

Contestant Number: _____

Time: _____

Rank: _____



Managerial Accounting

(135)

REGIONAL 2025

CONCEPT KNOWLEDGE:

Multiple Choice (20 @ 2 points each) _____ (40 points)

APPLICATION KNOWLEDGE:

Short Answer _____ (32 points)

Problem 1: Activity-Based Costing _____ (20 points)

Problem 2: Cost of Goods Manufactured Statement _____ (38 points)

TOTAL POINTS _____ ***(130 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 decimals at the final step.
- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

Multiple Choice Questions

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

1. Underallocated overhead occurs when _____.
 - A. Estimated overhead costs are greater than actual overhead costs
 - B. Allocated overhead costs are less than actual overhead costs
 - C. Actual overhead costs are less than allocated overhead costs
 - D. Estimated overhead costs are greater than budgeted overhead costs

2. Companies that manufacture identical items through a series of uniform production steps use _____ to determine cost per unit sold.
 - A. The weighted-average method
 - B. A job order costing system
 - C. The first-in, first-out method
 - D. A process costing system

3. Conversion costs include _____.
 - A. Direct materials and direct labor
 - B. Direct labor and manufacturing overhead costs
 - C. Product and period costs
 - D. Direct materials, direct labor, and manufacturing overhead costs

4. _____ costs are incurred to detect poor-quality materials, goods, or services.
 - A. Prevention
 - B. Appraisal
 - C. Internal failure
 - D. External failure

5. Period costs are the _____.
 - A. Operating costs that are expensed in the accounting period in which they are incurred
 - B. Costs related to production of products
 - C. Product costs that must be paid in the accounting period in which they are incurred
 - D. Same as manufacturing costs

6. Indirect labor is a _____.
A. Non-manufacturing cost
B. Raw material cost
C. Product cost
D. Period cost
7. Bruins' predetermined overhead rate is 80% of direct labor cost. During the month, Bruins incurs \$210,000 of factory labor costs, of which \$180,000 is direct labor and \$30,000 is indirect labor. Actual overhead incurred was \$200,000. The amount of overhead debited to Work In Process Inventory should be _____.
A. \$200,000
B. \$144,000
C. \$168,000
D. \$160,000
8. The individual job cost sheets serve as the _____ to the control account, Work in Process.
A. Back-up work
B. Subsidiary ledgers
C. Special journals
D. Verification
9. Sabres estimated that annual overhead costs will be \$80,000 and direct labor hours will be 50,000. Actual overhead was \$88,000 and direct labor hours were 40,000. What is the predetermined overhead rate?
A. \$1.60/labor hour
B. \$1.76/labor hour
C. \$2.00/labor hour
D. \$2.20/labor hour

10. At the end of the year, Sharks Co. has a \$1,200 debit balance in Manufacturing Overhead. The company _____.
A. Makes an adjusting entry by debiting Manufacturing Overhead Applied for \$1,200 and crediting Manufacturing Overhead for \$1,200
B. Makes an adjusting entry by debiting Manufacturing Overhead Expense for \$1,200 and crediting Manufacturing Overhead for \$1,200
C. Makes an adjusting entry by debiting Cost of Goods Sold for \$1,200 and crediting Manufacturing Overhead for \$1,200
D. Makes no adjusting entry because differences between actual overhead and the amount applied are a normal part of job order costing and will average out over the next year.
11. The work of factory employees that can be physically and directly associated with converting raw materials into finished goods is/are _____.
A. Indirect materials
B. Indirect labor
C. Manufacturing overhead
D. Direct labor
12. For the year, Red Wings Corp. has cost of goods manufactured of \$400,000, beginning finished goods inventory of \$250,000, and ending finished goods inventory of \$200,000. The cost of goods sold is _____.
A. \$350,000
B. \$450,000
C. \$600,000
D. \$650,000
13. When are product costs expensed?
A. Never
B. When they are incurred
C. When the product is sold
D. When the manufacturing process is completed
14. An important feature of a job order cost system is that each job _____.
A. Has its own distinguishing characteristics
B. Must be completed before a new job is accepted
C. Must be similar to previous jobs completed
D. Consists of one unit of output

15. In accumulating raw materials costs, companies debit the cost of raw materials purchased in a perpetual system to _____.
A. Raw Materials Inventory
B. Purchases
C. Finished Goods
D. Manufacturing Overhead
16. During the month, Panthers Inc. completed Job No. 36 at a cost of \$30,000. What is the correct journal entry to record the job's completion?
A. Debit Finished Goods Inventory, credit Manufacturing Overhead
B. Debit Work in Process, credit Finished Goods Inventory
C. Debit Finished Goods Inventory, credit Work in Process
D. Debit Work in Process, credit Raw Materials
17. When incurred, factory labor costs that can be traced to a specific job are debited to _____.
A. Factory Wage Expense
B. Work in Process
C. Manufacturing Overhead
D. Cost of Goods Sold
18. At the end of the year, Lightning Inc. has a \$6,000 debit balance in Manufacturing Overhead. The Manufacturing Overhead account is _____.
A. Over-allocated
B. Properly allocated
C. Under-allocated
D. Negatively allocated
19. Which of the following costs would a computer manufacturer include in manufacturing overhead?
A. The cost of disk drives
B. The wages earned by computer assemblers
C. The cost of the memory chips
D. Depreciation on testing equipment

20. In January, Maple Leafs Corp. requisitions materials for production as follows: Job 1 \$900, Job 2 \$700 and general factory use \$600. The summary journal entry to record raw materials used includes:

- A. A credit to manufacturing overhead for \$600
- B. A debit to finished goods inventory for \$2,200
- C. A credit to raw materials for \$1600
- D. A debit to work in process for \$1600

Short Answer (32 Points)

1. Blue Jackets Co. developed the following data for the current year:

Beginning Work In Process Inventory	\$150,000
Direct Materials used	90,000
Actual overhead	180,000
Overhead applied	135,000
Cost of Goods Manufactured	115,000
Direct Labor	225,000

What is the ending balance in Work in Process inventory?	
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2. Identify each of the following with “Yes” or “No”

	Product Cost	Manufacturing Overhead	Period Cost	Prime Cost	Conversion Cost
Direct Materials					
Indirect Materials					
Direct Labor					
Indirect Labor					

3. Islanders Inc. completed Job NY for a client. The details of the job are given below:

Direct labor cost	\$890
Direct materials cost	\$1,100
Machine hours	8 hours
Direct labor hours	21 hours
Predetermined overhead allocation rate	\$60 per machine hour

What is the total cost of Job NY?	
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4. Rangers Manufacturing produces plastic toys and uses weighted-average process costing. There are three processing departments—Assembly, Finishing, and Packaging. On January 1, the Finishing Department had 2,000 units of partially processed product in production. During January, 31,000 units were transferred in from the Assembly Department and 29,000 units were completed and transferred out. At the end of the month, 4,000 units of partially processed products remained in the Finishing Department. As of January 31, the ending work-in-process was 94% complete for materials costs and 70% complete for conversion costs.

What were the equivalent units of production for the month of January with respect to materials costs?	
What were the equivalent units of production for the month of January with respect to conversion costs?	

Problem 1: Activity-Based Costing (20 Points)

Flyers Avionics makes three types of radios for small aircraft—Model A, Model B, and Model C. Manufacturing overhead costs are significant, and Flyer has adopted an activity-based costing system.

Flyer has three activities—assembly, materials management, and testing. Flyers estimates that they will use 123,750 machine hours, 80,000 parts, and 5,750 tests during the year.

	Total Cost	Cost Driver
Assembly	\$792,000	Machine hours
Materials Management	\$136,000	Number of parts
Testing	\$23,000	Tests

To make 5,000 units of the Model A radio requires 2,000 machine hours, 12,000 parts, and 2,000 tests.

What is the overhead rate for the assembly activity?	
What is the overhead rate for the materials management activity?	
What is the overhead rate for the testing activity?	
What is the total amount of overhead allocated to make one unit of Model A?	

Problem 2: Cost of Goods Manufactured (38 Points)

The Penguins Company is a manufacturer of hockey pucks. The direct labor cost for May is \$37,800. Raw materials of \$75,000 were purchased in May and the factory overhead amounted to \$64,000. The inventory reports of the company show the following information:

	May 1	May 31
Raw Materials Inventory	\$4,500	\$5,200
Work-In Process Inventory	2,800	5,400
Finished Goods Inventory	10,700	9,300

REQUIRED:

1. Create a Cost of Goods Manufactured Statement for May.

2. Create a Cost of Goods Sold Statement for May.

