BA2 Formula Sheet

GoQualified

Management Accounting (BA2) . CIMA Certificate syllabus . For revision use only

Cost Behaviour - High-Low Method

VC/unit = (High cost - Low cost) / (High units - Low units)

Fixed cost = Total cost - (VC per unit x Units)

Absorption Costing

OAR = Budgeted overhead / Budgeted activity level

Under/over absorption = Absorbed OH - Actual OH

Material & Labour Variances

Mat. price = (Std price - Actual price) x Actual qty purchased

Mat. usage = (Std qty for AO - Actual qty used) x Std price

Labour rate = (Std rate - Actual rate) x Actual hours paid

Labour eff. = (Std hrs for AO - Actual hrs worked) x Std rate

AO = actual output

Variable Overhead Variances

Var OH exp. = (Actual hrs x Std rate) - Actual variable OH

Var OH eff. = (Std hrs for AO - Actual hrs) x Std rate

Contribution & Break-even Analysis

Contribution = Selling price - Variable cost per unit

BEP (units) = Fixed costs / Contribution per unit

C/S ratio = Contribution / Sales revenue

MoS % = (Budgeted - BEP sales) / Budgeted sales x 100

Inventory Management (EOQ)

EOQ = sqrt(2 x Co x D / Ch)

Co = order cost, D = annual demand, Ch = holding cost/unit/year

Investment Appraisal

Payback = Initial investment / Annual cash inflow

NPV = S discounted cash flows - Initial investment

ARR = Average annual profit / Average investment x 100

Flexed Budgets

Flexed cost = Fixed cost + (VC/unit x Actual output)

Variance = Flexed budget - Actual result