

**Overview of Variance Analysis: August 1999**

Level 0	
Actual Gross Income	\$0
Budgeted Gross Income	\$0
Static budget variance	0

Level 1	Actual Results Given	Static Budget Variances	Static Master Budget
Units	120,000	20,000	100,000
Sales Revenue	625,200	115,200	510,000
Variable costs	360,120	(85,120)	275,000
Contribution margin	265,080	30,080	235,000

Level 2	Actual Results	Flexible Budget Variances	<u>1</u> Flexible Budget	Sales Volume Variance	Static Budget
Sales Revenue	\$625,200	\$3,600 <u>3</u>	\$ 621,600	\$111,600	\$510,000
Variable costs	(\$360,120)	(\$26,640) <u>4</u>	\$ (333,480)	(\$58,480)	(\$275,000)
Contribution margin	\$265,080	(\$23,040)	\$288,120	\$53,120 <u>2</u>	\$235,000
		Flexible budget variance		Sales volume variance	
		(\$30,080)			
		Static Budget Variance			

Level 3	
<u>3</u> Selling price variance	3,600
<u>4</u> Variable cost variances	(\$26,640)
Flexible budget variance	(23,040)

1 **Flexible Budget August 1999**      **Based on actual units sold times budgeted amounts per unit**

Income statement	ChChip	OatMRaisin	Coconut	W Choc	Mac Nut		
Actual units	57,600	18,000	9,600	13,200	21,600	120,000	
Product Mix	48%	15%	8%	11%	18%		<b>Total</b>
Standard price	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50	\$ 5.18	
Revenue [at standard prices]	\$259,200	\$90,000	\$52,800	\$79,200	\$140,400		\$ 621,600
Standard variable cost per unit	\$2.50	\$2.70	\$2.90	\$3.00	\$3.40	\$ 2.78	
Standard variable costs	144,000	48,600	27,840	39,600	73,440		\$ 333,480
Contribution margin	\$2.00	\$2.30	\$2.60	\$3.00	\$3.10	\$2.40	
Contribution margin	\$ 115,200	\$ 41,400	\$ 24,960	\$ 39,600	\$ 66,960	46.35%	\$ 288,120

16-27 Debbie's Delight Sol

3 Sales price variance

	Actual Sales Price	-	Budgeted Sales Price	x	Actual Sales Units	=	
ChChip	\$4.50	-	\$4.50	x	57,600	=	\$0
OatMRaisin	\$5.20	-	\$5.00	x	18,000	=	\$3,600
Coconut	\$5.50	-	\$5.50	x	9,600	=	\$0
W Choc	\$6.00	-	\$6.00	x	13,200	=	\$0
Mac Nut	\$6.50	-	\$6.50	x	21,600	=	\$0
Sales price variance							\$3,600
[or Total]	\$ 5.21	-	\$ 5.18	x	120,000	=	\$3,600

2 Sales volume variance

	Actual Sales Units	-	Budgeted Sales Units	x	Budgeted Individual Contribution Margin per unit	=	Sales Quantity variance	+	Sales mix variance	=	
ChChip	57,600	-	45,000	x	\$2.00	=	18,000	+	7,200	=	
OatMRaisin	18,000	-	25,000	x	\$2.30	=	11,500	+	(27,600)	=	
Coconut	9,600	-	10,000	x	\$2.60	=	5,200	+	(6,240)	=	
W Choc	13,200	-	5,000	x	\$3.00	=	3,000	+	21,600	=	
Mac Nut	21,600	-	15,000	x	\$3.10	=	9,300	+	11,160	=	
Sales volume variance						=	\$47,000	+	\$6,120	=	51,424 + 1,696

6 Sales quantity variance

	Actual total units sold	-	Budgeted total units sold	x	Budgeted sales mix Percent	x	Budgeted Individual Contribution Margin per unit	=	
ChChip	120,000	-	100,000	x	45.00%	x	\$2.00	=	\$18,000
OatMRaisin	120,000	-	100,000	x	25.00%	x	\$2.30	=	\$11,500
Coconut	120,000	-	100,000	x	10.00%	x	\$2.60	=	\$5,200
W Choc	120,000	-	100,000	x	5.00%	x	\$3.00	=	\$3,000
Mac Nut	120,000	-	100,000	x	15.00%	x	\$3.10	=	\$9,300
<u>6</u> Sales quantity variance									\$47,000
							Budgeted average		

