



Advanced Higher Accounting

Formulae Sheet for Variance Analysis

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Total Material Cost Variance	$(\text{Standard Quantity for Production} \times \text{Standard Price}) - (\text{Actual Quantity used} \times \text{Actual Price})$
Material Price Variance	$(\text{Standard Price} - \text{Actual Price for Unit}) \times \text{Actual Quantity used}$
Material Usage Variance	$(\text{Standard Quantity for Production} - \text{Actual Quantity used}) \times \text{Standard Price}$
Total Labour Cost Variance	$(\text{Standard Rate} \times \text{Standard Hours for Production}) - (\text{Actual Rate} \times \text{Actual Hours worked})$
Labour Rate Variance	$(\text{Standard Rate} - \text{Actual Rate}) \times \text{Actual Hours worked}$
Labour Efficiency Variance	$(\text{Standard Hours for Production} - \text{Actual Hours worked}) \times \text{Standard Rate}$
Variable Overhead Cost Variance	$(\text{Standard Hours for Production} \times \text{Variable Overhead Absorption Rate}) - \text{Actual Variable Overhead Cost}$
Variable Overhead Expenditure Variance	$(\text{Actual Hours worked} \times \text{Variable Overhead Absorption Rate}) - \text{Actual Variable Overhead Cost}$
Variable Overhead Efficiency Variance	$(\text{Standard Hours for Production} - \text{Actual Hours worked}) \times \text{Variable Overhead Absorption Rate}$
Fixed Overhead Cost Variance	<ol style="list-style-type: none"> $(\text{Standard Hours for Production} \times \text{Fixed Overhead Absorption Rate}) - \text{Actual Fixed Overhead Cost}$ $(\text{Standard Units for Production} \times \text{Fixed Overhead Absorption Rate}) - \text{Actual Fixed Overhead Cost}$
Fixed Overhead Expenditure Variance	$\text{Budgeted Fixed Overheads} - \text{Actual Fixed Overhead Cost}$
Fixed Overhead Volume Variance	<ol style="list-style-type: none"> $\text{Budgeted Fixed Overheads} - (\text{Standard Hours for Actual Production} \times \text{Fixed Overhead Absorption Rate})$ $(\text{Actual Activity} - \text{Normal Activity}) \times \text{Fixed Overhead Absorption Rate}$
Total Sales Revenue Variance	$(\text{Actual Selling Price} \times \text{Actual Quantity}) - (\text{Budgeted Selling Price} \times \text{Budgeted Quantity})$
Sales Price Variance	$(\text{Actual Selling Price} - \text{Budgeted Selling Price}) \times \text{Actual Quantity}$
Sales Volume Variance	$(\text{Actual Quantity} - \text{Budgeted Quantity}) \times \text{Budgeted Selling Price}$