Standard Costing

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Total profit variance

= Budgeted profit − Actual profit

= (BQ × SPPU) − (AQ Sold × APPU)

−Ve ⇒ Favourable

Profit Price variance = AQ (SPPU − APPU)

−Ve ⇒ Favourable

- **Sales price variance**
  - AQ (SSP − ASP)
  - −Ve ⇒ Favourable
  - **Sales value**
    - (SQ × SSP) − (AQ × ASP)
    - −Ve Favourable
  - **Sales Volume**
    - SSP (BQ − AQ) −Ve ⇒ Favourable
    - **Market size**
      - SSP [BMShare (BMS − AMS)]
    - **Market share**
      - SSP [AMS (BMShare − AMshare)]
- **Cost price variance**
  - AQ (SCP − ACP)
  - +Ve ⇒ Favourable
  - **Material cost**
    - (SQ × SP) − (AQ × AP)
    - **Material price**
      - AQ (SP − AP)
    - **Material usage**
      - SP (SQ − AQ)
      - **Material mix**
        - SP (SM − AM)
        - SM → Revised in Std proportion; AM → AQ
      - **Material sub usage**
        - SP (SQ − SM)
  - **Labour cost (with Idle time)**
    - (SH × SR) − (AH × AR)
    - **Labour Rate**
      - AHP (SR − AR)
    - **Labour Efficiency**
      - SR (SH − AHP)
      - **Labour Idle time**
        - SR (AHP − AHW)
        - Always Adverse
      - **Labour mix / gang**
        - SR (SM − AM)
        - SM → Revised in Std proportion; AM → AH
      - **Labour Sub Efficiency**
        - SR (SH − SM)
  - **VOH cost**
    - (SRR/unit × AO) − AOH
    - SRR/unit = $\frac{BOH}{BO}$
    - SRR/hr = $\frac{BOH}{BH}$
    - **VOH Expenditure/Budget**
      - (SRR/hr × AH) − AOH
    - **VOH Efficiency**
      - SRR/hr (SH − AH)
  - **FOH cost** = (SRR/unit × AO) − AOH
    - **FOH Budget/Expenditure**
      - BOH − AOH
    - **FOH volume (output Based)**
      - SRR/unit (BO − AO)
      - **Calender Variance**
        - (No. of working days)
        - SRR/day (BWD − AWD)
      - **Capacity variance (Hours based)**
        - SRR/hr (BH − AH)
        - SRR/hr (BH for BWD − AH for AWD)
      - **FOH Efficiency**
        - SRR/hr (SH − AH)
    - −Ve ⇒ Favourable

Profit volume Variance = SPPU (BQ − AQ)

−Ve ⇒ Favourable

- **Profit mix Variance**
  - SPPU (SM − AM)
  - SM → Revised in Std propn; AM → AQ
  - −Ve ⇒ Favourable
- **Profit Quantity Variance**
  - SPPU (BQ − SM)
  - −Ve ⇒ Favourable