

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.

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

\$67.00

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

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

\$46.00

Four employees × \$11.50 each

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

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:

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

Net pay (cash paid to employees):

$\$3,345.00 - \$720.00 = \mathbf{\$2,625.00}$

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.