

# MANAGERIAL ACCOUNTING (135)

## Regional – 2020

### Multiple Choice & Short Answer:

Multiple Choice (15 @ 2 points) \_\_\_\_\_ (30 points)

Short Answers \_\_\_\_\_ (14 points)

### Production:

Problem 1: Journal Entries (24 @ 2 points) \_\_\_\_\_ (48 points)

Problem 2: Cost of Production Report \_\_\_\_\_ (27 points)

***TOTAL POINTS*** \_\_\_\_\_ (***119 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.

You will have 90 minutes to complete your work. The test is divided into two parts. The multiple choice and short answer questions should be completed first, and then the accounting problems may be completed in any order.

Your name and/or school name should ***not*** appear on any work you submit for grading. Write your contestant number in the provided space. Staple all pages in order before you turn in your test.

Assumptions to make when taking this assessment:

Percents rounded to two decimal places or the tenth percent (Ex: 22.8%)

**Multiple Choice:**

- \_\_\_\_\_ 1. Managerial accounting will always be prepared . . .
- a. according to GAAP.
  - b. according to management needs.
  - c. with historical information only.
  - d. only on an annual basis.
- \_\_\_\_\_ 2. Total product costs consist of . . .
- a. Direct materials.
  - b. Direct materials and direct labor.
  - c. Direct materials, direct labor and factory overhead.
  - d. Direct materials, direct labor, factory overhead and operating expenses.
- \_\_\_\_\_ 3. Which of the following is an example of direct materials for a furniture manufacturer?
- a. Cost of oil to lubricate the sewing machines
  - b. Cost of wages for a framer
  - c. Cost of production quality control supervisor
  - d. Cost of foam padding
- \_\_\_\_\_ 4. Any factory cost other than direct materials or direct labor is considered . . .
- a. Factory overhead.
  - b. Period costs.
  - c. Prime costs.
  - d. Operating expenses.
- \_\_\_\_\_ 5. Conversion costs are . . .
- a. Direct materials and direct labor.
  - b. Direct materials and factory overhead.
  - c. Direct labor and factory overhead.
  - d. Direct labor and period costs.
- \_\_\_\_\_ 6. What are the two main types of cost accounting systems for a manufacturing facility?
- a. Job order cost and manufacturing cost accounting systems
  - b. Job order cost and process cost accounting systems
  - c. Manufacturing and process cost accounting systems
  - d. Period cost and process cost accounting systems

- \_\_\_\_\_ 7. Which of the following is most likely a period cost?
- a. Sales commissions
  - b. Salary of the quality control officer
  - c. Depreciation of factory equipment
  - d. Materials used in production
- \_\_\_\_\_ 8. Factory overhead is . . .
- a. Recorded in job sheets as paid.
  - b. Recorded in job sheets as accrued.
  - c. Recorded in job sheets as applied.
  - d. Recorded in job sheets as needed.
- \_\_\_\_\_ 9. Which of the following cost would ***not*** be considered a conversion cost?
- a. Assembly line worker wages
  - b. Depreciation of factory equipment
  - c. Property taxes on the factory
  - d. Raw materials used in production
- \_\_\_\_\_ 10. Equivalent units are usually determined for . . .
- a. Direct materials only.
  - b. Direct materials and direct labor only.
  - c. Direct materials and factory overhead only.
  - d. Direct materials and conversion costs only.
- \_\_\_\_\_ 11. Which business philosophy focuses on reducing time, cost and poor quality?
- a. Cost and quality processing
  - b. Just-in-time processing
  - c. Quality control processing
  - d. Standard cost processing
- \_\_\_\_\_ 12. Which account is used to gather the costs of processing a manufactured product?
- a. Finished goods inventory
  - b. Materials inventory
  - c. Supplies inventory
  - d. Work in process inventory

- \_\_\_\_\_ 13. When recording the purchase of direct materials, which account will be debited?
- a. Finished goods inventory
  - b. Materials inventory
  - c. Supplies inventory
  - d. Work in process inventory
- \_\_\_\_\_ 14. When recording the completions of our product, which account will be credited?
- a. Finished goods inventory
  - b. Materials inventory
  - c. Supplies inventory
  - d. Work in process inventory
- \_\_\_\_\_ 15. Which financial statement is prepared by the absorption method?
- a. Income Statement
  - b. Statement of Owner's Equity
  - c. Balance Sheet
  - d. Statement of Cash Flows

**Short Answer:**

*Complete the following by filling the correct term or terms.*

16. Prime costs consist of \_\_\_\_\_ and \_\_\_\_\_.
17. Financial accounting prepares financial records according to what rules? \_\_\_\_\_.
18. Manufacturing costs consist of these three costs: \_\_\_\_\_,  
 \_\_\_\_\_ and \_\_\_\_\_.
19. Selling and administrative expenses are considered \_\_\_\_\_ costs.

<b>Word Bank (words may be used more than once)</b>			
Product	Period	Financial Accounting Standards Board	Generally Accepted Accounting Principles
Direct Labor	Direct Materials	Indirect Labor	Indirect Materials
Factory Overhead	Depreciation	Job Order	Process





**Problem 2: Cost of Production Report**

O'Brien Drills manufactures drill bits. During the first quarter, O'Brien spent \$60,000 on direct materials, \$60,000 on direct labor, and \$50,720 on manufacturing overhead to start 60,000 units into production and complete 52,000 units. There was no beginning inventory, and the ending inventory was 42% complete. All materials are added at the beginning of the production process. Using the weighted-average method, prepare the production cost report for the assembly department by completing the shaded portions of the table below.

<b>O'Brien Drills</b>				
<b>Production Cost Report – Dept. I</b>				
<b>Quarter Ended March 31, 2020</b>				
<b>Units</b>	<b>Whole Units</b>	<b>Equivalent Units</b>		<b>Totals</b>
		<b>Direct Materials</b>	<b>Conversion Costs</b>	
<b>Units accounted for</b>				
<b>Completed &amp; transferred out</b>	52,000			
<b>End WIP</b>				
<b>Total units accounted for</b>				
<b>Costs</b>				
		<b>Direct Materials</b>	<b>Conversion Costs</b>	
<b>Costs to account for</b>				
<b>Beg WIP</b>				
<b>Costs added during period</b>				
<b>Total costs to account for</b>				
<b>Cost per EUP</b>				
<b>Costs accounted for</b>				
<b>Completed &amp; transferred out</b>				
<b>End WIP</b>				
<b>Total costs accounted for</b>				