

Chapter 12 : Q. 17 - Page 111 (Volume IV - PM)

Query : How to calculate Total OH Variance?

Solution :

Good question.

The printed solution doesn't have this answer.

However, it has a very logical answer as follows :

$$\begin{aligned}\text{Total OH Variance} &= \text{Variable OH Cost Variance} + \text{Fixed OH Cost Variance.} \\ &= 11,200 \text{ (A)} + 750 \text{ (F)} \\ &= \text{Rs. } 10,450 \text{ (A)}\end{aligned}$$