



Direct labor budget

Manufacturing overhead budget

Selling & administrative expense budget

Cash budget

1

How much direct labor [skill levels, wage rates, hours] will be required to produce the necessary output?

How much manufacturing overhead resources will be required to produce the necessary output?

- What will be the impact of all of the above on cash?
- When do we pay for all the stuff we have purchased?
- How is cash received from sales?
- What borrowing will be necessary to avoid cash balances that are lower than some specified minimum?
- Are we able to repay debt outstanding?
- Will there be a capital infusion?
- Are dividends involved?
- Are purchases of capital assets anticipated?

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For a wholesaler or retailer, the manufacturing is done by others, so we can go directly to the selling and administrative expense budget.

What selling and administrative expenses will be required to support the anticipated level of sales or services?

Start with the cash you expect to have at the beginning of the fiscal period.
Add: all the you expect to take in during the fiscal period.
Equals: Total cash available during the period
Less: What we expect to spend during the period
Equals: What we will have left at the end of the period. This is the cash balance before debt transactions [CBBDT].
What is the minimum cash balance [MCB]?
Is there an excess or deficiency of cash [EoDoC]?
Is new borrowing [NB] required?
Is repayment of debt necessary [RN]? [Do we have debt outstanding?]
Is repayment possible [RP]? [Just because we owe doesn't mean we have the cash to pay it back.]
Calculated repayment [CR], if any.
Cash balance after debt transactions [CBAT].

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The cash budget, profit plan and balance sheet are the final products of the master budgeting process. All of the other budgets are subsidiary elements which support the final product.

