Total contribution = Contribution per unit \* Units produced

Total contribution = Total revenue – Total variable costs

Contribution per unit = Selling price per unit - Variable costs per unit

Variance = difference between actual and budgeted figure

Favourable Variance = Profits higher than forecast = Costs lower than forecast

Adverse Variance = Profits lower than forecast = Costs higher than forecast

Profit for the year = Operating profit + Profit from other activities – Net finance costs – Tax

