



# 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!**

Property of Business Professionals of America.  
May be reproduced only for use in the Business Professionals of America  
*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
  
- 4) If Mister Terrific, Inc. had conversion cost of \$460, the conversion cost per equivalent unit is \$0.07
  
- 5) The total cost assigned to the units transferred to the Boiling Department is \$3,920
  
- 6) The total cost assigned to the units in ending Work in Process is \$2,295

MANAGERIAL ACCOUNTING (PS) – REGIONAL 2019

ANSWER KEY

Page 5 of 9



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.

- 7) The predetermined overhead rate for 2019 is \$1.36/DLH
  
- 8) The amount of overhead applied to jobs during the first quarter is \$172,448
  
- 9) 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.

- a) December 1 Purchased raw materials on account \$200,000
- b) 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

- c) December 8 Paid \$15,000 for equipment maintenance
- d) 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

- e) December 20 Applied overhead at a rate of 150% of direct labor to Jobs AA, BB, & CC.
- f) December 26 Completed Job AA and Job CC
- g) December 31 Recorded depreciation on the factory building \$68,000 and factory equipment \$56,500
- h) December 31 Factory insurance of \$10,000 expired
- i) December 31 Sold Job CC for \$175,000 cash
- j) 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	<u>(42,700)</u>		
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	<u>17,500</u>		
Total Manufacturing Overhead		<u>144,590</u>	
Total Product Costs			<u>539,490</u>
Total Work-in-Process			593,390
Ending Work-in-Process			<u>(41,500)</u>
Cost of Goods Manufactured			<u>\$551,890</u>