

ACCT 100
Review for Exam #4 - Chapters 10 – 13
Payroll and Merchandising AJE's,
Financials, and Closing Entries

- 30 Multiple Choice Questions X 2 points each = 60 points
- 5 problems (two @ 5 points and 3 @ 10 points) = 40 points

Payroll from Employees and Employer's perspective

Calculation of Gross Pay

Calculation of Deductions; Laws and rules for taxes, FICA (Social Security and Medicare), tax withholdings and other deduction

Calculation of Net Pay

Calculation of Payroll Tax Expense for the employers (Social Security, Medicare, Federal Unemployment, State Unemployment.)

LOTS OF TERMS AND DEFINITIONS – be familiar with terms and forms used

Payroll Register

JE to record payroll

JE to record employer tax expense

Payment of payroll taxes

Worker's Comp premiums

All rates and maximums will be given to you

Merchandising Transactions & Financial Statements:

Adjustments – About 10 of them. See handout and multiple class examples.

Accruals and deferrals and why they are necessary

Effect on Financials

Multi Step Income Statement

Classified Balance Sheet

Ratios, Working Capital, Current Ratio, Gross Profit Margin, Inventory Turnover

Closing Entries for a merchandiser

10 Point Problems:

1. Payroll problem: Computing gross pay, deductions, net pay, and JE for payroll (5 points)
2. Payroll problem: Computing the four employer taxes and preparing the JE (5 points)
3. Adjusting journal entries from Chapter 12 (10 points)
4. Closing Entries for a merchandiser (10 points)
5. Preparing components of a merchandising statement with selected ratios (10 points)