A. MATERIAL VARIANCES

	1	2	3	4
Qty.	SQ	RSQ	AQ	AQ
Price	SP	SP	SP	AP
Mat. A				
Mat. B				
1-2	Material **Yield** Variance			
2-3	Material **Mix** Variance			
3-4	Material **Price** Variance			
1-4	**Total material Variance**			

Note:

1. *SQ – Standard Quantity for actual production*
2. *RSQ – AQ total in SQ proportion*

B. LABOUR VARIANCES

1. When there is only one type of labour

	1	2	3	4
Hours	SH	AHW	AHP	AHP
Rate	SR	SR	SR	AR
1-2	Labour **Efficiency** variance			
2-3	Labour **Idle Time** Variance			
3-4	Labour **Rate** Variance			
1-4	**Total Labour Cost Variance**			

2. When there are more than one type of Labour

	1	2	3	4	5
Hours	SH	RSH	AHW	AHP	AHP
Rate	SR	SR	SR	SR	AR
Type - A					
Type - B					
1-2	Labour **Efficiency** variance				
2-3	Labour **Gang** Variance				
3-4	Labour **Inefficiency** Variance				
4-5	Labour **Rate** Variance				
1-5	**Total Labour Cost Variance**				

Note:

1. *SH – SH for AP*
2. *RSH - AHW total in SH proportion*

C. OVERHEAD VARIANCES

1. VARIABLE OVERHEAD

a. *Variances here refer to difference in absorbed and actual*
b. *Variances are calculated on basis of hours because, in general overheads are absorbed on basis of machine hours or labour hours*

	1	2	3
Hours	SH	AHW	AHP
Rate	SR	SR	SR
1-2	VOH **Efficiency** variance		
2-3	VOH **Rate** Variance		
1-3	**Total VOH Cost Variance**		

2. FIXED OVERHEAD VARIANCE

a. *Fixed OH are Period costs*
b. *They are absorbed based on budgeted activity. Hence budgeted hours also to be calculated in addition to standard hours*
c. *BH – BH for budgeted production*
   SH – SH for actual production

$$\text{RBH} = \frac{\text{Budgeted Hours x Actual Period}}{\text{Budgeted Period}}$$

	1	2	3	4	5
Hours	BH	RBH	AH	SH	AH
Rate	BR	BR	BR	BR	AR
2-1	FOH **Calendar** Variance				
3-2	FOH **Capacity** Variance				
4-3	FOH **Efficiency** Variance				
4-1	**FOH Volume Variance**				
1-5	FOH **Expenditure** Variance				
4-5	**FOH Cost Variance**				

D. SALES VARIANCE

	1	2	3	4
Qty.	BQ	RBQ	AQ	AQ
Price	BP	BP	BP	AP
2-1	Sales **Quantity** Variance			
3-2	Sales **Mix** Variance			
3-1	Sales **Volume** Variance			
4-3	Sales **Price** Variance			
4-1	**Sales Value Variance**			

E. SALES MARGIN VARIANCE

	1	2	3	4
Qty.	BQ	RBQ	AQ	AQ
Price	BP	BP	BP	AP
2-1	Sales **Margin** Variance			
3-2	Sales **Margin Mix** Variance			
3-1	Sales **Margin Volume** Variance			
4-3	Sales **Margin Price** Variance			
4-1	**Sales Margin Value Variance**			

RECONCILIATION

ALTERNATIVE RECONCILIATION STATEMENT

Budgeted Sales
Less: Standard Variable Cost
Budgeted Contribution
Sales Margin Variance
Price
Volume
Variable Cost Variance
Material
Price
Usage
Wages
Rate
Efficiency
VOH
Expenditure
Efficiency

Less: Fixed Cost
Budgeted
Expenditure Variance

Actual Profit

RECONCILIATION STATEMENT

Budgeted Profit

Less: Sales Margin Price Variances (A)
Sales Margin Volume Variance (A)
Adjustment for Cost Variances

	Adverse	Favourable
Material		
Price		
Usage		
Wages		
Rate		
Efficiency		
VOH		
Rate		
Efficiency		
FOH		
Capacity		
Efficiency		
Expenditure		

Actual Profit