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How to Create a Budget Spreadsheet in Excel

Build a working Excel budget spreadsheet — with self-totaling formulas and automatic overspending alerts — that you can duplicate every month in under a minute.

4-day guide · 4 chapters · Self-Directed Learning Framework

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ABOUT THIS GUIDE

Every guide on this site is produced with the Self-Directed Learning Framework: instead of an article that explains a topic at you, it turns the topic into a structure you work through — each chapter with one outcome, a starting action under twelve minutes, the minimum you actually need to know, a worked example, a checklist, and exercises using your own situation. No filler, no re-reading required.

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CHAPTER 1 OF 4 · DAY 1 · 25 MIN

Setting Up a Structure That Scales

> **Outcome:** "I have a Transactions sheet and a Summary sheet set up with the right columns and a dropdown-controlled category list."

Micro-start (under 12 minutes)

Open a blank workbook. Rename Sheet1 to "Transactions." In row 1, type four headers across columns A to D: Date, Category, Description, Amount. That's the entire micro-start — you now have the skeleton every formula in this guide will hang off.

The minimum you need to know

A budget spreadsheet that works long-term needs two sheets, not one: a Transactions sheet, which is a flat, chronological log of every entry you make, and a Summary sheet, which pulls totals out of that log by category. Keep the column order fixed as Date, Category, Description, Amount — formulas later in this guide reference these columns by letter, so changing the order means rewriting them. The part that actually prevents the sheet from breaking is the Category column: instead of letting yourself type category names freely, restrict it to a fixed list using Data > Data Validation > List. Free-typed text means "Groceries," "groceries," and "Grocery" are three different strings to Excel — a formula that totals "Groceries" will silently skip the other two, and you won't see an error, just a wrong number.

Worked example

Worked example: five rows of real transactions. Here's what a working Transactions sheet looks like after a few days of entries. Row 2: 03/01/2026, Housing, Rent payment, -900. Row 3: 03/02/2026, Groceries, Weekly shop, -62.40. Row 4: 03/03/2026, Income, Salary deposit, 2400. Row 5: 03/05/2026, Transport, Fuel, -48. Row 6: 03/06/2026, Groceries, Top-up shop, -19.80. Notice Amount is a single signed column — expenses are negative, income is positive — rather than two separate Income and Expense columns. This matters because it lets you sum the entire column for a net cash-flow figure, and it lets a single SUMIF formula handle a category whether it's a cost or a deposit, without branching logic.

Checklist

- [ ] Transactions sheet renamed and headers typed: Date, Category, Description, Amount
- [ ] Column order matches exactly — no extra columns inserted between them
- [ ] A second sheet exists, renamed "Summary"
- [ ] A fixed list of category names typed somewhere (a helper column or a separate small sheet)
- [ ] Data Validation > List applied to the Category column, pointing at that fixed list
- [ ] Amount entered as a single signed number — negative for money out, positive for money in

Exercises

1. List your own 6-10 budget categories (reuse the list from your monthly budget plan if you have one) and type them into a helper range.
2. Apply Data Validation to the Category column using that range, then try typing a category that isn't on the list — confirm Excel blocks it.
3. Enter five real transactions from the last week using the signed-Amount convention.

Formulas That Do the Adding for You

> **Outcome:** "I have a Summary sheet where every category total updates itself the moment I add a new transaction."

Micro-start (under 12 minutes)

On the Summary sheet, in cell B2, type one formula: =SUMIF(Transactions!C:C,"Groceries",Transactions!D:D). Press Enter. If you entered the rows from Chapter 1, it should return -82.20. That single cell is the pattern you'll repeat for every other category.

The minimum you need to know

SUMIF adds up a range, but only the rows where another range matches a condition you give it. The syntax is =SUMIF(range to check, condition, range to sum). In the formula above, Excel scans the whole Category column (C:C), finds every row where it says exactly "Groceries," and adds up the matching rows in the Amount column (D:D) — automatically, including rows you haven't typed yet. If you ever need a second condition — say, groceries in March only — SUMIFS lets you stack conditions: =SUMIFS(Transactions!D:D,Transactions!C:C,"Groceries", Transactions!A:A,">="&DATE(2026,3,1)). The reason this matters more than it sounds: the single most common way a budget spreadsheet quietly stops working is someone typing a hardcoded total instead of a formula. It looks correct the day you type it and becomes wrong the moment you add one more transaction, because nothing recalculates it for you.

Worked example

Worked example: a full Summary sheet. Build out the Summary sheet with one row per category: A2 "Housing," B2 =SUMIF(Transactions!C:C,"Housing",Transactions!D:D) → -900. A3 "Groceries," B3 =SUMIF(Transactions!C:C,"Groceries",Transactions!D:D) → -82.20. A4 "Transport," B4 =SUMIF(Transactions!C:C,"Transport",Transactions!D:D) → -48. A5 "Income," B5 =SUMIF(Transactions!C:C,"Income",Transactions!D:D) → 2400. Add a final row that sums column B with a plain =SUM(B2:B5) to get your net position: 1369.80. Add one more transaction to the Transactions sheet right now and watch every one of these numbers update without you touching them.

Checklist

- [ ] Summary sheet has one row per category, matching the names in your Data Validation list
- [ ] Each row uses a SUMIF formula, not a typed-in number
- [ ] Category names in the SUMIF formulas are spelled exactly as in the dropdown list
- [ ] A total row sums the whole Summary column with SUM
- [ ] Adding a new transaction to the Transactions sheet changes the Summary totals automatically
- [ ] At least one SUMIFS formula tried, even if you don't keep using it yet

Exercises

1. Build the full Summary sheet with a SUMIF row for every one of your own categories.
2. Add three new transactions to the Transactions sheet and confirm the Summary updates with no manual edits.
3. Write one SUMIFS formula that totals a single category for the current month only.

Seeing the Picture at a Glance

> **Outcome:** "I have conditional formatting that turns a category red the moment it goes over budget, plus a chart showing where my money goes."

Micro-start (under 12 minutes)

Add a Budgeted column next to your Summary totals — type a planned number for one category, say 300 for Groceries. Select the Actual cell next to it, go to Home > Conditional Formatting > Highlight Cell Rules > Greater Than, and reference the Budgeted cell. That's one working overspending alert.

The minimum you need to know

Conditional formatting changes a cell's appearance based on a rule you set, and it recalculates every time the underlying number changes — same self-updating principle as the SUMIF formulas from Chapter 2. For a budget sheet, the rule that matters most is a simple "greater than" comparison: if Actual spend exceeds Budgeted amount, turn the cell red. You set this through Format > Conditional Formatting > New Rule > "Format cells that contain" > "cell value greater than," then point it at the Budgeted cell rather than typing a fixed number, so the rule still works if you change your budget next month. Pair this with a chart — select your category names and their Actual totals, then Insert > a bar chart or pie chart. A bar chart is more useful here than a pie chart because it's easier to compare category heights against each other at a glance, and you can add a second data series for Budgeted amounts on the same chart to see both numbers side by side.

Worked example

Worked example: Groceries over budget. Groceries has a Budgeted figure of 300 in cell C3 and an Actual figure of 340 in cell B3 (as a positive number, or use =ABS(SUMIF(...)) if you're keeping Amount signed negative for expenses). Select B3, open Conditional Formatting > Greater Than, and type =$C3 as the comparison value instead of a fixed number. Because 340 is greater than 300, B3 turns red immediately. Drop the Budgeted figure to 350 instead, and the same cell turns back to its default color without you touching the formatting rule — the rule is comparing two cells, not two hardcoded numbers.

Checklist

- [ ] A Budgeted column added next to the Summary's Actual column
- [ ] Conditional formatting rule set up as "greater than," referencing a cell, not a typed number
- [ ] Rule tested by temporarily changing the Budgeted number and watching the color react
- [ ] A bar or pie chart inserted from the category names and Actual totals
- [ ] Chart title and axis labels edited so the chart is readable without explanation
- [ ] Rule and chart both confirmed to update when a new transaction changes a total

Exercises

1. Add a Budgeted column to your own Summary sheet with a real planned number per category.
2. Apply the greater-than conditional formatting rule to every category row, not just one.
3. Insert a bar chart comparing Actual to Budgeted across all your categories.

CHAPTER 4 OF 4 · DAY 4 · 15 MIN

Making It Update Itself Each Month

> **Outcome:** "I have a repeatable monthly routine: duplicate the tab, clear the data, and the formulas keep working without rewriting."

Micro-start (under 12 minutes)

Right-click your current month's tab, choose Move or Copy, tick "Create a copy," and confirm. Do this now, even with the practice data still in it from earlier chapters — the point is to see, in under a minute, that the duplicate still works exactly like the original.

The minimum you need to know

The formulas you built in Chapter 2 reference whole columns — Transactions!C:C, not a fixed range like C2:C50 — which is exactly why they survive being copied into a new month without breaking: a new tab still has a column C, so the formula still has something to point at. This is the reusable habit the whole guide builds toward: duplicate the current month's tab, clear out last month's transaction rows (keep the headers and the category list), and the Summary formulas, conditional formatting rules, and chart all keep working unchanged. Keep one tab per month rather than one giant running log — it keeps each month's chart and totals isolated, and it means last month's numbers are never at risk of being accidentally edited while you're working on the current one.

Worked example

Worked example: January into February. Your tab is named "Jan-2026." Right-click it, Move or Copy, Create a copy, and rename the result "Feb-2026" (double-click the tab name to rename). Delete the transaction rows from Feb-2026's Transactions area but leave the header row and the Data Validation list untouched. The Summary sheet's SUMIF formulas — still referencing Transactions!C:C and Transactions!D:D within that same tab's structure — now return zero for every category, which is correct: no transactions have been entered yet for February. As you log February's spending, every total, every conditional formatting color, and the chart populate themselves exactly as they did in January, with zero formula rewriting.

Checklist

- [ ] Current month's tab duplicated using Move or Copy > Create a copy
- [ ] New tab renamed with a consistent convention (e.g. Jan-2026, Feb-2026)
- [ ] Old transaction rows cleared from the new tab, headers and category list kept
- [ ] Summary totals confirmed to show zero (not an error) with the cleared data
- [ ] Conditional formatting rule and chart confirmed still present and working on the new tab
- [ ] A short note made somewhere of the naming convention so it stays consistent every month

Exercises

1. Duplicate your current working tab and rename it for next month using your chosen convention.
2. Clear the practice transactions from the new tab and confirm every total resets to zero cleanly.
3. Enter two or three real transactions into the new tab and confirm the formulas, formatting, and chart all respond.

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