

Variance Analysis Report

Date: June 30, 2024

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Summary

This report presents a detailed analysis of the variances observed between the budgeted and actual figures for the period ending June 30, 2024. The objective is to identify the main causes of significant variances and suggest appropriate actions.

Variance Table

Account	Budgeted Amount	Actual Amount	Variance	% Variance	Remarks
Sales Revenue	\$120,000	\$110,000	-\$10,000	-8.3%	Lower demand than forecasted
Cost of Goods Sold	\$60,000	\$59,000	-\$1,000	-1.7%	Efficient cost management
Operating Expenses	\$25,000	\$28,000	+\$3,000	+12.0%	Unplanned repairs
Net Profit	\$35,000	\$23,000	-\$12,000	-34.3%	Combination of above factors

Key Variance Explanations

Sales Revenue: Actual sales fell short primarily due to weaker than expected market demand in the northern region.

Operating Expenses: Overrun due to unplanned equipment maintenance and repair expenses.

Net Profit: Lower sales coupled with higher expenses led to reduced profitability.

Recommendations

- Review sales forecasts and adjust targets for the next period.
- Implement more stringent maintenance schedules to anticipate equipment issues.
- Review expense approvals to control unplanned expenditures.

Important Notes

- This report aims to highlight material variances and their causes.
- All figures should be cross-checked with source documentation.
- Recommendations are actionable and should be tracked for effectiveness.
- Variance analysis is a key tool for correcting course and strategic planning.