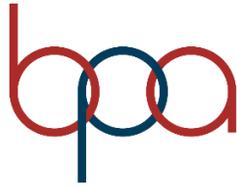


Contestant Number: \_\_\_\_\_

Time: \_\_\_\_\_

Rank: \_\_\_\_\_



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# PAYROLL ACCOUNTING

## (125)

## REGIONAL 2021

### CONCEPT KNOWLEDGE:

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

### APPLICATION KNOWLEDGE:

Short Answer (8 @ 2 points each) \_\_\_\_\_ (16 points)

Job 1: Job Pay Comparison (6 @ 2 points each) \_\_\_\_\_ (12 points)

Job 2: Payroll Register (27 @ 1 point each) \_\_\_\_\_ (27 points)

Job 3: Journalizing Payroll (14 @ 1 point each) \_\_\_\_\_ (14 points)

***TOTAL POINTS*** \_\_\_\_\_ (***99 points***)

## Test Time: 60 minutes

**GENERAL GUIDELINES:**

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**EXAM GUIDELINES:**

You have been hired as a Financial Assistant and will be keeping the accounting records for Digital Solutions, located at 700 Morse Road, Suite 201, Columbus, Ohio 43214. Digital Solutions provides accounting and other financial services for clients. You will complete jobs for Digital Solutions' own accounting records, as well as for clients.

You will have 90 minutes to complete your work. The test is divided into two parts: concept knowledge and application knowledge.

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 unless otherwise indicated.
- Assume employees earn overtime for any hours worked over 40 in a week unless otherwise instructed.
- All time calculations are rounded to the nearest quarter hour.
- Use 6.2% for Social Security Tax on the first \$100,000 in wages.
- Use 1.45% for Medicare Tax for all wages.
- Use 5.4% for State Unemployment Tax and 0.8% (\$7,000 ceiling) 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:** *Identify the letter of the choice that best completes the statement or answers the question.*

1. Which of the following is *true* about income taxes?
  - a. Both the employer and employee pay income taxes.
  - b. It's based on a regressive tax model.
  - c. Income taxes are used for Social Security and Medicare.
  - d. Income taxes can be collected at the federal, state, and local level.
  
2. Gross income is \_\_\_\_\_.
  - a. any money you earn over \$400
  - b. any money you earn over \$12,000
  - c. your taxable income after deduction
  - d. your taxable income before deductions
  
3. A dependent is someone \_\_\_\_\_.
  - a. who relies on a parent or guardian for more than half of their financial support
  - b. who relies on a parent or guardian for less than half of their financial support
  - c. who is a full-time college student under the age of 28
  - d. who is able to financially support themselves and provides financial support for others
  
4. Each of these items will appear on a W-2 *except* \_\_\_\_\_.
  - a. the number of allowances you've claimed
  - b. your wages, tips, and other compensation
  - c. the amount you have already paid the Federal government in taxes
  - d. your name and address
  
5. Why is a W-2 so important?
  - a. It proves an employee is legally allowed to work in the U.S.
  - b. It determines how much tax money is withheld from each paycheck.
  - c. It provides the income and tax information needed to complete a 1040 form.
  - d. It is a form to set-up direct deposit.
  
6. As an employee, which form is completed in order to file taxes annually?
  - a. Form I-9
  - b. Form W-2
  - c. Form W-4
  - d. Form 1040
  
7. How do employers calculate how much federal income tax to withhold from employees' paychecks?
  - a. It is set by a federal regulation at 7.65%.
  - b. It is based on previous year's tax return.
  - c. It is based on the information provided on their I-9 form.
  - d. It is based on the information provided on their W-4 form.

8. If the number of allowances claimed is increased on a W-4 form, net pay in each paycheck will \_\_\_\_\_.
- increase
  - decrease
  - stay the same
  - drop to 0
9. If you are paid bi-weekly, you will receive \_\_\_\_\_ paychecks in a year.
- 12
  - 18
  - 24
  - 26
10. Kim is paid an annual salary of \$28,680. She is paid every other week. What is her gross pay each pay period?
- \$551.54
  - \$1,103.08
  - \$1,434.00
  - \$2,390.00
11. If Kennedy worked 46 hours and her regular rate of pay is \$7.50, what was her total gross pay?
- \$367.50
  - \$300.00
  - \$67.50
  - \$345.00
12. Annie makes an annual salary of \$36,500 and is paid bi-monthly. What is her gross pay for each pay period?
- \$3,041.67
  - \$1,520.83
  - \$1,403.85
  - \$2,027.78
13. You are paid \$11.20 an hour for a 40-hour week. Your estimated benefits are 33% of your wages. What is the value of your total yearly employee benefits?
- \$165.76
  - \$595.84
  - \$7,687.68
  - \$7,956.48

14. Last year Josie's gross income was \$24,685. She had adjustments to income of \$3,640. What was her adjusted gross income last year?
- a. \$21,045
  - b. \$28,325
  - c. \$22,185
  - d. \$30,825
15. Wages, hours worked, and safety for minors in the workplace are set by the \_\_\_\_\_.
- a. Occupational Safety and Health Administration (OSHA)
  - b. Fair Labor Standards Act (FLSA)
  - c. Department of Labor (DOL)
  - d. Fair Wage and Tax Law (FWTL)

**Short Answer:** (8 @ 2 point each = 16 points)

1. Joe White is paid a salary of \$410 a week and a commission of 5.6% on all sales. His sales last month were \$6,700. Find his total earnings for a 4-week period.

\_\_\_\_\_

2. Rosie Gilbert receives a weekly salary of \$600 plus  $\frac{1}{2}\%$  commission on all sales in excess of \$12,500 a week. Last week her sales were \$48,370. What were her total weekly earnings?

\_\_\_\_\_

3. Noel Pavel is paid a commission on all sales over \$3,000 a week. Last week she earned a commission of \$420 on sales of \$16,000. What rate of commission was she paid to the nearest tenth percent?

\_\_\_\_\_

4. George Casper earns an annual salary of \$48,000. Find his gross wages for each given pay period.
- a. Monthly \_\_\_\_\_
  - b. Bi-weekly \_\_\_\_\_
  - c. Weekly \_\_\_\_\_

5. Stan Bartlett worked these hours last week: Monday 7 ¼; Tuesday 10; Wednesday 9 ½; Thursday 8; Friday 9. Stan is paid on an 8-hour day with time and a half for daily overtime. If Stan’s regular time pay is \$9.50 an hour, what gross wages did he earn last week?
- 

6. Mary Mendosa earned a gross pay of \$426 last week. Federal withholding taxes of \$39, Social Security taxes, Medicare taxes, health insurance premiums of \$45.80 and union dues of \$12.65 were deducted from her gross pay. Find Mary’s net pay.
- 

**Production Section:**

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**Job 1: Job Pay Comparison (2 points each blank--12 points)**

*Complete the table comparing the earnings for the current and new job.*

Fred’s current job pays an hourly rate of \$12. Fred works 40 hours a week at this job. At a new job, Fred would earn \$0.80 for each item he produces up to 125 pieces per day. For each piece over 125 produced in a day, Fred would receive \$0.85 per item. The average production rate is 15 pieces an hour. Because of his experience and skill, Fred believes he can produce 18 an hour. At the new job, Fred would work 8 hours a day, 5 days a week.

	<b>Current Job</b>	<b>New Job</b>
<b>Daily Earnings</b>	<b>1.</b>	<b>4.</b>
<b>Weekly Earnings</b>	<b>2.</b>	<b>5.</b>
<b>Annual Earnings</b>	<b>3.</b>	<b>6.</b>

**Job 2: Payroll Register (1 point each blank--27 points)**

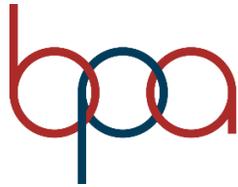
*Complete the following payroll register. Total the register.*

Employee	Allowances	Marital Status	Gross Wages	Federal Income Tax	Social Security Tax	Medicare Tax	Other	Total Deductions	Net Pay
1	1	Single	\$467.29	\$45			\$82.12		
2	0	Single	\$399.62	\$46			\$56.45		
3	3	Married	\$578.21	\$22			\$31.51		
4	6	Married	\$459.65	\$0			\$75.21		
5	2	Married	\$538.76	\$25			\$48.22		
<b>TOTALS</b>									

**Job 3: Journalizing Payment of a Payroll (1 point each blank - 14 points)**

*Using the information from Job 2, use the general journal below to journalize the payment of the employees' payroll for the week. The "Other" column is payment for health insurance premiums. The pay period ends on December 15 of the current year. Check No. 425.*

GENERAL JOURNAL Page 1						
DATE	ACCOUNT TITLE	DOC. NO.	POST REF.	DEBIT	CREDIT	



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## (125)

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#### APPLICATION KNOWLEDGE:

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2 points each = 30 points

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

2 points each = 16 points

Short Answer	
1	<b>\$2,015.20</b>
2	<b>\$779.35</b>
3	<b>3.2%</b>
4a.	<b>\$4,000</b>
4b.	<b>\$1,846.15</b>
4c.	<b>\$923.08</b>
5	<b>\$437.01</b>
6	<b>\$295.96</b>

**Job 1: Job Pay Comparison (2 points for each answer in red or shaded = 12 points)**

	Current Job	New Job
Daily Earnings	1. <b>\$96</b>	4. <b>\$116.15</b>
Weekly Earnings	2. <b>\$480</b>	5. <b>\$580.75</b>
Annual Earnings	3. <b>\$24,960</b>	6. <b>\$30,199</b>

**Job 2: Payroll Register (1 point for each answer in red or shaded = 27 points)**

Employee	Allowances	Marital Status	Gross Wages	Federal Income Tax	Social Security Tax	Medicare Tax	Other	Total Deductions	Net Pay
1	1	Single	\$467.29	\$45	<b>\$28.97</b>	<b>\$6.78</b>	\$82.12	<b>\$162.87</b>	<b>\$304.42</b>
2	0	Single	399.62	46	<b>24.78</b>	<b>5.79</b>	56.45	<b>133.02</b>	<b>266.60</b>
3	3	Married	578.21	22	<b>35.85</b>	<b>8.38</b>	31.51	<b>97.74</b>	<b>480.47</b>
4	6	Married	459.65	0	<b>28.50</b>	<b>6.66</b>	75.21	<b>110.37</b>	<b>349.28</b>
5	2	Married	538.76	25	<b>33.40</b>	<b>7.81</b>	48.22	<b>114.43</b>	<b>424.33</b>
<b>TOTALS</b>			<b>\$2,443.53</b>	<b>\$138</b>	<b>\$151.50</b>	<b>\$35.42</b>	<b>\$293.51</b>	<b>\$618.43</b>	<b>\$1,825.10</b>

**Job 3: Journalizing Payment of Payroll** (1 point for each answer in red = 14 points)

<b>GENERAL JOURNAL Page 1</b>						
<b>DATE</b>		<b>ACCOUNT TITLE</b>	<b>DOC. NO.</b>	<b>POST REF.</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b>Dec</b>	<b>15</b>	<b>Salary Expense</b>	<b>C425</b>		<b>2,443.53</b>	
		<b>Employee Income Tax Payable</b>				<b>138.00</b>
		<b>Social Security Tax Payable</b>				<b>151.50</b>
		<b>Medicare Tax Payable</b>				<b>35.42</b>
		<b>Health Ins. Premiums Payable</b>				<b>293.51</b>
		<b>Cash</b>				<b>1,825.10</b>