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### Weighted Average – Sample Calculation

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## Number of days from full payment until the start of a tour (N)

There are 280 travellers on a tour, 30 pay the tour in full 90 days before the tour starts, 40 pay in full 85 days before, 190 pay the tour in full 60 days before and 20 pay in full 15 days before.

N is calculated:  $(30*90+40*85+190*60+20*15)/280 = 17.800/280 = 63,57$

N is 64 days (rounded to the nearest whole number).

In addition to calculating N based on weighted average the regulation states that if a package tour is paid for in two or more instalments excluding the initial confirmation deposit the N value must be calculated based on the percentage of the total price received any given point in time.

Example: A package tour is paid for in four payments, i.e. confirmation deposit and three (39 subsequent payments:

Confirmation deposit	15%	
Payment 2	15%	12 weeks (84 days before departure)
Payment 3	25%	6 weeks (42 days before departure)
Payment 4 (final payment)	45%	4 weeks (28 days before departure)

N is calculated:

84 days \* 30% (confirmation deposit and the next payment) = 25,2 days

42 days \* 25% = 10,5 days

28 days \* 45% = 12,6 days

N is: 25,2 days + 10,5 days + 12,6 days = **48,3 days.**

**If different travellers pay for tours at different times**, it is sufficient to keep a record of the total amount received at any given point in time and calculate the percentage of the total price received (calculating weighted average based on number of travellers is not needed).

Example:

There are 300 travellers in a tour, price per person is ISK 320.000 so the total price of the tour is ISK 96.000.000. Confirmation deposits are ISK 9.600.000 and are paid from 10 to 6 months prior to the tour. 15 weeks (105 days) before departure the total amount received in addition to confirmation deposits is ISK 32.000.000, 8 weeks (56 days) prior to departure the total amount received in addition to confirmation deposits is ISK 70.000.000 and 4 weeks (28 days) prior to departure the total amount received in addition to confirmation deposits is ISK 86.400.000 and the tour paid in full (9.600.000+86.400.000 = 96.000.000).

The percentage of the total price received is calculated:

105 days before departure ISK 41.600.000 (32.000.000+9.600.000) or 43% of the total price is received.

56 days before departure further ISK 28.400.000 (70.000.000-41.600.000) or 30% of the total price is received.

28 days before departure additional ISK 16.400.000 (86.400.000-70.000.000) or 17% of the total price is received.

N is calculated:

105 days\*43% = 45,15 days

56 days\*30% = 16,8 days

28 days\*17% = 4,76 days

N is: 45,15 days + 16,8 days + 4,76 days = **66,71 days**.

## Length of tour in days (d) weighted average

There are 75 travellers on a tour, 50 for 10 days, 20 for 7 days and 15 for 12 days.

d is calculated:  $(50*10+20*7+15*12)/75 = 820/75 = 10,93$

d is **11** days (rounded to the nearest whole number).