Variance Analysis Document

1. Document Details

Document Title	Variance Analysis - Project ABC, Q2 2024
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2. Executive Summary

This document provides an overview and analysis of significant variances observed between the budgeted and actual results for Project ABC during Q2 2024. Key drivers for these variances and suggested corrective actions are discussed below.

3. Variance Table

Account/Item	Budgeted Amount	Actual Amount	Variance	% Variance	Reason/Comments
Revenue	$200,000	$180,000	-$20,000	-10%	Lower sales due to delayed campaign
Cost of Goods Sold	$120,000	$115,000	-$5,000	-4.2%	Efficiency in procurement
Operating Expenses	$40,000	$50,000	+$10,000	+25%	Unexpected equipment repairs
Net Profit	$40,000	$15,000	-$25,000	-62.5%	Impact of revenue shortfall and higher expenses

4. Detailed Analysis

Revenue

Revenue was below budget due to a delay in launching the planned marketing campaign, resulting in reduced client acquisition.

Cost of Goods Sold

Procurement efficiencies and favorable supplier terms contributed to a lower-than-budgeted cost of goods sold.

Operating Expenses

Higher operating expenses were incurred as a result of unexpected equipment repairs and maintenance.

Net Profit

The combined effect of lower revenue and higher operating expenses significantly impacted net profit performance.

5. Corrective Actions

- Reschedule and expedite marketing activities to recover lost sales.
- Review and control discretionary spending on operations.
- Implement preventive maintenance to avoid future repair costs.

Important Notes

- Variance Analysis helps identify deviations from budget and supports informed management decisions.
- It is essential to investigate significant variances to determine root causes.
- Corrective actions should be documented and tracked for future performance improvement.
- Consistency in variance calculation methods ensures comparability over time.