



# MANAGERIAL ACCOUNTING (135) —Post-secondary— REGIONAL – 2018

**Multiple Choice & Short Answer Section:**

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

Short Answers (25 @ 3 points each) \_\_\_\_\_ (75 points)

**Production Portion:**

Job 1: Production Cost Report \_\_\_\_\_ (100 points)

Job 2: Process Costing Journal Entries \_\_\_\_\_ (108 points)

***TOTAL POINTS*** \_\_\_\_\_ (***323 points***)

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

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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**

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

**Short Answer (3 points each)**

Seaborn Co. had the following activities, allocated costs, and allocation bases:

Activities	Allocated Costs	Allocation Base
Account inquiry (hours)	\$68,472	2,700 hours
Account billing (lines)	\$42,480	17,700 lines
Account verification (accounts)	\$12,711	22,300 accounts
Correspondence (letters)	\$12,051	1,300 letters

The above activities are carried out at two of its regional offices.

Activities	Northeast Office	Midwest Office
Account inquiry (hours)	120 hours	250 hours
Account billing (lines)	16,000 lines	9,000 lines
Account verification (accounts)	1,100 accounts	650 accounts
Correspondence (letters)	80 letters	150 letters

What is the account inquiry cost per hour?      \$25.36

What is the account billing cost per line?      \$2.40

What is the account verification cost per line?      \$0.57

What is the correspondence cost per line?      \$9.27

How much manufacturing overhead will be allocated to the Northeast office?      \$42,811.80

**Matching**

	Classify each cost as either Product (PR) or Period (PE)	Classify each cost as either Direct Materials (DM), Direct Labor (DL), Manufacturing Overhead (MOH), or Neither (N/A)
Wages paid to the corporate accountant	<b>PE</b>	<b>N/A</b>
Wood used by a furniture manufacturer	<b>PR</b>	<b>DM</b>
Electricity for a factory	<b>PR</b>	<b>MOH</b>
Utilities for the corporate headquarters	<b>PE</b>	<b>N/A</b>
Wages paid to an assembly line worker	<b>PR</b>	<b>DL</b>
Depreciation on factory equipment	<b>PR</b>	<b>MOH</b>
Sales commissions	<b>PE</b>	<b>N/A</b>
Nails used by a furniture manufacturer	<b>PR</b>	<b>MOH</b>
Depreciation on corporate jet	<b>PE</b>	<b>N/A</b>
Salary for Plant Manager	<b>PR</b>	<b>MOH</b>



**Problem 1: Production Cost Report (100 points)**

**Each shaded box worth 4 points**

Jonna manufactures puzzles. During the first quarter, Jonna spent \$28,000 on direct materials, \$40,000 on direct labor, and \$18,260 on manufacturing overhead to start 50,000 units into production and complete 32,000 units. There was no beginning inventory, and the ending inventory was 38% complete with respect to conversion costs and 100% complete with respect to materials. Using the weighted-average method, prepare the production cost report for the assembly department by completing the shaded portions of the table below.

<b>Jonna Co.</b>				
<b>Production Cost Report – Dept. I</b>				
<b>Quarter Ended March 31, 2018</b>				
Units	Whole Units	Equivalent Units		Totals
		Direct Materials	Conversion Costs	
<b>Units accounted for</b>				
<b>Completed &amp; transferred out</b>	32,000	32,000	32,000	
<b>End WIP</b>	18,000	18,000	6,840	
<b>Total units accounted for</b>	50,000	50,000	38,840	
<b>Costs</b>				
		<b>Direct Materials</b>	<b>Conversion Costs</b>	
<b>Costs to account for</b>				
<b>Beg WIP</b>		\$0	\$0	
<b>Costs added during period</b>		\$28,000	\$58,260	
<b>Total costs to account for</b>		\$28,000	\$58,260	
<b>Cost per EUP</b>		\$0.56	\$1.50	
<b>Costs accounted for</b>				
<b>Completed &amp; transferred out</b>		\$17,920	\$48,000	\$65,920
<b>End WIP</b>		\$10,080	\$10,260	\$20,340
<b>Total costs accounted for</b>		\$28,000	\$58,260	\$86,260



**Problem 2: Process Costing Entries (108 points)**

**Note to Grader: Each account and amount worth 2 points. Account titles may vary but should be similar in substance. No points for date.**

Prepare the appropriate journal entry for each below. Use the item number as the date.

1. Jonna Co. purchased \$95,000 of raw materials on account.
2. Jonna Co. has two processing departments, Department I and Department II. During the year, direct materials were assigned to the two production departments: \$28,000 to Department I and \$30,000 to Department II. During the period, \$8,000 of indirect materials were used in production.
3. Direct labor was assigned to the two production departments: \$40,000 to Department I and \$30,000 to Department II. During the period, \$4,000 of indirect labor was used in production.
4. Machinery depreciation was \$15,000
5. Repairs on manufacturing equipment of \$6,000 were paid in cash.
6. Jonna applied \$18,260 of manufacturing overhead to Department I and \$12,450 to Department II.
7. Jonna transferred \$117,120 of goods from Department I to Department II.
8. Jonna completed \$120,000 of goods and transferred them to Finished Goods Inventory.
9. Jonna sold goods worth \$45,000 for \$125,000 on account. Provide the journal entry to record the sale.
10. Jonna sold goods worth \$45,000 for \$125,000 on account. Provide the journal entry to record the cost of goods sold.
11. At the end of the year, Jonna Co. has an unadjusted debit balance in the Manufacturing Overhead account of \$6,000. Provide the year-end adjusting entry needed to adjust the account.

General Journal			
Date 20XX	Account Title	Debit	Credit
1	Raw Materials	95,000	
	Accounts Payable		95,000
2	Work in Process – Dept. I	28,000	
	Work in Process – Dept. II	30,000	
	Manufacturing Overhead	8,000	
	Raw Materials		66,000



<b>General Journal</b>			
<b>Date</b> <b>20XX</b>	<b>Account Title</b>	<b>Debit</b>	<b>Credit</b>
3	Work in Process – Dept. I	40,000	
	Work in Process – Dept. II	30,000	
	Manufacturing Overhead	4,000	
	Wages Payable		74,000
4	Manufacturing Overhead	15,000	
	Accumulated Depreciation		15,000
5	Manufacturing Overhead	6,000	
	Cash		6,000
6	Work in Process – Dept. I	18,260	
	Work in Process – Dept. II	12,450	
	Manufacturing Overhead		30,710
7	Work in Process – Dept. II	117,120	
	Work in Process – Dept. I		117,120
8	Finished Goods Inventory	120,000	
	Work in Process – Dept. II		120,000
9	Accounts Receivable	125,000	
	Sales Revenue		125,000
10	Cost of Goods Sold	45,000	
	Finished Goods Inventory		45,000
11	Cost of Goods Sold	6,000	
	Manufacturing Overhead		6,000