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)***

**Judge/Graders: Please double check and verify all scores and answer keys!**

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*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:**

1. C
2. B
3. C
4. A
5. B
6. D
7. B
8. B
9. D
10. D
11. B
12. A
13. C
14. D
15. A
16. C
17. A
18. C
19. B
20. C

**Matching** (1 point for each box)

*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 | ManufacturingOverhead | Product Cost | Period Cost |
| Wages paid to factory custodian | **N** | **N** | **Y** | **Y** | **N** |
| Wood used by a furniture manufacturer | **Y** | **N** | **N** | **Y** | **N** |
| Electricity for a factory | **N** | **N** | **Y** | **Y** | **N** |
| Utilities for the corporate headquarters | **N** | **N** | **N** | **N** | **Y** |
| Wages paid to an assembly line worker  | **N** | **Y** | **N** | **Y** | **N** |
| Depreciation on factory equipment | **N** | **N** | **Y** | **Y** | **N** |
| Sales commissions | **N** | **N** | **N** | **N** | **Y** |
| Wood glue used by a furniture manufacturer | **N** | **N** | **Y** | **Y** | **N** |
| Depreciation on sales delivery vehicle | **N** | **N** | **N** | **N** | **Y** |
| Salary for Plant Manager | **N** | **N** | **Y** | **Y** | **N** |

**Job 1: Job Order Costing (88 points):**

**Note to Grader: Each account is worth 2 points and each dollar amount is worth 2 points. Account titles may vary slightly but should be consistent in nature with the key.**

PBA Corp. uses a job order cost system. The following data summarize the operations related to the first quarter’s production. Prepare the journal entries for each item below (use the item number as the date).

1. Materials purchased on account $192,000

2. Materials requisitioned and factory labor used by job:

|  |  |  |
| --- | --- | --- |
| **Job No.** | **Materials** | **Factory Labor** |
| A20 | $33,240 | $18,000 |
| A21 | 42,920 | 24,000 |
| A22 | 36,100 | 17,000 |
| A23 | 41,270 | 25,000 |
| General Factory Use | 4,470 | 7,800 |
|  | $158,000 | $91,800 |

3. Manufacturing overhead costs incurred on account $39,500

4. Depreciation on machinery & equipment $14,550

5. Manufacturing overhead rate is 80% of DL cost

6. Jobs completed during the quarter: A20, A21, & A23

7. Job A20 is sold for $95,000 on account

8. Close the manufacturing overhead account

|  |
| --- |
| **General Journal** |
| **Date** | **Account** | **Debit** | **Credit** |
| 1) | **Raw Materials** | **192,000** |  |
|  |  **Accounts Payable** |  | **192,000** |
| 2) | **Work in Process** | **153,530** |  |
|  | **Manufacturing Overhead** | **4,470** |  |
|  |  **Raw Materials** |  | **158,000** |
|  | **Work in Process** | **84,000** | **May be combined into one entry!** |
|  | **Manufacturing Overhead** | **7,800** |  |
|  |  **Wages Payable** |  | **91,800** |
| 3) | **Manufacturing Overhead** | **39,500** |  |
|  |  **Accounts Payable** |  | **39,500** |
| 4)  | **Manufacturing Overhead** | **14,550** |  |
|  |  **Accumulated Depreciation** |  | **14,550** |
| 5)  | **Work in Process** | **67,200** |  |
|  |  **Manufacturing Overhead** |  | **67,200** |
| 6)  | **Finished Goods Inventory** | **238,030** |  |
|  |  **Work in Process** |  | **238,030** |
| 7) | **Accounts Receivable** | **95,000** |  |
|  |  **Revenue** |  | **95,000** |
|  | **Cost of Goods Sold** | **65,640** |  |
|  |  **Finished Goods Inventory** |  | **65,640** |
| 8) | **Manufacturing Overhead** | **880** |  |
|  |  **Cost of Goods Sold** |  | **880** |
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**Job 2: Contribution Margin Income Statement (75 points)**

**Note to Grader: The heading is worth 3 points (1 point per line). Each Account title is worth 3 points; the Variable Costs and Fixed Costs sub-headings are not worth any points. Each amount is worth 5 points. Account titles can vary slightly but should be similar in nature to the key. Specific expenses may be listed in any order within the correct category (variable and fixed).**

The local theatre sells an average of 1,300 tickets for its production of the newest musical *Pip Pip Hooray!* Each ticket sells for $60. There are 30 shows during the season, and each show has a cast of 65, who each earn an average of $340 per show. The cast is paid after each show. Program-printing costs $4 per guest. Annual fixed costs are $400,000 for Depreciation and $128,000 for Rent Expense.

Prepare a contribution margin income statement for *Pip Pip Hooray!* For the 30 shows performed during the 2016 season. Be sure to include the proper heading

|  |
| --- |
| ***Pip Pip Hooray!***Heading worth 1 point per line |
| **Contribution Margin Income Statement** |
| **Year Ended December 31, 2016** |
| **Revenue**Account titles worth 3 points each |  | **2,340,000** |
| **Variable Costs:** |  | All amounts worth 5 points each |
|  **Wage Expense** | **663,000** |  |
|  **Program Expense** | **156,000** |  |
| **Total Variable Costs** |  | **(819,000)** |
| **Contribution Margin**Fixed Cost & Variable Cost subheadings not worth any points |  | **1,521,000** |
| **Fixed Costs:** |  |  |
|  **Depreciation Expense** | **400,000** |  |
|  **Rent Expense** | **128,000** |  |
| **Total Fixed Costs** |  | **(528,000)** |
| **Net Income** |  | **$993,000** |