

Exercises and Procedures

Lesson #12 – Doing Payroll with QuickBooks

Instructions: Please check each checkbox when you have completed the exercise or procedure. Space for answering the short answer questions is provided. Hand in this sheet with exercises (if any) attached for instructor review and grading.

	Marks
<p><input type="checkbox"/> Intuit Textbook – Using “My Computer” create a Lesson 12 folder in your QB 2013 Solutions folder and restore qblesson to that folder. Read the chapter and complete the steps as described. Remember to use the 2014 dates as shown.</p>	_____/30
When you have finished show your instructor the following:	
<input type="checkbox"/> Employee with Sin 111 111 118 and focus on the additional pay cheque bonus. you choose for this employee.	_____/5
<input type="checkbox"/> A Quick Report for the Payroll Expense Account	_____/5
<input type="checkbox"/> Log into Moodle and complete the Review Questions for Lesson 12.	_____/10
<p><input type="checkbox"/> Carpets 4Home. – Transactions (See details on next page) Restore the backup for Carpets 4 Home – Start. to your Lesson 12 folder. After you have loaded the company into QuickBooks go to the Company Information Screen and add your First Name to the Company name. When you have finished the transactions shown below print the following:</p>	_____/40
<input type="checkbox"/> The Journal for the period 01/01/2014 to 02/15/2014. (Reports/Accounting and Taxes/Journal) (Hint: Before printing make sure you see the Expand button at the top of the Journal Page. If you see Collapsed please click it.	_____/4
<input type="checkbox"/> The ROE you printed on the 2nd Feb 2 transaction.	_____/3
<input type="checkbox"/> The T4 you printed on the 3rd Feb 2 transaction.	_____/3
<i>Important: Be sure to back up your file to a backup directory in your Lesson 12 folder. Add the word Complete to the backup file name</i>	
Total Marks for Lesson	_____/100

Carpets 4Home

Overview

Payroll Information:

- The company is converting to QuickBooks on Jan 1st, 2014.
- All employees are paid bi-weekly.
- Overtime is paid at time and a half (regular pay plus ½ regular pay).
- Vacation pay (4%) is retained from hourly employees, until the employee takes a vacation. Vacation pay (5%) is also retained for salaried and commissioned employees.
- The EI rate is 1.4% times the employee deductions.
- The company does not have a pension plan.
- The company allows employees to receive a payroll advance up to \$700 for extenuating circumstances. The advance is repayable by all employees at \$20 per pay period. Hardeep Singh has a \$500 advance owing at January 1.
- Commission employee Vibeke Ipanaque is on a medical leave of absence and is expected back to work by the middle of January.

Editing the Chart of Accounts:

1. Edit the chart of accounts and add the following five (5) sub-accounts under the default **6560 – Payroll Expense** account.
 - **6561** – Employer Share Taxes; **6562** – Commission; **6564** – Wages; **6566** Salaries and **6568** – Salary Advances,

Editing Preferences:

1. Make sure that **Full Payroll Features** is selected in the Payroll and Employees Company Preferences Screen.
2. Edit **Printing Preferences** so that information regarding **sick days taken**, and **sick days available** are **not** printed on employee's pay stubs.

Editing the PayRoll Items List:

1. Mark all the following accounts as **Inactive**:
Vacation Salary, Sick Hourly Rate, Vacation Hourly Rate, QPP-Company, QPP-Employee, Quebec Income Tax, QPIP-Company and QPIP-Employee.
2. Edit the following **Payroll Items** and link the **Expense Account** to the specified **COA Expense account** (Leave the liability accounts as they are please):

Payroll Item	COA Account	Payroll Item	COA Account
Salary	6566 – Salaries	CPP- Company	6561 –Shared Taxes
VacPay-Accrued	6564 – Wages	EI-Company	6561 – Shared Taxes
VacPay-Paid Out	6564 – Wages	Advances	6568 – Salary Advances

3. Create the following new Payroll list items with these specifications.

Item Type	Item Name	Expense Account	ROE Tracking
Wage Hourly Wages	Hourly 1	6564 – Wages	✓ Earnings ✓ Hours ⊙ To Pay Period where Earned
Wage Hourly Wages	Overtime 1 (Rate= 1.5)	6564 – Wages	✓ Earnings ✓ Hours ⊙ To Pay Period where Earned
Wage Hourly Wages	Stat Hours Worked Rate=1.5	6564 – Wages	✓ Earnings ✓ Hours ⊙ To Pay Period where Earned
Wage Hourly Wages	Stat Hours Not Worked (Regular Pay)	6564 – Wages	✓ Earnings ✓ Hours ⊙ To Pay Period where Earned
Deduction	Advance Repayment	No Agency, No Num, 2120	None; No Taxes; Neither; Net Pay; 20.00; No Limit
Commission	Commission 1	6562 – Commissions	✓ Earnings, ⊙ To Pay Period where Earned; .Rate=8.0%

Editing the Employee Default Template:

1. Set Hourly 1 as the default Earning Item in the main Employee Defaults screen.
(Edit/Preferences, Payroll & Employees, **Employee Defaults** button)
2. Edit the employee defaults and check **Hourly 1, Overtime 1, Stat Hours Not Worked, Stat Hours Worked** and **Commission** as earnings that accrue **Vacation Pay**.

Creating a Pay Schedule:

1. Open the **Employee Center**, the **Payroll** tab and click on **Set up your payroll schedule**.
2. Name the schedule **BiWeekly**.
3. Pay period end date and date on cheques are both. **Jan 3, 2014**. Assign this pay schedule to all employees as you create them below.

Adding Employees:

1. Add the following employees: (Leave tax levels at **Default** values)

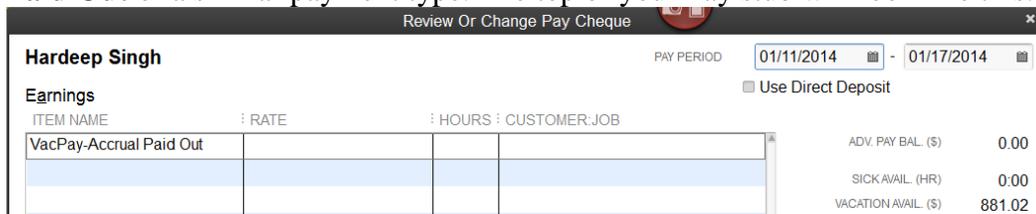
Name	SIN	Dates	Pay Info
Hardeep Singh	623 498 136 Male	DOB = 06/15/1960 Hired = 09/23/2004	Hourly, Bi-weekly, 18.10/Hr., Retain Vacation (4%), \$500 Advance Owing, \$823.10 Accrued Vacation.
Herve Lions	719 983 249 Male	DOB = 09/24/1972 Hired = 08/30/1992	Hourly, Bi-weekly, 22.10/Hr., Overtime Rate: 33.15; Retain Vacation, (5%); \$1023.12 Accrued Vacation
Vibeke Ipanaque	687 234 435 Male	DOB = 09/11/1946 Hired = 09/02/2002	Commission 8% of amount sold, Bi- weekly, Retain Vacation 5%
A-Your Full Name>	923 453 229	DOB = 09/18/1973 Hired = 02/01/1995	Salary, Bi-weekly, \$47,000, Retain Vacation 5%, Check Salary and Uncheck Hourly1 in the Earning that accrue vacation box. (Back Up At This Point)

Date	Transaction Text	Reference
Jan 3 2014	Pay the following employees for the two week period ending today using the BiWeekly pay schedule. Hardeep Singh 80 hrs and \$20 payment on advance. Herve Lions 80 hrs regular and 2 hrs O/T. “Your Actual Name” pay salary. (Hint: On the Review and Create Pay Cheques screen click the button shown below and enter the first check number to be assigned. <div style="border: 1px solid gray; padding: 5px; margin: 10px 0;"> <input checked="" type="radio"/> Assign cheque numbers to handwritten cheques First Cheque Number <input style="width: 80px;" type="text" value="101"/> </div>	Start Scheduled Payroll Cheques 101 - 103
Jan 3	Your supervisor notices an error on Herve Lions Cheque. Edit the cheque and change the 80 hours with 2 overtime hours to 80 hours and 1 overtime hour. Issue a new cheque. The revised net pay on the cheque is: \$_____	Bank Register/ Pay Cheque Detail, Cheque 104
Jan 10	Issue a vacation paycheque for the amount accrued for Hardeep Singh. Advance repayments are not deducted from vacation pay. (Hint: Use the Rate box to enter the amount of the Vacation pay. Refer to the following discussion for details of the process.)	Unscheduled Payroll, Cheque 105

Paying Vacation Pay:

This topic was covered in previous versions of the course but not in the 2013 manual. Here is what you need to know to do the Vacation Payout.

1. Click the **Unscheduled Payroll** icon to start the payment process. 
2. Set up your **Check Date** as the date the cheque is written (1/10/2014), and the **Pay Period Ends** date as the last working day of the vacation. (1/17/2014) Check the employees name click the employee’s name to edit the employee’s pay.
3. Ensure that the Pay Period Dates at the top of the Employee **Review or Change Pay Cheque** screen specify the week the the employee will be away. In this example that is from **01/10/2014 to 01/17/2014**.
4. Change the first item in the Earning window from whatever it is to **VacPay-Accrual Paid Out** or a similar payment type. The top of your Pay stub will look like this:



5. You will see that the amount of vacation pay is shown in the bottom right of this example. (881.02)

Date	Transaction Text	Reference
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- Type the Vacation Available amount (\$881.02) into the **rate** column and the number of hours the employee will be away on vacation (40) in the hours column. Remember that vacation is EI insurable time. The top of the form now looks like this: Notice that Vacation Pay available is now 0.

ITEM NAME	RATE	HOURS	CUSTOMER JOB
VacPay-Accrual Paid Out	881.02	40	

- The final step is to remove all deductions and benefits that are not charged on vacation pay. Most normal benefits and charges do not apply to vacation pay. In this case we will remove only the Advance Repayment.
- In the **Other Payroll Items** section highlight the -20 in the Rate column of the **Advance Repayment** item and press the **Delete** key. When you are finished the bottom section of the Pay Cheque Review looks like this: You can now click the **Save and Close** and **Continue** buttons to create the paycheque.

ITEM NAME	RATE	QUANTITY
Advance Repay...	-20.00	

ITEM NAME	AMOUNT	YTD
Advance Repayment	0.00	-20.00
VacPay-Accrual Paid Out	881.02	881.02
CPP - Employee	-36.95	-101.96
EI - Employee	-16.56	-43.78
Federal Income Tax	-80.48	-276.90

ITEM NAME	AMOUNT	YTD
CPP - Company	36.95	101.96
EI - Company	23.18	61.29
VacPay-Accrued	0.00	57.92

Cheque Amount: 747.03

Jan 13	Vibeke Ipanaque returned to work on Jan 13 th . He and Hardeep will have work only one week during the pay period ending Jan. 17. Change their employee setup to weekly pay periods so that taxes will be calculated correctly. (Hint: you will have to set up a Weekly schedule to complete this task. Set the End Date and Date on Cheque to 01/17/2014 .)	Employee List/Edit/Payroll Info
Jan 15	The CRA has decided to do an audit on the previous year. All you can do is be helpful to them.	
Jan 16	In a quick audit they find everything in order. Breathe deeply! Nothing else to do here!	

Date	Transaction Text	Reference
Jan 17	Pay the following employees on the BiWeekly Schedule. <ul style="list-style-type: none"> • A-Your Full Name” pay salary (80 hr) • Lions, Herve for 80 hours and 1 hour overtime 	Start Scheduled Payroll, Cheques 106-107
Jan 17	Pay the following employees on the Weekly Schedule. <ul style="list-style-type: none"> • Ipanaque, Vibeke \$16,000 commissionable income. • Singh, Hardeep for 40 hours and re-pay \$20 on advance 	Start Scheduled Payroll, Pay Employees, Cheques 108-109
Jan 17	After running the payroll alter the setup for Vibeke Ipanasuke and Hardeep Singh back to Bi-Weekly pay periods/schedules.	Employee List/Edit/Payroll Info
Jan 31	Pay the following employees “Your actual name” pay salary (80 hr) Singh, Hardeep for 80 hours and pay \$20 on advance Ipanaque, Vibeke \$18,000 commissionable income Lions, Herve for 80 hours and 3 hours overtime	Start Scheduled Payroll, Pay Employees, Cheques 110-113
Jan 31	Vibeke Ipanaque has decided to leave the company to return to school . Since this is his last day generate her ROE. To complete his ROE you will have to enter her address: 123 Little Italy Crescent, Campbell River, BC. V9W 2Y3, and enter todays date as his Release Date . Also enter the correct ROE code from the dropdown list. Print the ROE that QuickBooks generates.	Employees, Payroll Forms, Process Record of Employment
Jan 31	Generate a T4 for Viberke Ipanaque as of Jan 31st. (Ignore the message about the Company Business Number) Review and Print the Employee Copy of T4 to hand in with this assignment. (You should get the front and back of the sheet)	Employees, Payroll Forms, Process T4’s
Feb 13	Issue next cheque to the receiver general for Payroll Liabilities for the period Jan-1 to Jan 31.	Employees, Pay Liabilities, Pay Payroll Liabilities, Cheque 114

What to Hand In:

Note: Always Preview you reports to make sure they are not too wide for the page. Use Landscape mode where necessary to prevent this!

1. The **Journal** for the period 01/01/2014 to 02/15/2014. Use the Expanded version to export for **MarkMyExercise** and to print.
2. The **ROE** you printed on the **2nd** Jan 31 transaction.
3. The **T4** you printed on the **3rd** Jan 31 transaction.