Chapter 12

E12.7 Flowbynight

	Budget	Flexed	Actual
Units	4,000	4,750	4,750
	£	**£**	**£**
Sales	360,000 4,000 x £90	427,500 4,750 x £90	408,500 4,750 x £86
Materials	164,000 4,000 x £17.50 4,000 x £23.50	194,750 4,750 x £17.50 4,750 x £23.50	181,921 4,765 x £17.80 4,760 x £20.40
Labour	80,800 4,000 x 0.5 x £10 4,000 x 1.9 x £8	95,950 4,750 x 0.5 x £10 4,750 x 1.9 x £8	94,050 4,750 x 0.6 x £10.50 4,750 x 1.8 x £7.50
Overhead	71,000	71,000	68,000
Profit	44,200	65,800	64,529

E12.8 Flowbynight

(i)	Budget	Flexed	Actual		Variances
Units	4,000	4,750	4,750		
	£	**£**	**£**		**£**
Sales	360,000 4,000 x £90	427,500 4,750 x £90	408,500 4,750 x £86	sales price 4,750 x £4	19,000A
Materials	164,000 4,000 x £17.50 4,000 x £23.50	194,750 4,750 x £17.50 4,750 x £23.50	181,921 4,765 x £17.80 4,760 x £20.40	materials 4,765 x £0.30 = 1,430A 15 x £17.50 = 262A 4,760 x £3.10 = 14,756F 10 x £23.50 = 235A	12,829F
Labour	80,800 4,000 x 0.5 x £10 4,000 x 1.9 x £8	95,950 4,750 x 0.5 x £10 4,750 x 1.9 x £8	94,050 4,750 x 0.6 x £10.50 4,750 x 1.8 x £7.50	labour 4,750 x 0.1 x £10 = 4,750A 4,750 x 0.6 x £0.50 = 1,425A 4,750 x 0.1 x £8 = 3,800F 4,750 x 1.8 x 0.50 = 4,275F	1,900F
Overhead	71,000	71,000	68,000	overhead £71,000 - £68,200	3,000F
Profit	44,200	65,800	64,529		
Volume variance	budget profit	- flexed budget		sales volume	21,600F
				Total variances	20,329F

		£	£
Budget profit			44,200
Sales variances			
Price		19,000A	
Volume		21,600F	2,600F
Materials			
Price	RB1	1,430A	
	RB2	14,756F	
Quantity	RB1	262A	
	RB2	235A	12,829F
Labour			
Rate	Testers	1,425A	
	Operators	4,275F	
Efficiency	Testers	4,750A	
	Operators	3,800F	1,900F
Overhead			3,000F
Actual profit			64,529

(ii) You should refer to the relevant sections in Chapter 12 to check your possible reasons for variances.