

Following is a budgeted income statement with an additional column for the Variances.

Analyse the report and calculate the amount for any variances. Record whether the variance is favourable (F) or unfavourable (U).

	Budget	Actual	Variance
<b>Income</b>			
Sales	140,000	135,000	
	140,000	135,000	
<b>Less Cost of Sales</b>			
Opening Inventory	20,000	20,000	
Cash Purchases	40,000	40,000	
Credit Purchases	38,000	36,000	
	98,000	96,000	
Less Closing Inventory	20,000	28,000	
	78,000	68,000	
<b>Gross Profit</b>	53,000	59,000	
<b>Add Other Revenue</b>			
Discount Received	300	300	
Commission Revenue	1800	1800	
	2100	2100	
	57,200	63,200	
<b>Less General &amp; Admin Expenses</b>			
Wages	19,700	19,700	
Electricity	5000	6500	
Depreciation	11,000	11,000	
Insurance	1400	1400	
	37,100	38,600	
<b>Selling &amp; Distribution</b>			
Advertising	2400	2400	
<b>Financial</b>			
Interest Expense	4200	6000	
Bad Debts	800	800	
Discount Allowed	250	250	
	5250	7050	
<b>Net Operating Expenses</b>	44,750	48,050	
<b>Profit</b>	<b>\$12,450</b>	<b>\$15,150</b>	