

$$\left(\begin{array}{l} \text{Pre-production} \\ \text{Pre-production} \\ \text{absorption ratio} \end{array} \times \begin{array}{l} \text{Pre-production} \\ \text{section 471 costs} \\ \text{remaining on hand} \\ \text{at year end} \end{array} \right) + \left(\begin{array}{l} \text{Production} \\ \text{Production} \\ \text{absorption ratio} \end{array} \times \begin{array}{l} \text{Production} \\ \text{section 471 costs} \\ \text{remaining on hand} \\ \text{at year end} \end{array} \right)$$