ACME PLANT
August 1966

Actual Operating Profit was less than the budgeted figure for August as shown in the following comparison:

Operating Profit:	Actual	$111,851
	Budget	171,573
	Actual under budget	$ 59,722

	Budget		Actual		Over(+)/Under (-)	
	Unit	Amount	Unit	Amount	Unit	Amount
Rock	5,000	$ 16,900	3,039	$ 20,174	-1,961	$ +3,274
Plaster	600	15,882	1,144	29,967	+ 544	+14,085
Board, Lath, Tile	16,130	645,200	11,440	462,637	-4,690	--182,563
Joint System	250	36,440	253	34,585	+3	-1,855
Other Products	-	1,500	-	2,162	-	+662
Total		$715,922		$549,525		$ -166,397

Rock Processing Cost: This cost was $.11 per ton above standard because of a $1,246 charge for the rental of a bulldozer which was not considered in standards. (It was used for stripping).

Plaster Raw Materials Cost: The standard cost was $8.23 per ton after the product mix for August was considered. Thus, there was a positive variation of $1.43 per ton for August. The variation can be attributed to favorable price ($208) and usage ($1,504) variations. The usage variation was mainly the result of a $1,300 inventory error.

Cost of Plaster Sold: This cost was $.51 per ton above standard. This condition resulted mainly from the manufacture of high costs products (Bestex B & C) which were not sold.

Board and Lath Saleable Perfects: They averaged 92.9% of gross which was 3.1% below standard. This resulted in a $7200 loss. Of this $3,050 was due to the plant's failure to properly record 215 MSF of board used in laminating production. It will be accounted for in September.

Paper Cost: The cost of paper was $.11 per MSF less than standard after August's product mix was taken into consideration. This was brought about by a $924 favorable usage variation.

Board Raw Material Cost: This cost was $.43 per MSF above standard when August's product mix was considered. An unfavorable usage variation of $5,857 which was somewhat offset by a $1,478 favorable price variation were the factors involved. The price variation and a portion of the usage variation were mainly due to the duplicate recording of the usage of twin-mounting materials. The remainder of the usage variation is basically due to the following:

Core Adhesive: ($-666) A larger quanity was needed to overcome the problem with the loading of board.

Paper for Pulp: ($-310) Pulp continued to be overused in order to eliminate score and break problems arising in the field.

Lignosite: ($-1,022) Lignosite, a material which reduces drying time of board, had its usage increased because of the production of a lighter weight board required a greater amount of water in the Stucco, which brought about the need for faster drying in order to prevent decreasing the speed of the board machine.

Board Processing Cost: Board Warehousing and Loading and Laminating costs were in line with standard; but Board and Lath Manufacturing cost was favorable by $4,459.

Board and Lath Manufacturing had its variation brought about by an $849 unfavorable variation for operating labor and favorable variations of $1,405 for operating over-time and $5,106 for operational supplies. The operational supplies variation was due mainly to a $4,194 credit for raw materials which were ~~un~~ improperly charged to this account in July.

Joint System Raw Material Cost: The standard cost was $72.74 after product mix for August was taken into account resulting in a $.71 per ton unfavorable variation. This was brought about by a $776 unfavorable usage variation which was partially offset by a $423 favorable price variation.

Joint System Processing cost: This was $4.40 per ton higher than standard due to the charging of $3,037 of pallets to this department which was not considered in standard.