14-25 Variance analysis, multiple products. Soda-king manufactures and sells three soft drinks: Kola, Limor, and Orlem. Budgeted and actual results for 2009 are as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Budget for 2009** |   |   |  |   | **Actual for 2009** |   |
| **Product** | **Selling Price** | **Variable Cost per carton** | **Cartons Sold** |  | **Selling Price** | **Variable Cost per carton** | **Cartons Sold** |
| Kola | $6.00  | $4.00  | 400,000 |  | $6.20 | $4.50 | 480,000 |
| Limor | $4.00  | $2.80  | 600,000 |  | $4.25 | $2.75 | 900,000 |
| Orlem | $7.00  | $4.50  | 1,500,000 |  | $6.80 | $4.60 | 1,620,000 |

1. Compute the total-sales volume variance, the total sales-mix variance, and the total sales-quantity variance. (Calculate all variances in terms of contribution margin.) Show results for each production in you computation.
2. What inferences can you draw from the variances computed in requirement 1?