**Master Budget**

**Name**

**Affiliation**

**Date**

It is a budget that provides a global plan for the next financial year. It is usually set at one year and must include the purpose of utility and the coordinated program to achieve it. It also consists of forecasting an uncertain future because when the budget or forecast is more accurate, the planning process that is set by the Company's top management will be better presented. The master budget is an outstanding model because of the features of its application and of positive outcomes, it is assessable and it ensures the return on investment. As an example, the leading social media company that is 'Facebook' designs its Master budget to forecast the future (Bragg, 2019).

The initial step of a Master Budget is the preparation of long-term goals by management staff, this process is called "strategic planning". The master budget guides the firm in the preferred route when the budget has been prepared, it aids as a valuable tool in adjusting costs. The first stage in developing the master budget is the forecast of sales, the process finishes with the calculation of the cash budget, budgeted earnings report, and the budgeted balance sheet (McFarlin, 2019).

It’s a need of the companies because it defines the basic aims of the firm and finds the authority and accountability for each division. It is suitable for the coordination of the activities of every unit of the company. Additionally, it eases the control of actions and lets the self-analysis of each and every period (Drtina & Hoeger, 2000).

I do not have a master budget because it’s more appropriate for companies as compared to personal life and I believe that the master budget is merely an estimation and cannot perfectly forecast the future.

## References

Bragg, S. (2019). Master budget. Retrieved from https://www.accountingtools.com/articles/2017/5/14/master-budget

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McFarlin, K. (2019). How to Prepare a Master Budget for a Business. Retrieved from https://smallbusiness.chron.com/prepare-master-budget-business-10293.html