

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.