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)***

**Graders: Please double check and verify all scores and answer keys!**

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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 (2 points each)**

1. B
2. A
3. C
4. C
5. D
6. B
7. D
8. C
9. B
10. D
11. D
12. B
13. B
14. A
15. B
16. A
17. B
18. B
19. C
20. A
21. C
22. B
23. B
24. B
25. D

**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 7,900
2. The total equivalent units of production for conversion costs is 6,400
3. If Mister Terrific, Inc. had materials cost of $5,800, the cost of materials per equivalent unit

is $0.73

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

is $0.07

1. The total cost assigned to the units transferred to the Boiling Department is $3,920
2. The total cost assigned to the units in ending Work in Process is $2,295

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 $1.36/DLH
2. The amount of overhead applied to jobs during the first quarter is $172,448
3. For the first quarter, overhead was over-applied by $1,008

(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.

**Attention Grader: Each box worth 2 points**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Job AA** | | **Job. BB** | | **Job CC** | |
| **Direct Materials** | $67,000 | **Direct Materials** | $54,000 | **Direct Materials** | $21,000 |
| **Direct Labor** | 35,000 | **Direct Labor** | 27,500 | **Direct Labor** | 41,000 |
| **Overhead** | 52,500 | **Overhead** | 41,250 | **Overhead** | 61,500 |
| **Total Cost** | $154,500 | **Total Cost** | $122,750 | **Total Cost** | $123,500 |

**Attention Grader: 1 point for each account and amount; no points for date**

|  |  |  |  |
| --- | --- | --- | --- |
| **General Journal** | | | |
| **Date** | **Account** | **Debit** | **Credit** |
| Dec. 1 | Raw Materials | 200,000 |  |
|  | Accounts Payable |  | 200,000 |
| Dec. 5 | Work-in-Process | 142,000 |  |
|  | Manufacturing Overhead | 13,000 |  |
|  | Raw Materials |  | 155,000 |
| Dec. 8 | Manufacturing Overhead | 15,000 |  |
|  | Cash |  | 15,000 |
| Dec. 10 | Work-in-Process | 103,500 |  |
|  | Manufacturing Overhead | 22,000 |  |
|  | Wages Payable |  | 125,500 |
| Dec. 20 | Work-in-Process | 155,250 |  |
|  | Manufacturing Overhead |  | 155,250 |
| Dec. 26 | Finished Goods Inventory | 278,000 |  |
|  | Work-in-Process |  | 278,000 |
| Dec. 31 | Manufacturing Overhead | 124,500 |  |
|  | Accumulated Depreciation – Building |  | 68,000 |
|  | Accumulated Depreciation – Equipment |  | 56,500 |
|  | Manufacturing Overhead | 10,000 |  |
|  | Prepaid Insurance |  | 10,000 |
|  | Cash | 175,000 |  |
|  | Sales Revenue |  | 175,000 |
|  | Cost of Goods Sold | 123,500 |  |
|  | Finished Goods Inventory |  | 123,500 |
|  | Cost of Goods Sold | 29,250 |  |
|  | Manufacturing Overhead |  | 29,250 |

**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 |

**Grader: 2 points for each title and amount. Titles may vary slightly**

|  |  |  |  |
| --- | --- | --- | --- |
| Olicity Mfg. | | | |
| Schedule of Cost of Goods Manufactured | | | |
| Year Ended December 31, 2018 | | | |
| Beginning Work-in-Process |  |  | $53,900 |
| Direct Materials: |  |  |  |
| Beginning Direct Materials | $37,000 |  |  |
| Purchases | 175,600 |  |  |
| Ending Direct Materials | (42,700) |  |  |
| Direct Materials Used |  | $169,900 |  |
| Direct Labor |  | 225,000 |  |
| Manufacturing Overhead: |  |  |  |
| Factory Supervisor Salary | 47,000 |  |  |
| Factory Computer Supplies Used | 17,840 |  |  |
| Factory Rent | 57,000 |  |  |
| Factory Equipment Repairs | 5,250 |  |  |
| Depreciation Expense – Factory Equipment | 17,500 |  |  |
| Total Manufacturing Overhead |  | 144,590 |  |
| Total Product Costs |  |  | 539,490 |
| Total Work-in-Process |  |  | 593,390 |
| Ending Work-in-Process |  |  | (41,500) |
| Cost of Goods Manufactured |  |  | $551,890 |