

# MANAGERIAL ACCOUNTING (135) —Post-secondary— REGIONAL – 2016

## Multiple Choice & Short Answer Section:

Multiple Choice (20 @ 2 points each) \_\_\_\_\_ (40 points)

Matching (50 @ 1 point each) \_\_\_\_\_ (50 points)

## Production Portion:

Job 1: Job Order Costing \_\_\_\_\_ (88 points)

Job 2: Contribution Margin Income Statement \_\_\_\_\_ (75 points)

***TOTAL POINTS*** \_\_\_\_\_ ***(253 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 90 minutes testing time

No more than ten (10) minutes wrap-up

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.

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.

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) For the year, PBA Corp. has cost of goods manufactured of \$600,000, beginning finished goods inventory of \$200,000, and ending finished goods inventory of \$250,000. The cost of goods sold is:
- a) \$450,000
  - b) \$500,000
  - c) \$550,000
  - d) \$600,000

- 2) Conversion costs are the sum of:
- a) Fixed and variable overhead costs
  - b) Labor costs and overhead costs
  - c) Direct materials costs and overhead costs
  - d) Direct and indirect labor costs

- 3) Which of the following is a mixed cost?

Cost	3,000 units	6,000 units
A	\$10,000	\$20,000
B	5,000	5,000
C	4,000	7,000

- a) A only
  - b) B only
  - c) C only
  - d) None of the costs are mixed
- 4) PBA sells Peppermints for \$52 a pound. Variable costs are \$28 per pound and fixed costs of \$18,720. What is PBA's contribution margin per pound of peppermint?
- a) \$24
  - b) \$80
  - c) \$14
  - d) \$104
- 5) Manufacturing overhead is under applied if:
- a) Actual overhead is less than applied
  - b) Actual overhead is greater than applied
  - c) The predetermined rate equals the actual rate
  - d) Actual overhead equals applied overhead

Use the following information to answer question 6:

Raw materials purchased and used	\$10,000
Administrative salaries	\$6,000
Wages of production workers	\$8,000
Depreciation of office furniture	\$2,500
Depreciation of manufacturing equipment	\$3,500
Sales	\$28,000

6) Product costs for the period were?

- a) \$30,000
- b) \$24,500
- c) \$24,000
- d) \$21,500

7) PBA & Co. expects overhead costs of \$360,000 per year and direct production costs of \$12 per unit. The estimated production activity for the 2017 accounting period is as follows:

	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
Units Produced	11,500	9,000	8,250	11,250

The predetermined overhead rate based on units produced is (rounded to 2 decimal places).

- a) \$0.75 per unit
- b) \$9.00 per unit
- c) \$1.33 per unit
- d) \$21.00 per unit

8) Using the information from the above problem and assuming a predetermined overhead rate of \$5.00 per unit, how much overhead should be allocated to the 2<sup>nd</sup> Quarter?

- a) \$1,800
- b) \$45,000
- c) \$200
- d) \$108,000

9) Using the information from the above problem and assuming a predetermined overhead rate of \$5.00 per unit, what is the total cost per unit?

- a) \$5
- b) \$12
- c) \$200
- d) \$17

10) Management accounting information includes:

- a) Results of customer satisfaction surveys
- b) The cost of producing a product
- c) Information regarding the percentage of defects
- d) All of the above

- 11) Management accounting is considered successful when it
- Helps creditors better evaluate the company's performance
  - Helps managers make better decisions
  - Is reported annually
  - Is historically accurate
- 12) Which of the following does *not* affect the direct/indirect classification of a cost?
- The level of budgeted profit for the next year
  - The materiality of the cost in question
  - Available technology to gather information about the cost
  - The design of the operation
- 13) A band of normal activity or volume in which specific cost-volume relationships are maintained is referred to as the
- Average range
  - Cost driver range
  - Relevant Range
  - Cost-allocation Range
- 14) Which of the following is an ethical standard of managerial accountants as defined by the Institute of Management Accountants?
- Competence
  - Integrity
  - Confidentiality
  - All of the above
- 15) When are period costs (non-inventoriable costs) expensed?
- When they are incurred
  - Once per year
  - When the associated product is sold
  - At the end of every operating cycle
- 16) When are product costs (inventoriable costs) expensed?
- When they are incurred
  - Once per year
  - When the associated product is sold
  - At the end of every operating cycle
- 17) Which type of company would use a job order cost system as opposed to a process costing system?
- A CPA firm
  - A textbook publisher
  - A paper mill
  - A breakfast-cereal company

- 18) In a job order cost system, the Work In Process account serves as the \_\_\_\_\_ and the individual job cost sheets serve as the \_\_\_\_\_.
- a) Main account; minor accounts
  - b) Reflection account; reactive accounts
  - c) Control account; subsidiary ledgers
  - d) General ledger; special journals
- 19) When graphing the line of a mixed cost, what is the slope of the line equivalent to?
- a) Fixed cost per unit
  - b) Variable cost per unit
  - c) Total fixed cost
  - d) Total variable cost
- 20) When graphing the line of a mixed cost, what is the y-intercept equivalent to?
- a) Fixed cost per unit
  - b) Variable cost per unit
  - c) Total fixed cost
  - d) Total variable cost

**Matching**

*Correctly identify each item with a Y or N (yes or no) in every box. Every box should have a response of Y or N.*

	Direct Materials	Direct Labor	Manufacturing Overhead	Product Cost	Period Cost
Wages paid to factory custodian					
Wood used by a furniture manufacturer					
Electricity for a factory					
Utilities for the corporate headquarters					
Wages paid to an assembly line worker					
Depreciation on factory equipment					
Sales commissions					
Wood glue used by a furniture manufacturer					
Depreciation on sales delivery vehicle					
Salary for Plant Manager					







