

# Master Budgeting for Small Business



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# What You Paid For

## **Strategy**

How to understand and develop the strategy behind the Master Budget.

## **Planning**

How to properly plan and structure your Master Budget.

## **Case Study**

See a live demo of the Master Budget in action using Excel.

# The Master Budget:

Audience feedback: products/services, annual sales, staffing

The purpose of the Master Budget

Human Relations considerations

Cost behaviors

Sales Goals

Inventory and Cash Flow management

Preparing a Master Budget for your specific business in Excel

Excel Template and additional resources

# The Master Budget:

Master Budget is a collection of all lower level budgets and provides a great route to the management to plan for the future.

The main purpose of the master budget is to make sure that at the end of the time period for which the budget was made; the actual results do not deviate too much. If the actual results have deviated a lot, then management will input certain controls over the processes and procedures to keep the thing on the right track. It works as a control tool to keep the things under control.

A Master Budget can be made for a month, a quarter or for the whole year. It all depends over your working style and decision making process. Usually, following lower level budgets make up the master budget:

# The Master Budget:

1. Sales budget - this is the starting point in the preparation of master budget.
2. Production budget
3. Direct material budget
4. Direct labor budget
5. Selling & administrative expense budget
6. Cost of goods manufactured Budget
7. Cash budget
8. Budgeted income statement
9. Budgeted balance sheet

# The Master Budget:

## The Sales Budget

	Q1	Q2	Q3	Q4
Projected unit sales	13,500	15,850	14,580	17,550
Sales price	\$ 157.99	\$ 157.99	\$ 157.99	\$ 157.99
Projected revenue	\$ 2,132,865	\$ 2,504,142	\$ 2,303,494	\$ 2,772,725

# The Master Budget:

## The Production Budget

Units of Production	Q1	Q2	Q3	Q4	Next year
Projected unit sales	13,500	15,850	14,580	17,550	
Add: Ending inventory	9,700	2,750	5,500	3,570	3,510
Units available for sale	23,200	18,600	20,080	21,120	3,510
Less: Beginning inventory	2,250	9,700	2,750	5,500	3,570
Budgeted production	20,950	8,900	17,330	15,620	(60)



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