Variance Analysis

ASSESSMENT

Total Marks: 30

1. A variance is the difference between a budgeted, planned, or standard cost and the actual amount incurred/sold. Variances can be computed for both costs and revenues. Identify and explain the types of variance analysis tools, which can be used in a production department of a manufacturing company, which specialises in spare parts for cars. (10)

2. How can the variance analysis identified above help the production department meet its objectives? (10)

3. What can be the major causes of unfavourable variances and favourable variances against the budget in a sales department of a fashion organisation? (10)