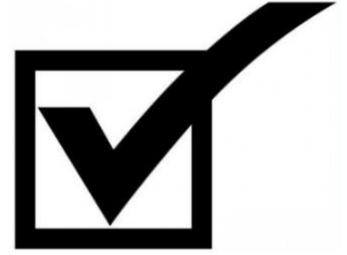




**BUSINESS  
PROFESSIONALS**  
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Giving Purpose to Potential



# MANAGERIAL ACCOUNTING (135) **REGIONAL 2023**

## CONCEPT KNOWLEDGE:

Multiple Choice (20 @ 2 points each) \_\_\_\_\_ (40 points)

## APPLICATION KNOWLEDGE:

Short Answer \_\_\_\_\_ (21 points)

Problem 1: Activity-Based Costing \_\_\_\_\_ (20 points)

Problem 2: Job Order Costing \_\_\_\_\_ (25 points)

***TOTAL POINTS*** \_\_\_\_\_ ***(106 points)***

**Test Time: 90 minutes**

**GENERAL GUIDELINES:**

*Failure to adhere to any of the following rules will result in disqualification:*

1. Member must hand in this test booklet and all printouts if any. Failure to do so will result in disqualification.
2. No equipment, supplies, or materials other than those specified for this event are allowed in the testing area. No previous BPA tests and/or sample tests (handwritten, photocopied, or keyed) are allowed in the testing area.
3. Electronic devices will be monitored according to ACT standards.

**EXAM GUIDELINES:**

You have been hired as a Financial Assistant and will be keeping the accounting records for Digital Solutions, located at 700 Morse Road, Suite 201, Columbus, Ohio 43214. Digital Solutions provides accounting and other financial services for clients. You will complete jobs for Digital Solutions' own accounting records, as well as for clients.

You will have 90 minutes to complete your work. The test is divided into two parts: concept knowledge and application knowledge.

Your name and/or school name should *not* appear on any work you submit for grading. Write your Member ID in the provided space. Staple all pages in order before you turn in your test.

Assumptions to make when taking this assessment:

- Round all calculations to two decimal places at the final step.
- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

**Multiple Choice (2 Points each)**

- |       |       |
|-------|-------|
| 1. A  | 11. A |
| 2. C  | 12. C |
| 3. B  | 13. C |
| 4. A  | 14. C |
| 5. B  | 15. B |
| 6. C  | 16. C |
| 7. D  | 17. C |
| 8. D  | 18. C |
| 9. B  | 19. D |
| 10. B | 20. B |

**Short Answer (3 Points Each)**

1. Leonard Corporation's relevant range of activity is 2,900 units to 7,500 units. When it produces and sells 5,200 units, its average costs per unit are as follows:

	Average Cost per Unit
Direct materials	\$ 6.50
Direct labor	\$ 3.40
Variable manufacturing overhead	\$ 1.25
Fixed manufacturing overhead	\$ 3.50
Fixed selling expense	\$ 0.85
Fixed administrative expense	\$ 0.55
Sales commissions	\$ 0.65
Variable administrative expense	\$ 0.55

If 4,200 units are produced, what is the total amount of indirect manufacturing cost?	<b>\$23,450</b>
If 4,200 units are produced, what is the total amount of direct manufacturing cost?	<b>\$41,580</b>

2. The following costs were incurred in May:

Direct materials	\$40,100
Direct labor	\$29,700
Manufacturing overhead	\$21,200
Selling expenses	\$25,600
Administrative expenses	\$32,100

What were total conversion costs during the month?	<b>\$50,900</b>
What were total prime costs during the month?	<b>\$69,800</b>

3. Lionel Corporation has provided the following information:

	Cost per Unit	Cost per Period
Direct materials	\$ 7.05	
Direct labor	\$ 3.70	
Variable manufacturing overhead	\$ 1.30	
Fixed manufacturing overhead		\$ 11,900
Sales commissions	\$ 0.50	
Variable administrative expense	\$ 0.60	
Fixed selling and administrative expense		\$ 3,600

If 3,500 units are produced, what is the total amount of manufacturing overhead?	<b>\$16,450</b>
If 3,500 units are produced, what is the total amount of product costs?	<b>\$54,075</b>
If 3,500 units are produced, what is the total amount of period costs?	<b>\$7,450</b>

**Problem 1 (20 Points – 5 Points for Each Correct Answer)**

King Manufacturing Corporation has a traditional costing system in which it applies manufacturing overhead to its products using a predetermined overhead rate based on direct labor-hours (DLHs). The company has two products, R78S and N32Y, about which it has provided the following data:

	R78S	N32Y
Direct materials per unit	\$ 27.20	\$ 54.70
Direct labor per unit	\$ 8.80	\$ 22.00
Direct labor-hours per unit	0.4	1.0
Annual production (units)	35,000	10,000

The company's estimated total manufacturing overhead for the year is \$1,427,040.

The company is considering using a variation of activity-based costing to determine its unit product costs for external reports. Data for this proposed activity-based costing system appear below:

Activities and Activity Measures	Estimated Overhead Cost
Assembling products (DLHs)	\$ 672,000
Preparing batches (batches)	255,840
Product support (product variations)	499,200
Total	<u>\$ 1,427,040</u>

	Expected Activity		
	R78S	N32Y	Total
DLHs	14,000	10,000	24,000
Batches	816	1,152	1,968
Product variations	840	408	1,248

What is the unit product cost of product R78S under traditional costing?	<b>\$59.78</b>
What is the unit product cost of product N32Y under traditional costing?	<b>\$136.16</b>
What is the unit product cost of product R78S under the activity-based costing system?	<b>\$59.83</b>
What is the unit product cost of product N32Y under the activity-based costing system?	<b>\$136.00</b>

**Problem 2 (25 Points – 5 Points for Each Correct Answer)**

Crosby Company uses a job-order costing system. Its plantwide predetermined overhead rate uses direct labor-hours as the allocation base. The company pays its direct laborers \$14.00 per hour. During the year, the company started and completed only two jobs—Job Alpha, which used 57,600 direct labor-hours, and Job Omega. The job cost sheets for these two jobs are shown below:

Job Alpha	
Direct materials	?
Direct labor	?
Manufacturing overhead applied	?
Total job cost	<u>\$1,638,000</u>

Job Omega	
Direct materials	\$218,300
Direct labor	331,800
Manufacturing overhead applied	<u>165,900</u>
Total job cost	<u>\$716,000</u>

<b>What is the plantwide predetermined overhead rate?</b>	<b>\$7/DLH</b>
<b>Complete the Job Cost Sheet for Job Alpha:</b>	<b>\$428,400</b>
Direct Materials	
Direct Labor	<b>\$806,400</b>
Manufacturing Overhead	<b>\$403,200</b>
Total Job Cost	<b>\$1,638,000</b>