

PAYROLL ACCOUNTING (04)

Sponsored by the American Institute for Certified Public Accountants.



Regional– 2010

Multiple Choice (15 @ 2 points each)	_____	(30 pts.)
Short Answers (7 @ 3 points each)	_____	(21 pts.)
Production Portion		
Problem 1: Time Card	_____	(26 pts.)
Problem 2: Payroll Register	_____	(31 pts.)
Problem 3: General Journal	_____	(29 pts.)
Problem 4: General Ledgers	_____	(20 pts.)
TOTAL POINTS	_____	(157 pts)

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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Workplace Skills Assessment Program competition.

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.

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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 and 1.45% for Medicare Tax
- 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 base

Multiple Choice:

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

1. A payment plan where earnings are based on units produced:
 - a. Production plan
 - b. Unit plan
 - c. Piece rate plan
 - d. Rate plan

2. The law that regulates wages and hours of work, including minimum wage and overtime:
 - a. Fair Labor Standards Act (FLSA)
 - b. Hard Worker Act (HWA)
 - c. Minimum Wage Act (MWA)
 - d. Employment Act (EA)

3. When a court of law orders deductions from an employee's wages it is called a:
 - a. Garnishment
 - b. Auto deductions
 - c. Pre tax deductions
 - d. Mandated

4. Determining income tax to be withheld using a tax table is the:
 - a. Tax table method
 - b. Federal method
 - c. Wage table method
 - d. Wage bracket method

5. Sales people that are paid a percentage of their sales earn:
 - a. Commission
 - b. Salary
 - c. Bonuses
 - d. Overtime

6. Taxes paid by both the employee and the employer include:
 - a. Unemployment taxes
 - b. Federal taxes
 - c. Social Security and Medicare tax
 - d. State Income taxes

7. Laws that prohibit employment discrimination based on age, race, color, religion, sex or national origin are:
 - a. Discrimination laws
 - b. Employer guidelines
 - c. Fair employment laws
 - d. Protection laws

PAYROLL ACCOUNTING

REGIONAL 2010

Page 4 of 9

8. Workers who are temporarily unemployed receive:
 - a. Strike pay
 - b. Insurance pay
 - c. Vacation pay
 - d. Unemployment compensation benefits

9. The third step in the accounting cycle, journalizing, can be compared to:
 - a. Maintaining a checkbook
 - b. Taking good notes
 - c. Keeping a diary
 - d. Writing in Ts

10. The final step in the accounting cycle is:
 - a. Preparing a Post Closing Trial Balance
 - b. Checking all numbers
 - c. Preparing a worksheet
 - d. Distributing payroll

11. Assets are \$27,000 and Owners Equity is \$17,000, then Liabilities are:
 - a. \$37,000
 - b. \$44,000
 - c. \$10,000
 - d. \$14,000

12. Form W-4 is used to determine:
 - a. Federal income tax withholding
 - b. Hours worked in a pay period
 - c. Commission earned
 - d. Social Security tax

13. The IRS Employer tax guide that is a valuable resource for preparing payroll is:
 - a. IRS Employment Code
 - b. Publication 15
 - c. Employer Publication
 - d. Payroll Publication

14. Besides preparing and issuing checks, an accurate payroll system achieves what other goals?
 - a. Completes W-4s
 - b. Journalizes taxes
 - c. Keeps track of unemployment payments
 - d. Generates payroll records and reports

15. Bannon had no tax liability last year and he expects none this year. No one else claims him on their taxes and he only made \$675 last year. For federal income tax purposes he is:
 - a. Unemployed
 - b. Dependant
 - c. Exempt
 - d. Allowanced

Short Answer:

1. Barbara is paid weekly. Last week she worked 46.5 hours. What are her gross earnings if her hourly wage is \$8.00?

2. Mason is paid every week. His hourly rate of pay is \$7.55 per hour. Mason is expected to produce 100 units per day. For every unit produced over 100 he receives an incentive of \$2.12 per unit. Last week Mason worked 40 hours and produced 117 units. Calculate Mason's gross earnings.

3. As of November 7, Mike Roberts made \$55,478. If his gross pay is \$1,875 this pay period, what is his social security tax liability?

4. Maxine Keith makes an annual salary of \$48,000. Calculate the following:

Bi-monthly salary _____ Bi-weekly salary _____

Weekly salary _____

5. Geraldine Johnson makes \$600 weekly plus 12% of her sales. Last week she sold \$6,322 worth of merchandise. Calculate Geraldine's gross pay.

**SINGLE Persons—WEEKLY Payroll Period
(For Wages Paid in 20--)**

If the wages are--		And the number of withholding allowances claimed is--										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
		The amount of income tax to be withheld is--										
\$600	\$610	95	80	68	60	52	44	36	29	21	13	5
610	620	97	83	69	61	53	46	38	30	22	15	7
620	630	100	86	71	63	55	47	39	32	24	16	8
630	640	103	88	74	64	56	49	41	33	25	18	10
640	650	106	91	77	66	58	50	42	35	27	19	11
650	660	109	94	79	67	59	52	44	36	28	21	13
660	670	111	97	82	69	61	53	45	38	30	22	14
670	680	114	100	85	70	62	55	47	39	31	24	16
680	690	117	102	88	73	64	56	48	41	33	25	17
690	700	120	105	91	76	65	58	50	42	34	27	19
700	710	123	108	93	79	67	59	51	44	36	28	20
710	720	125	111	96	82	68	61	53	45	37	30	22
720	730	128	114	99	84	70	62	54	47	39	31	23
730	740	131	116	102	87	73	64	56	48	40	33	25
740	750	134	119	105	90	76	65	57	50	42	34	26
750	760	137	122	107	93	78	67	59	51	43	36	28
760	770	139	125	110	96	81	68	60	53	45	37	29
770	780	142	128	113	98	84	70	62	54	46	39	31
780	790	145	130	116	101	87	72	63	56	48	40	32
790	800	148	133	119	104	90	75	65	57	49	42	34
800	810	151	136	121	107	92	78	66	59	51	43	35
810	820	153	139	124	110	95	81	68	60	52	45	37
820	830	156	142	127	112	98	83	69	62	54	46	38
830	840	159	144	130	115	101	86	72	63	55	48	40
840	850	162	147	133	118	104	89	74	65	57	49	41
850	860	165	150	135	121	106	92	77	66	58	51	43
860	870	167	153	138	124	109	95	80	68	60	52	44
870	880	170	156	141	126	112	97	83	69	61	54	46
880	890	173	158	144	129	115	100	86	71	63	55	47
890	900	176	161	147	132	118	103	88	74	64	57	49
900	910	179	164	149	135	120	106	91	77	66	58	50
910	920	181	167	152	138	123	109	94	80	67	60	52
920	930	184	170	155	140	126	111	97	82	69	61	53
930	940	187	172	158	143	129	114	100	85	71	63	55
940	950	190	175	161	146	132	117	102	88	73	64	56
950	960	193	178	163	149	134	120	105	91	76	66	58
960	970	195	181	166	152	137	123	108	94	79	67	59
970	980	198	184	169	154	140	125	111	96	82	69	61
980	990	201	186	172	157	143	128	114	99	85	70	62
990	1,000	204	189	175	160	146	131	116	102	87	73	64
1,000	1,010	207	192	177	163	148	134	119	105	90	76	65
1,010	1,020	209	195	180	166	151	137	122	108	93	78	67
1,020	1,030	212	198	183	168	154	139	125	110	96	81	68
1,030	1,040	215	200	186	171	157	142	128	113	99	84	70
1,040	1,050	218	203	189	174	160	145	130	116	101	87	72
1,050	1,060	221	206	191	177	162	148	133	119	104	90	75
1,060	1,070	223	209	194	180	165	151	136	122	107	92	78
1,070	1,080	226	212	197	182	168	153	139	124	110	95	81
1,080	1,090	229	214	200	185	171	156	142	127	113	98	84
1,090	1,100	232	217	203	188	174	159	144	130	115	101	86
1,100	1,110	235	220	205	191	176	162	147	133	118	104	89
1,110	1,120	238	223	208	194	179	165	150	136	121	106	92
1,120	1,130	241	226	211	196	182	167	153	138	124	109	95
1,130	1,140	244	228	214	199	185	170	156	141	127	112	98
1,140	1,150	247	231	217	202	188	173	158	144	129	115	100
1,150	1,160	250	234	219	205	190	176	161	147	132	118	103
1,160	1,170	253	237	222	208	193	179	164	150	135	120	106
1,170	1,180	256	240	225	210	196	181	167	152	138	123	109
1,180	1,190	259	243	228	213	199	184	170	155	141	126	112
1,190	1,200	262	246	231	216	202	187	172	158	143	129	114
1,200	1,210	266	249	233	219	204	190	175	161	146	132	117
1,210	1,220	269	253	236	222	207	193	178	164	149	134	120
1,220	1,230	272	256	240	224	210	195	181	166	152	137	123
1,230	1,240	275	259	243	227	213	198	184	169	155	140	126
1,240	1,250	278	262	246	230	216	201	186	172	157	143	128

\$1,250 and over

Use Table 1(a) for a **SINGLE** person.



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Judges/Graders:

Please double-check and verify all scores!

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Multiple Choice: Two points each.

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

Short Answer: Three points each

1. \$398.00
2. \$338.04
3. \$116.25
4. Bi-monthly \$2,000.00 Bi-weekly \$1,846.15 Weekly \$923.08
5. \$1,358.64

Problem One: Two points per bold answer, 26 points total.

Time Card			
Employee No. 741		Week Ending: December 21, 2009	
Name: Emerson, Jane		Exemptions: 1	
Social Security No.: xxx-xxx-xxx		Hourly Rate: \$11.15	
Day	In	Out	Hours
Monday	8:06 AM	3:17 PM	7 ¼
Tuesday	8:08 AM	4:11 PM	8
Wednesday	7:54 AM	2:03 PM	6
Thursday	8:04 AM	3:09 PM	7 ¼
Friday	7:41 AM	2:45 PM	7
Saturday	10:12 AM	3:40 PM	5 ½
	Hours	Rate	Earnings
Regular	40	11.15	\$446
Overtime	1	16.73	\$16.73
Totals	41		\$462.73



Problem Two: (31 points)

*NOTE TO GRADER: One point for each bold on top part of record for 9 pts.
 Two points per bold answer on the bottom half for 22 points.*

EARNINGS RECORD FOR QUARTER ENDED December 31, 2009											
Employee No. 121		Morris Last Name		Jackie First		Marital S Status		Withholding 1 Allowances			
Rate of Pay 710.00		Social Security No. 333-33-3333				Position Sales Manager					
Pay Period	Earnings				Deductions					Accumulated	
										Earnings	
											49,367.00
No	Ended	Regular	OT	Total	Federal Income Tax	Social Security Tax	Medicare Tax	Other	Total	Net Pay	
121	12/31	710.00		710.00	111.00	44.02	10.30	15.00	180.32	529.68	50,077

Problem Three: One point per bold, 29 points total.

GENERAL JOURNAL

Date 2010		Account Title	Doc No.	Post Ref.	Debit					Credit			
Jan	13	Salary Expense	C145		4	5	3	1	00				
		Fed. Inc. Tax Payable								9	0	6	00
		Soc. Sec. Tax Payable								2	8	2	00
		Med. Tax Payable									6	5	00
		Health Ins. Prem. Pay.								4	2	3	00
		U.S. Savings Bonds Pay.									7	5	00
		Cash								2	7	8	00
		Payroll Tax Expense	M118			6	2	7	92				
		Soc. Sec. Tax Payable								2	8	2	00
		Med. Tax Payable									6	5	00
		Fed. Unemploy Tax Pay									3	6	25
		State Unemploy Tax Pay								2	4	4	67

NOTE TO GRADER: Account title abbreviations may be used and order of entries may vary.

