Achievable

ACCA FINANCIAL ACCOUNTING DUMP SHEET

Inventory, asset, and equity formulas

Inventory and cost of sales

- **Cost of sales** $= \text{opening inventory} + \text{purchases} - \text{purchase returns} + \text{carriage inwards} - \text{closing inventory}$
- **Closing inventory (NRV check):** the lower of cost and NRV
- **NRV** $= \text{estimated selling price} - \text{costs to complete} - \text{selling costs}$
- **Periodic AVCO:** $\text{average cost per unit} = \dfrac{\text{opening inventory value} + \text{purchases value}}{\text{opening inventory units} + \text{purchased units}}$

Non-current assets

- **Carrying amount (net book value)** $= \text{cost (or revalued amount)} - \text{accumulated depreciation}$
- **Annual depreciation (straight line)** $= \dfrac{\text{cost} - \text{residual value}}{\text{useful life}}$
- **Annual depreciation (reducing balance)** $= \text{NBV} \times \text{depreciation rate } \%$
- **Gain or loss on disposal** $= \text{proceeds} - \text{carrying amount at the disposal date}$
- **Amortisation (intangibles, straight line)** $= \dfrac{\text{cost} - \text{residual value}}{\text{useful life}}$

Working capital

- **Working capital** $= \text{current assets} - \text{current liabilities}$
- **Cash operating cycle** $= \text{inventory days} + \text{receivables days} - \text{payables days}$

Capital and equity

- **Retained earnings** $= \text{RE b/f} + \text{profit for the year} - \text{dividends paid} \pm \text{transfers to or from reserves}$
- **Capital employed** $= \text{total equity} + \text{non-current liabilities} = \text{total assets} - \text{current liabilities}$