

# QUESTION PAPER

## Qualifications:

### Level 3 Award in Computerised Payroll

(Accreditation No: 601/0481/8)

### Level 3 Diploma in Payroll

(Accreditation No: 601/0732/7)

## Examination:

**Unit 3407: Computerised Payroll Administration – L505139**

## SAMPLE ASSESSMENT PAPER

**Paper No: E0024(2)**

**Tax Year 2014/2015**

**Time Allowed: 3 hours**

### General Instructions

- Your written answers should be completed in either black or blue ink.
- Two marks will be deducted if your work is not neat and well presented.
- Four marks will be deducted if your printouts are not presented in the correct order.
- All tasks should be answered using a payroll software package setup for the 2014/2015 Tax Year.
- PAYE deductions should be calculated using the income tax legislation as at 6 April 2014.
- National Insurance Contributions should be calculated using either NIC Table A (CA38) or NIC Table D (CA39) as appropriate.

## **Scenario**

You are the Payroll Administrator for the Planning Services Ltd, a local surveying company and it is your task to administer the payroll for the company.

The company is moving to a different software provider and you have been given the employee data for the year to date, as at 31 July 2014, which is Month 4 and Week 17 of Tax Year 2014/2015.

The office employs 1 full time Director who is a Surveyor, a full time Architect and 1 part time surveyor and a full time Administrator.

All employees are paid directly into the Bank, by BACS.

The company is eligible for Small Employer's relief (SER).

## Company Information:

### COMPANY DETAILS

Name: Planning Services Ltd  
Address: 21a High Street  
Conwy  
Gwynedd  
LL32 8DE  
Telephone: 01492 592378 Fax: 01492 592555  
Email: [sales@pservices.co.uk](mailto:sales@pservices.co.uk)  
Tax Office: Wadebridge Tax Reference: 093/P12678

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### BANKING DETAILS

Company Bank: Lloyds Bank  
Green Ways  
Tyn-y-Groes  
Gwynedd  
LL15 4RD  
Sort Code: 01-18-45  
Account No: 01766385  
Account Name: Planning Services Ltd  
BACS Ref: PS

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### COMPANY PENSION SCHEME

Scheme Details	Provider Details
Scheme Ref: AS2010	Name: Welsh Investments Ltd
Description: PSWIT	Address: 47 Station Road Deganwy Conwy Gwynedd LL31 9PK
Type: COSR	
ECON: 3333333L	
SCON: 1234567N	Contact Name: Dianne Williams
Employee Contribution: 6%	Email Address: -
Employer Contribution: 6%	Telephone: -
Administrator: Perry Davidson	Payment Method: Cheque
Email Address: <a href="mailto:planningservices@btinternet.com">planningservices@btinternet.com</a>	
Telephone: 07847 584767	

Note: Pension contributions are calculated on basic pay only. Bonus and commission payments are not pensionable.

### Additional Information:

- All employees and the director have accounts with Lloyds Bank in Tyn-y-Groes. (For exam purposes it is not necessary to key in the bank address for employees).
- The company administers direct contributions to an HMRC approved 'Payroll Giving' Scheme. Any employees who are members of the scheme contribute at the rate of 3% of basic salary.
- There is a savings scheme available for all employees to contribute to: Monthly paid employees can contribute £30.00 per month and weekly paid staff £5.00 per week.
- Within the Company employees are split into various Cost Centres. There are three Cost Centres: Management (MGM), Architects and Surveyors (SUR) and Administration (ADM).
- A commission scheme is in place. The Director is to receive a monthly commission of 2% of her monthly salary, payable if the target, based on the previous month's sales figures is met. All the other employees receive 1% commission of their monthly salary.
- There is a £50.00 key holder allowance available (this payment is NOT included for commission purposes).

## Employee Information

Employee Details			
Works Number:	007	Date of Birth:	14 December 1955
Employee Name:	Michelle Mooney	Start Date:	1 May 2002
Address	2 New Street Mold Clwyd CH7 1NZ	Gender:	Female
		Marital Status:	Single
		Tax Code:	K56
		NI Number:	NP 156654 B
Year to Date Figures      £			
Total Gross Pay	16666.68	Employee's Net NIC	1250.68    EE Rebate 7.65
Gross Pay for NIC	16666.68		
Gross Pay for Tax	15666.68	Employer's Net NIC	1545.64    ER Rebate 18.57
Tax Paid	4218.06		
Bank Details			
Account Name:	Miss M Mooney	Sort Code:	01-18-45
Account Number:	01369815	BACS Reference	PS007
Additional Information			
Job title: Director (table method)	Michelle Mooney has an ongoing Deduction of Earnings Order. Her payments are £250.00 per month with Protected Earnings of £2268 per month. Planning Services Ltd also makes an Administration Charge of £1.00 for this.		
Salary: £4166.67 per month			
Contributes to Pension Scheme			
Cost Centre: MGM			
Contracted Hours: 35			
Commission 2% of monthly salary if targets are met.			

Employee Details			
Works Number:	008	Date of Birth:	23 March 1954
Employee Name:	Perry Davidson	Start Date:	3 April 2007
Address	Clifton House Wrexham Street Mold CH7 1ES	Gender:	Male
		Marital Status:	Widower
		Tax Code:	1000L
		NI Number:	NA 234723 D
Year to Date Figures      £			
Total Gross Pay	11666.68	Employee's Net NIC	1080.96
Gross Pay for NIC	11666.68		
Gross Pay for Tax	11666.68	Employer's Net NIC	1244.04
Tax Paid	1666.00		
Bank Details			
Account Name:	Mr P Davidson	Sort Code:	01-18-45
Account Number:	01389913	BACS Reference	PS008
Additional Information			
Job title: Administrator	Salary: £2916.67 per month		
Cost Centre: ADM	Contributes to Saving Scheme		
Contracted Hours: 35 per week			
Commission 1% of monthly salary if targets are met.			

## Employee Information (continued)

<b>Employee Details</b>			
Works Number:	009	Date of Birth:	15 June 1979
Employee Name:	Fraser Gillespie	Start Date:	1 April 2008
Address	1 Bangor Road Conwy Gwynedd LL32 8NG	Gender:	Male
		Marital Status:	Single
		Tax Code:	1000L
		NI Number:	BA 125176 A
<b>Year to Date Figures</b>		<b>£</b>	
Total Gross Pay	9333.33	Employee's Net NIC	802.56
Gross Pay for NIC	9333.33		
Gross Pay for Tax	9333.33	Employer's Net NIC	922.00
Tax Paid	1199.20		
<b>Bank Details</b>			
Account Name:	Mr F Gillespie	Sort Code:	01-18-45
Account Number:	01249956	BACS Reference	PS009
<b>Additional Information</b>			
Job title: Architect		Salary: £2283.33 per month	
Cost Centre: SUR		Key Holder	
Contracted Hours: 35 per week			
Commission 1% of monthly salary if targets are met.			

<b>Employee Details</b>			
Works Number:	010	Date of Birth:	23 February 1969
Employee Name:	Gina Anne Ajabade	Start Date:	24 May 2007
Address	15 Otter Road Conwy Gwynedd LL34 6TF	Gender:	Female
		Marital Status:	Single
		Tax Code:	BR
		NI Number:	NA 142367 C
<b>Year to Date Figures</b>		<b>£</b>	
Total Gross Pay	5166.68	Employee's Net NIC	301.44
Gross Pay for NIC	5166.68		
Gross Pay for Tax	5011.68	Employer's Net NIC	347.04
Tax Paid	1033.20		
<b>Bank Details</b>			
Account Name:	Ms G A Ajabade	Sort Code:	01-18-45
Account Number:	01286538	BACS Reference	PS010
<b>Additional Information</b>			
Job title: Surveyor (part-time)		Salary: £1291.67 per month	
Cost Centre: SUR		Contributes to Payroll Giving	
Contracted Hours: 20 per week			
Commission 1% of monthly salary if targets are met.			

**You are required to complete all of the following Tasks.**

### **Task 1**

Set up the company information ensuring that the software is set up for the Income Tax and NI parameters for tax year 2014/2015.

Enter all of the employees, their personal details and their pay and deductions elements, onto the computerised system.

***Candidates are required to compare the legislative information with that given in the Answer Booklet. If the information shows any discrepancies the parameters should be corrected before continuing.***

#### **Required:**

Print reports detailing:

- Income Tax bandwidths.
- NI Rates for Tax Year 2014/2015.
- Company Details.
- Company Pension Scheme (page 1 only).
- Pension Provider (page 1 only).

**5 marks**

### **Task 2**

Enter the director and all employees, their personal details, pay and deductions elements onto the computerised system.

#### **Required:**

Print reports detailing:

- Employee Details (Personal).
- Employee Details (Cumulative).
- Employee National Insurance Contributions to Date.

**14 Marks**

### Task 3

It is 31 August 2014 and time to process the payroll for Month 5 for the director and monthly paid employees. The following information should be taken into consideration:

- The sales target for July was not met.
- You have received a Student Loan notification for Fraser Gillespie to be applied from 1 August 2014.
- A change of tax code was received for Fraser Gillespie – the new code of 820L should be applied with immediate effect.
- Gina Ajabade has decided to join the company pension scheme from 1 August 2014. All necessary signed authorisations for the deduction to be made from the employee's pay have been received.

#### Required:

- Using the Gross Pay information given on page 2 of your Answer Booklet process the Payroll as at 31 August 2014.
- Print out Payroll Summary(ies) (landscape) to show both the Employee's and the Employer's NIC for Month 5.
- Print a Report relating to the analysis of the payroll for the various Cost Centres as at 31 August 2014 to show Gross to Net Pay figures for all employees.
- On page 2 of your Answer Booklet, calculate the Cost of Pension contributions for month ending 31 August 2014 using the information given in the Scenario. It is acceptable to print a report from your software, please indicate this in your Answer Booklet on the bottom line.

### 30 Marks

### Task 4

On 1 September 2014 the following information was received:

- Michelle Mooney is to receive a company car which is used for both business and personal use. The car is an Audi A3 (petrol), registration number A3 DBA first registered on 1 December 2013 and delivered to the director on 1 August 2014. It has an 1800cc engine which is currently 131 g/km emissions and no fuel is provided for personal use. The list price of the car when new was £20,000 with no additions and the Director made no personal capital contribution.

#### Required:

- Print a report detailing the company car details (P46).

### 5 Marks



## Task 5

As Perry Davidson has handed his notice in and will leave on 30 September 2014, Planning Services Ltd has taken on a new employee, her details are as follows:

Employee Details			
Works Number:	011	Date of Birth:	14 April 1986
Employee Name:	Davina Lavelle	Start Date:	16 September 2014
Address	The Old Garage Conwy Road Tal-y-Bont Gwynedd LL34 8SE	Gender:	Female
		Marital Status:	Married
		NI Number:	ZY 144167 B
Bank Details			
Account Name:	Mrs D Lavelle	Sort Code:	01-18-45
Account Number:	01284413	BACS Reference	PS011
Additional Information			
She has completed a Starter Checklist		Salary:	£259.62 per week
Starting declaration statement B		Also wants to join the Savings Scheme and wishes to contribute to the Payroll Giving.	
Job title: Administrator (part-time)		(NB she will NOT receive commission)	
Cost Centre: ADM			
Contracted Hours: 20 per week			

### Required: Part A

- Enter her personal details, pay and deductions elements onto the computerised system. All necessary signed authorisations for the deductions to be made from the employee's pay have been received.
- Print an Employee Details (Personal) report for Davina.

You now have to pay the weekly paid employee, Davina for the first time.

### Required: Part B

- Process her pay for Week 26 as at 30 September 2014.
- Print out Payroll Summary(ies) (landscape) to show both the Employee's and the Employer's NIC for Week 26.

**12 marks**

## Task 6

It is now time to calculate the Gross Pay due to the monthly employees for payment on 30 September 2014. You have received a Memo from the Director informing you of the decision at the last Board Meeting to implement a pay cut of 5% for all monthly paid employees including the Director. All standard payments are to be reduced by this amount. Gina Ajabade has had this pay cut deferred until the New Year. There is no change to the Key Holder's payment.

- Perry Davidson is leaving on 30 September 2014, this will be his last pay day. He has accrued £350 holiday pay and will have to be repaid the money paid into the Savings scheme since April 2014. Do not deduct savings from Perry Davidson's pay this month (Month 6).
- Gina Ajabade had informed you earlier in the year that she was planning to adopt a child. She has received her matching notice indicating that she has been matched as of 9 September 2014, her last day at work was 20 September 2014. She is expected to welcome her child on 23 September 2014 but the child was placed with her on 25 September 2014. She will receive 0.5 of her salary for September plus any Statutory Adoption Pay (her commission is to be calculated on a full month's salary of £1,291.67 and her payroll giving is to be calculated on £645.85).
- The sales target for August was met, and the commission will be paid this month based on the monthly salaries before the pay cut, but all future commission payments will be frozen.

### Required:

- Calculate the Gross Pay for the monthly paid employees for 30 September 2014 using the Table on page 3 of your Answer Booklet and information given in the Scenario.
- Process the payroll for Month 6 as at 30 September 2014.
- Print out a payslip for Gina Ajabade and Perry Davidson only.
- Print out Payroll Summary(ies) (landscape) to show both the Employee's and the Employer's NIC for Month 6.
- Print out a P45/Leaver Statement for Perry Davidson.

### 34 marks

## **Task 7**

As it is the end of the month, it is time to pay HMRC any Tax, NIC and Student Loan due. Planning Services Ltd may also be able to reclaim some Statutory Payments.

### **Required:**

- Print a P32 month 6.
- Using the payroll summaries printed in Task 5 (week 26) and Task 6 (month 6) calculate the Cost of Wages to the employer in the space on page 4 of your Answer Booklet.

**15 marks**

## **Task 8a**

The Government has introduced a new law to encourage workers to save for their retirement (Auto enrolment). Outline the procedure necessary for eligible workers to enrol in this scheme. (List 4 points).

**3 marks**

## **Task 8b**

Would it be necessary for Planning Services Ltd at the end of month 6 to submit an Employer Payment Submission?

**3 marks**

## **Task 8c**

The Employment Allowance is available from 6 April 2014. Briefly outline the total amount of the Employment Allowance and how an employer would claim it?

**4 marks**