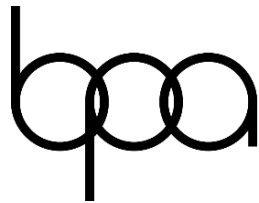


Contestant ID: \_\_\_\_\_

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

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



**BUSINESS  
PROFESSIONALS  
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Giving Purpose to Potential

# **PAYROLL ACCOUNTING**

## **(125)**

## **REGIONAL 2026**

### **CONCEPT KNOWLEDGE:**

Multiple Choice (30 @ 2 points each) \_\_\_\_\_ (60 points)

### **APPLICATION KNOWLEDGE:**

Short Answer (38 @ 2 points each) \_\_\_\_\_ (76 points)

Job 1: Timecard (60 @ 2 points each) \_\_\_\_\_ (120 points)

Job 2: Journalizing the Payroll (18 @ 2 points each) \_\_\_\_\_ (36 points)

***TOTAL POINTS*** \_\_\_\_\_ ***(292 points)***

**Test Time: 60 minutes**

### GENERAL GUIDELINES.

Failure to follow any of these rules may result in disqualification:

1. **Submission Requirements:** Contestants must submit this test booklet along with any printouts.
2. **Permitted Items:** Only the equipment, supplies, and materials specified for this event are allowed in the testing area. Previous BPA tests and sample tests (whether handwritten, photocopied, or typed) are not permitted.
3. **Electronic Devices:** Electronic devices will be monitored according to ACT standards.

### EXAM GUIDELINES.

You've been hired as a Financial Assistant to manage the accounting records for Digital Solutions, located at 1365 King Avenue, Columbus, Ohio 43212. Digital Solutions offers accounting and financial services to clients. Your tasks will include managing both the company's and clients' accounting records.

#### Exam Details:

- **Structure:** The test is divided into two parts: Concept Knowledge and Application Knowledge.

#### Important Instructions:

- **Identification:** Do not write your name or school name on any submitted work. Instead, write your Contestant ID in the provided space.
- **Submission:** Staple all pages in order before turning in your test.

#### Assumptions for the Exam:

- Assume all employees earn overtime for any hours worked over 40 hours in a week unless otherwise instructed.
- Assume all overtime is taxed at the stated rate
- All calculations regarding time should be 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 no employee has accumulated earnings in excess of the social security tax, SUTA, or FUTA base unless otherwise indicated.

### Multiple Choice Questions

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

1. What is the primary purpose of the W-4 form?
  - A. To report annual earnings to the IRS
  - B. To determine the amount of federal income tax to withhold
  - C. To calculate Social Security contributions
  - D. To specify the employee's job title
2. Which of the following methods is used to determine gross earnings for an hourly employee?
  - A. Annual salary divided by 52
  - B. Hourly wage multiplied by hours worked
  - C. Monthly salary divided by 4
  - D. Commission rate multiplied by sales
3. A salaried employee earns \$40,000 annually. What are their gross earnings for a biweekly pay period?
  - A. \$1,538.46
  - B. \$1,666.67
  - C. \$3,333.33
  - D. \$1,923.08
4. What information is typically included on a timecard?
  - A. Employee's social security number
  - B. Hours worked and breaks taken
  - C. Employee's home address
  - D. Employee's tax withholding status
5. How are payroll taxes generally calculated?
  - A. As a flat rate of total earnings
  - B. As a percentage of gross earnings
  - C. Based on the employee's age
  - D. Based on the number of dependents
6. An employee works 40 hours at a rate of \$15 per hour and earns \$22.50 for two hours of overtime. What are their total gross earnings?
  - A. \$600
  - B. \$630
  - C. \$645
  - D. \$660
7. Social Security tax is calculated at a flat rate of 6.2% for both employees and employers.
  - A. True
  - B. False

8. What does FICA stand for?
  - A. Federal Income Contribution Act
  - B. Federal Insurance Contributions Act
  - C. Federal Insurance Commission Act
  - D. Federal Income Commission Act
9. Which form is provided to employees at the end of the year to report annual earnings and tax withholdings?
  - A. W-2 Form
  - B. W-4 Form
  - C. 1099 Form
  - D. 1040 Form
10. What is the formula to calculate net pay?
  - A. Gross earnings plus deductions
  - B. Gross earnings minus deductions
  - C. Total earnings minus overtime
  - D. Total earnings plus bonuses
11. Which entity is responsible for collecting federal income taxes?
  - A. State Government
  - B. Internal Revenue Service (IRS)
  - C. Social Security Administration
  - D. Department of Labor
12. State unemployment taxes vary by state.
  - A. True
  - B. False
13. What is typically included in a payroll journal entry?
  - A. Accounts Receivable and Sales
  - B. Salaries Expense and Cash
  - C. Inventory and Cost of Goods Sold
  - D. Rent Expense and Utilities
14. How does an employer calculate the employer's portion of Social Security tax?
  - A. By matching the employee's contribution
  - B. As a percentage of the employee's net pay
  - C. By doubling the employee's withholding
  - D. Using the employee's W-2 Form
15. For what purpose is the 941 Form used?
  - A. To report quarterly federal tax withholdings
  - B. To determine the amount of state taxes owed
  - C. To apply for a tax identification number
  - D. To submit annual corporate tax returns

16. What should an employer do if a payroll error is discovered after checks are issued?
- A. Ignore the error
  - B. Correct it in the next payroll cycle
  - C. Reissue all paychecks
  - D. Notify the IRS immediately
17. What type of tax is Medicare?
- A. State income tax
  - B. Payroll tax
  - C. Property tax
  - D. Sales tax
18. What does the acronym FUTA stand for?
- A. Federal Unemployment Tax Act
  - B. Federal Universal Tax Act
  - C. Federal Utility Tax Act
  - D. Federal Usage Tax Act
19. What is a key responsibility of payroll accounting?
- A. Employee recruitment
  - B. Tax preparation
  - C. Accurate wage calculation and distribution
  - D. Customer service
20. Which of the following is NOT a payroll tax?
- A. Social Security tax
  - B. Property tax
  - C. Medicare tax
  - D. Federal income tax
21. How are journal entries for payroll expenses typically recorded?
- A. As liabilities only
  - B. As both expenses and liabilities
  - C. As assets only
  - D. As revenues
22. What is the main purpose of a paycheck stub?
- A. To provide a summary of the employee's tax return
  - B. To detail the deductions and net pay for the period
  - C. To record hours worked
  - D. To report job performance
23. Which of the following is typically considered a voluntary deduction?
- A. Social Security tax
  - B. State income tax
  - C. Health insurance premium
  - D. Medicare tax

24. What is the primary reason for reconciling payroll accounts?
- A. To find errors in employee timecards
  - B. To ensure accurate financial reporting
  - C. To verify employee attendance
  - D. To adjust employee tax withholdings
25. Which of the following would increase an employee's gross pay?
- A. Additional hours worked
  - B. Increased tax deductions
  - C. Reduced hours worked
  - D. Lower tax deductions
26. What is the primary function of a payroll register?
- A. To summarize payroll details for all employees
  - B. To track employee attendance
  - C. To calculate state taxes
  - D. To report tax deductions to the IRS
27. How often must employers report federal payroll taxes?
- A. Annually
  - B. Quarterly
  - C. Monthly
  - D. Weekly
28. Which account is debited when journalizing payroll tax expense?
- A. Payroll Tax Payable
  - B. Cash
  - C. Payroll Tax Expense
  - D. Employee Benefits Expense
29. What does the term "withholding" refer to in payroll?
- A. Paying employees in cash
  - B. Paying bonuses to employees
  - C. Posting jobs for new employees
  - D. Subtracting taxes from employee wages
30. Which tax is typically an employer-only contribution?
- A. Federal Income Tax
  - B. Social Security Tax
  - C. Medicare Tax
  - D. Federal Unemployment Tax

**Short Answer**

- Capital Tours has five seasonal employees to provide special tours during the summer season. Seasonal employees are paid weekly with overtime for hours worked over 40 hours per week. The overtime rate is 1½ time the regular rate of pay. Calculate the regular earnings, overtime earnings, and gross earnings for each employee.

Employee	Total Hours	Pay Rate	Regular Earnings	Overtime Earnings	Gross Earning
Albrecht, Carol	33.5	\$13.50			
Beaumont, Rex	42.5	\$13.75			
Chen, Rei	40	\$14.25			
Sanders, Davis	37	\$14.00			
Wheatly, Lea	43	\$14.50			

- Capital Tours is posting an opening for a graphic designer. The position pays \$42,000.00 a year. Complete the table below to determine the amount each paycheck based upon the listed pay periods.

Weekly Pay Periods per Year	_____	Weekly Gross Earnings	_____
Monthly Pay Periods per Year	_____	Monthly Gross Earnings	_____
Semi-Monthly Pay Periods per Year	_____	Semi-Monthly Earning	_____
Bi-Weekly Pay Periods per Year	_____	Bi-Weekly Earning	_____

- Using the table below, complete the necessary calculations for Gross Earnings and Social Security and Medicare tax deductions for each Capital Tours employee.

Employee	Yearly Salary	Monthly Gross Earnings	Social Security Tax Deduction	Medicare Tax Deduction
Alder, Pedro	\$45,500			
Jackson, Lilly	\$55,750			
Mostaf, Yusef	\$62,250			
Pagdon, Mike	\$61,000			
Vilhelmsson, Mav	\$57,400			

# JOB 1: TIMECARDS

Below are timecards for three of Capital Tours employees. For each timecard, calculate the total regular hours and any overtime hours earned for each day. Overtime is awarded for any day when an employee works more than eight hours. Round all times to the nearest quarter hour. Complete the timecards by recording the regular, overtime, and total hours at the bottom and calculating the regular, overtime, and total earnings for each employee.

Employee # <u>21-AC</u>									
Name <u>Andres, Claire</u>									
Period Ending <u>November 29</u>									
Marital Status <u>S</u> No. of Allowances <u>1</u>									

Date	Morning		Afternoon		Overtime		Hours	
	IN	OUT	IN	OUT	IN	OUT	REG	OT
11/16								
11/17	6 <sup>58</sup>	11 <sup>58</sup>	12 <sup>55</sup>	4 <sup>03</sup>				
11/18	7 <sup>00</sup>	11 <sup>57</sup>	12 <sup>56</sup>	4 <sup>06</sup>				
11/19	7 <sup>00</sup>	11 <sup>55</sup>	12 <sup>59</sup>	4 <sup>05</sup>	4 <sup>05</sup>	7 <sup>02</sup>		
11/20	7 <sup>00</sup>	11 <sup>55</sup>	12 <sup>59</sup>	4 <sup>05</sup>	4 <sup>05</sup>	7 <sup>02</sup>		
11/21	6 <sup>56</sup>	12 <sup>03</sup>	1 <sup>00</sup>	4 <sup>04</sup>				
11/22								
11/23								
11/24	7 <sup>05</sup>	12 <sup>02</sup>	12 <sup>55</sup>	4 <sup>04</sup>	4 <sup>04</sup>	7 <sup>02</sup>		
11/25	6 <sup>58</sup>	12 <sup>00</sup>	1 <sup>02</sup>	4 <sup>01</sup>				
11/26	6 <sup>55</sup>	11 <sup>57</sup>	1 <sup>01</sup>	4 <sup>03</sup>				
11/27	6 <sup>56</sup>	12 <sup>02</sup>	12 <sup>55</sup>	4 <sup>06</sup>				
11/28	6 <sup>54</sup>	12 <sup>03</sup>	1 <sup>00</sup>	4 <sup>04</sup>	4 <sup>04</sup>	7 <sup>05</sup>		
11/29								

	Hours	Rate	Amount
Regular		13.50	
Overtime		20.25	
Total Hours		Total Earnings	

Employee # <u>21-CW</u>									
Name <u>Castillo, Will</u>									
Period Ending <u>November 29</u>									
Marital Status <u>M</u> No. of Allowances <u>4</u>									

Date	Morning		Afternoon		Overtime		Hours	
	IN	OUT	IN	OUT	IN	OUT	REG	OT
11/16								
11/17	7 <sup>57</sup>	12 <sup>03</sup>	12 <sup>57</sup>	5 <sup>00</sup>				
11/18	7 <sup>53</sup>	12 <sup>05</sup>	12 <sup>59</sup>	4 <sup>55</sup>	4 <sup>55</sup>	7 <sup>01</sup>		
11/19	7 <sup>55</sup>	12 <sup>05</sup>	1 <sup>00</sup>	5 <sup>01</sup>				
11/20	7 <sup>45</sup>	12 <sup>15</sup>	1 <sup>16</sup>	4 <sup>41</sup>	4 <sup>41</sup>	7 <sup>01</sup>		
11/21	8 <sup>01</sup>	12 <sup>01</sup>	1 <sup>01</sup>	5 <sup>03</sup>				
11/22								
11/23								
11/24	8 <sup>02</sup>	12 <sup>00</sup>	12 <sup>59</sup>	5 <sup>00</sup>				
11/25	7 <sup>57</sup>	11 <sup>57</sup>	1 <sup>05</sup>	5 <sup>03</sup>	5 <sup>03</sup>	7 <sup>02</sup>		
11/26	7 <sup>59</sup>	11 <sup>55</sup>	1 <sup>01</sup>	5 <sup>02</sup>	5 <sup>02</sup>	7 <sup>01</sup>		
11/27	7 <sup>56</sup>	11 <sup>58</sup>	12 <sup>59</sup>	5 <sup>00</sup>				
11/28	7 <sup>55</sup>	12 <sup>02</sup>	1 <sup>03</sup>	5 <sup>00</sup>				
11/29								

	Hours	Rate	Amount
Regular		14.00	
Overtime		21.00	
Total Hours		Total Earnings	

Employee # <u>21-HL</u>									
Name <u>Huang, Lei</u>									
Period Ending <u>November 29</u>									
Marital Status <u>M</u> No. of Allowances <u>5</u>									

Date	Morning		Afternoon		Overtime		Hours	
	IN	OUT	IN	OUT	IN	OUT	REG	OT
11/16								
11/17	7 <sup>57</sup>	11 <sup>55</sup>	12 <sup>55</sup>	5 <sup>02</sup>				
11/18	8 <sup>02</sup>	11 <sup>58</sup>	12 <sup>59</sup>	5 <sup>01</sup>				
11/19	7 <sup>56</sup>	12 <sup>59</sup>	1 <sup>59</sup>	5 <sup>03</sup>				
11/20	8 <sup>03</sup>	1 <sup>05</sup>	1 <sup>59</sup>	5 <sup>01</sup>	5 <sup>01</sup>	7 <sup>30</sup>		
11/21	7 <sup>30</sup>	11 <sup>55</sup>	1 <sup>04</sup>	4 <sup>25</sup>	4 <sup>25</sup>	7 <sup>35</sup>		
11/22								
11/23								
11/24	7 <sup>33</sup>	11 <sup>30</sup>	12 <sup>32</sup>	4 <sup>33</sup>				
11/25	7 <sup>30</sup>	11 <sup>41</sup>	12 <sup>47</sup>	4 <sup>31</sup>				
11/26	8 <sup>01</sup>	12 <sup>01</sup>	1 <sup>00</sup>	4 <sup>58</sup>	4 <sup>58</sup>	7 <sup>05</sup>		
11/27	8 <sup>04</sup>	12 <sup>05</sup>	1 <sup>04</sup>	5 <sup>02</sup>	5 <sup>02</sup>	7 <sup>01</sup>		
11/28	7 <sup>33</sup>	11 <sup>33</sup>	12 <sup>35</sup>	4 <sup>33</sup>				
11/29								

	Hours	Rate	Amount
Regular		14.50	
Overtime		21.75	
Total Hours		Total Earnings	



**JOB 2: JOURNALIZING THE PAYROLL**

Below are the ending column totals for Capital Tours’ payroll register for November 29, 2025. Using the totals, journalize the payroll on page 23 of the journal below. Check 975 will be written for the payroll.

Gross Earnings: \$6835.25  
Federal Income Tax: \$444.30  
State Income Tax: \$136.71  
Social Security Tax: \$423.79  
Medicare Tax: \$99.11  
Health Insurance: \$800.00  
Special Olympics: \$400.00  
US Savings Bonds: \$400.00

General Journal			
Date	Account	Debit	Credit