



FINANCIAL ACCOUNTING (FFA/FA) PRACTICE & REVISION KIT
Eighth edition February 2019 (for exams to August 2020)

07/2019

Question 6.19

The solution to Question 6.19 does not correctly calculate the weighted average cost (AVCO). The correct answer should be:

Date		Units	Cost per unit (\$)	Average cost per unit (\$)	Total Cost (\$)
1 Jan 20X1	Bal b/f	0	0		
1 Feb 20X1	Buy	10	300	300	3,000
11 Feb 20X1	Buy	<u>12</u>	250		<u>3,000</u>
		22	(W1)	272.73	6,000
1 Apr 20X1	Sell	(8)	272.73	272.73	(2,182)
1 Aug 20X1	Buy	<u>6</u>	200		<u>1,200</u>
		20	(W2)	250.90	5,018
1 Dec 20X1	Sell	<u>(12)</u>	250.90	<u>250.90</u>	<u>(3,011)</u>
Closing		8		250.90	2,007.20

$$W1 = \frac{6,000}{22\text{units}} = \$272.73 \quad W2 = \frac{5,018}{20\text{units}} = \$250.90$$