Achievable

ACCA FINANCIAL ACCOUNTING DUMP SHEET

Inventory, asset, and equity formulas

Inventory and cost of sales

- **Cost of sales** = opening inventory + purchases − purchase returns + carriage inwards − closing inventory
- **Closing inventory (NRV check):** the lower of cost and NRV
- **NRV** = estimated selling price − costs to complete − selling costs
- **Periodic AVCO:** 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)** = cost (or revalued amount) − accumulated depreciation
- **Annual depreciation (straight line)** $= \dfrac{\text{cost} - \text{residual value}}{\text{useful life}}$
- **Annual depreciation (reducing balance)** = NBV × depreciation rate %
- **Gain or loss on disposal** = proceeds − carrying amount at the disposal date
- **Amortisation (intangibles, straight line)** $= \dfrac{\text{cost} - \text{residual value}}{\text{useful life}}$

Working capital

- **Working capital** = current assets − current liabilities
- **Cash operating cycle** = inventory days + receivables days − payables days

Capital and equity

- **Retained earnings** = RE b/f + profit for the year − dividends declared ± transfers to or from reserves
- **Capital employed** = total equity + non-current liabilities = total assets − current liabilities