

Variance Analysis Statement

Company Name: Sample Company Ltd.

Period: January 2024

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Date: 02 February 2024

Summary Table

Account/Item	Budgeted	Actual	Variance	% Variance	Remarks
Sales Revenue	100,000	92,500	-7,500	-7.5%	Actual sales below target
Cost of Goods Sold	60,000	57,000	-3,000	-5.0%	Lower cost due to discounts from supplier
Gross Profit	40,000	35,500	-4,500	-11.3%	Impact from lower sales
Operating Expenses	20,000	22,500	+2,500	+12.5%	Unexpected repairs and maintenance
Net Profit	20,000	13,000	-7,000	-35.0%	Mainly due to lower revenue

Analysis & Comments

The overall net profit for January 2024 is significantly below budget, mainly due to a shortfall in sales revenue and increased operating expenses. While cost of goods sold decreased favorably, the savings were insufficient to offset the combined negative variances from revenue and expenses. The maintenance costs were unexpectedly high due to urgent equipment repairs.

Important Notes

- Variance analysis highlights areas where actual performance deviates from budgeted figures.
- This document helps management identify root causes of variances and take corrective action.
- Regular analysis improves budgeting process and operational efficiency.
- All assumptions and exceptional events affecting actual results should be documented clearly.
- Consistent variance monitoring strengthens financial discipline and accountability.