

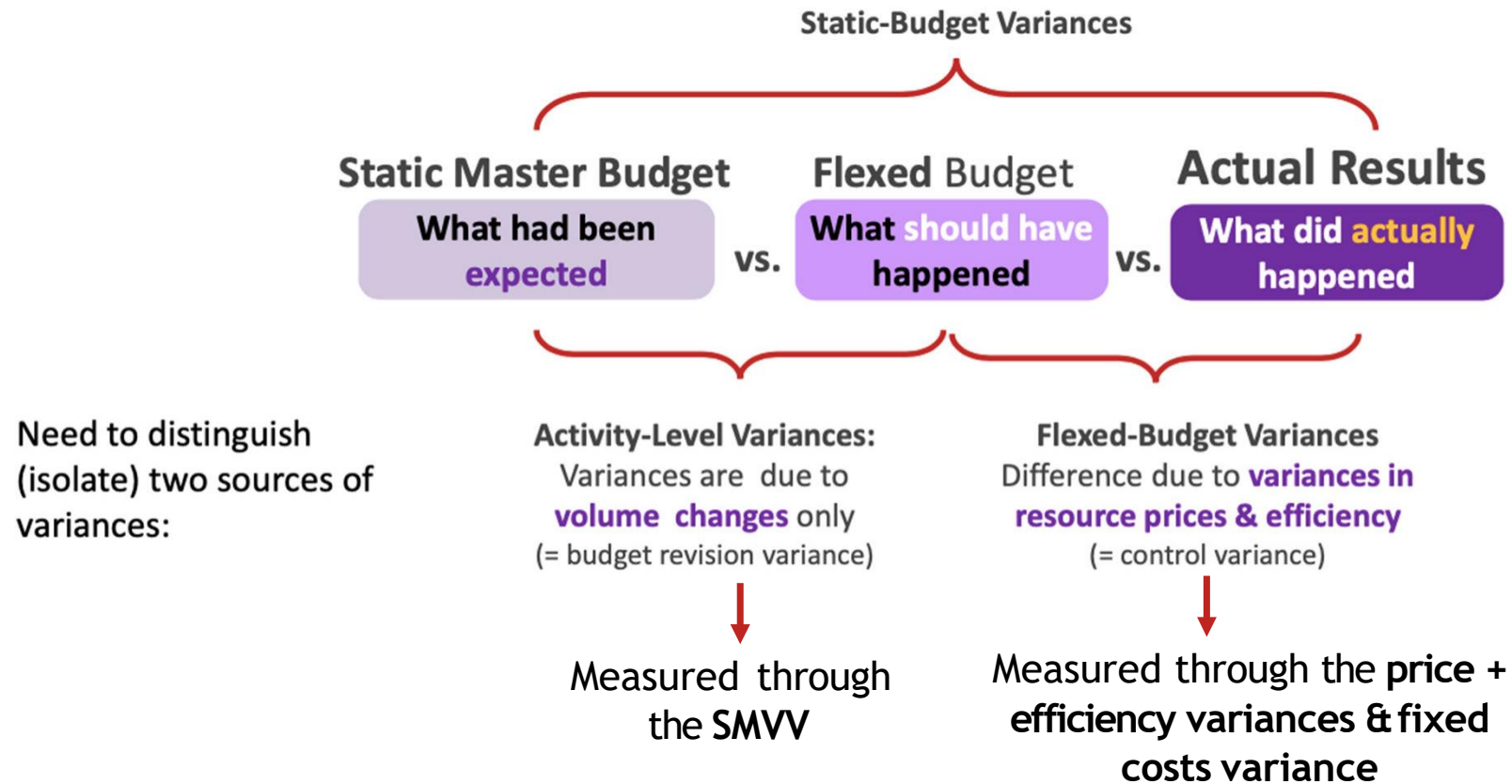


Management Accounting

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Practical Class #21



- $CM\ Budget + SMVV = CM\ Flex \Leftrightarrow PBT\ Budget + SMVV = PBT\ Flex$
- $CM\ Flex + Price\ Variances + Efficiency\ variances = CM\ Actual$
- $PBT\ Flex + Price\ Variances + Efficiency\ variances + FC\ Variance = PBT\ Actual$
- $PBT\ Budget + ALL\ Variances = PBT\ Actual$

Example:

- $DM\ costs\ Flex - DM\ costs\ Actual = DM\ price\ variance + DM\ efficiency\ variance$

Planning & Control– Variance Analysis

1ST STEP

Price Variances → $(\text{Price} - \text{Price}) * \text{Actual Quantity}$

Usage/Volume/Efficiency Variances → $(\text{Quantity} - \text{Quantity}) * \text{Budgeted Price}$

2ND STEP

Sales Related → Actual – Budgeting

Costs Related → Budgeting – Actual

- If **Cost Usage/Volume/Efficiency Variance** (e.g.: DM usage variance), we use the **quantity budgeted needed to produce the actual quantity --> quantity on flex budget**

Other important formula:

- **Sales Margin Volume Variance** = $(\text{Actual Quantity} - \text{Budgeted Quantity}) * \text{CM/unit Budgeted}$

	Actual P&L	Flexible P&L	Static P&L
	(38 000 * 0,95€)	(38 000 * 1€)	(40 000 * 1€)
Sales	36 100€	38 000€	40 000€
	(105 000 * 0,084€)	(2,5 * 38 000 * 0,08€)	(2,5 * 40 000 * 0,08€)
- Fuel	-8 820€	-7 600€	-8 000€
	(105 000 * 0,048€)	(2,5 * 38 000 * 0,05€)	(2,5 * 40 000 * 0,05€)
- Variable OH	-5 040€	-4 750€	-5 000€
CM	22 240€	25 650€	27 000€
	(9 * 1066,(6)€)		(10 * 1 000€)
- Wages	-9 600€	-10 000€	-10 000€
- Fixed OH	-9 300€	-9 000€	-9 000€
Operating Profit	3 340€	6 650€	8 000€