Production Budgets

O'Connor LTD

2011

Step By Step Approach

PART A

Part A is asking you to calculate a production budget in units. This is how many units need to be made for each product. The layout will be the following

A. Sales in units	These figures are usually taken from the question – sales are expected to be.
B. Add Closing stock	1. There will be a certain percentage of stock to be increased/decreased. This will usually be given at the start of the question 2. It will be calculated by using stock of finished goods on the 01.01 and increasing/reducing it by the percentage given at the start of the question
C.	Add the figure for A and B together
D. Less Opening Stock	1. This figure will be given in the question 2. It can be identified by the sentence – 'Stock of finished goods on the 01/01/ xx are expected to be
E. Required for Production	1. Take the figure for D away from the figure calculate for C 2. This figure will be used later on in the questions

Sales

Take these figures from the question

1. These figures are taken straight from the question

	Light	Extra Light
Sales are expected to be	12,000	3,500

Taken from the question

Tip – Make sure to use the finished goods figures

Closing Stock

An adjustment is needed here

1. It the question is says the following about closing stock

'all stock are to be <u>reduced</u> by 10% from their opening levels by the end of 2012 and are valued using FIFO method.'

and

Tip – Make sure to use the finished goods figures

'Stock of finished goods on 01/01/2012 are expected to be'

Light	650 units @ €200 each
Extra Light	500 units @ €220 each

Taken form the question

2. This means that at the end of the year the closing stock figure for each product will have decreased by 10%.
3. The following workings show you how to calculate the closing stock figure for each product

Exam Tip – Exam Tip - Make sure to look out for if the closing stock will increase or decrease

Workings

Light

Opening Stock	650	as per question	Opening Stock	650
Rate of decrease	10%	as per question	decreased	65
650 * 10%	= 65		Cl. Stock	585

Extra Light

Opening Stock	500	as per question	Opening Stock	500
Rate of Increase	10%	as per question	Reduction	50
500 * 10%	= 50		Cl. Stock	450

	Light	Extra Light
Sales are expected to be	12,000	3,500
Add Closing Stock	585	450
	12,585	3,900

NOTE - Remember to add these two figures together to get the total (12,000 + 585 = 12,585 and 3,500 + 450 = 3,900)

Opening Stock

Take these figures from the question

1. The question says the following about the opening stock figures for finished goods

'Stock of finished goods on 01/01/2012 are expected to be'

Light	650 units @ €200 each
Extra Light	500 units @ €220 each

Taken form the question

This means that the opening stock figure for light is 650 units and for extra light it is 500 units

	Light	Extra Light
Sales are expected to be	12,000	3,500
Add Closing Stock	585	450
	12,585	3,900
Less Opening Stock	650	500

Budget production in units

Take these figures from previous figures (workings)

1. The formula to calculate the units needed for production is

   Sales + Closing stock – Opening Stock = Required for production

2. These figures will be used for Part B - Prepare a raw materials purchases budget (in units and €)

Production budget for O'Connor Ltd in units		
	Light	Extra Light
Sales are expected to be	12,000	3,500
Add Closing Stock	585	450
	12,585	3,900
Less Opening Stock	650	500
Budget Production in Units	11,935	3,450

NOTE – Remember to take these two figures away from each other to get the total (12,585 - 650 = 11,935 and 3,500 - 500 = 3,450)

NOTE – Remember to include the heading – Production budget for O'Connor Ltd

Exam Tip – You can do the workings on the statement or on a calculator – there is no need for the workings

Exam Tip – Make sure to use the figures for finished goods and not raw materials

PART B

Part B is asking you to calculate the raw materials purchases budget. This is how much of a certain material is needed each to produce the two products. The units from part A will be used as part of working. The layout is similar to Part A and look like this

A. Required for Production	1. A working will be needed to find out what the total figure is required o the material for each product
B. Add Closing stock	1. There will be a certain percentage of opening stock that will need to be decreased to get the closing stock figure. This will usually be given at the start of the question. 2. Make sure to use the stock of raw materials figure that is given in the question. 3. This stock of raw material figure will be reduce by the percentage to decrease closing stock by.
C. Less Opening Stock	1. This figure will be given in the question 2. Make sure to use the stock of raw materials figure that is given in the question. Tip – This is the same figure that you used in b above to calculate the closing stock figure
D. Forecasted Purchases of Raw Material in Kgs	1. This figure is usually calculate by using the opening stock figure and taking it away from the figure above it
E. Purchase price	1. This figure will usually be given in the question 2. Make sure to use the figure that say the expected prices for raw materials during *the year* are
F. Forecasted Purchases of Raw Material in €	1. This figure is got by multiplying D by E

Required for production

An adjustment is needed here

1. The figures for the budget production in units for both products are taken form part A

Production budget for O'Connor Ltd in units		
	Light	**Extra Light**
Budget Production in Units	11,935	3,450

Taken from part A

2. In the question it says the following about raw materials

'Both products use the same raw materials and skilled labour but in different quantities per unit as follows'

	Light	**Extra Light**
Material A	8 kgs	6 kgs
Material B	9 kgs	7 kgs
Skilled Labour	8 Hours	9 Hours

Taken from the question

3. Use the following information to complete the working (We are interested in the material figure)
4. The working to calculate these figures will look something like this

Workings

Light

Material A

Production Units	11,935	as per Part A
Required in kgs	* 8	as per question
	95,480	

Material B

Production Units	11,935	as per Part A
Required in kgs	* 9	as per question
	107,415	

Extra Light

Material A

Production Units	3,450	as per Part A
Required in kgs	* 6	as per question
	20,700	

Material B

Production Units	3,450	as per Part A
Required in kgs	* 7	as per question
	24,150	

	Material A	Material B
A. Required for Production		
Light	95,480	20,700
Extra Light	107,415	24,150
	116,180	131,565

NOTE - Remember to add these two figures together to get the total (95,480 + 107,415 = 116,180 and 20,700 + 24,150 = 131,565)

Closing Stock

An adjustment is needed here

1. In the question it says

   ''all stock are to be decreased by 10% from their opening levels by the end of 2012'

2. Make sure to use the opening stock figure for raw materials that are given in the question.

   'Stock of raw material on 01/01/2012 are expected to be'

Material A	6,000 Kgs @ €3.50 per Kg
Material B	4,000 Kgs @ €5.00 per Kg

Taken from the question

3. The working to calculate these figures will look something like this

Exam Tip – Make sure to use the figures for raw materials and not finished goods

Working

Material A

Opening Stock	6,000	as per question	Opening Stock	6,000
Rate of decrease	10%	as per question	decrease	600
	600			5,400

Material B

Opening Stock	4,000	as per question	Opening Stock	4,000
Rate of decrease	10%	as per question	decrease	400
	400			3,600

	Material A	**Material B**
A. Required for Production		
Light	95,480	20,700
Extra Light	107,415	24,150
	116,180	131,565
B. Add closing stock	5,400	3,600
	121,580	135,165

NOTE - Remember to add these two figures together to get the total (116,180 + 5,400 = 121,580 and 131,565 + 3,600 = 135,165)

Opening stock

Take these figures from the question

1. The question says the following about the opening stock figures for raw materials

Stock of raw material on 01/01/2012 are expected to be'

Material A	6,000 Kgs @ €3.50 per Kg
Material B	4,000 Kgs @ €5.00 per Kg

Taken from the question

2. This means that the opening stock figure for raw material for material A is 6,000 kgs and for material B it is 4,000 kgs

	Material A	Material B
A. Required for Production		
Light	95,480	20,700
Extra Light	107,415	24,150
	116,180	131,565
B. Add closing stock	5,400	3,600
	121,580	135,165
C. Less Opening Stock	(6,000)	(4,000)

Forecasted purchases of raw material in Kgs

Use the figures in your answer

1. To calculate the forecasted purchase of raw material in kgs figure you add the opening stock figure and the previous figure together

	Material A	Material B
A. Required for Production		
Light	95,480	20,700
Extra Light	107,415	24,150
	116,180	131,565
B. Add closing stock	5,400	3,600
	121,580	135,165
C. Less Opening Stock	(6,000)	(4,000)
D. Forecasted purchases of raw material in Kgs	115,580	131,165

Purchase Price

Take these figures from the question

1. The question says the following about the purchase price for raw materials

' The expected price for raw materials during 2012 are

Material A	€4.00 per Kg
Material B	€5.50 per Kg

Taken from the question

2. Use these figures for the purchase price - Material A €4.00 and Material B €5.50

	Material A	Material B
A. Required for Production		
Light	95,480	20,700
Extra Light	107,415	24,150
	116,180	131,565
B. Add closing stock	5,400	3,600
	121,580	135,165
C. Less Opening Stock	(6,000)	(4,000)
D. Forecasted purchases of raw material in Kgs	115,580	131,165
E. Purchase Price	€4.00	€.5.50

NOTE - Remember to multiply these two figures to the forecasted of raw materials in € figure

Forecasted Purchases of Raw Materials €

Use the figures in your answer

1. To calculate the forecasted purchase of raw material in € figure you multiple the expected price figure and the previous figure

Raw material purchases budget (in units and €) for O'Connor Ltd		
	Material A	**Material B**
A. Required for Production		
Light	95,480	20,700
Extra Light	107,415	24,150
	116,180	131,565
B. Add closing stock	5,400	3,600
	121,580	135,165
C. Less Opening Stock	(6,000)	(4,000)
D. Forecasted purchases of raw material in Kgs	115,580	131,165
E. Purchase Price	€4.00	€.5.50
F. Forecasted purchase of raw material in €	462,320	721,407.50

NOTE – Remember to include the heading – Raw material purchases budget (in units and €) for O'Connor Ltd

PART C

Part C is asking you to Prepare a production cost / manufacturing budget. The layout for this is the same layout as a manufacturing account and will look like the following

Manufacturing budget for O'Connor Ltd for year ended 31.12.12		
Direct Materials		
Opening stock raw materials		x
Add Purchase of raw materials		x
		x
Less Closing stock raw materials		(x)
Cost of raw materials consumed		x
Direct Labour		
Cost of labour		x
Variable Overheads		
Variable Overhead		x
Fixed Overheads		
Fixed Overheads		x
Cost of Manufacture		x

Opening stock raw materials

An adjustment is needed here

1. We need to calculate the total figure in euros for opening stock of raw materials
2. To do this we will need a working using the information for raw material – units and price per kgs
3. The question says the following about raw materials

' Stock of raw material on 01/01/2012 are expected to be'

Material A	6,000 Kgs @ €3.50 per Kg
Material B	4,000 Kgs @ €5.00 per Kg

Taken from the question

Workings

Exam Tip - Make sue to use the price for the start of the year - 01/01/20

Material A

Kgs	6,000	Taken from the question
Price per Kgs	(x) €3.50	Taken from the question
	€21,000	Opening stock raw materials

Material B

Kgs	4,000	Taken from the question
Price per Kgs	(x) €5.00	Taken from the question
	€20,000	Opening stock raw materials

Direct Materials		
Opening stock raw materials		
Material A	21,000	
Material B	20,000	41,000

NOTE - Remember to add these two figures together to get the total (21,000 + 120,000 = 41,000)

Purchases raw materials

Use the figures from Part B

1. The figure for purchases raw material has already been calculated in Part B
2. Use the total figure for material A – 462,320 and material B – 721,408

Direct Materials		
Opening stock raw materials		
Material A	21,000	
Material B	20,000	41,000
Add Purchase of raw materials		
Material A	462,320	
Material B	721,408	1,183,728

NOTE - Remember to add these two figures together to get the total (462,320 + 721,408 = 1,183,7280)

Closing stock raw materials

An adjustment is needed here

1. We need to calculate the total figure in euros for closing stock of raw materials
2. To do this we use the figure for closing stock that has been calculated in part B – material A 5,400 and material B 3,600
3. The question says the following about raw materials

' The expected price for raw materials during 2012 are

Material A	€4.00 per Kg
Material B	€5.50 per Kg

Taken from the question

Exam Tip - Make use to use the expected price for raw materials during 2020 are

Workings

Material A

Kgs	5,400	Taken from Part B
Price per Kgs	(x) 42.00	Taken from the question
	€21,600	Closing stock raw materials

Material B

Kgs	3,600	Taken from the question
Price per Kgs	(x) €5.50	Taken from the question
	€19,800	Opening stock raw materials

Direct Materials		
Opening stock raw materials		
Material A	21,000	
Material B	20,000	41,000
Add Purchase of raw materials		
Material A	462,320	
Material B	721,408	1,183,728
Less Closing stock raw materials		
Material A	21,600	
Material B	19,800	(41,400)

NOTE - Remember to add these two figures together to get the total (21,600 + 19,800 = 41,400). Take the closing stock figure 41,400 away

Cost of raw materials consumer

An adjustment is needed here

1. To calculate the cost of raw materials consumer we use the following formula

Total figure for opening stock + total figure for purchases – total figure for closing stock

Direct Materials		
Opening stock raw materials		
Material A	21,000	
Material B	20,000	41,000
Add Purchase of raw materials		
Material A	462,320	
Material B	721,408	1,183,728.50
Less Closing stock raw materials		
Material A	21,600	
Material B	19,800	(41,400)
Cost of raw materials consumed		1,183,327.50

Direct Labour

An adjustment is needed here

1. We need to calculate the cost of the direct labour for making the 2 products (Use the units calculated in Part A)
2. To do this we will need a working using the information for raw material – skilled labour
3. The question says the following about raw materials

'The skilled labour rate is expected to be €12.00 per hour'

and

"both products use the same raw materials and skilled labour but in different quantities per unit as follows'

	Light	**Extra Light**
Material A	8 kgs	6 kgs
Material B	9 kgs	7 kgs
Skilled Labour	8 Hours	9 Hours

Taken from the question

Exam Tip - Make use to use hours needed (skilled Labour) and the labour rate per hour

Workings

Light

Budget production in units	11,935	Taken from Part A
Skilled hours needed	(x) 8	Taken from the question
	95,480	Hours needed
Skilled labour rate	(x) €12.00	Taken from the question
	1,145,760	

Extra Light

Budget production in units	3,450	Taken from Part A
Skilled hours needed	(x) 9	Taken from the question
	31,050	Hours needed
Skilled labour rate	(x) €12.00	Taken from the question
	372,600	

Direct Materials		
Opening stock raw materials		
Material A	21,000	
Material B	20,000	41,000
Add Purchase of raw materials		
Material A	462,320	
Material B	721,408	1,183,728.50
Less Closing stock raw materials		
Material A	21,600	
Material B	19,800	(41,400)
Cost of raw materials consumed		1,183,327.50
Direct Materials		
Cost of labour		
Light	1,145,760	
Extra Light	372,600	1,518,360

Variable Overheads

An adjustment is needed here

Remember - variable overhead means the more you produce a unit of a product the overheads to produce the product increase.

1. We need to calculate the total variable overheads for making the 2 products (Use the units calculated in Part A)
2. To do this we will still use the information for calculating labour cost but this time we will multiply by the variable rate instead of the skilled labour rate
3. The question says the following about variable overheads

'production overhead costs are expected to be:

Variable	€4.50	Per skilled labour hour
Fixed	€210,500	Per annum

Taken from the question

and

"both products use the same raw materials and skilled labour but in different quantities per unit as follows'

	Light	**Extra Light**
Material A	8 kgs	6 kgs
Material B	9 kgs	7 kgs
Skilled Labour	8 Hours	9 Hours

Taken from the question

Workings

Light

Budget production in units	11,935	Taken from Part A
Skilled hours needed	(x) 8	Taken from the question
	95,480	Hours needed
Skilled labour rate	(x) €4.50	Taken from the question
	429,660	

Exam Tip – This is the same working as the direct labour working except, we use the variable rate per skilled labour hour

Exam Tip – Make use to use hours needed (skilled Labour) and the variable rate per skilled labour hour

Extra Light

Budget production in units	3,450	Taken from Part A
Skilled hours needed	(x) 9	Taken from the question
	31,050	Hours needed
Skilled labour rate	(x) €4.50	Taken from the question
	139,725	

Direct Materials		
Opening stock raw materials		
Material A	21,000	
Material B	20,000	41,000
Add Purchase of raw materials		
Material A	462,320	
Material B	721,408	1,183,728.50
Less Closing stock raw materials		
Material A	21,600	
Material B	19,800	(41,400)
Cost of raw materials consumed		1,183,327.50
Direct Materials		
Cost of labour		
Light	1,145,760	
Extra Light	372,600	1,518,360
Variable Overheads		
Light	429,660	
Extra Light	139,725	569,385

Fixed Overheads

Take these figures from the question

1. These figures are taken straight from the question
2. The question says the following about fixed overheads

'production overhead costs are expected to be:

Variable	€4.50	Per skilled labour hour
Fixed	€210,500	Per annum

Taken from the question

3. We use the figure of €210,500 as the fixed overhead figure

Direct Materials		
Opening stock raw materials		
Material A	21,000	
Material B	20,000	41,000
Add Purchase of raw materials		
Material A	462,320	
Material B	721,408	1,183,728.50
Less Closing stock raw materials		
Material A	21,600	
Material B	19,800	(41,400)
Cost of raw materials consumed		1,183,327.50
Direct Materials		
Cost of labour		
Light	1,145,760	
Extra Light	372,600	1,518,360
Variable Overheads		
Light	429,660	
Extra Light	139,725	569,385
Direct Materials		
Fixed Overheads		210,500

Cost of manufacture

An adjustment is needed here

1. To calculate the cost of manufacture we add up the following totals – cost of raw material consumed + cost of labour + variable overheads + fixed overheads

1,183,327.50 + 1,518,360 + 596,385 + 210,500 = 3,481,572.50

Production cost/manufacturing budget for Crowley LTD for year ended 31/12/2015		
Direct Materials		
Opening stock raw materials		
Material A	21,000	
Material B	20,000	41,000
Add Purchase of raw materials		
Material A	462,320	
Material B	721,408	1,183,728.50
Less Closing stock raw materials		
Material A	21,600	
Material B	19,800	(41,400)
Cost of raw materials consumed		1,183,327.50
Direct Materials		
Cost of labour		
Light	1,145,760	
Extra Light	372,600	1,518,360
Variable Overheads		
Light	429,660	
Extra Light	139,725	569,385
Direct Materials		
Fixed Overheads		210,500
Cost of Manufacture		3,481,572.50

NOTE – Remember to include the heading – Production cost/manufacturing budget for Crowley LTD for year ended 31/12/2015

PART D

Part D is asking you to prepare a budget trading account but first you must calculate the closing stock value per unit for each product (Light and Extra Light). You will use the same headings as part C but we will be working out the figure per unit and NOT the total figure.

Cost Per Unit

The budget will look like the following

Tip – Use the headings from part C and remember it is per unit

Unit cost per unit closing stock			
	Product 1		Product 2
Direct Materials			
Material 1	x		x
Material 2	x		x
Direct Labour			
Cost of labour	x		x
Variable Overheads			
Variable Overhead	x		x
Fixed Overheads			
Fixed Overheads	x		x
Cost per unit	x		x

Direct Material

A calculation is needed here

1. To find out the figure per unit for direct materials we need to use how much is needed in kgs for material A and material B and multiply it by the cost of this material per Kg
2. The information that we need from the question will be as follows

' both products use the same raw materials and skilled lobour but in different quantities per unit as follows'

	Light	**Extra Light**
Material A	8 kgs	6 kgs

Material B	9 kgs	7 kgs
Skilled Labour	8 Hours	9 Hours

Taken from the question

And

'The expected price for raw materials during 2015 are'

Material A	€4.00 per kg
Material B	€5.50 per kg

Taken from the question

Workings

Light

Material A

Kgs per unit	8	Taken from question
Price per kg	(x) €4.00	Taken from question
	€32	

Material B

Kgs per unit	9	Taken from question
Price per kg	(x) €5.50	Taken from question
	€49.50	

Extra Light

Material A

Kgs per unit	6	Taken from question
Price per kg	(x) €4.00	Taken from question
	€24	

Material B

Kgs per unit	7	Taken from question
Price per kg	(x) €5.50	Taken from question
	€38.50	

	Light		Extra Light
Direct Materials			
Material A	32		24
Material B	49.50		38.50

Direct Labour

A calculation is needed here

1. To find out the figure per unit for direct labour we need to multiply the skilled hours needed by the skills hours rate
2. The information that we need from the question will be as follows

' both products use the same raw materials and skilled lobour but in different quantities per unit as follows'

	Light	Extra Light
Material A	8 kgs	6 kgs
Material B	9 kgs	7 kgs
Skilled Labour	8 Hours	9 Hours

Taken from the question

And

'The skilled labour rate is expected to be €12.00 per hour'

Tip – Remember to use the skilled labour hours for both products

Workings

Light

Skilled labour required	8	Taken from question
Skilled labour rate	(x) €12.00	Taken from question
	€96	

Deluxe

Skilled labour required	9	Taken from question
Skilled labour rate	(x) €12.00	Taken from question
	€108	

	Light		Extra Light
Direct Materials			
Material A	32		24
Material B	49.50		38.50
Direct Labour			
Cost of labour	96		108

Variable Overheads

A calculation is needed here

1. To find out the figure per unit for variable overhead we need to multiply the skilled hours needed by the variable overhead rate per product
2. The information that we need from the question will be as follows

' both products use the same raw materials and skilled lobour but in different quantities per unit as follows'

	Light	Extra Light
Material A	8 kgs	6 kgs
Material B	9 kgs	7 kgs
Skilled Labour	8 Hours	9 Hours

Taken from the question

And

'Production overhead costs are expected to be:'

Variable	€4.50	Per skilled labour hour
Fixed	€210,500	Per annum

Taken from the question

Tip – Remember to use the skilled labour hours for both products

Workings

Light

Skilled labour required	4	Taken from question
Variable rate per skilled labour hour	(x) €4.50	Taken from question
	€36	

Extra Light

Skilled labour required	9	Taken from question
Variable rate per skilled labour hour	(x) €4.50	Taken from question
	€40.50	

	Light		Extra Light
Direct Materials			
Material A	32		24
Material B	49.50		38.50
Direct Labour			
Cost of labour	96		108
Variable Overheads			
Variable Overhead	36		40.50

Fixed Overheads

A calculation is needed here

1. To find out the figure per unit for fixed overhead we need divide the figure for fixed overheads by the total hours needed to product a unit of Golden and Portland.
2. The information that we need from the question will be as follows

Production overhead costs are expected to be:'

Variable	€4.50	Per skilled labour hour
Fixed	€210,500	Per annum

Taken from the question

And

' both products use the same raw materials and skilled lobour but in different quantities per unit as follows'

	Light	Extra Light
Material A	8 kgs	6 kgs
Material B	9 kgs	7 kgs
Skilled Labour	8 Hours	9 Hours

Taken from the question

3. Remember the budget production in units will be taken from part A – Light 11,935 units and extra light 3,450 units

Note – The formula needed is

$$\frac{\text{Fixed overheads}}{\text{Total Hours}}$$

Tip – Total hours = budget production units * skilled labour

Working

Formula $\frac{\text{Fixed overheads}}{\text{Total Hours}}$

Total Hours per unit

Tip – Remember to use the skilled labour hours for both products

Light

Units required	11,935	Taken from Part A
Skilled labour	(*) 8	Taken form question
Total Hours needed	95,480	

Deluxe

Units required	3,450	Taken from Part A
Skilled labour	(*) 9	Taken from question
Total Hours needed	31,050	

Total hours required for Golden and Portland

95,480 + 31,050 = 126,530

Formula $\frac{\text{Fixed overheads}}{\text{Total Hours}}$

= $\frac{210{,}500}{126{,}530}$

Fixed Overhead per unit €1.66

Light

Tip – Remember to use the skilled labour hours for both products

Skilled Hours	8	Taken from question
Fixed Overhead per unit	(*) €1.66	Taken from above
Fixed overhead per unit	13.31	

Extra Light

Skilled Hours	9	Taken from question
Fixed Overhead per unit	(*) €1.66	Taken from above
Fixed overhead per unit	14.97	

	Light		Extra Light
Direct Materials			
Material A	32		24
Material B	49.50		38.50
Direct Labour			
Cost of labour	96		108
Variable Overheads			
Variable Overhead	36		40.50
Fixed Overheads			
Fixed Overheads	13.31		14.97

Cost per unit

Take the figures from the question

1. To calculate the cost per unit figure for Golden and Portland we add the following total figures – Direct materials + direct labour + variable overheads + fixed overheads

Unit cost per unit closing stock			
	Light		**Extra Light**
Direct Materials			
Material A	32		24
Material B	49.50		38.50
Direct Labour			
Cost of labour	96		108
Variable Overheads			
Variable Overhead	36		40.50
Fixed Overheads			
Fixed Overheads	13.31		14.97
Cost per unit	226.81		225.97

PART E

This is the theory part of the question and includes the following

(i) Explain the term 'Master Budget'

A Master Budget is a summary of all the other budgets and provides an overview of the operations for the planned period.

(ii) List the components of a Master Budget for a manufacturing firm

A Master Budget for a manufacturing firm consists of:

1. Budgeted manufacturing account
2. Budgeted trading account and profit and loss account
3. Budgeted balance sheet