

# Sales Variance Analysis

## تحليل انحراف المبيعات

### Learning Objectives

1. Understand static budgets and static-budget variances.
2. Calculate flexible-budget variances and sales-volume variances .
3. Calculate sales size & market share variances.
4. Subdivide the sales-volume variance into the sales-mix variance and the sales-quantity variance .

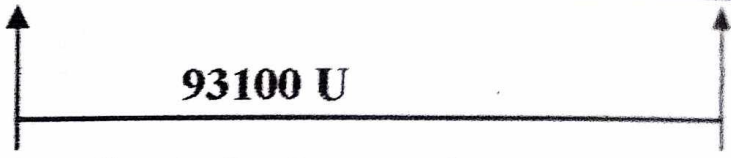
In the second chapter, the fixed budget and the flexible budget were discussed and each was prepared to reflect its role in achieving control over the elements of costs and the level of inputs and the focus was on factory overhead costs. In this chapter, the subject of the two budgets will be expanded in two terms of their role in evaluating the operational performance of the economic unit starting from sales revenue to operating income. As a result, the evaluation process will result in a variance which represents the difference between the actual results and the budget figures. This variance can be analyzed into its components Quality required. In order to shed more attention on the subject, we take the first example, which data below is related to an industrial company, and the beginning will be under the assumption that the company produces and sells only one product, the jacket and that all the units that have been produced from the jackets have been sold and there is no inventory at the beginning or the end of the period.

Schedule (8-1)  
**Variance Analysis for the manufacturing Webb Company  
 for April 2011**

مستوى التحليل

نوعية

Level 1 Analysis	Actual Data 1	Static Budget Variances 1-3-2	Static Budget 3
Units sold	10 000	2000 U	12 000
Revenues	1 250 000	190 000 U	1 440 000
Variable costs			
Direct materials	621 600	98400 F	720 000
Direct manufacturing labor	198 000	6000 U	192 000
Variable manufacturing overhead	130 500	13500 F	144 000
Total variable costs	950 100	105900 F	1 056 000
Contribution margin <i>حاشية مبيعات</i>	299 900	84100 U	384 000
Fixed costs	285 000	9000 U	276 000
Operating income <i>دخل تشغيل</i>	14 900	93100 U	108 000



**Static-budget variance**

حقوق السوال التالية 285000

It is clear from Schedule (1-8) that the static budget variance that is unfavorable for the operating income of (\$93100) can be calculated by subtracting the operating income according to the static budget (\$ 108000) from the actual operating income of (\$ 14900).

The analysis in Schedule (8-1) provides managers with additional information on the static budget variance for operating income of \$93,100 U. The more detailed breakdown indicates how the line items that comprise operating income—revenues, individual variable costs,

الخطوة 2 : تحديد الإيرادات وفق الموازنة المرنة على أساس سعر بيع مخطط وكمية المخرجات الفعلية.

$$\text{Flexible-budget revenues} = \$120 \text{ per jacket} * 10,000 \text{ jackets} = \$1,200,000$$

**Step 3: Determine the costs according to the flexible budget based on the budgeted variable cost of the unit, the Actual Quantity of Output, and the budgeted fixed costs.**

الخطوة 3 : تحديد التكاليف وفق الموازنة المرنة على أساس الكلفة المتغيرة للوحدة المخططة طبقاً للموازنة ، كمية المخرجات الفعلية ، والتكاليف الثابتة المخططة طبقاً للموازنة .  
كلف متغيرة طبقاً للموازنة المرنة

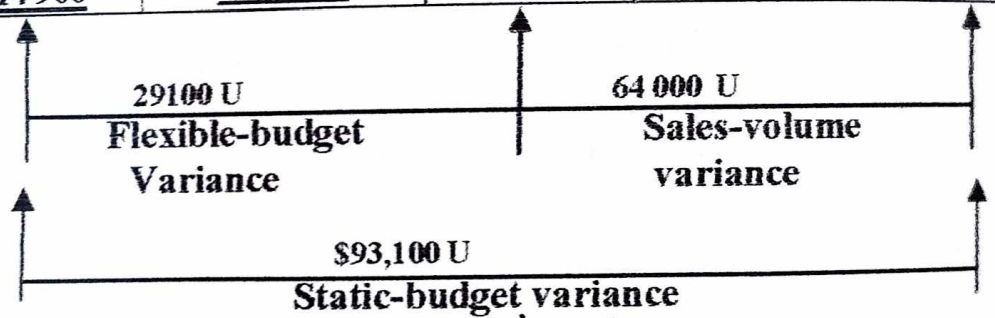
<b>Flexible-budget variable costs</b>	
<b>Direct materials, \$60 per jacket * 10,000 jackets</b>	<b>\$ 600,000</b>
<b>Direct manufacturing labor, \$16 per jacket * 10,000 jackets</b>	<b>160,000</b>
<b>Variable manufacturing overhead, \$12 per jacket * 10,000 jackets</b>	<b>120,000</b>
<b>Total flexible-budget variable costs</b>	<b><u>880,000</u></b>
<b>Flexible-budget fixed costs</b>	<b>276,000</b>
<b>Flexible-budget total costs</b>	<b><u>\$1,156,000</u></b>

These three steps enable Webb to prepare a flexible budget, as shown in Schedule (8-2), column( 3). The flexible budget allows for a more detailed analysis of the \$93,100 unfavorable static-budget variance for operating income.

وهذه الخطوات الثلاث تمكن الشركة من اعداد الموازنة المرنة الموضحة في الجدول (8-2) ، العمود (3) . وتسمح الموازنة المرنة بإجراء تحليل أكثر تفصيلاً لانحراف الموازنة الساكنة غير الملانم للدخل التشغيلي والبالغ (\$93100).

Schedule (8-2)  
**Level 2 Flexible-Budget-Based Variance Analysis for Webb Company  
 for April 2011**

Level 2 Analysis	Actual Data	Flexible Budget	Flexible Budget	Sales volume	Static
	1	Variances 2=1-3	3	Variances 4=3-5	Budget 5
Units sold	10 000	0	10 000	2000 U	12 000
Revenues	1 250 000	50 000 F	1 200 000	240 000 U	1 440 000
<b>Variable costs:</b>					
Direct materials	621 600	21600 U	600 000	120 000 F	720 000
Direct manufacturing labor	198 000	38000 U	160000	32000 F	192 000
Variable manufacturing overhead	130500	10500 U	120000	24000 F	144 000
<b>Total variable costs</b>	<b>950 100</b>	<b>70 100 U</b>	<b>880 000</b>	<b>176 000 F</b>	<b>1 056 000</b>
Contribution margin	299 900	20 100 U	320 000	64 000 U	384 000
Fixed costs	285 000	9 000 U	276 000	0	276 000
<b>Operating income</b>	<b>14 900</b>	<b>29 100 U</b>	<b>44 000</b>	<b>64 000 U</b>	<b>108 000</b>



انحراف الموازنة الساكنة

Schedule (8-2) shows that the variance of the static budget is analyzed into two variances: a flexible-budget variance of (\$29,100 U) and a sales-volume variance of (\$64,000 U). **The sales-volume variance** is the difference between a flexible-budget amount and the corresponding static-budget amount. **The flexible-budget variance** is the difference between an actual result and the corresponding flexible-budget amount.

يتضح من الجدول (8-2) ان انحراف الموازنة الساكنة يحلل الى انحرافين وهما : انحراف الموازنة المرنة (29100 غ.م.) وانحراف حجم المبيعات