**MEKDELA AMBA UNIVERSTIY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**Department of Economics**

PRINCIPLES OF AACOUNTIONG II **Assignment**

**Target Group: 2nd year Economics regular students (2012 E.C)**

**Submission date: 9/23/2012**

**Submission Channel Link: t.me/econmau**

**Submission Channel Name: economics year 2 MAU**

**Illustration:**

**Ethiopia Pharmaceutical Company**, a wholly government owned company, pays salary to its employees according to the Ethiopian calendar month and submit income tax withheld from employees to the Federal Inland Revenue Authority (FIRA) on a monthly basis. The forth - coming data relates to the Month of Sene 2007.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **S.No.** | **Name** | **Basic Salary** | **Transportation Allowance** | **OT****Hours Worked** | **Duration of OT Work** | **Basic Salary Per Hour** |
| 1 | Meron | 10,470 | 900 | 10 | Up to 10 P.M | 65.4 |
| 2 | Haile | 8,852 | - | 8 | 10 P.M to 5 A.M | 55.3 |
| 3 | Dawit | 6,036 | - | 6 | Weekly rest days | 37.7 |
| 4 | Emnet | 5,304 | 600 | - | - | 33.15 |
| 5 | Getu | 4,662 | 100 | 10 | Public Holidays | 29.13 |

**N.B** The management of the company usually expects a worker to work 40 hours in a week and during Sene 2007 all workers have done as they are expected. Besides, all workers of the Company are permanent except Haile. Dawit agreed to have a monthly Birr 300 be deducted and paid to the Credit Association of the Company as a monthly saving.

**Required:-** Based on the above information

1. Prepare a Payroll Register (or Sheet) for the Company for the month of Sene 2007
2. Record the payment of salary as of Sene30, 2007using Check No. 41 as a source document.
3. Record the payroll tax expense for the month of Sene 2007. The source document for this transaction is Memorandum No. 10
4. Record the payment of the claim of the Credit Association of the Company that arises from the Sene Payroll assuming that the payment was made on Hamle 1, 2007.
5. Assuming that the withholding taxes and payroll tax of the month of Sene 2007 have been paid on Hamle 5, 2007 via Check No. 50, record the required journal entry.