

PAYROLL ACCOUNTING (125)

—Secondary—

REGIONAL – 2014

Multiple Choice & Short Answer:

Multiple Choice (15 @ 2 points each) _____ (30 points)

Short Answers (24 @ 2 points each) _____ (48 points)

Production:

Job 1: Payroll Register _____ (73 points)

TOTAL POINTS _____ (***151 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 90 minutes testing time

No more than ten (10) minutes wrap-up

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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.

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 rates per hour and payroll 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
- 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, SUTA, or FUTA base

Multiple Choice:

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

1. The net pay to employees is commonly known as
 - a. Gross Pay
 - b. Take Home Pay
 - c. Salary Compensation
 - d. Payroll Expense

2. _____ - deductions = Net Pay is a basic formula to determine net pay for each employee for each pay period
 - a. Non-taxable Earnings
 - b. Yearly Earnings
 - c. Gross Earnings
 - d. Cumulative Earnings

3. The form filled out by a new employee to determine the amount of income tax to be withheld from their paycheck
 - a. Form W-2
 - b. Form W-4
 - c. Form 1040
 - d. Form I-9

4. If an employee works 33.5 hours and is paid \$9.13 per hour, how much is their gross pay?
 - a. \$305.85
 - b. \$301.29
 - c. \$305.86
 - d. \$303.57

5. Which group of employees has the highest amount of federal income tax generally withheld?
 - a. Married, 3 exemptions
 - b. Single, 2 exemptions
 - c. Married, 0 exemptions
 - d. Single, 0 exemptions

6. The Employee's Earnings Record shows an employee which of the following information for the year
 - a. Promotions and reviews history
 - b. Who is garnishing wages from them
 - c. Cumulative earnings
 - d. Emergency contacts

7. The payroll register is used to produce
 - a. W-2s
 - b. Employee total wages for the year
 - c. Journal entries for the current payroll period
 - d. 1099s to be issued to vendors

8. Bert has 43 hours in the current payroll period and his hourly wage is \$9.35 per hour. If Bert earns time and a half for all hours over 40, how much is his gross pay?
 - a. \$402.05
 - b. \$416.09
 - c. \$416.06
 - d. \$374.00

9. Social security tax is paid by
 - a. Employee only
 - b. Employer only
 - c. Employee and employer
 - d. Federal government

10. From which of the following are federal income taxes withheld?
 - a. Vacation Pay
 - b. Bonus Pay
 - c. Personal Day Pay
 - d. All of the above

11. Which statement is true
 - a. There will always be federal income tax withheld from every employee
 - b. Employers are only ones that pay the employee's social security tax
 - c. Every time that a payroll occurs, there is a journal entry for the employee's earnings and a journal entry for the employer's payroll tax expense.
 - d. You can choose to never pay any income tax legally

12. FMLA refers to the
 - a. Future and Medical Leave Act
 - b. Family and Medical Leave Act
 - c. Family and Medical Leave Accounting
 - d. None of the above

13. Employees' W-2 amounts are for
 - a. Current calendar year wages paid to the employee
 - b. Current calendar year hours and wages worked by the employee
 - c. Show the amount of non-employee compensation received by the employee
 - d. Show this year and last year's wages paid to the employee.

14. If the maximum amount of taxable wages for Federal Unemployment Tax is \$7,000 per employee and the employer's rate is .8% of this, what is the most an employer will be liable to pay for each employee?
 - a. \$560.00
 - b. \$5.60
 - c. \$56.00
 - d. None of these are correct

15. If an employer has total wages of \$103,990 paid to employees during a period and \$43,000 of these are exempt (not taxable) from SUTA, how much will the employer's liability be if their SUTA rate is 3.14%?
- \$19,150.86
 - \$1,915.09
 - \$32,652.86
 - \$3,265.29

Short Answer:

1. Rob Jason is paid bi-weekly. His yearly salary is \$36,000 and is paid time and a half for any hours worked over 40 in a week. During the payroll period, he had 4 hours of overtime. Calculate Rob's pay and overtime rate for the bi-weekly period.

Regular Salary \$ _____

Overtime Rate \$ _____

Overtime Pay \$ _____

Gross Pay \$ _____

2. Gwen Mann is paid every week. Gwen is paid on a piece rate system of \$.86 per piece produced during the week. Last week Gwen produced the following units in her 40 hour work week:

Monday	Tuesday	Wednesday	Thursday	Friday	Total Pieces	Total Pay
155	154	164	150	144		

3. Will Grey is a salaried sales person with a bonus incentive plan for sales above his quota. His quota for sales is \$1,000,000 per year. He earns 4% on all sales above this quota. His yearly sales are \$2,000,000 with a base salary of \$75,000 per year. Calculate his total yearly earnings?

\$ _____

If another company offered him a similar position with the same amount of sales but no base salary or quota (just commission on sales), what % commission must he receive in order to equal his present total yearly earnings?

_____ %

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4. You current job pays an annual salary of \$112,630. Assuming you are paid bi-weekly and work a normal 40-hour week, calculate the following.

Earnings per pay period \$ _____

Pay rate per hour \$ _____

5. Using the following time card, calculate the regular, overtime, and total earnings for Gia Nelson. Gia takes a 30 minute lunch period each day she works more than 5 hours. In addition, she is not docked hours or given additional hours for punch-in/out times +/- 6 minutes or less. Her regular work day is 8 am – 4:30 pm and she receives time and a half for all hours over 40 for the week.

Time Card			
Employee No. 120765		Week Ending March 12, 2013	
Name: Nelson, Gia		Exemptions: 2	
Social Security No.: 393-65-8821		Hourly Rate: \$8.90	
Day	In	Out	Hours
Monday	8:03 AM	4:33 PM	
Tuesday	7:56 AM	4:30 PM	
Wednesday	8:15 AM	5:01 PM	
Thursday	8:00 AM	6:03 PM	
Friday	8:00 AM	5:31 PM	
Saturday	9:01 AM	12:33 PM	
	Hours	Rate	Earnings
Regular			
Overtime			
Totals		N/A	

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Problem #1: Payroll Register (73 Points)

Complete the following payroll register for Chickadee Company. All employees are paid weekly at an hourly rate, and Federal Income Tax is withheld at a flat rate of 25% instead of using the taxes.

Payroll Register												
NAME	Reg.	Reg.	OT	OT	Gross				Deductions			Net Pay
	Hours	Rate	Hours	Rate	Wages	Social Security	Med	FIT	SIT (5%)	Health Insurance		
Johnson	35	12.25								25.00		
Andrews	40	12.30								60.00		
Barker	40	9.65	5									
Benson	37.5	11.45										
O'Mally	34.5	9.65								15.00		
Severson	40	12.25	4.5							30.00		
Smit	36	9.65								5.00		
Tagert	38	11.45								17.00		
Wagner	40	12.97	3.25							50.00		
TOTALS		XXX		XXX								