		Beginning	+	Produced	=	Ending	+	Sold	Change value
	Dollar value	$70,000	+	$220,000	=	$110,000	+	$180,000	$40,000
Finished		given		Plug		given		(from units)	
Goods	Units			1,100				900	
		Beginning	+	Purchased	=	Ending	+	Used	
	Dollar value	$4,000			=	$2,000			($2,000)
Raw		given				given		Plug	
Materials	Units	400	+	1,800	=	200	+	2,000	
									$38,000

Income statement	**Standard Absorption Costing**						
Revenue		900	×	$225.00			$202,500
Std full cost of goods sold		900	×	$200.00		$180,000	
	Materials	Price	variance		($3,600)		
	Materials	Efficiency	variance		$2,000		
	Labor	Price	variance		$2,400		
	Labor	Efficiency	variance		($6,000)		
Fixd Ovhd	Production Volume		variance		$10,000		
Variable	Overhead	Efficiency	variance		($2,000)		
Fixd Ovhd		Spending	variance		($5,000)		
Total Variances					($2,200)	$2,200	$182,200
Income							$20,300

Inventory change	$38,000
Cash flow	$17,700

NovoSimple Division Solution

Materials

Produced		Standard	=	Allowed
1,100		2	=	2,200

Actual Material Costs incurred: Actual Inputs × Actual Price		Flexible Budget: Actual Inputs Purchased	×	Standard Price Used		Flexible Budget: Standard inputs allowed for actual outputs ×Standard Price	
1,800 ×	$12.00	1,800 ×	$10.00	2,000 ×	$10.00	2,200 ×	$10.00)
	$21,600		$18,000		$20,000		$22,000
		($3,600)		$2,000		$2,000	
		Price variance		Inventory Decrease		Efficiency variance	

Labor

Produced	×	Standard	=	Allowed
1,100	×	4	=	4,400

Actual Labor Costs incurred: Actual Inputs ×Actual Price		Flexible Budget: Actual Inputs Purchased	=	× Standard Price Used	•	Flexible Budget: Standard inputs allowed for actual outputs ×Standard Price+N65	
(4,800	$14.50)	4,800	$15.00)			4,400	$15.00)
	$69,600		$72,000				$66,000
		$2,400				($6,000)	
		Price variance				Efficiency variance	

Overhead

Produced	×	Standard	=	Allowed
1100	×	4	=	4,400

Actual Overhead Costs incurred:		Flexible Budget: Actual Inputs × Budgeted Rate		Flexible Budget: Standard inputs allowed for actual outputs × Budgeted Rate		Applied Standard inputs allowed for actual outputs × Budgeted Rate	
Variable overhead		4,800 ×	$5.00	4,400 ×	$5.00	4,400 ×	$30.00
			$24,000		$22,000		$132,000
Fixed Overhead		Lump sum budget	$100,000	Lump sum budget	$100,000		
Total	$129,000		$124,000		$122,000		$132,000
		($5,000)		($2,000)		$10,000	
		Spending variance		Efficiency variance		Production volume variance	