

# PAYROLL ACCOUNTING (125)

—Secondary—

## REGIONAL – 2019

### Multiple Choice & Short Answer Section:

Multiple Choice (15 @ 2 points each) \_\_\_\_\_ (30 points)

Short Answers (16 @ 2 points each) \_\_\_\_\_ (32 points)

### Production Portion:

Job 1: Time Card (14 @ 2 points each) \_\_\_\_\_ (28 points)

Job 2: Salary Calculations (16 @ 1 point each) \_\_\_\_\_ (16 points)

Job 3: Payroll Register (40 @ 1 points each) \_\_\_\_\_ (40 points)

Job 4: Payroll Entry (15 @ 1 point each) \_\_\_\_\_ (15 points)

**TOTAL POINTS** \_\_\_\_\_ **(161 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 sixty (60) minutes testing time  
No more than ten (10) minutes wrap-up

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## **General Instructions**

You have been hired as a Payroll Clerk 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.

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 decimals
- Assume employees earn an overtime rate of 1 ½ times for any hours worked over 40 in a week unless otherwise instructed (This includes Multiple Choice, Short Answer and Jobs)
- All time calculations are rounded to the nearest quarter hour
- Use 6.2% for Social Security Tax on the first \$118,500 in wages
- Use 1.45% for Medicare Tax for all wages
- Use 5.4% for State Unemployment Tax and 0.8% for Federal Unemployment Tax (\$7,000 ceiling)
- Assume that no employee has accumulated earnings in excess of the social security tax, SUTA, or FUTA base unless otherwise indicated.

**MULTIPLE CHOICE**

Identify the letter of the choice that best completes the statement or answers the question.

1. Federal income tax is withheld from employee earnings
  - a. in all 50 states.
  - b. only in states that elect to do so.
  - c. only in states where there is a state income tax.
  - d. in states over one million in population.
  
2. The withholding allowances of an employee affect
  - a. Federal Unemployment Tax.
  - b. Federal Income Tax.
  - c. Social Security Tax.
  - d. Medicare Tax.
  
3. Employers are required by law to furnish each employee with a statement of annual earnings and deductions by January 31. This form is called a
  - a. W-2.
  - b. W-3.
  - c. W-4.
  - d. W-1099.
  
4. When an employer submits payment to a retirement plan on behalf of the employees, the journal entry would include a
  - a. debit to Retirement Plan Payable and a credit to Cash.
  - b. debit to cash and a credit to Retirement Plan Payable.
  - c. debit to Retirement Plan Expense and a credit to cash.
  - d. debit to Retirement Plan Payable and a credit to Retirement Plan Expense.
  
5. When recording the entry for salary expense, the Salary Expense account is debited for
  - a. accumulated earnings.
  - b. monthly earnings.
  - c. net earnings.
  - d. gross earnings.
  
6. Unemployment taxes are paid by
  - a. the employee.
  - b. the employer.
  - c. both the employee and the employer.
  - d. neither the employee nor the employer.
  
7. The federal form an employee must fill out before they can receive a paycheck is a
  - a. W-2.
  - b. W-3.
  - c. W-4.
  - d. W-1099

8. A business form used to record all employees' payroll information for a pay period is called a(n)
  - a. Form 941.
  - b. W-3.
  - c. employee earnings record.
  - d. payroll register.
  
9. FIT is the acronym for
  - a. Social Security Tax.
  - b. Federal Income Tax.
  - c. Federal Institution Tax.
  - d. Medicare Tax.
  
10. If an employee is paid every two weeks, this employee is paid
  - a. semi-annually.
  - b. semi-monthly.
  - c. biweekly.
  - d. monthly.
  
11. The formula for calculating net pay is
  - a. gross earnings minus total voluntary deductions.
  - b. gross earnings minus total taxes and voluntary deductions.
  - c. net earnings minus total voluntary deductions.
  - d. net earnings minus total taxes and voluntary deductions.
  
12. What pay period consists of 24 pay periods?
  - a. semi-monthly
  - b. bi-weekly
  - c. monthly
  - d. bi-yearly
  
13. Health insurance, union dues, dental insurance deductions from an employee's gross earnings are examples of
  - a. state deductions.
  - b. federal deductions.
  - c. voluntary deductions.
  - d. involuntary deductions.
  
14. Social Security and Medicare tax are paid by the
  - a. employee only.
  - b. employer only.
  - c. employee and the employer.
  - d. neither the employee or the employer.
  
15. Until the amounts withheld from employees' gross earnings are paid by the employer, they are recorded as
  - a. assets.
  - b. liabilities.
  - c. expenses.
  - d. revenue.

**SHORT ANSWER**

1. Juan works at a mold manufacturing plant. He is paid \$1.48 for each mold that he completes and that passes inspection. Last week, Juan completed 437 molds. All the molds passed inspection except for six. How much in gross earnings did Juan make last week?

\_\_\_\_\_

2. Sabrina and 36 other employees work at a company with a profit-sharing plan. All employees share 20.5% of the company's annual profits. This year the company has an annual profit of \$945,600.

How much will go into the profit-sharing fund? \_\_\_\_\_

How much will each employee receive from the fund? \_\_\_\_\_

3. Juanita works two jobs. At her first job, she makes \$29,800 annually. At her second job, she makes \$11,200. How much will Juanita pay into Social Security and Medicare for the year?

Social Security \_\_\_\_\_

Medicare \_\_\_\_\_

4. An employee worked 48 hours last week. Of those hours, 40 hours were paid at the regular-time rate of \$11.60 an hour, 5 hours at the time-and-a-half rate, and 3 hours at the double-time rate.

a. What were the employee's regular gross wages for the week? \_\_\_\_\_

b. What were the employee's overtime wages for the week? \_\_\_\_\_

c. What were the employee's total gross wages for the week? \_\_\_\_\_

5. Alfred sells cell phones for one of the major phone companies. He is paid 3 percent commission on the first \$10,000 of sales, 5 percent on the next \$20,000, and 7 percent on sales over \$30,000 each pay period. What is Alfred's commission on his pay period sales of \$51,650?

\_\_\_\_\_

6. During a pay period, an employee worked 45 hours. The employee’s hourly rate is \$14.80. The employee’s earnings are subject to Social Security tax and Medicare tax. The employee also has deductions of \$68 for Federal Income tax and \$55 for health insurance.
  - a. What is the employee’s gross pay for the pay period? \_\_\_\_\_
  - b. What is the total of the employee’s deductions for the pay period? \_\_\_\_\_
  - c. What is the employee’s net pay for the pay period? \_\_\_\_\_
  
7. Ricardo prints brochures for a customer. He makes \$1.05 per brochure for the first 100 brochures, \$1.55 each for the next 200, and \$2.00 for each brochure after 300. Ricardo also makes an additional 5% of his pay if more than 500 are printed. How much does Ricardo make if he prints 535 brochures for this customer? \_\_\_\_\_
  
8. Rosemary is a salaried employee who makes \$72,700 annually. She is paid bi-weekly.
  - a. What is Rosemary’s biweekly gross earnings? \_\_\_\_\_
  - b. What is Rosemary’s hourly pay rate? \_\_\_\_\_
  - c. If she could receive time-and-a-half, what would be her overtime rate? \_\_\_\_\_

**JOB 1—TIME CARD**

Using the following time card, calculate the regular, overtime, and total earnings for Beth Fiddler. Beth takes a 30-minute lunch period each day she works more than 6 hours.

<b>TIME CARD</b>			
Employee No. 044060		Week Ending November 26, 2018	
NAME: Beth Fiddler		EXEMPTIONS: 1	
MARITAL STATUS: Single		HOURLY RATE: \$13.49	
DAY	IN	OUT	HOURS
Monday	8:03 AM	5:15 PM	
Tuesday	7:58 AM	4:30 PM	
Wednesday	7:59 AM	6:45 PM	
Thursday	8:01 AM	7:00 PM	
Friday	8:00 AM	6:30 PM	
Saturday	8:58 AM	2:32 PM	
	HOURS	RATE	EARNINGS
Regular			
Overtime			
Totals			









# PAYROLL ACCOUNTING (125)

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REGIONAL – 2019

**Multiple Choice & Matching:**

Multiple Choice (15 @ 2 points each) \_\_\_\_\_ (30 points)

Short Answer (16 @ 2 points each) \_\_\_\_\_ (32 points)

**Production:**

Job 1: Time Card (14 @ 2 points each) \_\_\_\_\_ (28 points)

Job 2: Salary Calculations (16 @ 1 point each) \_\_\_\_\_ (16 points)

Job 3: Payroll Register (40 @ 1 point each) \_\_\_\_\_ (40 points)

Job 4: Payroll Entry (15 @ 1 point each) \_\_\_\_\_ (15 points)

***TOTAL POINTS*** \_\_\_\_\_ ***(161 points)***

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



**Multiple Choice** (15 @ 2 points each = 30 points)

1.	<b>A</b>
2.	<b>B</b>
3.	<b>A</b>
4.	<b>A</b>
5.	<b>D</b>
6.	<b>B</b>
7.	<b>C</b>
8.	<b>D</b>
9.	<b>B</b>
10.	<b>C</b>
11.	<b>B</b>
12.	<b>A</b>
13.	<b>C</b>
14.	<b>C</b>
15.	<b>B</b>

**Short Answer:** (16 @ 2 points each = 32 points)

1. \$ 637.88
2. \$193,848.00  
\$ 5,239.14
3. \$ 2,542.00  
\$ 594.50
4. \$ 464.00  
\$ 156.60  
\$ 620.60
5. \$ 2,815.50
6. \$ 703.00  
\$ 176.78  
\$ 526.22



- 7. \$ 929.25
- 8. \$ 2,796.15
- \$ 34.95
- \$ 52.43

**Job 1: Time Card (14 @ 2 points each = 28 points)**

Using the following time card, calculate the regular, overtime, and total earnings for Beth Fiddler. Beth takes a 30-minute lunch period each day she works more than 6 hours.

TIME CARD			
Employee No. 044060		Week Ending November 26, 2018	
NAME: Beth Fiddler		EXEMPTIONS: 1	
MARITAL STATUS: Single		HOURLY RATE: \$13.49	
DAY	IN	OUT	HOURS
Monday	8:03 AM	5:15 PM	8 ¾ or 8.75
Tuesday	7:58 AM	4:30 PM	8
Wednesday	7:59 AM	6:45 PM	10 ¼ or 10.25
Thursday	8:01 AM	7:00 PM	10 ½ or 10.5
Friday	8:00 AM	6:30 PM	10
Saturday	8:58 AM	2:32 PM	5 ½ or 5.5
	HOURS	RATE	EARNINGS
Regular	40	\$13.49	\$539.60
Overtime	13	\$20.24	\$263.12
Totals	53		\$802.72

**Job 2: Salary Calculations (16 @ 1 point each = 16 points)**

Annual Salary	Semi-Monthly Salary	Bi-Weekly Salary	Weekly Salary	Hourly Rate
\$ 48,640	\$2,026.67	\$1,870.77	\$935.38	\$23.38
\$ 62,780	2,615.83	2,414.62	1,207.31	30.18
\$120,600	5,025.00	4,638.46	2,319.23	57.98
\$ 79,920	3,330.00	3,073.85	1,536.92	38.42



**Job 3: Payroll Register (40 @ 1 point each = 40 points)**

Employee	EARNINGS			Federal Income Tax	State Income Tax	Social Security Tax	Medicare Tax	Health Insurance	Total Deductions	Net Pay
	Regular	Overtime	Total							
1	\$1,840	0	<b>2,443</b>	\$192	<b>134.37</b>	<b>151.47</b>	<b>35.42</b>	\$ 320	<b>821.26</b>	<b>1,621.74</b>
2	1,560	\$122	<b>1,860</b>	165	<b>102.30</b>	<b>115.32</b>	<b>26.97</b>	160	<b>549.59</b>	<b>1,310.41</b>
3	1,775	268	<b>2,150</b>	178	<b>118.25</b>	<b>133.30</b>	<b>31.18</b>	160	<b>619.73</b>	<b>1,530.27</b>
4	1,490	0	<b>2,015</b>	134	<b>110.83</b>	<b>124.93</b>	<b>29.22</b>	80	<b>482.98</b>	<b>1,532.02</b>
5	2,200	\$188	<b>2,440</b>	221	<b>134.20</b>	<b>151.28</b>	<b>35.38</b>	320	<b>837.86</b>	<b>1,602.14</b>
<b>TOTALS</b>	<b>\$10,185</b>	<b>723</b>	<b>10,908</b>	<b>837</b>	<b>599.95</b>	<b>676.30</b>	<b>158.17</b>	<b>1,040</b>	<b>3,311.42</b>	<b>7,596.58</b>

**Job 4: Payroll Entry (15 @ 1 point each = 15 points)**

**NOTE TO GRADER:** Accept variations in account titles because of various textbooks used by students. Award points for account title as long as the student has the word “payable” or “expense” if required.

GENERAL JOURNAL				
DATE	DESCRIPTION	POST REF	DEBIT	CREDIT
2018				
Jan. 12	Salary Expense		10,908.00	
	Federal Income Tax Payable			837.00
	State Income Tax Payable			599.95
	Social Security Tax Payable			676.30
	Medicare Tax Payable			158.17
	Health Insurance Payable			1,040.00
	Cash			7,596.58