Master Budget & Cash Budget Sequence Master Cheat Sheet

10-Step Operating & Financial Budget Flow, Cash Collections, Disbursements & Pro Forma Statements

1. THE 10-SCHEDULE MASTER BUDGET INTERLOCKING SEQUENCE

Schedule # & Component	Input Formula & Equation	Downstream Interlocking Dependencies
1. Sales Budget	Budgeted Unit Sales × Selling Price per Unit = Total Gross Revenue	Foundational driver for Production and Cash Collections schedules.
2. Production Budget	**Units Needed = Budgeted Sales + Desired Ending FG Inv - Beginning FG Inv**	Feeds Direct Materials, Direct Labor, and Variable MOH budgets.
3. Direct Materials Budget	DM Needed for Prod + Desired Ending DM Inv - Beginning DM Inv = **Purchases ($)**	Feeds Cash Disbursements for materials and Ending Inventory balances.
4. Direct Labor Budget	Units to Produce × Direct Labor Hours/Unit × Wage Rate/Hour = Total DL Cost	Direct cash outflow during the payroll period; feeds COGS.
5. MOH Budget	(Variable MOH Rate × Base) + Fixed MOH - **Depreciation (Non-Cash)**	Determines predetermined overhead rate and cash paid for factory overhead.
6. Ending Inv & COGS	Unit Product Cost = DM/unit + DL/unit + MOH/unit. COGS = Unit Cost × Sales Units	Transfers directly to Budgeted Income Statement and Balance Sheet.

2. THE 4-SECTION CASH BUDGET MASTER ARCHITECTURE

Cash Budget Section	Items Included & Accounting Treatment	Financing & Liquidity Rule
1. Cash Receipts	Beginning Cash + Cash Sales + Collections from prior and current month A/R.	Based on aging matrix (e.g., 70% month of sale, 28% next month, 2% uncollectible).
2. Cash Disbursements	DM purchases, DL payroll, Cash MOH (excluding dep.), SG&A, tax payments, dividends, asset buys.	Strictly cash flows; accrued expenses and non-cash depreciation are excluded.
3. Cash Surplus / Deficit	**Total Cash Available - Total Cash Disbursements = Excess or Deficiency**	Compared directly against management's **Minimum Cash Balance** requirement.
4. Financing Section	Borrowing (if deficit), Principal repayments, and Interest expense on credit line.	Ending Cash Balance = Cash Available ± Financing (equals next month's beginning cash).