

Monthly Profit and Loss Variance Analysis

Company: Sample Industries Ltd.

Month Ended: May 31, 2024

Prepared by: Finance Department

Summary Table

| Account | Actual This Month | Budget | Variance | Variance % | Notes |
|--------------------|-------------------|---------|----------|------------|-------------------------------------|
| Revenue | 120,000 | 115,000 | 5,000 | +4.3% | Increased sales in new product line |
| Cost of Goods Sold | 68,000 | 66,000 | 2,000 | +3.0% | Higher raw material prices |
| Gross Profit | 52,000 | 49,000 | 3,000 | +6.1% | |
| Operating Expenses | 22,000 | 20,500 | 1,500 | +7.3% | Higher marketing spend |
| Net Profit | 30,000 | 28,500 | 1,500 | +5.3% | |

Key Variance Explanations

- **Revenue:** Surpassed budget due to strong demand in the new product category, with favorable seasonal effects.
- **COGS:** Increased in line with overall sales but also impacted by a 5% rise in material costs compared to the budget.
- **Operating Expenses:** Over-budget primarily due to one-time marketing initiatives launched mid-month.
- **Net Profit:** Improvement over budget driven by higher revenue, despite increased costs.

Important Notes

- This document should be reviewed monthly by both finance and management for informed decision making.
- Significant variances (typically >5%) should be investigated and explained.
- Consistent structure aids comparison and trend analysis across periods.
- Clearly state all assumptions and any one-off factors affecting results.