

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	4	8	8	8	0	0	\$8.00	\$58.00	\$10.00	\$15.00	\$20,000
S. Heath	82	4	8	4	4	8	2	0	8.00	48.00	8.00	16.00	6,200
B. Smith	83	9	8	9	8	8	0	0	10.00	86.00	12.00	24.00	16,000
K. Lasmo	84	8	8	8	8	8	3	0	8.00	70.00	11.00	22.00	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 110 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 4% 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)**

<b>DATE</b>	<b>ACCOUNT</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>
Jan 31				
	Explain:			

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Jan 31				
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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	4	8	8	8	0	0	36	0	\$8.00	\$288	\$0	\$288
Heath	82	4	8	4	4	8	2	0	30	0	8.00	240	0	240
Smith	83	9	8	9	8	8	0	0	42	2	10.00	420	10	430
Lasmo	84	8	8	8	8	8	3	0	43	3	8.00	344	12	356

Deductions						Payment		Distribution		
EI	CPP	Tax	Medical Ins.	Union Dues	Total Ded.	Net Pay	Ch No.	Office	Sales	Shop
6.91	8.61	58.00	10.00	15.00	98.52	189.48	110		288.00	
5.76	6.74	48.00	8.00	16.00	84.50	155.50	111			240.00
10.32	14.15	86.00	12.00	24.00	146.47	283.53	112			430.00
8.54	11.26	70.00	11.00	22.00	122.80	233.20	113	356.00		
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31.53	40.76	262.00	41.00	77.00		861.71		356.00	288.00	670.00
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**GENERAL JOURNAL (G5)**

<b>DATE</b>	<b>ACCOUNT</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>
Jan 14	Office Salaries		356.00	
	Sales Salaries		288.00	
	Shop Wages		670.00	
	EI Payable			31.53
	CPP Payable			40.76
	Employee Tax Payable			262.00
	Medical Payable			41.00
	Union Dues Payable			77.00
	Payroll Payable			861.71
	Explain: Record Payroll			

**GENERAL JOURNAL (G5)**

<b>DATE</b>	<b>ACCOUNT</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>
Jan 14	EI Expense		44.14	
	EI Payable			44.14
	CPP Expense		40.76	
	CPP Payable			40.76
	Explain: Company portion			

**GENERAL JOURNAL (G5)**

<b>DATE</b>	<b>ACCOUNT</b>	<b>PR</b>	<b>DEBIT</b>	<b>CREDIT</b>
Jan 14	Benefits Expense		224.96	
	Medical Payable			41.00
	RRSP Payable			131.40
	Vacation Pay Payable			52.56
	Explain: Company Benefits			