

(ii) Re-apportion stores costs to each production department on the basis of the number of orders.

.....

.....

.....

.....

.....

..... [5]

(b) Calculate **to two decimal places** the forecast overhead absorption rate for the machining and finishing departments for the three months ending 31 October 2013.

.....

.....

.....

.....

.....

.....

.....

.....

..... [6]

Actual figures for the three months ended 31 October 2013 are:

	Machining	Finishing
Direct labour hours	1 430	5 000
Machine hours	6 000	805
Overheads incurred	\$48 340	\$22 780

REQUIRED

- (c) Calculate the amount of overhead absorbed for each production department for the **three** months ended 31 October 2013.

.....

.....

.....

.....

.....

.....

.....

..... [6]

- (d) Calculate the amount of under **or** over absorption for each production department.

.....

.....

.....

.....

.....

..... [4]

- (e) Explain what is meant by over and under absorption of overheads and how each will arise.

.....

.....

.....

.....

.....

..... [4]