P1 Formula Sheet

GoQualified

Management Accounting (P1) . CIMA Operational level . For revision use only

Cost Behaviour & Absorption Costing

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

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

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

Mix & Yield Variances

Mix (per material) = (Actual total input x std mix % - Actual qty) x Std price

Yield = (Actual output - Std output for actual input) x Std cost/unit output

Mix + Yield = total usage/efficiency variance

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

Fixed OH exp. = Budgeted FOH - Actual FOH

Fixed OH vol. = (Actual output - Budgeted output) x Std FOH/unit

Fixed OH cap. = (Actual hrs - Budgeted hrs) x Std FOH rate

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

Sales Variances

Sales price = (Actual price - Std price) x Actual volume sold

Sales volume (contribution) = (Actual vol - Budgeted vol) x Std contribution/unit

Sales mix = (Actual total sales x std mix % - Actual qty) x Std margin/unit

Sales quantity = (Actual total sales at std mix - Budgeted qty) x Std margin/unit

Contribution & Break-even

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

Throughput Accounting

Throughput/unit = Selling price - Direct material cost/unit

TPAR = (Throughput/unit / Bottleneck time/unit) / (Total factory cost / Total bottleneck time)

TPAR > 1 = process profitable at current cost structure

Investment Appraisal

Payback = Initial investment / Annual cash inflow

NPV = S discounted cash flows - Initial investment

ARR = Average annual profit / Average investment x 100

IRR (interpolation) = L + [NPV_L / (NPV_L - NPV_H)] x (H - L)