17. Detailed variance analysis. The following are planned and actual revenues for Cutting Edge Surgery Center. Because they are one of four surgery centers in the community, the administrator is concerned with his rates in relation to those of his competitors.

|  |  |  |
| --- | --- | --- |
|  |  **Planned** | **Actual**  |
| Surgical volume |  1,500 |  1,700 |
|  Gift shop revenues |  $15,000 |  $17,000 |
|  Surgery revenues |  $500,500 |  $750,500 |
|  Parking revenues |  $15,000 |  $17,000 |

a. Determine the total variance between the planned and actual budgets.
b. Determine the service-related revenues and calculate service-related variance still unexplained.
c. Prepare a flexible budget estimate. Present side by side the budget, flexible budget estimate, and actual surgical revenue (and related volumes).
d. Determine what variance is due to change in volume and what variance is due to change in rates.
e. Determine the volume variance and rate variance based on per unit rates.