**QUESTION 8**

**Under/Over**

**Absorption**

**Break down of previous year questions**

**2021** Stock Valuation, Product Costing and **Under/Over Absorption**

**2013** Stock Valuation, Product Costing and **under and over Absorption**

**2010** Stock Valuation and Product Costing and **Under/Over Absorption**

**Past Questions**

2021

(c) (i) Show the under/over absorption by department and in total for the period.

Explain what these figures mean.  (4 Marks)

2013

(c) (i) Show the under/over absorption by department and in total for the period.

Explain what these figures mean.  (4 Marks)

2010

(c) (i) Show the under/over absorption by department and in total for the period.

Explain what these figures mean.  (2 Marks)

**2021**

**Question**

**(c) (i) Show the under/over absorption by department and in total for the period.**

**Explain what these figures mean**.

**Answer**

In department A the costs incurred were €9,000 more than expected/budgeted and

therefore, profits are €9,000 less than expected.

In department B the costs incurred were €800 less than expected/budgeted and

therefore, profits are €800 greater than expected.

In department C the costs incurred were €1,640 more than expected/budgeted and

therefore, profits are €1,640, less than expected.

Overall the costs incurred were €9,840 more than expected/budgeted and

therefore,  profits are €9,840 less than expected.

Conroy Manufacturing Ltd have costed their products too low.

**2013**

**Question**

**(c) (i) Show the under/over absorption by department and in total for the period.**

**Explain what these figures mean**.

**Answer**

In department A the costs incurred were €10,000 less than expected/budgeted and

therefore profits are €10,000 greater than expected.

In department B the costs incurred were €1,000 more than expected/budgeted and

therefore profits are €1,000 less than expected.

In department C the costs incurred were €6,700 less than expected/budgeted and

therefore profits are €6,700 greater than expected.

Overall the costs incurred were €15,700 less than expected/budgeted and

therefore profits are €15,700 greater than expected.

**2010**

**Question**

**(c) (i) Show the under/over absorption by department and in total for the period.**

**Explain what these figures mean**.

**Answer**

In department X Costs incurred were €5,000 less than expected/budgeted and

therefore profits are €5,000 greater than expected.

In Department Y Costs incurred were €400 more than expected/budgeted and

therefore profits are €400 less than expected

In Department Z Costs incurred were €5,000 less than expected/budgeted and

therefore profits are €5,000 greater than expected

Overall Costs incurred were €9,600 less than expected/budgeted and therefore profits are €9,600 greater than expected