Contestant Number:

Time:

Rank:

MANAGERIAL ACCOUNTING

(135)

—Post-secondary—

REGIONAL – 2019

**Multiple Choice & Short Answer Section:**

Multiple Choice (25 @ 2 points each) (50 points)

Short Answers (10 @ 3 points each) (30 points)

**Production Portion:**

Job 1: Job Order Costing (74 points)

Job 2: Schedule of Cost of Goods Manufactured (64 points)

***TOTAL POINTS (218 points)***

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

1. **Contestant must hand in this test booklet and all printouts. 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 or facsimile (handwritten, photocopied, or keyed) are allowed in the testing area.**
3. **Electronic devices will be monitored according to ACT standards.**

No more than ten (10) minutes orientation

No more than ninety (90) minutes testing time

No more than ten (10) minutes wrap-up

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*Workplace Skills Assessment Program* competition.

# General Instructions

You have been hired as a Financial Assistant and will be keeping the accounting records for Professional Business Associates, located at 5454 Cleveland Avenue, Columbus, Ohio 43231. Professional Business Associates provides accounting and other financial services for clients. You will complete jobs for Professional Business Associates’ own accounting records, as well as for clients.

Unless otherwise instructed, round all answers to 2 decimal places.

**MULTIPLE CHOICE**

Identify the letter of the choice that best completes the statement or answers the question.

1. A direct cost is one that is
   1. Allocated to the cost object
   2. Traceable to the cost object
   3. Variable with respect to the cost object
   4. Fixed with respect to the cost object
2. The three major product costs in a manufacturing system are
   1. Direct materials, Direct Labor, and Manufacturing Overhead
   2. Period Costs, Product Costs, and Conversion Costs
   3. Variable Costs, Fixed Costs, and Mixed Costs
   4. General, Selling, and Administrative Costs
3. An activity-based costing system is used to more efficiently allocate
   1. Direct Materials
   2. Direct Labor
   3. Manufacturing Overhead
   4. Variable Costs
4. Which costing method assumes all products use overhead costs in the same proportions?
   1. Activity-based costing
   2. Departmental overhead rate method
   3. Plant-wide overhead rate method
   4. Process costing method
5. Which of the following is generally *not* used as an allocation base under the Plant-wide overhead rate method?
   1. Direct Labor Hours
   2. Direct Labor Cost
   3. Machine Hours
   4. Number of Quality Inspectors
6. A group of costs that have the same cost driver are a
   1. Job Order Costing object
   2. Cost Pool
   3. Cost Object
   4. Predetermined Overhead item
7. Which accounting system acquires inventory and produces units only when needed?
   1. Managerial accounting companies
   2. Financial accounting companies
   3. Service companies
   4. Just-in-time manufacturing
8. The primary users of managerial accounting information are
   1. Creditors
   2. Taxing authorities
   3. Internal users
   4. Stockholders
9. Who governs the practice of managerial accounting?
   1. American Institute of Certified Public Accountants
   2. Institute of Management Accountants
   3. Financial Accounting Standards Board
   4. Securities & Exchange Commission
10. Which of these costs appear *only* in the income statement under operating expenses?
    1. Direct Materials
    2. Direct Labor
    3. Product Costs
    4. Period Costs
11. Manufacturing Overhead costs are
    1. Always fixed
    2. Always variable
    3. Always mixed
    4. Can be any of the above
12. At what point are period costs expensed?
    1. During the closing process
    2. When the costs are incurred
    3. When the product is sold
    4. During the adjusting process
13. The cost of units that have been started into production but not finished are recorded in which account?
    1. Raw Materials
    2. Work in Process
    3. Finished Goods
    4. Cost of Goods Sold
14. When calculating the predetermined overhead rate, the numerator is always
    1. Budgeted overhead costs
    2. Actual overhead costs
    3. Budgeted product costs
    4. Actual product costs
15. If the Manufacturing Overhead T-account has a debit balance at the end of the year,
    1. Manufacturing overhead was over-applied
    2. Manufacturing overhead was under-applied
    3. A mistake was made during the year
    4. Some expenses have not been recorded yet
16. At what point are product costs expensed?
    1. When the product is sold
    2. When the expense is incurred
    3. When the bills are paid
    4. When the employees are paid
17. Which product costing system would be used by a cereal manufacturer?
    1. Job-Order
    2. Process
    3. LIFO
    4. Period
18. Which product costing system will have more than one Work-In-Process account?
    1. Job Order
    2. Process
    3. Activity-Based Costing
    4. Service companies
19. When requisitioning raw materials, which account is debited?
    1. Raw Materials
    2. Manufacturing Overhead
    3. Work-In-Process
    4. Cost of Goods Sold
20. When the assembly line workers are paid, which account is debited?
    1. Work-In-Process
    2. Manufacturing Overhead
    3. Finished Goods Inventory
    4. Wage Expense
21. When depreciation on the factory equipment is recorded, which account is debited?
    1. Depreciation Expense
    2. Work-In-Process
    3. Manufacturing Overhead
    4. Raw Materials
22. When Manufacturing Overhead is applied in a process cost system, which account is credited?
    1. Work-In-Process
    2. Manufacturing Overhead
    3. Finished Goods Inventory
    4. Cost of Goods Sold
23. When goods are transferred out of the first production department into the second production department, which account is credited
    1. Finished Goods
    2. Work-In-Process – Department I
    3. Work-In-Process - Department II
    4. Raw Materials
24. When good are completed and ready to sell, which account is debited?
    1. Work-In-Process
    2. Finished Goods Inventory
    3. Sales Revenue
    4. Cost of Goods Sold
25. When goods have been sold, which account is credited?
    1. Work-In-Process
    2. Cost of Goods Sold
    3. Accounts Receivable
    4. Finished Goods Inventory

**SHORT ANSWER (3 points each)**

The Refining Department of Mister Terrific, Inc. had 7,900 tons of sugar to account for in July. Of the 7,900 tons, 4,900 tons were completed and transferred to the Boiling Department. The remaining 3,000 tons were 100% complete for materials and 50% complete for conversion costs.

1. The total equivalent units of production for direct materials is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. The total equivalent units of production for conversion costs is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. If Mister Terrific, Inc. had materials cost of $5,800, the cost of materials per equivalent unit

is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. If Mister Terrific, Inc. had conversion cost of $460, the conversion cost per equivalent unit

is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. The total cost assigned to the units transferred to the Boiling Department is \_\_\_\_\_\_\_\_\_\_\_\_\_
2. The total cost assigned to the units in ending Work in Process is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Overwatch Co. pulled the following information from its 2019 master budget to calculate its predetermined overhead rate

|  |  |
| --- | --- |
| Budgeted Overhead | $748,000 |
| Direct Labor | $625,000 |
| Direct Labor Hours | 550,000 |
| Machine Hours | 1,020,500 |

Management decided to allocate overhead on the basis of direct labor hours. Actual hours for the first quarter of 2019 were 126,800 and actual direct labor costs were $156,000; actual machine hours were 255,250. Actual manufacturing overhead was $171,440.

1. The predetermined overhead rate for 2019 is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. The amount of overhead applied to jobs during the first quarter is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. For the first quarter, overhead was \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_-applied by \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

(over or under)

**PROBLEM 1: Job Order Costing (74 points)**

Prepare the journal entries to record the following events and complete the Job Cost Sheets for each job worked on during the month.

1. December 1 Purchased raw materials on account $200,000
2. December 5 Requisitioned the following materials for the month

|  |  |
| --- | --- |
| Job AA | $67,000 |
| Job BB | 54,000 |
| Job CC | 21,000 |
| General Use | 13,000 |

1. December 8 Paid $15,000 for equipment maintenance
2. December 10 Paid employee labor for the month

|  |  |
| --- | --- |
| Line workers for Job AA | $35,000 |
| Line workers for Job BB | 27,500 |
| Line workers for Job CC | 41,000 |
| Factory General & Administrative | 22,000 |

1. December 20 Applied overhead at a rate of 150% of direct labor to Jobs AA, BB, & CC.
2. December 26 Completed Job AA and Job CC
3. December 31 Recorded depreciation on the factory building $68,000 and factory equipment $56,500
4. December 31 Factory insurance of $10,000 expired
5. December 31 Sold Job CC for $175,000 cash
6. December 31 Adjusted the Manufacturing Overhead account to close it at year end.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Job AA | | Job BB | | Job CC | |
| Direct Materials |  | Direct Materials |  | Direct Materials |  |
| Direct Labor |  | Direct Labor |  | Direct Labor |  |
| Overhead |  | Overhead |  | Overhead |  |
| Total Cost |  | Total Cost |  | Total Cost |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **General Journal** | | | |
| **Date** | **Account** | **Debit** | **Credit** |
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**PROBLEM 2: Schedule of Cost of Goods Manufactured (64 points)**

Given the following account balances for Olicity Mfg., prepare its schedule of cost of goods manufactured for the year ended December 31, 2018. Include a listing of the individual overhead account balances in this schedule.

|  |  |  |  |
| --- | --- | --- | --- |
| Raw Materials Inventory, December 31, 2017 | $37,000 | Sales | $1,250,000 |
| Raw Materials Inventory, December 31, 2018 | 42,700 | Factory Supervisor Salaries | 47,000 |
| Work in Process Inventory, December 31, 2017 | 53,900 | Factory Computer Supplies Used | 17,840 |
| Work in Process Inventory, December 31, 2018 | 41,500 | Rent of Factory Building | 57,000 |
| Finished Goods Inventory, December 31, 2017 | 63,750 | Advertising Expense | 94,000 |
| Finished Goods Inventory, December 31, 2018 | 67,300 | General & Administrative Expenses | 129,300 |
| Raw Materials Purchases | 175,600 | Repairs – Factory Equipment | 5,250 |
| Direct Labor | 225,000 | Depreciation Expense– Factory Equipment | 17,500 |

|  |  |  |  |
| --- | --- | --- | --- |
| Olicity Mfg. | | | |
| Schedule of Cost of Goods Manufactured | | | |
| Year Ended December 31, 2018 | | | |
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