ACCT 202 Flexible Budget and Overhead Variance Practice Sheet: Managerial Accounting Review

Michigan State University
ACCT 202 - Managerial Accounting | Practice Problems

Overview

A managerial accounting practice sheet for flexible budgets, static budget comparisons, spending variance, efficiency variance, overhead variance interpretation, and short exam explanations.

What this document covers

- static budget versus flexible budget
- activity volume and cost behavior
- variable overhead spending variance
- variable overhead efficiency variance
- variance interpretation for managers

How to use it

- build a flexible budget from five activity levels
- calculate spending and efficiency variances from short data sets
- label variances as favorable or unfavorable
- write manager-facing explanations for three variance results
- separate price rate effects from quantity efficiency effects

Common mistakes to avoid

- comparing actual results to the wrong activity level
- calling every favorable variance good news
- mixing fixed and variable overhead logic
- forgetting whether the question asks for dollars or explanation
- memorizing formulas without interpreting the cause