

ABC Co. completed their payroll information for the weekly pay period January 14. Note that hours exceeding 40 are considered overtime and overtime premium is 50%.

Employees	Clock Card No.	Daily Times							Pay Rate	Income Tax	Medical Insurance	Union Dues	Year to Date Earnings
		M	T	W	T	F	S	S					
M. Jones	81	8	8	8	4	8	3	0	\$10.00	\$78.00	\$7.00	\$14.00	\$20,000
S. Heath	82	8	8	8	8	8	0	0	8.00	64.00	6.00	12.00	6,200
B. Smith	83	8	2	6	8	8	2	0	9.00	61.00	6.00	12.00	15,000
K. Lasmo	84	4	8	8	8	8	8	0	8.00	74.00	7.00	14.00	8,400

Required:

1. Record the relevant information in the proper columns of a Payroll Register and complete the register including all the deductions. Assume the first payroll cheque number is 262 and that the first employee is a sales person, the next two work in the shop, and the last one works in the office.
2. Prepare a General Journal entry to record the Payroll Register information.
3. Prepare a General Journal entry to record the employer's payroll taxes resulting from the payroll.
4. Prepare journal entries to accrue fringe benefits. The company matches employees' payments for medical insurance and contributes 10% of each employee's gross pay to a retirement program. Vacation pay is accrued at 5% of wages and salaries.

*** Note:** In your calculations, you are to assume that the year 2000 rates apply where:

1. EI rate is 2.4%
2. CPP rate is 3.9%
3. CPP weekly exemption is \$67.30
4. Employers contribution for EI is 1.4 times the amount paid by the employee
5. Employers contribution for CPP matches the amount paid by the employee

Worksheets:

		Daily Times							Total Hours	OT Hours	Pay Rate	Earnings		
		M	T	W	T	F	S	S				Regular Pay	OT Premium	Gross Pay
Jones	81													
Heath	82													
Smith	83													
Lasmo	84													

Deductions						Payment		Distribution		
EI	CPP	Tax	Medical Ins.	Union Dues	Total Ded.	Net Pay	Ch No.	Office	Sales	Shop
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GENERAL JOURNAL (G5)

DATE	ACCOUNT	PR	DEBIT	CREDIT
Jan 31				
	Explain:			

GENERAL JOURNAL (G5)

DATE	ACCOUNT	PR	DEBIT	CREDIT
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	Explain:			

GENERAL JOURNAL (G5)

DATE	ACCOUNT	PR	DEBIT	CREDIT
Jan 31				
	Explain:			

Answer:

	Daily Times								Total Hours	OT Hours	Pay Rate	Earnings		
	M	T	W	T	F	S	S	Regular Pay				OT Premium	Gross Pay	
Jones	81	8	8	8	4	8	3	0	39	0	\$10.00	\$390	\$0	\$390
Heath	82	8	8	8	8	8	0	0	40	0	8.00	320	0	320
Smith	83	8	2	6	8	8	2	0	34	0	9.00	306	0	306
Lasmo	84	4	8	8	8	8	8	0	44	4	8.00	352	16	368

Deductions						Payment		Distribution		
EI	CPP	Tax	Medical Ins.	Union Dues	Total Ded.	Net Pay	Ch No.	Office	Sales	Shop
9.36	12.59	78.00	7.00	14.00	120.95	269.05	262		390.00	
7.68	9.86	64.00	6.00	12.00	99.54	220.46	263			320.00
7.34	9.31	61.00	6.00	12.00	95.65	210.35	264			306.00
8.83	11.73	74.00	7.00	14.00	115.56	252.44	265	368.00		
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33.21	43.49	277.00	26.00	52.00		952.30		368.00	390.00	626.00
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GENERAL JOURNAL (G5)

DATE	ACCOUNT	PR	DEBIT	CREDIT
Jan 31	Office Salaries		368.00	
	Sales Salaries		390.00	
	Shop Wages		626.00	
	EI Payable			33.21
	CPP Payable			43.49
	Employee Tax Payable			277.00
	Medical Payable			26.00
	Union Dues Payable			52.00
	Payroll Payable			952.30
	Explain: Record Payroll			

Part 3:**GENERAL JOURNAL (G5)**

DATE	ACCOUNT	PR	DEBIT	CREDIT
Jan 31	EI Expense		46.49	
	EI Payable			46.49
	CPP Expense		43.49	
	CPP Payable			43.49
	Explain: Company portion			

Part 4:**GENERAL JOURNAL (G5)**

DATE	ACCOUNT	PR	DEBIT	CREDIT
Jan 31	Benefits Expense		233.60	
	Medical Payable			26.00
	RRSP Payable			138.40
	Vacation Pay Payable			69.20
	Explain: Company Benefits			