Time		

Rank\_\_\_\_\_

# PAYROLL ACCOUNTING (04) Regional—2004

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

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 <u>NOT</u> open test booklet until instructed to do so.

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

7.	The chart of accounts	7.	
	<ul> <li>a. cannot be changed once it is created and used by a company</li> <li>b. will determine the fiscal year end of a company</li> <li>c. lists each account by title and account number</li> <li>d. is used to prepare employee earnings records</li> </ul>		
8.	<ul> <li>Which form will be used by a payroll professional in calculating federal income tax withholding?</li> <li>a. W-2</li> <li>b. W-3</li> <li>c. W-4</li> <li>d. Form 941</li> </ul>	8.	
9.	<ul> <li>Until the amounts withheld from employee salaries are paid by the employer, they are recorded as</li> <li>a. assets</li> <li>b. liabilities</li> <li>c. salary expense</li> <li>d. revenue</li> </ul>	9.	
10.	<ul> <li>Employee regular earnings are calculated as</li> <li>a. regular hours times regular rate</li> <li>b. total hours divided by regular rate</li> <li>c. total hours plus overtime rate</li> <li>d. overtime hours minus overtime rate</li> </ul>	10.	
11.	<ul> <li>The Accumulated Earnings column of the employee earnings record</li> <li>a. shows net pay for the year</li> <li>b. is the total earnings since the first of the year</li> <li>c. shows net pay for one quarter</li> <li>d. is the gross earnings for one quarter</li> </ul>	11.	
12.	<ul> <li>The Medicare tax is calculated by</li> <li>a. multiplying total earnings by the tax rate</li> <li>b. multiplying net earnings by the tax rate</li> <li>c. using a tax table</li> </ul>	12.	

d. none of these

#### PAYROLL ACCOUNTING REGIONAL 2004 PAGE 5 of 8

# Application 1 (16 points)

Monty's Appliance Store pays a regular hourly rate for 40 hours per week. Overtime is paid at 1 <sup>1</sup>/<sub>2</sub> 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	Iuy	10	Rute	Iuj	Iuj
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.

		Pay Period	is per Year	
Annual	Monthly	Semimonthly	Biweekly	Weekly
Salary	Salary	Salary	Salary	Salary
\$43,750				
\$21,800				
\$65,600				
\$52,450				

# **Pay Periods per Year**

# 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?

Employees	Yearly Sales	Total Commission
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 that the current federal minimum wage?
- 3. What is the amount of Sally's gross earnings for the week?

#### PAYROLL ACCOUNTING REGIONAL 2004 PAGE 7 of 8 Application 5 (40 points)

Below is a partial payroll register for the So Soft Company. Complete the register for the pay period ending August 4, 2004 using the tax rates given on the instruction page for all applicable taxes. Union dues for each employee are \$7.20 a paycheck.

Employee	Exemptions	Total Hours	Hourly	Total	Social Security	Medicare	Fed. Income	State Income	Union	Total	Net
Number	And Status	Worked	Rate	Earnings	Tax	Tax	Tax	Tax	Dues	Deductions	Pay
4	M-2	43	\$8.40								
6	S-2	47	\$7.50								
8	S-0	52	\$9.10								
10	M-3	40	\$7.80								
			TOTALS								

# <u>Application 6</u> (all correct = 10 points, one incorrect = 0 points)

Using the payroll register from **Application 5** complete the employee's earnings record for the pay period, August 4, 2004. Accumulated earnings from the last pay period are \$24,322.80.

# **Employee Earnings Record**

Name: Russell O'Leary	Social Security Number: <u>033-71-8330</u>	Date hired 8/9/1999
Employee No.: 6	Address: <u>28 Cedar Lane, Mechanicsville, NY</u> 02109	
Marital Status: Single	Exemptions: 2	Date of Birth <u>12/2/75</u>

 Rate of pay:
 \$7.50
 per hour

		Earnings			Deductions						
				Social		Federal	State				
Period	Regular	Overtime	Gross	Security	Medicare	Income	Income	Union	Total	Net	Accumulated
Ending	Earnings	Earnings	Earnings	Tax	Tax	Tax	Tax	Dues	Deductions	Pay	Earnings

# Application 7 (27 points)

Using the payroll register from **Application 5** and the partial chart of accounts below complete the payroll entries in the general journal, page 4, for the pay period ending August 4, 2004.

- 110 Cash
- 120 Accounts Receivable
- 210 Employees' Federal Inc. Tax Payable
- 220 Employees' State Income Tax Payable
- 230 Social Security Tax Payable
- 240 Medicare Tax Payable

- 250 FUTA Tax
- 260 SUTA Payable
- 270 Union Dues Payable
- 510 Payroll Taxes Expense
- 520 Salaries Expense

# **GENERAL JOURNAL**

PAGE\_\_\_\_\_

Date	Description	Post Ref.	Debit		Credit	
	*					

# PAYROLL ACCOUNTING (04) Regional—2004

KEY

Multiple Choice (12 @ 5 points each)	(60 pts.)
Application 1 (16 @ 1 point each)	(16 pts.)
Application 2 (16 @ 1 point each)	(16 pts.)
Application 3 (4 @ 5 points each)	(20 pts.)
Application 4 (3 @ 5 points each)	(15 pts.)
Application 5 (40 @ 1 point each)	(40 pts.)
Application 6 (all right 10 points, one wrong no points)	(10 pts.)
Application 7 (27 @ 1 point each)	(27 pts.)
TOTAL POINTS	(204)

#### 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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# **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 pay 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.

PAYROLL ACCOUNTING REGIONAL 2004 KEY PAGE 3 of 7



# **Multiple Choice**

1.	В	
2.	С	
3.	В	
4.	С	
5.	Α	
6.	D	
7.	С	
8.	С	
9.	В	
10.	Α	
11.	В	
12.	Α	



# Application 1 (16 points)

Monty's Appliance Store pays a regular hourly rate for 40 hours per week. Overtime is paid at 1<sup>1</sup>/<sub>2</sub> times the regular hourly rate. Complete the following partial payroll record.

	Regular	Regular	Regular	Overtime	Overtime	Overtime	Gross
Employee	Rate	Hours	Pay	Hours	Rate	Pay	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.

	Pay Periods per Year							
Annual	Monthly	Semimonthly	Biweekly	Weekly				
Salary	Salary	Salary	Salary	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				

#### D V n



# 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	\$2,440
R. Randall	\$82,600	\$10,720
A. Allen	\$43,200	\$4,680
M. Murray	\$65,900	\$8,085

# 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?	<b>\$5.55</b>
2.	Is this rate greater that the current federal minimum wage?	YES
3.	What is the amount of Sally's gross earnings for the week?	\$222

#### PAYROLL ACCOUNTING REGIONAL 2004 KEY PAGE 6 of 7



# Application 5 (40 points)

Below is a partial payroll register for the So Soft Company. Complete the register for the pay period ending August 4, 2004 using the tax rates given on the instruction page for all applicable taxes. Union dues for each employee are \$7.20 a paycheck.

		Total			Social		Fed.	State			
Employee	Exemptions	Hours	Hourly	Total	Security	Medicare	Income	Income	Union	Total	Net
Number	And Status	Worked	Rate	Earnings	Tax	Tax	Tax	Tax	Dues	Deductions	Pay
4	M-2	43	\$8.40	\$373.80	23.18	5.42	30.65	18.69	7.20	85.14	\$288.66
6	S-2	47	\$7.50	\$378.75	23.48	5.49	31.06	18.94	7.20	86.17	\$292.58
8	S-0	52	\$9.10	\$527.80	32.72	7.65	43.28	26.39	7.20	117.24	\$410.56
10	M-3	40	\$7.80	\$312.00	19.34	4.52	25.58	15.60	7.20	72.24	\$239.76
			TOTALS	\$1,592.35	\$98.72	\$23.08	\$130.57	\$79.62	\$28.80	\$360.79	\$1,231.56

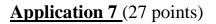
# Application 6 (all right 10 points, one wrong 0 points)

Using the payroll register from **Application 5** complete the employee's earnings record for the pay period, August 4, 2004. Accumulated earnings from the last pay period are \$24,322.80.

# **Employee Earnings Record**

Name: Russell O'Leary	Social Security Number: <u>033-71-8330</u>	Date hired 8/9/1999
Employee No.: 6	Address: 28 Cedar Lane, Mechanicsville, NY 02109	
Marital Status: Single	Exemptions: 2	Date of Birth <u>12/2/75</u>
Rate of pay: \$7.50 per hour		

**Deductions** Earnings Social Federal State Accumulated Period Regular **Overtime** Gross Security Medicare Income Income Union Total Net **Earnings** Earnings Ending Earnings Earnings Tax Tax Tax Tax Dues **Deductions** Pav \$23.48 \$5.49 \$31.06 \$18.94 \$86.17 \$292.58 \$24,701.55 8/4/04 \$300.00 \$78.75 \$378.75 \$7.20



Using the payroll register from **Application 5** and the partial chart of accounts below complete the payroll entries in the general journal, page 4, for the pay period ending August 4, 2004.

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- 250 FUTA Tax
- 260 SUTA Payable
- 270 Union Dues Payable
- 510 Payroll Taxes Expense
- 520 Salaries Expense

#### **GENERAL JOURNAL**

Post Date Description Ref. Debit Credit 2004 **Salaries Expense** 1,592 35 Aug. 4 **98** 72 **Social Security Tax Payable Medicare Tax Payable** 23 08 **Employees' Federal Income Tax Payable** 130 57 **Employees' State Income Tax Payable** 79 62 **Union Dues Payable** 28 80 Cash 1,231 56 **Payroll Taxes Expense** 220 55 4 **Social Security Tax Payable 98 73** Medicare Tax Payable 23 09 **FUTA Tax Payable** 12 74 **SUTA Tax Payable** 85 99



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