

Earnings Variance Analysis

	PLAN \$	ACTUAL \$
VOL	2,000	1500
REV	200,000 (100/UNIT)	187,500 (125/UNIT)
COST	100,000 (50/ UNIT)	60,000 (40/UNIT)
PROFIT	100,000 (50/ UNIT)	127,500 (85/ UNIT)

VOL VAR: 500 UNITS X \$50/UNIT= <25,000>

REV VAR: 1500 X \$25/UNIT= \$37,500

COSTS: 1500 X \$10/UNIT= 15,000

TOTAL EARNINGS VAR= \$27,500

***Significantly higher profits due to pricing leverage and control of costs in a weak market.**