

450	6.50	2,925			
250	6.50	1,625	450		1,600
380	7.00	2,660	340		1,640
250	7.00	1,750	480		1,410
400	7.00	2,800			1,810
4,280		27,248	2,470		1,810

USING FIFO

Total cost of closing stock

Theta		
Units	Rate	Total
600	6.00	3,600
400	6.00	2,400
600	5.00	3,000

9,000

Net releasable value

1,600 8.50 **13,600**

Axis		
Units	Rate	Total
400	7.00	2,800
250	7.00	1,750
380	7.00	2,660
250	6.50	1,625
450	6.50	2,925
80	6.25	500

12,260

Net releasable value

1,080 8.50 **9,180**

USING AVCO

Av Cost per unit

17,700/3,700

4.78

Closing value

1600 * 4.78

7,654.05

Av Cost per unit

27,248/4,280

6.37

Closing value

1,810 * 6.37

11,523

Closing stock value is lower of NRV or
Cost

= Value 9,180

The stock valuation for Omega 22 has been calculated above using FIFO and AVICO methods. And as stated above the closing stock value is lower than of Net resalable value using AVCO.

PART 3

		Copies			
		Data given for 500 copes			
			500.00	1,000.00	2,000.00
one time cost					
Setting up printing machine	6 hours @ Pound 10		60.00	60.00	60.00
Art Work	7 hours @ pounds12		84.00	84.00	84.00
Typesetting	20 hours @ pounds 15		300.00	300.00	300.00
Variable cost					
Paper	100		100.00	200.00	400.00
Other consumables	50		50.00	100.00	200.00
Direct labour	5 hours @ pound 13		65.00	130.00	260.00
Overheads	80% of direct labour		52.00	104.00	208.00
Total Cost			711.00	978.00	1,512.00
Profit	25% on cost		177.75	244.50	378.00
Quotation			888.75	1,222.50	1,890.00
Selling price per unit			1.78	1.22	0.95

Dear John Yeats,

I am pleased to let you know that I have calculated the quotations for your poetry book for 500, 1000 and 2000 copies and as you can see, the quotation for 500 copies is