

# Journalizing and Posting Payroll Questions Key

## 1. What amount is recorded in the Salaries Expense account?

**\$3,345.00**

Salaries Expense is always the **gross earnings**, before any deductions.

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## 2. What amount is recorded in the Medicare Tax Payable account?

**\$67.00**

This is the amount withheld from employees' pay for Medicare tax.

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## 3. What amount is recorded in the U.S. Savings Bond Payable account?

**\$46.00**

Four employees  $\times$  \$11.50 each

$$\$11.50 \times 4 = \mathbf{\$46.00}$$

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## 4. What amount is recorded as a credit to Cash in Bank?

**\$2,625.00**

### Calculation of total deductions:

- Federal income tax: \$341.00
- Social Security tax: \$187.00
- Medicare tax: \$67.00
- State income tax: \$79.00
- U.S. savings bonds: \$46.00

### Total deductions:

$$\$341 + 187 + 67 + 79 + 46 = \mathbf{\$720.00}$$

**Net pay (cash paid to employees):**

$\$3,345.00 - \$720.00 = \$2,625.00$

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**5. What is the total amount of liabilities and cash in the bank for the weekly payroll?**

**\$3,345.00**

Total liabilities (\$720.00) + Cash in Bank (\$2,625.00) = **\$3,345.00**, which balances with Salaries Expense.