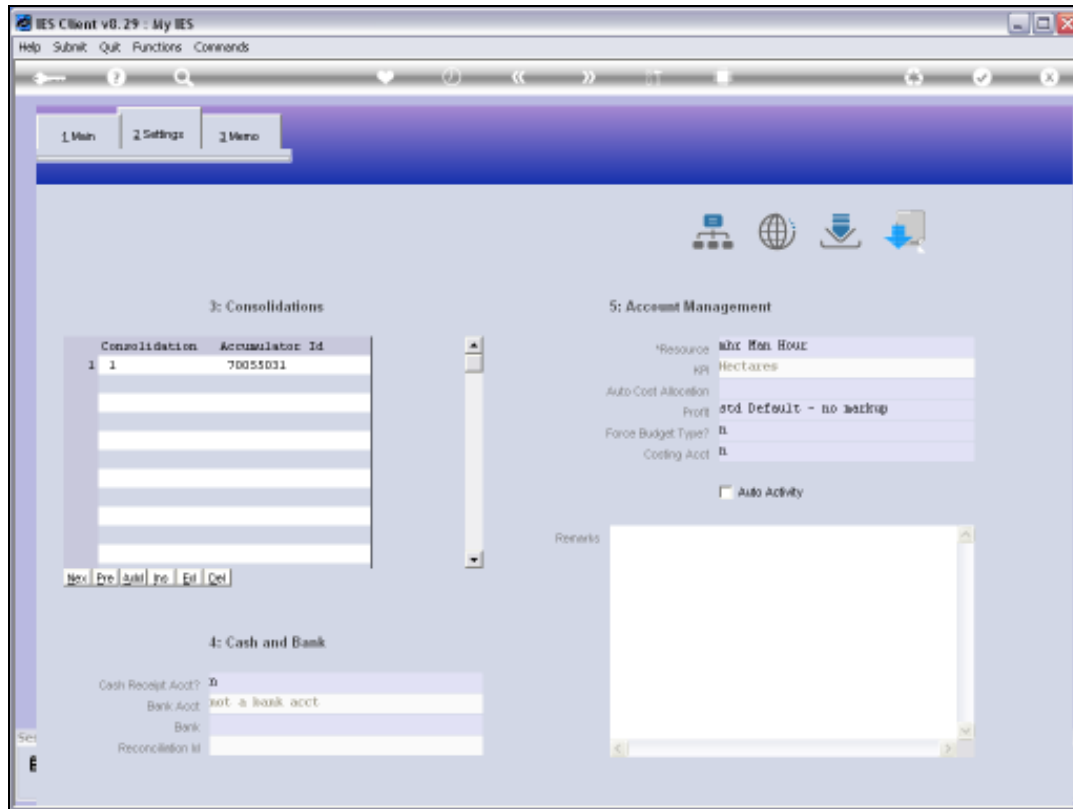
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Slide notes: To specify a Resource on a GL Account is entirely optional, and we usually only do it for the Accounts where we want to measure Physicals by Resource. The KPI is derived from the Resource, and only if a KPI has been listed for that Resource. So let's have a look at this Resource.

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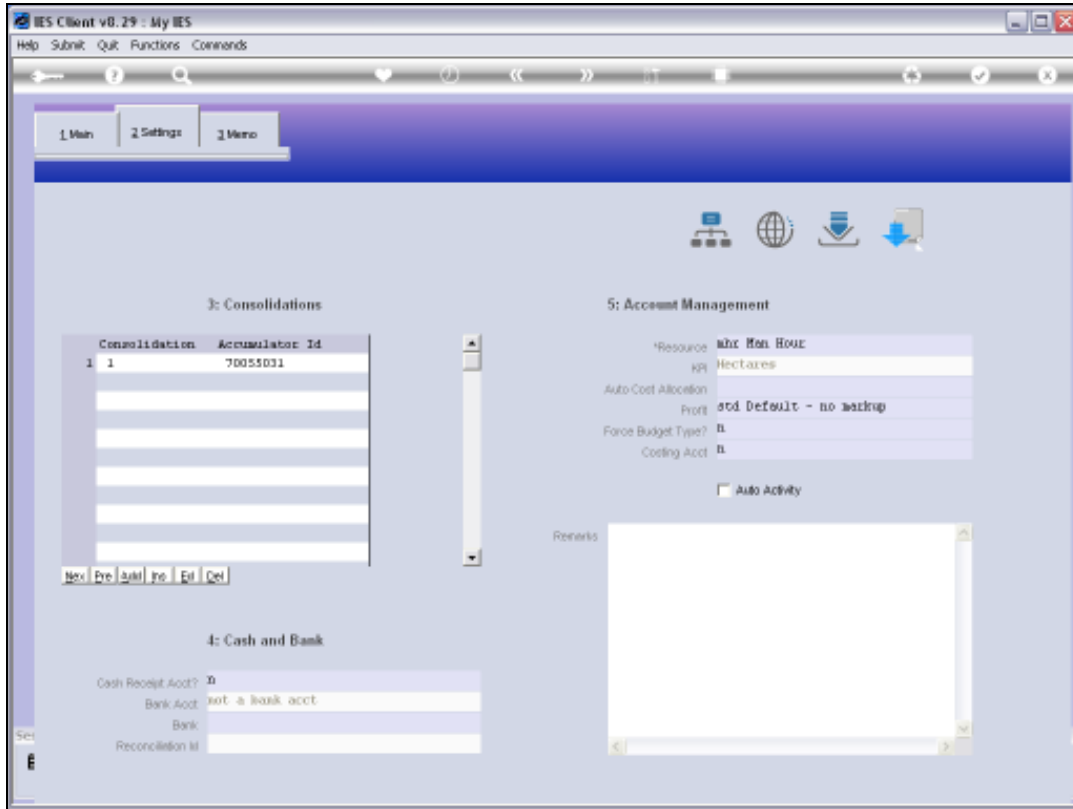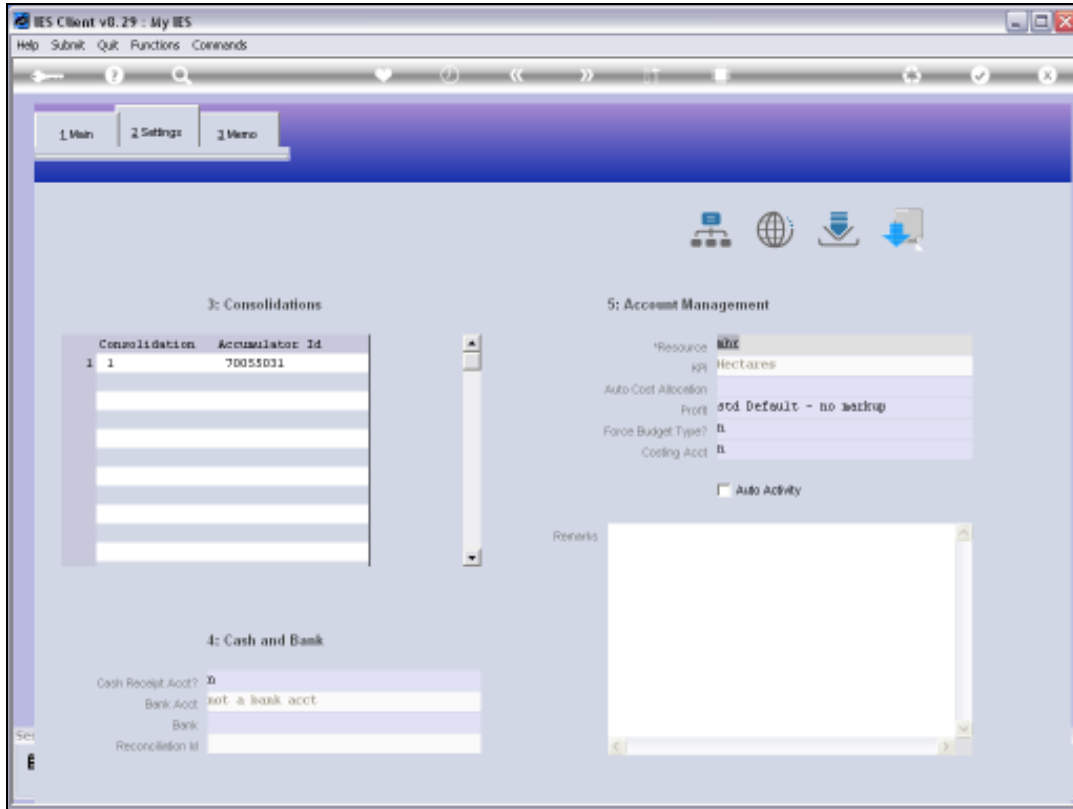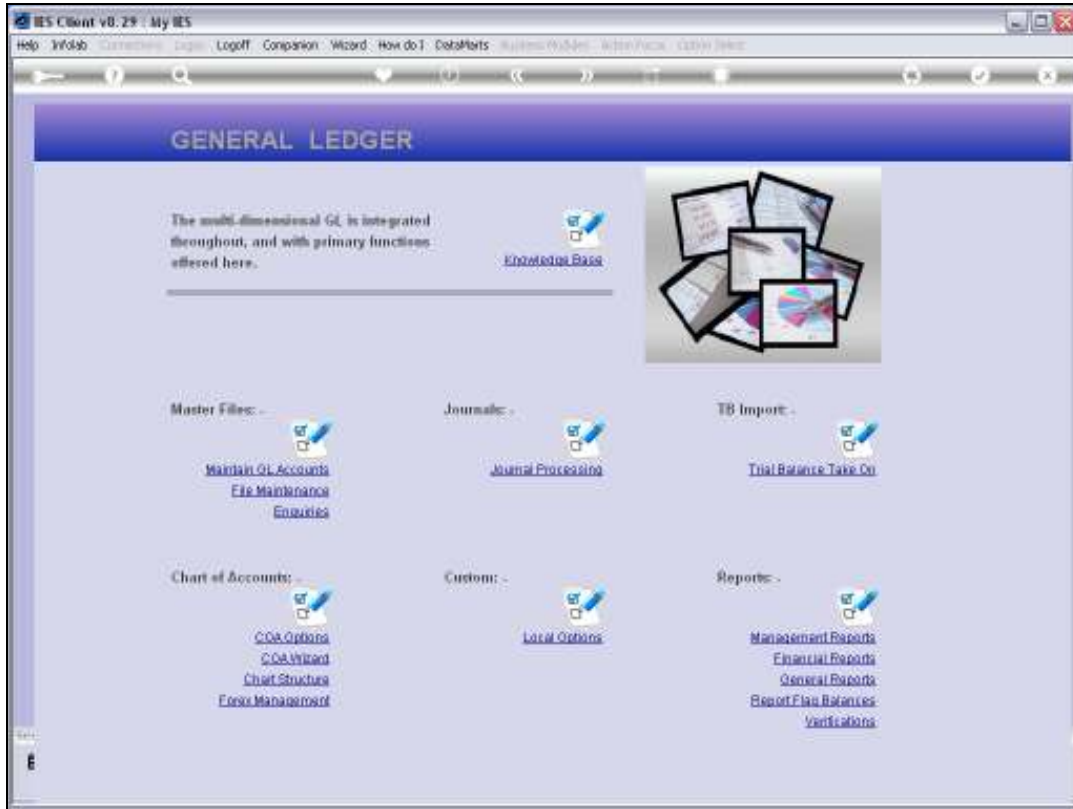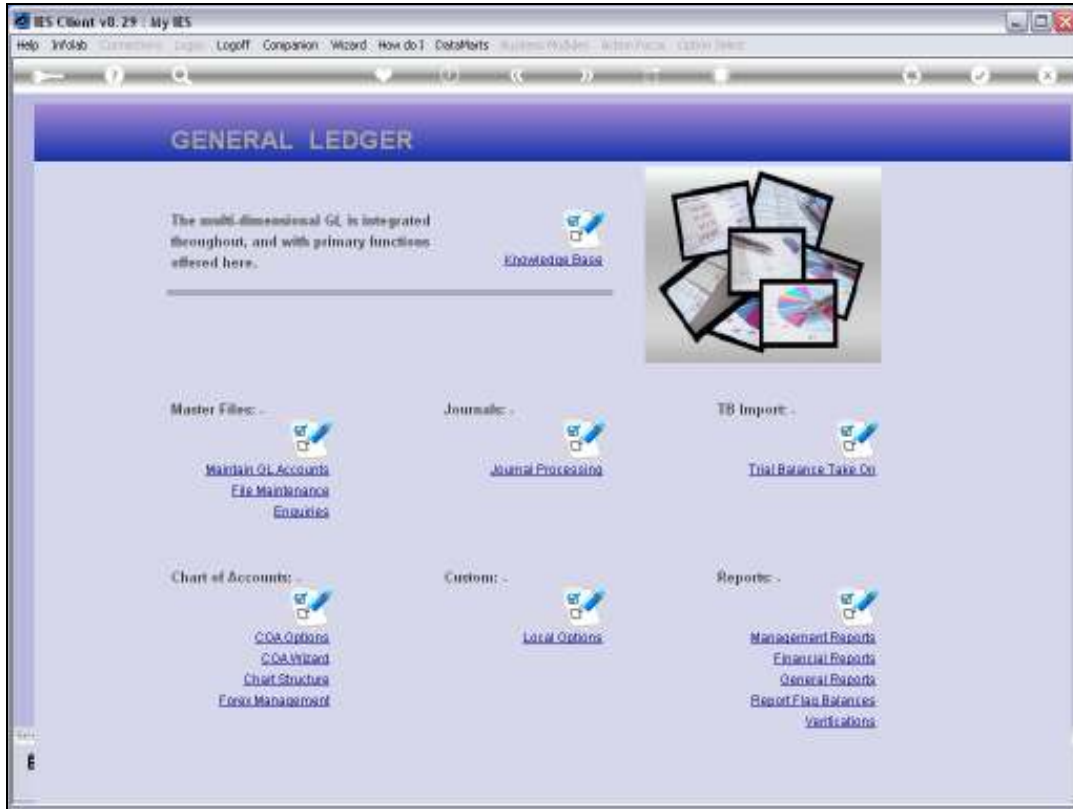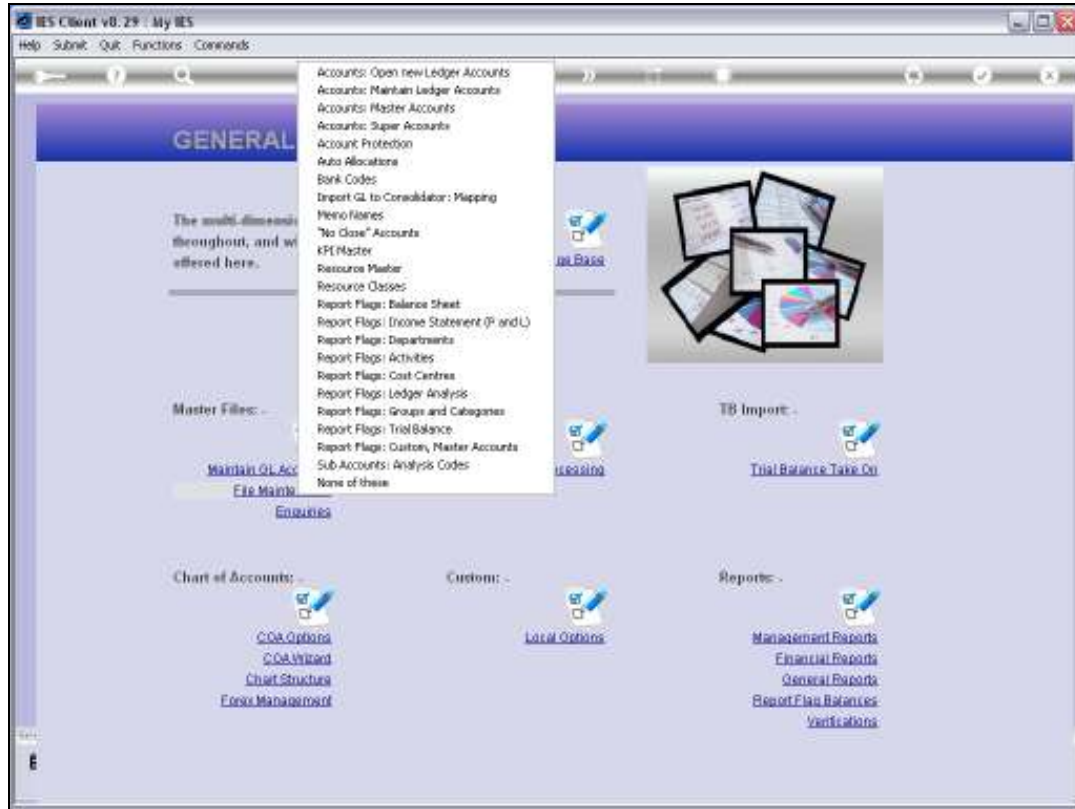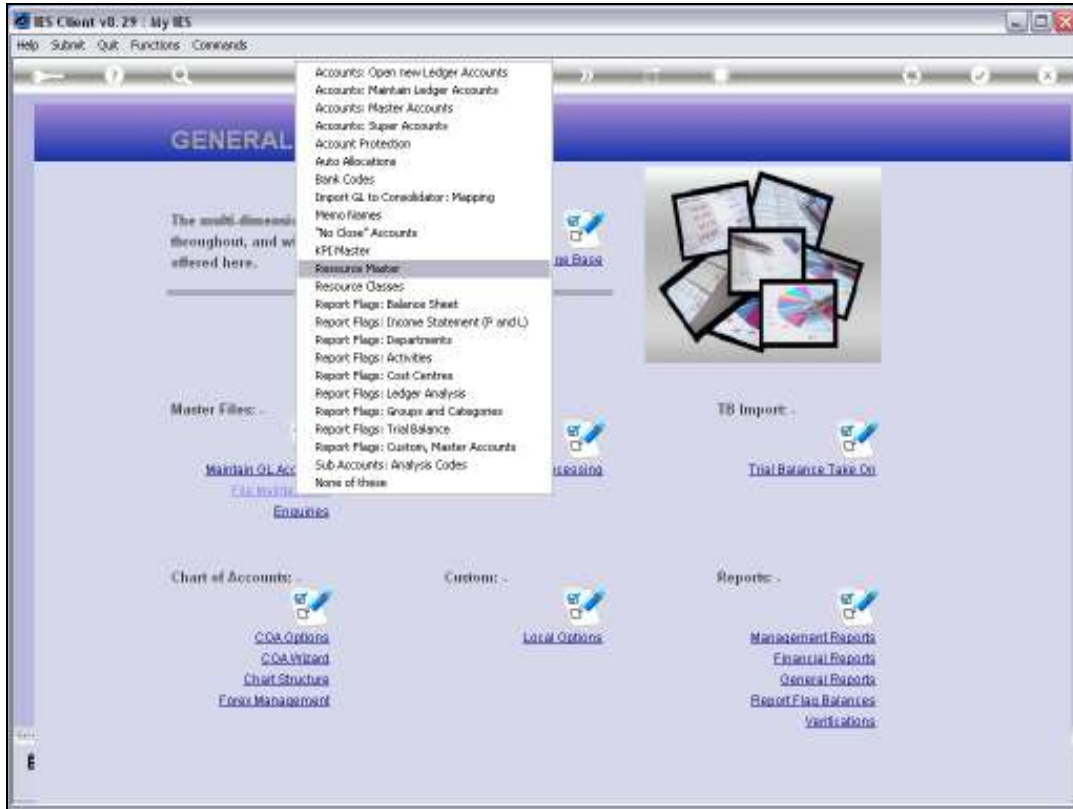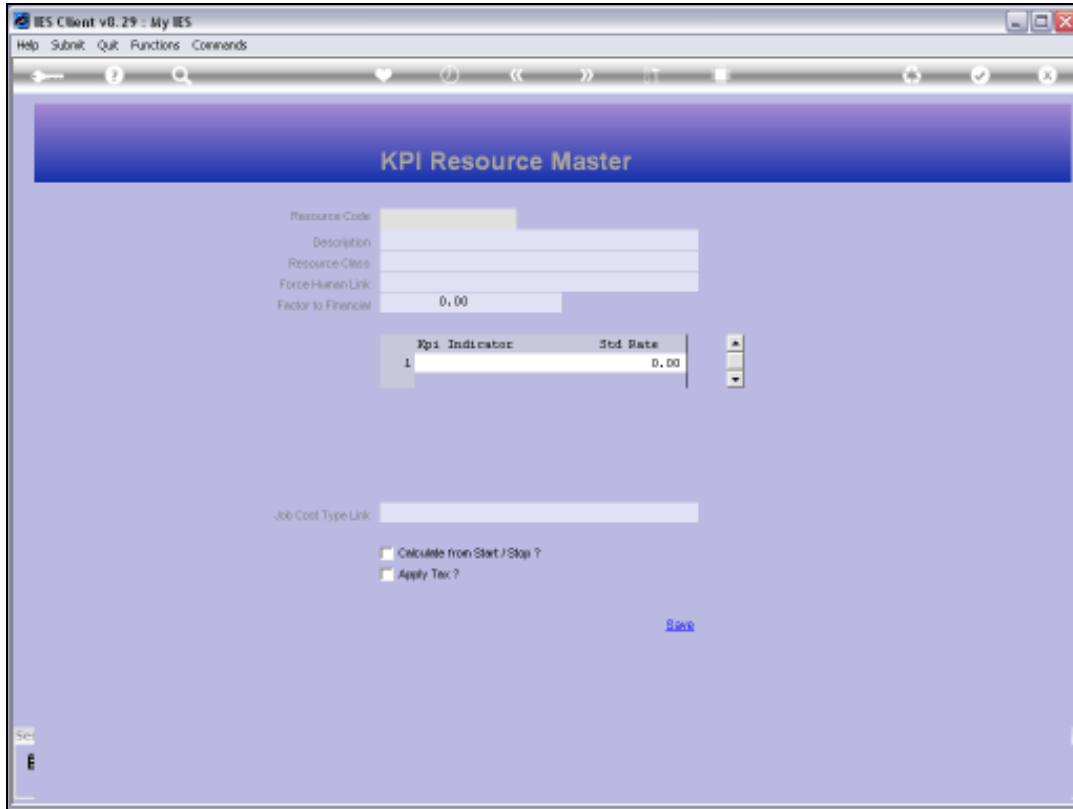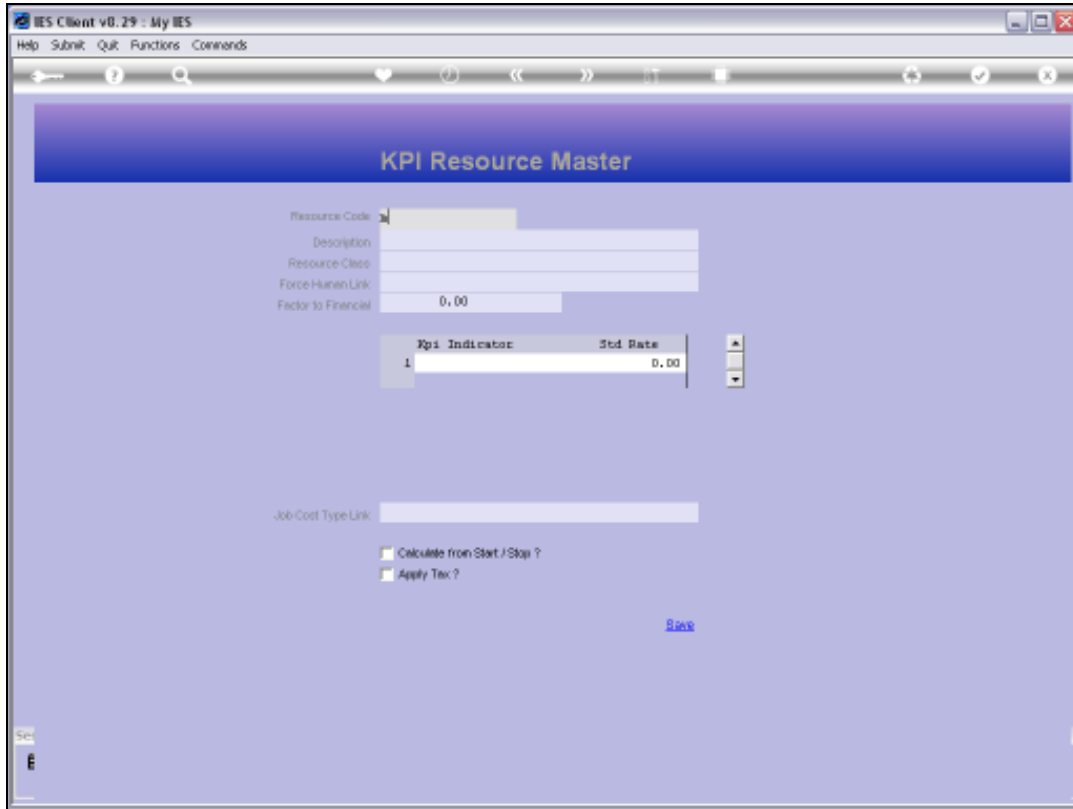Slide 54
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Slide notes: A Resource is always part of a Resource Class. In this example, we see the Resource of 'Man Hours' belonging to the Resource Class called 'Man Hours', and the reason being that we can have many different Resource codes that are used for Man Hours, each with a different KPI or Rate.

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Slide notes: This Man Hour Resource currently costs 21.50 in our Currency, for 1 Unit. Therefore, when we use this on a Physical Budget, then each Man Hour will Cost 21.50 in the Financial Budget. And this Resource is connected to the Hectares KPI, and when applied, it consumes a standard of 32 Man Hours to perform 1 KPI, i.e. 1 Hectare.
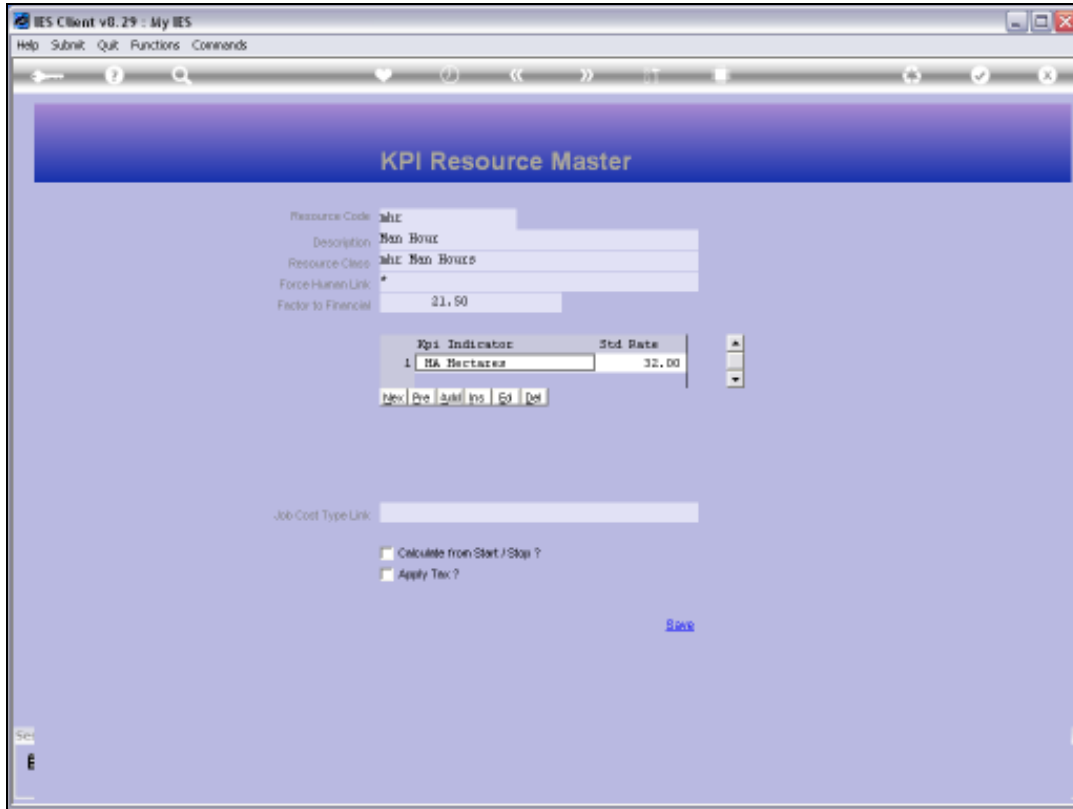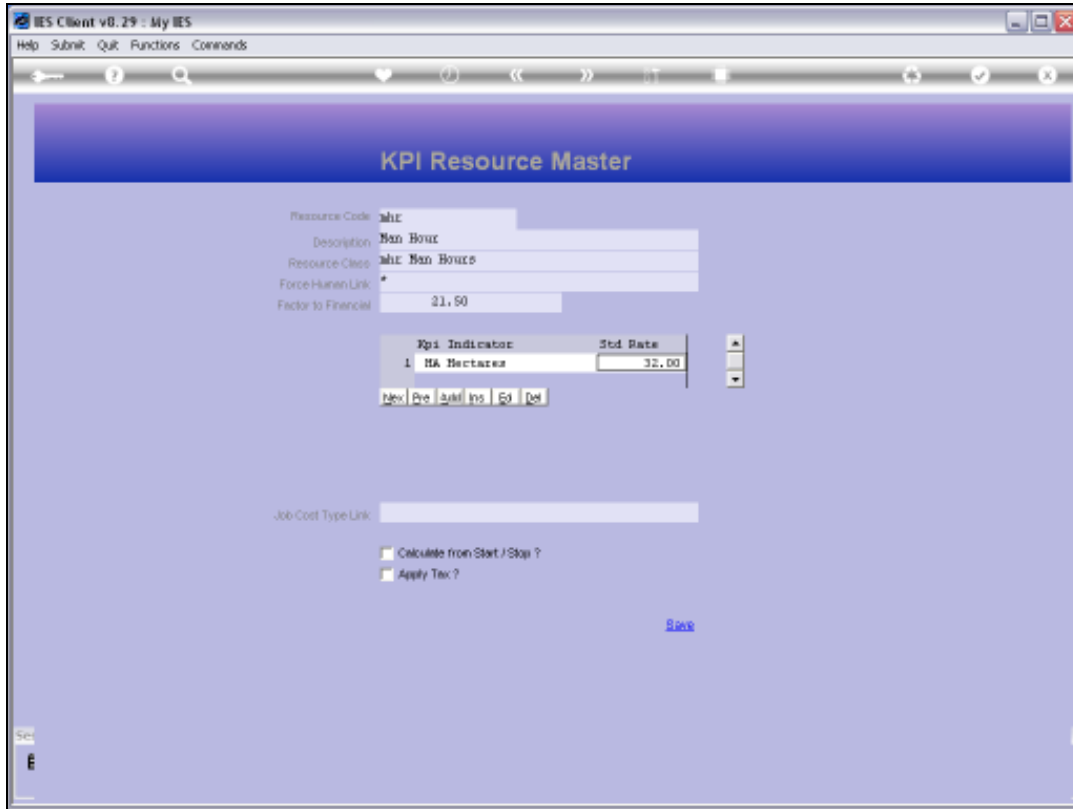
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Slide notes: However, when we perform a Physical Budget, then the KPI Indicator and the Financial Rate are only defaults, meaning we can adapt them for any Account where this Resource is used.

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Slide notes: Let's have a quick look at that.

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Slide notes: In this example, we change the default KPI factor form 32 to 20, therefore, if we capture 10 Hectares, the Physical will now become 200, and no longer 320.

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Slide notes: And the Financial Conversion can also be changed, to apply a specific conversion that is different from the standard conversion, for this Account Budget.

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Slide notes: So KPI's and Financial Budgets can be automatically processed together with the Physical Budget, as a 3-in-1, or either, or neither.