



# Microsoft® **Excel for Accounting**

## Chapter 7: Payroll Register



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# Learning Objectives

- After studying this chapter, you will be able to:
  - ▲ Create a payroll register
  - ▲ Use the ROUND and IF functions
  - ▲ Distinguish between absolute cell references and mixed cell references
  - ▲ Use VLOOKUP and HLOOKUP functions
  - ▲ Improve worksheet layout readability

# Accounting Refresher: Payroll Register

- The payroll register displays earnings, deductions, and net pay for all employees during a single pay period.
- Mandatory deductions from gross pay include:
  - ▲ Federal withholding tax
  - ▲ State income tax
  - ▲ Social Security tax
  - ▲ Medicare tax
- Voluntary deductions, such as union dues, can also be withheld from gross pay



# Creating Formulas with ROUND and IF Functions

- The ROUND function rounds a number or calculation to the desired number of decimal places.
- Unlike the Increase Decimal and Decrease Decimal options on the Ribbon, the ROUND function changes the cell entry (instead of just altering the way it is displayed).
- The IF Function displays a value or text based on a logical test.
- The IF Function is used in circumstances where more than one result may be desired, based on the outcome of the logical test.



# How the IF Function Works

- The function requires three arguments:
  - ▲ Logical\_Test
  - ▲ Value\_If\_True
  - ▲ Value\_If\_False
- The Logical\_Test is expressed as a test that will or will not be met. For example: "C2>5"
- Either the value or the result of the formula within the Value\_If\_True section appears if C2 is greater than 5.
- Either the value or the result of the formula within the Value\_If\_False section appears if C2 is not greater than 5.

# Nested IF Function

- A nested IF function contains one IF function as an argument within another IF function.
- The formula shown here is a nested IF function, as one IF function comprises the Value\_If\_False section of another IF function.

H2					=IF(F2>=G2,0,IF(E2+F2<G2,E2*6.2%,(G2-F2)*6.2%))
	E	F	G	H	I
1	Gross Pay	Prior Period Earnings	SS Wage Base	Social Security Tax	
2	\$ 1,750	\$ 122,800	\$ 118,500	\$ -	

# Absolute and Mixed Cell References

- Absolute cell references include a dollar sign in front of both the letter and number of the cell reference.
  - ▲ These references do not change when their formula is copied from one location to another.
- Mixed cell references include a dollar sign in front of either the letter or number of the cell reference.
  - ▲ Only the portion of these references that are not preceded by a dollar sign may change when their formula is copied from one location to another.



# Using VLOOKUP and HLOOKUP Functions

- LOOKUP functions retrieve data from a table array.
- Depending on the orientation of the data within the table array, either the VLOOKUP or the HLOOKUP function will be appropriate.



# LOOKUP Function Syntax

- LOOKUP functions contain three required arguments and one optional argument:
  - ▲ Lookup value (value to be looked up in the table array)
  - ▲ Table array (range from which data will be retrieved)
  - ▲ Column index number (column number in the table array containing the desired data to be retrieved)
  - ▲ Range lookup (optional argument dictating whether an exact match of the lookup value is required within the table array)



# Ensuring Effective Worksheet Layout

- The readability of a worksheet can be enhanced by following a number of guidelines:
  - ▲ Align data appropriately.
  - ▲ Distinguish between different sets of data.
  - ▲ Separate different sets of data with blank rows and columns.

# Highlighting Key Headers and Data

- Headers and Key Data can be highlighted through the use of a number of techniques:
  - ▲ Use at most two of the following to distinguish headers from other data: bold, italic, different font sizes and colors, and cell highlighting.
  - ▲ Use a bottom border below data for which a calculation is being performed and use a double bottom border for the final figure in a column.
  - ▲ Use conditional formatting to highlight, at most, one set of key data.

