

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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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
 - a) Allocated to the cost object
 - b) Traceable to the cost object
 - c) Variable with respect to the cost object
 - d) Fixed with respect to the cost object

- 2) The three major product costs in a manufacturing system are
 - a) Direct materials, Direct Labor, and Manufacturing Overhead
 - b) Period Costs, Product Costs, and Conversion Costs
 - c) Variable Costs, Fixed Costs, and Mixed Costs
 - d) General, Selling, and Administrative Costs

- 3) An activity-based costing system is used to more efficiently allocate
 - a) Direct Materials
 - b) Direct Labor
 - c) Manufacturing Overhead
 - d) Variable Costs

- 4) Which costing method assumes all products use overhead costs in the same proportions?
 - a) Activity-based costing
 - b) Departmental overhead rate method
 - c) Plant-wide overhead rate method
 - d) Process costing method

- 5) Which of the following is generally *not* used as an allocation base under the Plant-wide overhead rate method?
 - a) Direct Labor Hours
 - b) Direct Labor Cost
 - c) Machine Hours
 - d) Number of Quality Inspectors

- 6) A group of costs that have the same cost driver are a
 - a) Job Order Costing object
 - b) Cost Pool
 - c) Cost Object
 - d) Predetermined Overhead item

- 7) Which accounting system acquires inventory and produces units only when needed?
 - a) Managerial accounting companies
 - b) Financial accounting companies
 - c) Service companies
 - d) Just-in-time manufacturing

- 8) The primary users of managerial accounting information are
- Creditors
 - Taxing authorities
 - Internal users
 - Stockholders
- 9) Who governs the practice of managerial accounting?
- American Institute of Certified Public Accountants
 - Institute of Management Accountants
 - Financial Accounting Standards Board
 - Securities & Exchange Commission
- 10) Which of these costs appear *only* in the income statement under operating expenses?
- Direct Materials
 - Direct Labor
 - Product Costs
 - Period Costs
- 11) Manufacturing Overhead costs are
- Always fixed
 - Always variable
 - Always mixed
 - Can be any of the above
- 12) At what point are period costs expensed?
- During the closing process
 - When the costs are incurred
 - When the product is sold
 - During the adjusting process
- 13) The cost of units that have been started into production but not finished are recorded in which account?
- Raw Materials
 - Work in Process
 - Finished Goods
 - Cost of Goods Sold
- 14) When calculating the predetermined overhead rate, the numerator is always
- Budgeted overhead costs
 - Actual overhead costs
 - Budgeted product costs
 - Actual product costs

- 15) If the Manufacturing Overhead T-account has a debit balance at the end of the year,
- Manufacturing overhead was over-applied
 - Manufacturing overhead was under-applied
 - A mistake was made during the year
 - Some expenses have not been recorded yet
- 16) At what point are product costs expensed?
- When the product is sold
 - When the expense is incurred
 - When the bills are paid
 - When the employees are paid
- 17) Which product costing system would be used by a cereal manufacturer?
- Job-Order
 - Process
 - LIFO
 - Period
- 18) Which product costing system will have more than one Work-In-Process account?
- Job Order
 - Process
 - Activity-Based Costing
 - Service companies
- 19) When requisitioning raw materials, which account is debited?
- Raw Materials
 - Manufacturing Overhead
 - Work-In-Process
 - Cost of Goods Sold
- 20) When the assembly line workers are paid, which account is debited?
- Work-In-Process
 - Manufacturing Overhead
 - Finished Goods Inventory
 - Wage Expense
- 21) When depreciation on the factory equipment is recorded, which account is debited?
- Depreciation Expense
 - Work-In-Process
 - Manufacturing Overhead
 - Raw Materials
- 22) When Manufacturing Overhead is applied in a process cost system, which account is credited?
- Work-In-Process
 - Manufacturing Overhead
 - Finished Goods Inventory
 - Cost of Goods Sold

- 23) When goods are transferred out of the first production department into the second production department, which account is credited
- a) Finished Goods
 - b) Work-In-Process – Department I
 - c) Work-In-Process - Department II
 - d) Raw Materials
- 24) When good are completed and ready to sell, which account is debited?
- a) Work-In-Process
 - b) Finished Goods Inventory
 - c) Sales Revenue
 - d) Cost of Goods Sold
- 25) When goods have been sold, which account is credited?
- a) Work-In-Process
 - b) Cost of Goods Sold
 - c) Accounts Receivable
 - d) 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 _____

4) If Mister Terrific, Inc. had conversion cost of \$460, the conversion cost per equivalent unit is _____

5) The total cost assigned to the units transferred to the Boiling Department is _____

6) 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.

- 7) The predetermined overhead rate for 2019 is _____
- 8) The amount of overhead applied to jobs during the first quarter is _____
- 9) 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.

- 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.

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	

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

