Standard Costing

Formulae

Total Profit Variance

- **Selling Price Variance**
- **Profit/Sales Margin Volume Variance**
- **Total Cost Variance**
  - **Material cost Variance**
    - **MPV**
    - **MUV**
      - **MMV**
      - **MS-UV**
  - **Labour Cost Variance**
    - **LRV**
    - **LEV**
      - **LMV**
      - **IDLE TIME**
      - **LS-EV**
  - **Variable o/h Variance**
    - **Exp.**
    - **Eff.**
  - **Fixed o\h cost Variance**
    - **Bugdet**
    - **Volume**
      - **Calender**
      - **Capcity**
      - **Idle Time**
      - **Efficiency**

<u>Sales Variances</u>

1. **Total Sales Varianc** **= Actua;l sales - Standard Sales**
2. **Selling Price Variance** **= AQ Sold (Act. SP - Std. SP)**
3. **Sales Volume Variance** **= Std. Sp (AQ Sold - SQ Sold)**
4. **Sales Mix Variance** **= Std.SP (AQ sold in – AQ sold in)**
   Act. Ratio Std. Ratio
5. **Sales Sub-Qty. Variance** **= Std. Avg. SP (Total AQ sold- Total SQ)**

Profit Variances

1. **Total Profit Variance** = **Actual Profit For the month -- Standard profit for the month**

2. **Selling Price Variance** = **AQ sold (ASP – SSP)**

3. **Sales Margin Volume Variance** = **Std. Profit per unit (AQ sold -- SQ sold)**

4. **Total Cost Variance** = **Total std. cost for Actual Production -- Total Actual Costs for Actual Production**

Material Varinaces

1. **Material Cost variance** = **StandardCost - Actual; Cost**
2. **Material Price Variance** = **Actual Qty. (Std. Price _ Actual price)**
3. **Material Usage Variance** = **Std Price (Std Qty. – Actual Qty.)**
4. **Material Mix Variance** = **Std Price (Actual Qty in.Std.Ratio - Actual Qty. in Std. Ratio)**
5. **Material Sub-Usage Variance** = **Avg. Std Price (Total Std. Qty. – Total Actual Qty.)**

Labour Variances

1. **Labour Cost Variance** = **Std. Cost - Actual Cost**
2. **Labour Rate Variance** = **Actual Hrs. (Std Rate – Act. Rate)**
3. **Labour Efficiency Variance** = **Std. Rate (Std. Hrs - Actual Hrs.)**
4. **Labour Idle Time Variance** = **Std Rate X Idle Time**
5. **Labour Mix Variance** = **Std Rate (Actual Hrs in.Std.Ratio - Actual Hrs. in Std. Ratio)**

6. .**Labour Sub-efficiency Variance** = **Avg. Std Rate (Total Std. Hrs. – Total Actual Hrs..)**

Variabla Overhead Variance

1. **Variable o/h variance** = **Std. Cost – Actual Cost**
2. **Variable Expenditure Variance** = **Actual Hrs. (Std Rate – Act. Rate)**
3. **Variable Efficiency Variance** = **Std. Rate (Std. Hrs - Actual Hrs.)**

Fixed Overhead Variances

Notes

- **Recovery rate/ unit = Budgeted Foh / Budgeted Units**
- **Recovery rete / hour = Budgeted Foh/ Budgeted Hours**
- **Recovery rate/ Day = Budgeted Foh/ Budgeted Days**
- **Recovered Foh = RR/unit X Actual Units**
- **Std. hours for actual production**
- **Budgeted hours in actual days**
- **Idle time**

1. **Fixed o/h cost variance =Recovered Foh – Actual Foh**
2. **Fixed o/h Budg. Variance = Budgeted Foh – Actual Foh**
3. **Fixed o/h Volume Variance =Recovered Foh – Budgeted Foh**
4. **Capacity Variacne = RR/hr (Act. Hrs – Budg. Hrs in Act.l Days)**
5. **Calender Variance = RR/Day (Days lost / gain)**
6. **Idle Time Variance = RR/Hr X Idle Time**
7. **Fixed Efficiency Variance = RR/Hr (Std. hrs for Act. Prod.–Actual Act. Hrs.)**