Remembering Variances – AAT Level 4 MDCL Remember 9 Variances With 7 Slightly Weird Sentences

The person described in the sentence tells you the order of subtraction:

- Sally – **Sa**lly – Standard, then Actual.
- Ashley – **As**h – Actual, then Standard.

The first word in the sentence tells you which variance the sentence applies to.

Princess **S**ally **C**rept **P**ast **U**pto **A** **Q**ueen (SCPUAQ – ACPUAQ)

Princess = Material **Pri**ce or Labour Rate

Std Cost Per Unit Act Quantity – Act Cost Per Unit Act Quantity

Unhappy **S**ally **Q**ueued **P**atiently **U**pto **A** **P**roper **S**mall **C**afe – **A**sh **Q**ueued **P**atiently **U**pto **A** **Q**uite **S**mall **C**afe (SQPUAPSC - AQPUAQSC)

Unhappy = Material **U**sage or Labour Efficiency

Std Quantity Per Unit Act Production Std Cost – Act Quantity Per Unit Act Quantity Std Cost

Vexing **S**ally **V**olunteered **C**asually **A**t **H**ospitals (SVCAH – AVCAH)

VEXing = **V**ariable Overhead **Ex**penditure

Std Variable Overhead Cost Act Hours – Act Variable Overhead Cost Act Hours

Veggie **Eff**orts: **S**ally **H**ad **A** **P**articularly **S**picy **V**egan **C**urry (SHAPSVC – AHAPSVC)

Veggie **Eff**orts = **V**ariable Overhead **Eff**iciency

Std Hours Act Production Std Variable Overhead Cost – Act Hours Act Production Std Variable Overhead Cost

Victorious **A**sh **O**nly **O**rdered **A** **R**ice (SHAOOAR – SHSOOAR)

Victorious – Fixed Overhead **V**olume

Act Output x Overhead Absorption Rate – Std Output x Overhead Absorption Rate

**If Hours Involved, Add "SH" To Front Of Both **

Cautious **A**sh **H**eld **O**nto **A** **R**ail – **S**ince **H**e **S**aw **P**eople **O**n **A** **R**ampage (AHOAR – SHSPOAR)

Cautious – Fixed Overhead **C**apacity

Act Hours x Overhead Absorption Rate – Std Hours Std Production x Overhead Absorption Rate

Effectively **S**ally **H**ad **A**lready **O**ffended **O**liver After **R**uffling – **A** **H**air **O**n **A** **R**at (SHAOOAR – AHOAR)

Effectively – Fixed Overhead Efficiency

Std Hours Act Output x Overhead Absorption Rate – Act Hours x Overhead Absorption Rate

The final two variances are easy to remember without sentences:

- Fixed Overhead Expenditure: Budgeted Fixed Overhead Total – Actual Fixed Overhead Total. To remember the order just look at the answer; does it make sense?

- Idle Time Variance: Actual Idle Time x Standard Cost