MATERIAL VARIANCES

TYPES

Material Cost Variance

- Material Price Variance
  or Material Rate Variance
- Material Quantity Variance
  or Material Usage Variance
  - Material Mix Variance
  - Material Yield Variance

CALCULATION

1	2	3
SQ × SR	AQ × SR	AQ × AR
x x x	x x x	x x x

Material Quantity Variance
1 − 2

Material Price Variance
2 − 3

Material Cost Variance
1 − 3

where,

SQ = Standard quantity of Raw Material required for actual output

SR = Standard Price | Rate per unit of raw material

AQ = Actual quantity of Raw Material used

AR = Actual Price | Rate per unit of raw material