

At the beginning of the year, Blue Bird Manufacturing estimated that its annual variable factory overhead would be \$405,000, and its fixed factory overhead would be \$891,000.

The company's payroll consisted of 15 direct labor employees, and each was expected to work 1,800 direct labor hours. Blue Bird applies overhead to products based on direct labor hours. Each finished unit produced by the company is anticipated to require three direct labor hours.

Actual production and cost information for the year is as follows:

Total units produced	8,900
Actual variable overhead	\$395,000
Actual fixed overhead	\$910,000
Actual labor hours	26,900

- (a) Compute the variable overhead variances.
- (b) Compute the fixed overhead variances.