Fixed Manufacturing Overhead Variances
(For Standard Costing)

Example: A company applies its fixed manufacturing overhead costs such as factory rent and factory supervisors on the basis of direct labor hours or machine hours. During a recent time period there were actual fixed manufacturing overhead costs of *$8,000* compared to the fixed manufacturing overhead budget of *$7,800*. During the period there were *210* units of output and each unit had a standard of *3* direct labor hours or ______ machine hours. The fixed manufacturing overhead standard is based on a standard rate of $13.00 per *direct labor* hour.

Actual Amount of Fixed Manufacturing Overhead Incurred	Budget for Fixed Manufacturing Overhead	The output of *210* units of product will have the following ***Standard Cost of Fixed Manufacturing Overhead Applied to the Products:***
		Standard Hours for Output (210 x 3) X **Standard Cost per Hour**
		630 X *$13.00*
$8,000	*$7,800*	*$8,190*

Fixed Mfg O/H Budget Variance = ***$200*** ***Unfavorable***

Fixed Mfg O/H Volume Variance = ***$390*** ***Favorable***

Total Fixed Manufacturing Overhead Variance = *$190* *Favorable*

For a blank form see **Form G17**.
Learn more about standard costing at www.AccountingCoach.com.