

# PAYROLL ACCOUNTING (04)

## Regional—2004

<b>Multiple Choice</b> ( <i>12 @ 5 points each</i> )	_____	<b>(60 pts.)</b>
<b>Application 1</b> ( <i>16 @ 1 point each</i> )	_____	<b>(16 pts.)</b>
<b>Application 2</b> ( <i>16 @ 1 point each</i> )	_____	<b>(16 pts.)</b>
<b>Application 3</b> ( <i>4 @ 5 points each</i> )	_____	<b>(20 pts.)</b>
<b>Application 4</b> ( <i>3 @ 5 points each</i> )	_____	<b>(15 pts.)</b>
<b>Application 5</b> ( <i>40 @ 1 point each</i> )	_____	<b>(40 pts.)</b>
<b>Application 6</b> ( <i>all correct = 10 points; 1 incorrect = 0 points</i> )	_____	<b>(10 pts.)</b>
<b>Application 7</b> ( <i>27 @ 1 point each</i> )	_____	<b>(27 pts.)</b>
<b>TOTAL POINTS</b>	_____	<b>(204)</b>

***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.***
- 3. No previous BPA tests and/or sample tests or facsimile (handwritten, photocopied, or keyed) are allowed in the testing area.***
- 4. Electronic devices will be monitored according to ACT standards.***

20 minutes for prep, warm-up and wrap-up  
 90 minutes for testing/production  
 110 minutes total event time

Do NOT open test booklet until instructed to do so.

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 Workplace Skills Assessment Program regional competition.

## GENERAL INSTRUCTIONS

### *Assumptions to make when taking this assessment:*

- Round all calculations to two decimal places.
- Round each step of the problem.
- Assume employees earn overtime (1½ times regular hourly rate) for any hours worked over 40 in a week, *unless otherwise directed*.
- All time calculations are rounded to the nearest quarter hour.

### *Rates for FICA are:*

- Social Security                      6.2%
- Medicare                                1.45 %

### *Other Tax Rates:*

- FUTA Tax                                .8%
- SUTA Tax                                5.4%
- Federal Income Tax                8.2%
- State Income Tax                    5.0%

### *Earning Limits:*

- Social Security            \$68,500 per year
- Medicare                    None

***Write your contestant number in the upper right-hand corner of each page.  
Staple all pages in order before you turn in your test.***

1. How many hours were worked by an employee who arrived at 7:15 a.m. and departed at 12:15 p.m.? 1. \_\_\_\_\_
  - a. 4 hours
  - b. 5 hours
  - c. 4 hours and fifteen minutes
  - d. 5 hours and fifteen minutes
  
2. The total of the Net Pay column of the payroll register is credited to \_\_\_\_\_. 2. \_\_\_\_\_
  - a. a revenue account
  - b. an expense account
  - c. an asset account
  - d. a liability account
  
3. An employee who is working for the same employer all year should receive a Form W-2 no later than \_\_\_\_\_. 3. \_\_\_\_\_
  - a. December 31
  - b. January 31
  - c. March 1
  - d. April 15
  
4. The payroll accounting document that can be used to prepare W-2 forms is the \_\_\_\_\_. 4. \_\_\_\_\_
  - a. payroll register
  - b. special deposit register
  - c. employee earnings record
  - d. the employees' W-4 forms
  
5. The accounting document that provides a basis for recording payroll transactions is \_\_\_\_\_. 5. \_\_\_\_\_
  - a. the payroll register
  - b. the employee earnings records
  - c. the general ledger
  - d. the general journal
  
6. The account *payroll taxes expense* is used for \_\_\_\_\_. 6. \_\_\_\_\_
  - a. recording employees' federal income taxes withheld
  - b. recording employees' social security and Medicare taxes
  - c. recording the employer's social security and Medicare taxes
  - d. recording the employer's social security, Medicare, FUTA, and SUTA taxes

7. The chart of accounts \_\_\_\_\_. 7. \_\_\_\_\_
- a. cannot be changed once it is created and used by a company
  - b. will determine the fiscal year end of a company
  - c. lists each account by title and account number
  - d. is used to prepare employee earnings records
8. Which form will be used by a payroll professional in calculating federal income tax withholding? 8. \_\_\_\_\_
- a. W-2
  - b. W-3
  - c. W-4
  - d. Form 941
9. Until the amounts withheld from employee salaries are paid by the employer, they are recorded as \_\_\_\_\_. 9. \_\_\_\_\_
- a. assets
  - b. liabilities
  - c. salary expense
  - d. revenue
10. Employee regular earnings are calculated as \_\_\_\_\_. 10. \_\_\_\_\_
- a. regular hours times regular rate
  - b. total hours divided by regular rate
  - c. total hours plus overtime rate
  - d. overtime hours minus overtime rate
11. The Accumulated Earnings column of the employee earnings record \_\_\_\_\_. 11. \_\_\_\_\_
- a. shows net pay for the year
  - b. is the total earnings since the first of the year
  - c. shows net pay for one quarter
  - d. is the gross earnings for one quarter
12. The Medicare tax is calculated by \_\_\_\_\_. 12. \_\_\_\_\_
- a. multiplying total earnings by the tax rate
  - b. multiplying net earnings by the tax rate
  - c. using a tax table
  - d. none of these

**Application 1** (16 points)

Monty's Appliance Store pays a regular hourly rate for 40 hours per week. Overtime is paid at 1 ½ times the regular hourly rate. Complete the following partial payroll record.

<b>Employee</b>	<b>Regular Rate</b>	<b>Regular Hours</b>	<b>Regular Pay</b>	<b>Overtime Hours</b>	<b>Overtime Rate</b>	<b>Overtime Pay</b>	<b>Gross Pay</b>
O'Conner	\$7.25	35		10			
Riley	\$6.75	40		8			
Bell	\$9.50	37		15			
Ruberto	\$8.25	40		7			

**Application 2** (16 points)

Complete the following table, converting each annual salary to monthly, semimonthly, biweekly, and weekly salaries.

<b>Annual Salary</b>	<b>Pay Periods per Year</b>			
	<b>Monthly Salary</b>	<b>Semimonthly Salary</b>	<b>Biweekly Salary</b>	<b>Weekly Salary</b>
<b>\$43,750</b>				
<b>\$21,800</b>				
<b>\$65,600</b>				
<b>\$52,450</b>				

**Application 3** (20 points)

The Delectable Bakery pays its sales representatives an annual commission bonus as follows:

- 10% on the first \$20,000
- 11% on the next \$20,000
- 15% on the next \$40,000
- 20% on all sales over \$80,000

What was the total commission earned by each sales representative?

<b>Employees</b>	<b>Yearly Sales</b>	<b>Total Commission</b>
T. Meyers	\$24,000	
R. Randall	\$82,600	
A. Allen	\$43,200	
M. Murray	\$65,900	

**Application 4** (15 points)

Sally Douglas works as an assembler for All-About Plastics, Inc. Sally receives \$0.12 for each unit of part 678 that she assembles. For the week that ended on June 24<sup>th</sup>, Sally successfully assembled 1,850 parts in 40 working hours. Sally worked Monday through Friday for the week ending June 24. Please answer the following questions:

1. What is Sally's hourly rate of pay on a piece-rate method basis? \_\_\_\_\_
  
2. Is this rate greater than the current federal minimum wage? \_\_\_\_\_
  
3. What is the amount of Sally's gross earnings for the week? \_\_\_\_\_









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## ***KEY***

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<b>TOTAL POINTS</b>	_____	<b>(204)</b>

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**Graders:**

Points for the problem are listed in a text box by the problem.

When grading computer-generated problems, refer to the Style and Reference Manual and Production Standards in the *Workplace Skills Assessment Program Guidelines* for further instructions.

Double-check and verify all scores!

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- Social Security                      6.2%
- Medicare                                1.45 %

### *Other Tax Rates:*

- FUTA Tax                                .8%
- SUTA Tax                                5.4%
- Federal Income Tax                8.2%
- State Income Tax                    5.0%

### *Earning Limits:*

- Social Security            \$68,500 per year
- Medicare                    None

***Write your contestant number in the upper right-hand corner of each page. Staple all pages in order before you turn in your test.***



**Multiple Choice**

1.           **B**  
\_\_\_\_\_
2.           **C**  
\_\_\_\_\_
3.           **B**  
\_\_\_\_\_
4.           **C**  
\_\_\_\_\_
5.           **A**  
\_\_\_\_\_
6.           **D**  
\_\_\_\_\_
7.           **C**  
\_\_\_\_\_
8.           **C**  
\_\_\_\_\_
9.           **B**  
\_\_\_\_\_
10.          **A**  
\_\_\_\_\_
11.          **B**  
\_\_\_\_\_
12.          **A**  
\_\_\_\_\_



**Application 1** (16 points)

Monty's Appliance Store pays a regular hourly rate for 40 hours per week. Overtime is paid at 1 ½ times the regular hourly rate. Complete the following partial payroll record.

Employee	Regular Rate	Regular Hours	Regular Pay	Overtime Hours	Overtime Rate	Overtime Pay	Gross Pay
O'Conner	\$7.25	35	\$253.75	10	\$10.88	\$108.80	\$362.55
Riley	\$6.75	40	\$270.00	8	\$10.13	\$81.04	\$351.04
Bell	\$9.50	37	\$351.50	15	\$14.25	\$213.75	\$565.25
Ruberto	\$8.25	40	\$330.00	7	\$12.38	\$86.66	\$416.66

**Application 2** (16 points)

Complete the following table, converting each annual salary to monthly, semimonthly, biweekly, and weekly salaries.

Annual Salary	Pay Periods per Year			
	Monthly Salary	Semimonthly Salary	Biweekly Salary	Weekly Salary
\$43,750	\$3,645.83	\$1,822.92	\$1,682.69	\$841.35
\$21,800	\$1,816.67	\$908.33	\$838.46	\$419.23
\$65,600	\$5,466.67	\$2,733.33	\$2,523.08	\$1,261.54
\$52,450	\$4,370.83	\$2,185.42	\$2,017.31	\$1,008.65



**Application 3** (5 points each)

The Delectable Bakery pays its sales representatives an annual commission bonus as follows:

- 10% on the first \$20,000
- 11% on the next \$20,000
- 15% on the next \$40,000
- 20% on all sales over \$80,000

What was the total commission earned by each sales representative?

Employees	Yearly Sales	Total Commission
T. Meyers	\$24,000	<b>\$2,440</b>
R. Randall	\$82,600	<b>\$10,720</b>
A. Allen	\$43,200	<b>\$4,680</b>
M. Murray	\$65,900	<b>\$8,085</b>

**Application 4** (5 points each)

Sally Douglas works as an assembler for All-About Plastics, Inc. Sally receives \$0.12 for each unit of part 678 that she assembles. For the week that ended on June 24<sup>th</sup>, Sally successfully assembled 1,850 parts in 40 working hours. Sally worked Monday through Friday for the week ending June 24. Please answer the following questions:

1. What is Sally's hourly rate of pay on a piece-rate method basis? **\$5.55** \_\_\_\_\_
  
2. Is this rate greater than the current federal minimum wage? **YES** \_\_\_\_\_
  
3. What is the amount of Sally's gross earnings for the week? **\$222** \_\_\_\_\_



