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## PAYROLL ACCOUNTING (04)

## Regional- 2013

## Multiple Choice \& Short Answer Section:

Multiple Choice (15 @ 2 points each)
Short Answers (25 @ 2 points each)
Production Portion Section:
Problem 1: Time Card
Problem 2: Salary Expense Entry
Problem 3: Payroll Tax Expense Entry
TOTAL POINTS
$\qquad$ (30 pts.)
$\qquad$ (50 pts.)
$\qquad$
$\qquad$ (15 pts.)
$\qquad$ (13 pts.)
$\qquad$ (148 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

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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:

- Round all calculations to two decimal places
- Assume employees earn overtime for any hours worked over 40 hours in a week unless otherwise instructed
- All time calculations are rounded to the nearest quarter hour
- Income Tax Withholding Tables are provided at the end of the assessment
- Use $6.2 \%$ for Social Security Tax on the first $\$ 100,000$ in wages
- $1.45 \%$ for Medicare Tax for all wages
- Use $5.4 \%$ for State Unemployment Tax and $0.8 \%$ for Federal Unemployment Tax
- Assume that no employee has accumulated earnings in excess of the social security tax, SUTA, or FUTA base unless otherwise indicated.


## Multiple Choice:

Select the best answer and record the answer on the Scantron provided.

1. Take home pay commonly known as
a. Gross Pay
b. Net Pay
c. Salary Compensation
d. Payroll Expense
2. $\qquad$ - deductions = Net Pay is a basic formula to determine net pay for each
employee for each pay period
a. Non-taxable Earnings
b. Yearly Earnings
c. Gross Earnings
d. Cumulative Earnings
3. This form is known as the Wage \& Tax Statement
a. Form l-9
b. Form W-4
c. Form 1040
d. Form W-2
4. Old Age \& Survivor's Disability Insurance Tax is also called
a. Federal Income Tax
b. Medicare Tax
c. State Income Tax
d. Social Security Tax
5. FIT is the acronym for
a. Social Security Tax
b. Federal Income Tax
c. Unemployment Tax
d. Medicare Tax
6. The Employee's Earnings Record has all the Employee's yearly information except
a. Pay check amounts for each payroll period
b. Total Yearly Deductions
c. Cumulative gross pay for the year
d. Non Employee's 1099MISC
7. The Payroll Register is primarily used for
a. Completing Form 940
b. Completing Form 941
c. Pay Period Journal Entries
d. Cumulative deductions for employees
8. An employee who does not fill out a Form W-4 will be treated as (for Federal Income Tax deduction purposes)
a. Married with 0 allowances
b. Single with 0 allowances
c. Married with 1 allowance
d. Single with 1 allowance
9. The fewer allowances an employee claims, the $\qquad$
a. Higher their Gross Pay will be
b. Lower their Gross Pay will be
c. More Federal Income Taxes will be withheld
d. Less Federal Income Taxes will be withheld
10. Which of the following is a mandated benefit for employees
a. Personal Day compensation
b. Double-time pay for Federal Holidays
c. Unemployment Insurance
d. None are mandated benefits
11. The Civil Rights Act of 1964 is entitled
a. American Employment Opportunities
b. United States Employment Opportunities
c. Equal Employment Opportunity Act
d. Equal Pay for Equal Work Act
12. The 1986 law that prevents employers from hiring and retaining unauthorized aliens for work is
a. SECA
b. IRCA
c. FMLA
d. FICA
13. Employers must issue W-2s to employees on or before
a. December 31 of the current year
b. January 1 of the following year
c. January 15 of the following year
d. January 31 of the following year
14. If an employee earns $\$ 6,000$ for the calendar year, the FUTA liability for the employer would be
a. \$ 48.00
b. \$ 52.00
c. \$ 56.00
d. None of these are correct
15. Which of following taxes do not have taxable maximum dollar amounts for employers?
a. Federal Unemployment Tax
b. State Unemployment Tax
c. Social Security Tax
d. Medicare Insurance

Short Answer:

1. Rick Ruby is paid biweekly. His yearly salary is $\$ 71,760$ and is paid time and a half for any hours worked over 80 in a biweekly period. During the payroll period, he had 5 hours of overtime. Calculate Rick's pay and overtime rate for the biweekly period.

Regular Salary

Overtime Rate
\$ $\qquad$
\$ $\qquad$
\$ $\qquad$
2. Ginny Manningham is paid every week and works 8 hour days. Her hourly rate of pay is $\$ 10.50$ per hour. Ginny is expected to produce 150 units per day. For every unit produced over 150 she receives an incentive of $\$ 1.55$ per unit and is not docked pay for under producing. Last week Ginny produced the following units in her 40 hour work week:

| Monday | Tuesday | Wednesday | Thursday | Friday | Total Regular <br> Pay | Incentive <br> Pay |
| :--- | :--- | :--- | :--- | :--- | ---: | ---: |
| 155 | 154 | 164 | 150 | 144 |  |  |

What were Ginny's Total Earnings before taxes for the week?
$\$$
3. Jeff Ellenson is a salaried sales person with a bonus incentive plan for sales above his quota. His quota for sales is $\$ 2,700,000$ per year. At his present position he gets $5 \%$ on all sales above this quota and his yearly sales are $\$ 3,600,000$ with a base salary of $\$ 75,000$ per year. Calculate his present total yearly earnings?
\$ $\qquad$

If another company offered him a similar position with the same amount of sales but no base salary (just commission on sales) what \% commission must he receive in order to equal his present total yearly earnings (use 2 decimals, example X.XX\%)?
$\qquad$ \%
4. Your current job paid you gross pay of $\$ 565.46$ for a 46 hour work week. If you are an hourly paid employee that received time and a half for all hours over 40 in a work week, calculate your regular rate of pay and your overtime rate of pay?

Regular pay rate
\$ $\qquad$ per hour

Overtime pay rate
\$ $\qquad$ per hour
5. Using the following time card, calculate the regular, overtime, and total earnings for Glenn Newsome. Glenn takes a 30 minute lunch period each day he works more than 5 hours. In addition, he is not docked hours or given additional hours for punch-in times +/6 minutes or less. His regular work day is 8am-4:30pm.

| Time Card |  |  |  |
| :---: | :---: | :---: | :---: |
| Employee No. 120765 |  | Week Ending March 12, 2012 |  |
| Name: Newsome, Glenn |  | Exemptions: 2 |  |
| Social Security No.: 393-65-8821 |  | Hourly Rate: \$10.60 |  |
| Day | In | Out | Hours |
| Monday | 8:01 AM | 4:33 PM |  |
| Tuesday | 7:56 AM | 4:32 PM |  |
| Wednesday | 7:57 AM | 5:03 PM |  |
| Thursday | 8:04 AM | 6:03 PM |  |
| Friday | 8:00 AM | 5:31 PM |  |
| Saturday | 9:01 AM | 1:33 PM |  |
|  | Hours | Rate | Earnings |
| Regular |  |  |  |
| Overtime |  |  |  |
| Totals |  | N/A |  |

## Problem \#1

Use the information below to complete the first quarter Employee Earnings Record for Jim Bodis. Jim is a department manager and he is a 40 hour per week salaried employee that is paid on a weekly basis. His social security number is 393-66-8233. Complete the Employee's Earnings Record report for the $13^{\text {th }}$ weekly pay period ended March 26, 2011. Federal income tax is withheld at a rate of $10 \%$ of gross earnings for Jim.

|  |  |  |  | Earnings |  | Deductions |  |
| :---: | :--- | :---: | :---: | :---: | :---: | ---: | ---: |
| Employee <br> No. | Employee <br> Name | Marital <br> Status | No. of <br> Allowances | Regular | Overtime | United <br> Way <br> Deduction | Health <br> Insurance |
| 144668 | Bodis, Jim | M | 0 | $\$ 650.00$ |  | $\$ 15.00$ |  |



## PAYROLL ACCOUNTING

## REGIONAL 2013

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## Problem \#2

Journalize the payment of the March $26^{\text {th }}$ payroll on Page 6 of the General Journal provided for this newly formed business (this is the first payroll).

| Payroll Register |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Total Earnings | Deductions |  |  |  |  | Net Paid |  |
| NAME |  | OASDI | HI | FIT | Group Ins. | 401K | Ck. No. | Amount |


| Payroll period ending March 26th, 2011 |  |  |  |  |  |  |  |  |
| :--- | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
| Jones | $3,200.00$ | 198.40 | 46.40 | 156.00 | 15.00 |  | 1672 |  |
| Nelson | $2,260.00$ | 140.12 | 32.77 | 160.00 | 15.00 | 140.00 | 1673 |  |
| Smith | 960.00 | 59.52 | 13.92 | 76.00 | 15.00 |  | 1674 |  |
| Fredricks | $1,300.00$ | 80.60 | 18.85 | 50.00 | 15.00 |  | 1675 |  |
| O'Brien | $2,100.00$ | 130.20 | 30.45 | 210.00 | 15.00 | 150.00 | 1676 |  |
| Chance | 800.00 | 49.60 | 11.60 | 73.00 | 15.00 |  | 1677 |  |
| Nevers | $3,000.00$ | 186.00 | 43.50 | 90.00 | 15.00 | 60.00 | 1678 |  |
| Thomas | $1,900.00$ | 117.80 | 27.55 | 198.00 | 15.00 |  | 1679 |  |
| Williams | $1,350.00$ | 83.70 | 19.58 | 137.00 | 15.00 | 75.00 | 1680 |  |
| TOTALS |  |  |  |  |  |  |  |  |

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Page 6

| Date | Account Title | Doc <br> No. | Post Ref. | Debit |  |  | Credit |  |  |
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## Problem \#3

Using the information provided in Problem \#2, journalize the Employer's Payroll Taxes on Page 7 of the General Journal provided. The employer matches all 401 K deductions at a rate of $10 \%$ of the employee's contribution, the account used to accrue this liability is ER 401K Match Payable.

|  | GENERAL JOURNAL |  |  |  |  |  |  | Page |  |  |
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