

ACCESS TO FULL VARIANCE ANALYSIS MODEL

ACCESS TO FULL FINANCIAL STATEMENTS MODEL

FY2024 VARIANCE ANALYSIS · BUDGET vs ACTUAL

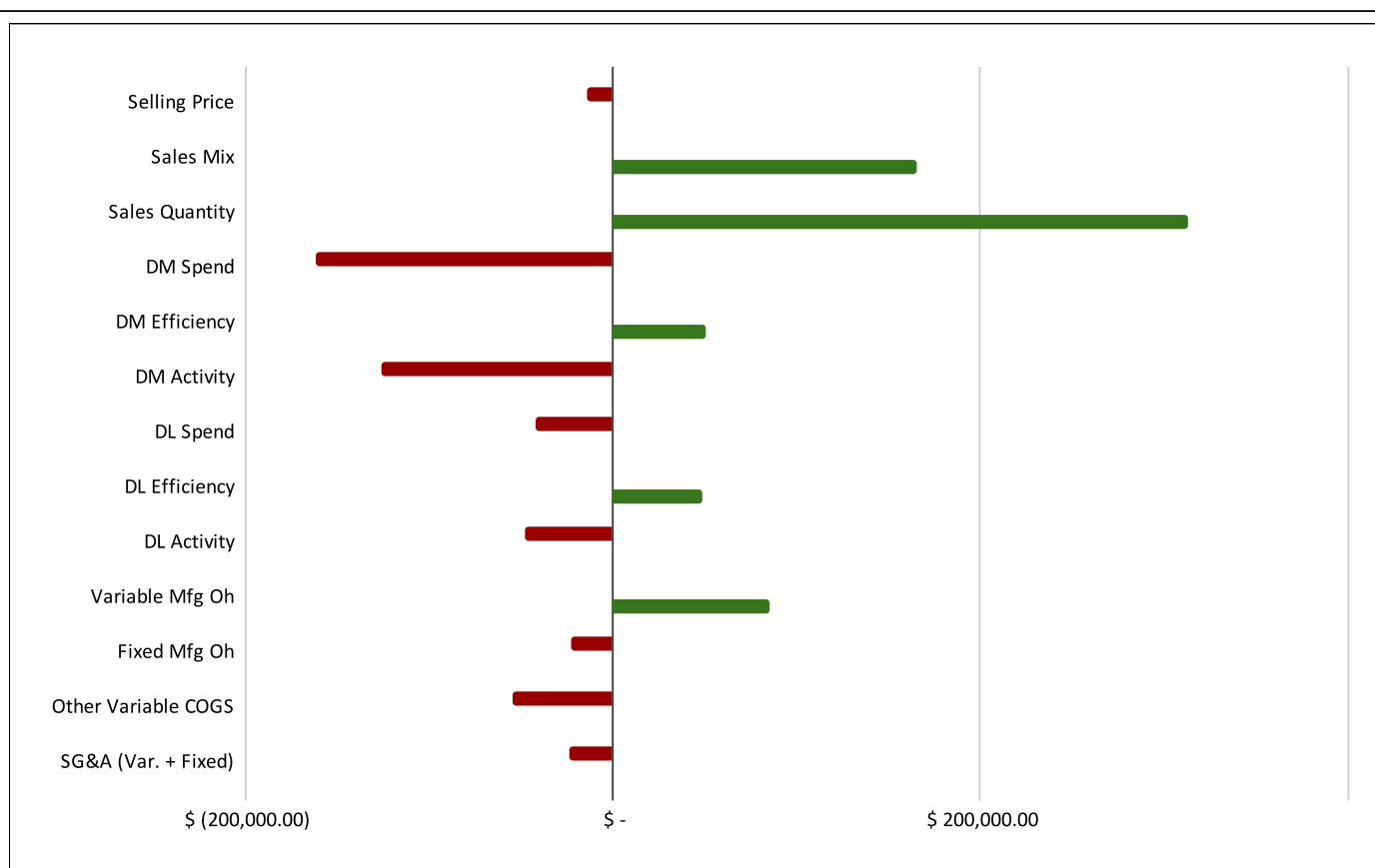
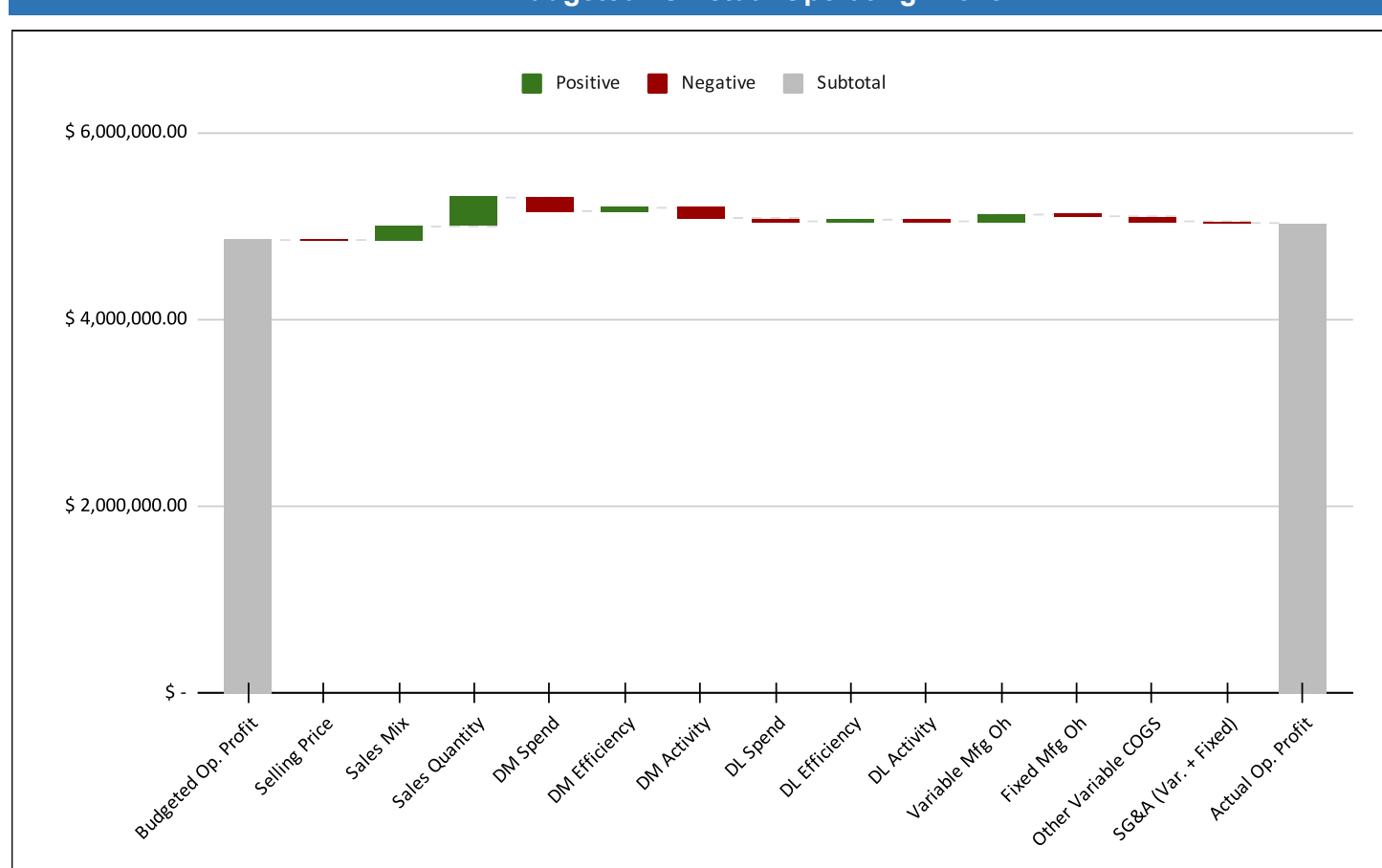
Crestline Control Systems, Inc. · Fiscal Year 2024

Budgeted Op. Profit	\$ 4,849,454.00
Selling Price	\$ (13,960.00)
Sales Mix	\$ 165,977.87
Sales Quantity	\$ 313,022.13
DM Spend	\$ (161,412.00)
DM Efficiency	\$ 50,820.00
DM Activity	\$ (126,100.00)
DL Spend	\$ (41,418.00)
DL Efficiency	\$ 48,412.00
DL Activity	\$ (47,840.00)
Variable Mfg Oh	\$ 86,000.00
Fixed Mfg Oh	\$ (22,892.51)
Other Variable COGS	\$ (53,965.00)
SG&A (Var. + Fixed)	\$ (23,185.00)
Actual Op. Profit	\$ 5,022,918.00

KEY TAKEAWAYS

- Profit beat budget by \$173K, driven by volume. Without the favorable Sales Quantity and Mix variances (\$479K combined), profit would have missed budget by ~\$300K due to input cost pressure.
- Input costs are the main risk to watch. Both DM prices (~\$161K) and DL rates (~\$41K) ran above plan. If volume normalizes next period, this margin compression will show up directly in profit.
- Operational efficiency improved. Favorable DM usage (+\$51K) and DL efficiency (+\$48K) variances are genuine wins worth understanding and sustaining.

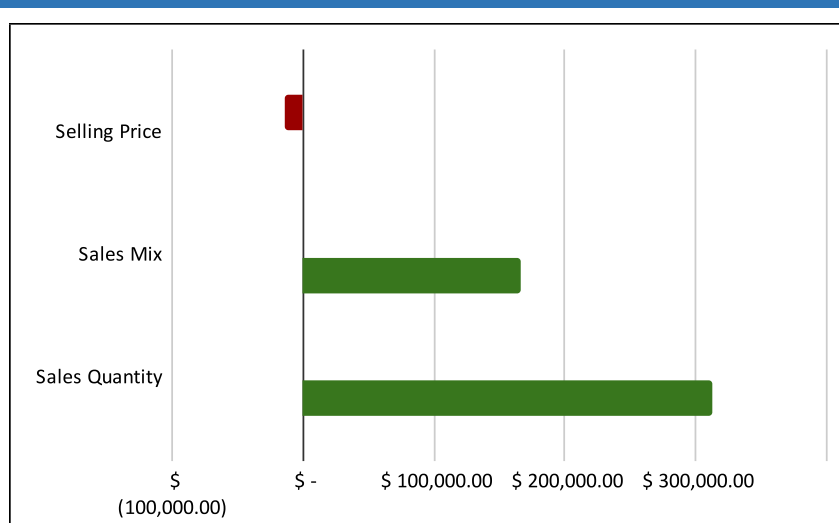
Budgeted vs Actual Operating Profit



KEY TAKEAWAY

- Actual Operating Profit of \$5.02M exceeded budget by \$173K (+3.6%), driven primarily by favorable sales volume and mix, partially offset by unfavorable input cost variances on direct materials and direct labor.

Revenue Variances (+\$465K F)



KEY TAKEAWAYS

- Sales Quantity Variance: +\$313K F, total volume exceeded budget, the single largest favorable driver of the year.
- Sales Mix Variance: +\$166K F, the mix shifted toward higher-priced products, adding meaningful margin on top of the volume gain.
- Selling Price Variance: -\$14K U, net pricing was effectively flat vs. budget; minor discounting on some products offset by holding price on others. Worth a product-level look to confirm no systemic discounting.
- **Revenue story:** Quantity outperformed because we sold more of the right products — not because we raised prices.

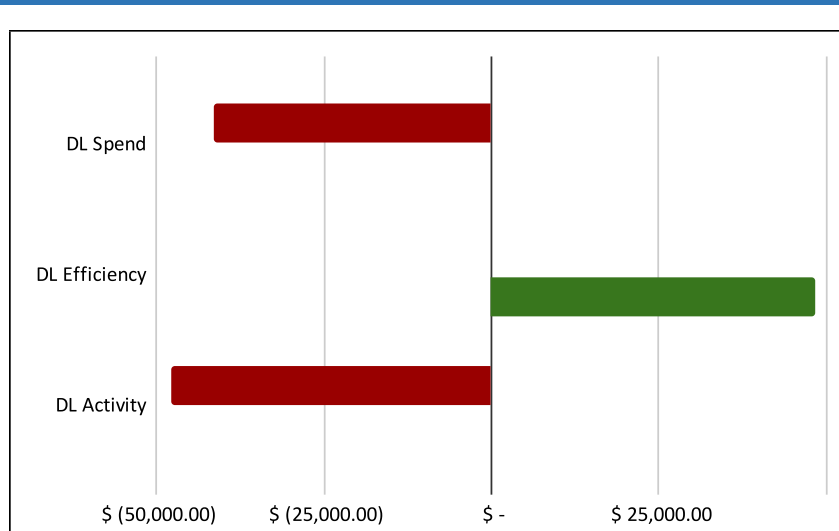
Direct Material Variance (-\$237K U, net)



KEY TAKEAWAYS

- DM Price (Spend) Variance: -\$161K U, paid more per kg than budgeted across products. Likely reflects supplier price increases or commodity inflation; recommend reviewing supplier contracts and exploring alternate sourcing.
- DM Usage (Efficiency) Variance: +\$51K F, used less material per unit than budgeted, indicating improved yield or reduced waste in production. Positive operational signal, worth understanding what changed so it can be sustained.
- DM Volume (Activity) Variance: -\$126K U, incremental DM cost from producing the extra units; this is the expected cost of higher volume and should be read alongside the favorable Sales Quantity Variance above, not as a standalone problem.
- **DM story:** Input prices rose, but the team partially offset it through better material efficiency. The net hit is a real margin issue worth addressing on the procurement side.

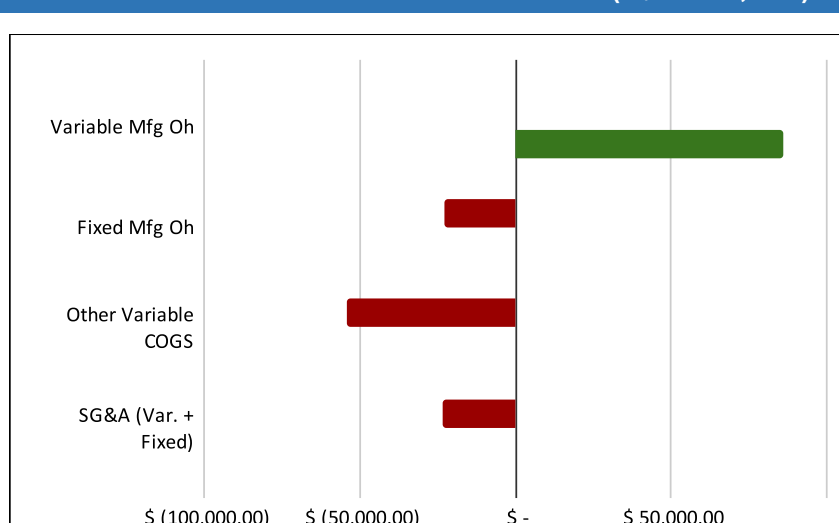
Direct Labor Variance (-\$41K U, net)



KEY TAKEAWAYS

- DL Rate (Spend) Variance: -\$41K U, average wage rate exceeded budget, possibly reflecting overtime, wage adjustments, or a richer labor mix.
- DL Efficiency Variance: +\$48K F, fewer labor hours per unit than budgeted, suggesting improved productivity. Mirrors the DM efficiency story, pay more, but get more out of each hour.
- DL Volume (Activity) Variance: -\$48K U, incremental labor cost tied to the extra units produced; expected given volume outperformance.
- **DL story:** Same pattern as materials, higher input prices offset by better efficiency. Net rate impact is small (~\$41K combined spend impact). The consistency of the "pay more, produce more efficiently" pattern across DM and DL suggests a real productivity improvement, not noise.

Overhead and SG&A Variances (-\$14K U, net)



KEY TAKEAWAYS

- Variable Mfg OH Variance: +\$86K F, the largest favorable cost-side variance; variable overhead spending came in well below plan. Worth understanding the driver, was budget set too high, or is there a real cost-control win here?
- Fixed Mfg OH Variance: -\$23K U, modest overspend on factory fixed costs; immaterial.
- Other Variable COGS Variance: -\$54K U, moderate overspend; recommend a line-item breakdown to identify the driver.
- SG&A Variance: -\$23K U, selling and admin spending slightly above budget; immaterial overall.
- **Overhead story:** Variable manufacturing overhead was the standout favorable item, more than offsetting the small unfavorable variances elsewhere on the cost side.