Variable Manufacturing Overhead Variances

(For Standard Costing)

Example: A company applies its variable manufacturing overhead costs such as electricity and machine supplies on the basis of direct labor hours or machine hours. (Assume that this company has one direct labor hour for each machine hour.) During a recent time period the actual variable manufacturing overhead costs were $_________________ and the actual number of direct labor hours were _______________. During the period there were ___________ units of output and each unit had a standard of __________ hours. The standard rate for the variable manufacturing overhead is $___________ per direct labor hour or $___________ per machine hour.

The output of _____________ units of product will have the following ***Standard Cost of Variable Manufacturing Overhead Applied to the Products:***

Actual Amount of Variable Manufacturing Overhead Incurred	**Flexible Budget for Variable Manufacturing Overhead**	***Standard Cost of Variable Manufacturing Overhead Applied to the Products:***
	Actual Hours Used X Standard Cost per Hour	**Standard Hours for Output** X **Standard Cost per Hour**
	____ X $____	____ X $____
$____	$____	$____

Variable Mfg O/H Spending Variance = $____ Favorable or Unfav

Variable Mfg O/H Efficiency Variance = $____ Favorable or Unfav

Total Variable Manufacturing Overhead Variance = $____ Favorable or Unfavorable

See **Filled-In Form G18** for an illustration.

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