

Variance Analysis Report

Prepared By: _____
Date: _____
Reporting Period: _____

1. Executive Summary

This report provides an analysis of variances between actual and budgeted/forecasted results for the specified reporting period. The key areas of concern, explanation for variances, and recommended actions are discussed below.

2. Variance Analysis Table

Account/Item	Budget/Forecast	Actual	Variance	% Variance	Comments/Explanation
Revenue	\$100,000	\$92,000	-\$8,000	-8.0%	Lower sales due to market slowdown
Cost of Goods Sold	\$60,000	\$55,000	-\$5,000	-8.3%	Supplier discounts realized
Operating Expenses	\$20,000	\$25,000	+\$5,000	+25.0%	Unexpected repairs & maintenance
Net Income	\$20,000	\$12,000	-\$8,000	-40.0%	See above details

3. Major Variance Explanations

- **Revenue:** Decrease primarily due to unexpected drop in customer demand.
- **Operating Expenses:** Increased due to unplanned equipment repairs and urgent maintenance tasks.
- **Cost of Goods Sold:** Positive variance achieved by securing additional discounts from vendors.

4. Suggested Actions

- Strengthen sales initiatives to recover lost revenue in upcoming periods.
- Implement stricter controls and preventive maintenance to manage operating expenses.
- Negotiate continued supplier discounts to maintain cost benefits.

Important Notes About Variance Analysis Reports

- Variance analysis highlights key financial differences between actual and expected results.
- It is essential for identifying operational issues and improving forecasting accuracy.
- Consistent, transparent explanations support management decision-making.
- Timely variance reporting allows for swift corrective actions.