



**EXAM ID 367**

# **QUESTION PAPER**

## **Qualifications:**

Level 3 Award in Computerised Payroll

Accreditation No: 500/9359/9 – IAB ID 380

Level 3 Certificate in Payroll

Accreditation No: 500/9358/7 – IAB ID 360

## **Examination:**

Unit: Computerised Payroll Administration A601/8171

**June 2011**

**Time Allowed: 3 hours**

## General Instructions

- **Your answers should be written in either black or blue ink. Your work should not be completed in pencil.**
- **Two marks will be deducted if your work is not neat and well presented.**
- **All tasks should be answered using a payroll software package setup for the 2010/2011 Tax Year.**
- **PAYE deductions should be calculated using the income tax legislation as at April 6<sup>th</sup> 2010.**
- **National Insurance Contributions should be calculated using either NIC Table A (CA38) or NIC Table F (CA43) as appropriate.**
- **Candidates are not required to check YTD figures, nor should they attempt to do so, as the employees' circumstances may have changed through the Tax Year - without knowing exactly what changes have occurred it would be impossible to check the YTD figures accurately.**

## Scenario

You are the Payroll Administrator for Equestrian Arts Ltd, a company organising horse riding holidays and related services and it is your task to administer the payroll for the company.

The company employs 1 full time director, 2 full time events organisers and 1 part time sales representative.

The company also employs a part time Administrator 0.5 of a full time contract to carry out the administrative procedures. The administrator is paid weekly and does not receive commission.

All employees other than the Administrator are paid on a monthly basis directly into the Bank, by BACS. The administrator is paid by Cheque.

You have been given the employee data for the year to date, as at 30<sup>th</sup> November 2010, which are Month 8 and Week 34 of Tax Year 2010/11

The working week for Equestrian Arts Ltd is Monday to Friday.

## Company Information:

Name Equestrian Arts Ltd

Address Buildworth Farm  
Mansfield  
Nottingham  
NG15 4RG

Telephone: 0115 954 6914

Fax 0115 954 6000

Email Enquiries@EquestrianArts.co.uk

Tax Office Derby

Tax Reference 033/41437

Company Bank Santander  
32 Valley Road  
Nottingham  
NG7 2WE

Sort Code 01-47-87

Account No: 01894350

Account Name Equestrian Arts Ltd

BACS Ref: EQA

ECON No. 3333333L

Pension Scheme Nottingham Finance  
EQA Belgrave Rd  
Ravenhead  
NG12 6AP

Company Contribution 6%  
Employee Contribution 7.5%  
Gross Pay not including  
commission

SCON Number is 1234567N

Contact Anya Chacko

Scheme Ref EQA2011

## Additional Information:

- Only the director contributes to the company pension scheme. Priscilla Dean acts as the Pension Administrator for the company and will be the contact name. She has given her mobile phone number: 07620 324001 as the contact number and her email address, which is PD@EquestrianArts.co.uk.

- 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 3.5% of basic salary.
- All employees and the director have accounts with Santander Bank in Nottingham.
- The company sickness policy is to pay SSP only.
- There is a savings scheme available for all employees to contribute to. Full time employee can contribute £30.00 per month and part time staff £10.00 per week.
- Within the company of Equestrian Arts Ltd the employees fall under one Department Equestrian – (EQA) but are split into various Cost Centres. There are three Cost Centres: Management (MGM), Events (EVT) and Administration (ADM). The Director is coded to the Management Cost Centre.
- As the Director, Mavis Murphy has her NI deducted by 'Directors NI' regulations using the table method.
- A commission scheme is in place. The Director is to receive a monthly commission of 1.5% of her monthly salary, payable if the target, based on the previous month's sales figures is met. This is not included for pension contributions, while all the monthly employees receive 2% per month of total monthly salary. Lee Lycosia is not included in the commission scheme.
- Farouk Gueves is the designated First Aider receives £50 a month. The First Aider allowance is not included for commission payments.

## Employee Information

Employee Details			
Works Number:	007	Date of Birth:	12 <sup>th</sup> April 1960
Employee Name:	Mavis Murphy	Start Date:	1 <sup>st</sup> June 2004
Address:	6 Lock Drive Raven NG1 3RE	Gender:	Female
		Marital Status:	Single
		Tax Code:	K234
		NI Number:	NA 995890 B
Year to Date Figures			
Total Gross Pay	23599.67	Employee's Net NIC	1861.38 EE Rebate 11.14
Gross Pay for NIC	23599.67	Employer's Net NIC	2258.56 ER Rebate 12.24
Gross Pay for Tax	21799.17		
Tax Paid	4673.00		
Bank Details		Address	
Account Name:	Ms M Murphy	Santander	
Account Number:	02369815	32 Valley Road	
Sort Code:	01-43-20	Nottingham	
BACS Reference:	EQA007	NG7 2WE	
Additional Information			
Director	Salary: £35,000.00		
Pension			

Employee Details			
Works Number:	008	Date of Birth:	23 <sup>rd</sup> March 1954
Employee Name:	Priscilla Dean	Start Date:	3 <sup>rd</sup> April 2007
Address:	14 Beech Ave Gamston NG23 7HY	Gender:	Female
		Marital Status:	Married
		Tax Code:	647L
		NI Number:	NA 234723 D
Year to Date Figures			
Total Gross Pay	11560.00	Employee's Net NIC	852.72
Gross Pay for NIC	11560.00	Employer's Net NIC	992.24
Gross Pay for Tax	11560.00		
Tax Paid	1448.00		
Bank Details		Address	
Account Name:	Mrs P Dean	Lloyds TSB	
Account Number:	01389913	56 Rutland Road	
Sort Code:	01-43-20	Nottingham	
BACS Reference:	EQA008	NG6 2YT	
Additional Information			
Events Organiser	Salary: £17,000.00		
Contributes to Saving Scheme			

## Employee Information (continued)

Employee Details			
Works Number:	009	Date of Birth:	15 <sup>th</sup> June 1979
Employee Name:	Farouk Gueves	Start Date:	1 <sup>st</sup> April 2008
Address:	8 Carlton Rd Nottingham NG2 5FR	Gender:	Male
		Marital Status:	Single
		Tax Code:	324L
		NI Number:	BA 125176 A
Year to Date Figures			
Total Gross Pay	10608.00	Employee's Net NIC	748.00
Gross Pay for NIC	10608.00	Employer's Net NIC	870.40
Gross Pay for Tax	10608.00		
Tax Paid	1688.40		
Bank Details		Address	
Account Name:	Mr F Gueves	Halifax	
Account Number:	03249956	42 Edale Drive	
Sort Code:	01-43-20	Nottingham	
BACS Reference:	EQA009	NG10 4RF	
Additional Information			
Events Organiser	Salary: £15,000.00	<b>Attachment of Earnings – Child Support</b>	
First Aider		<b>£32 per month 1000.00 protected earnings</b>	

Employee Details			
Works Number:	010	Date of Birth:	23 <sup>rd</sup> February 1969
Employee Name:	Grace Adnett	Start Date:	24 <sup>th</sup> May 2007
Address:	45 Hurst Road Hyston NG8 1SD	Gender:	Female
		Marital Status:	Single
		Tax Code:	BR
		NI Number:	NA 142367 C
Year to Date Figures			
Total Gross Pay	6800.00	Employee's Net NIC	329.12
Gross Pay for NIC	6800.00	Employer's Net NIC	382.96
Gross Pay for Tax	6428.72		
Tax Paid	1285.60		
Bank Details		Address	
Account Name:	Ms A Grace	Halifax	
Account Number:	03286538	42 Edale Drive	
Sort Code:	01-43-20	Nottingham	
BACS Reference:	EQA010	NG10 4RF	
Additional Information			
Part Time Events Sales representative	Salary: £10,000.00		
Contributes to the Payroll Giving			

(continued)

<b>Employee Details</b>			
Works Number:	011	Date of Birth:	14 <sup>th</sup> April 1986
Employee Name:	Lee Lycosia	Start Date:	1 <sup>st</sup> May 2008
Address:	7 Radford Street Nottingham NG1 8YH	Gender:	Male
		Marital Status:	Single
		Tax Code:	647L/Wk1
		NI Number:	ZY 144167 B
<b>Year to Date Figures</b>			
Total Gross Pay	4525.74	Employee's Net NIC	18.00
Gross Pay for NIC	4525.74	Employer's Net NIC	20.96
Gross Pay for Tax	4525.74		
Tax Paid	905.14		
<b>Additional Information</b>			
Part Time Administrator	Salary: £7.25 per hour 18 hours per week		

**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 2010/2011.**

**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 2010/11.
- Company details.
- Company Pension Scheme (page 1 only).
- Pension Provider (page 1 only).

**8 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 Details (Banking).

**6 marks**

### **TASK 3**

It is time to process the payroll for Week 35 for the weekly paid employee as at 3<sup>rd</sup> December 2010 and then for Month 9 for the director and employees as at 31<sup>st</sup> December 2010. The following information should be taken into consideration:

- A change of tax code was received for Lee Lycosia – the new code of 702L should be applied with immediate effect.
- The sales target for November was met.
- It has been agreed that Equestrian Arts Ltd will repay annual Professional Fees of £250 to Priscilla Dean on this month's payroll. These fees are on the HMRC's List 3 and a dispensation has been granted..
- Lee Lycosia has been asked to work 3 hrs overtime each week for the foreseeable future, in order to attempt a new sales campaign; this will be paid at 1.5 of his current hourly rate.



**Required:**

- Using the Gross Pay information given on page 2 of your Answer Booklet for Lee Lycosia, process his weekly pay as at 5<sup>th</sup> December 2010.
- Print a Payroll Summary(ies) using a 'landscape' format, for Week 35 to include Employer's NIC.
- Using the Gross Pay information for the remaining employees, given on page 2 of your Answer Booklet, process the monthly payroll as at 31<sup>st</sup> December 2010
- Print a Payroll Summary(ies) using a 'landscape' format, for Month 9 to include Employer's NIC.
- Print a Report relating to the analysis of the payroll for the various Cost Centres as at 31<sup>st</sup> December 2010, to show Gross to Net Pay figures for all employees.
- On page 2 of your Answer Booklet, calculate the Cost of Wages for month ending 31<sup>st</sup> December 2010 for monthly employees only, using the information given in the Scenario.
- Print a P32 for Month 9.

**35 marks****TASK 4**

During the month of January the following information is received:

- Mavis Murphy 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 EQA first registered on 1<sup>st</sup> March 2010 and delivered to the director on 1<sup>st</sup> December 2010. It has 1800cc engine which is currently 151 g/km emissions and no fuel is provided for personal use. The list price of the car when new was £14,750 with no additions and the Director made a £2,500 personal capital contribution.
- Priscilla Dean has recently changed her name by deed poll to Priscilla Dean-Regis. Update her record.

**Required:**

- Print a report detailing the company car details (P46).
- Print a report showing the name change for Priscilla Dean-Regis.

**6 marks**

## **TASK 5**

It is now time to calculate the Gross Pay due to each monthly employee for payment on 31<sup>st</sup> January 2011. You have received a Memo from the Directors informing you of the decision agreed at the last Board Meeting to suspend all commission payments until further notice.

- Priscilla Dean-Regis has been unwell as has been off work from Wednesday 5<sup>th</sup> January to Thursday 13<sup>th</sup> January 2010. Her standard working week is Monday to Friday. She was on sick leave for a period of 7 days at the beginning October.
- Farouk Gueves has accepted voluntary redundancy, and will leave the company on 31<sup>st</sup> January 2011. He is to receive Statutory Redundancy Pay of £575 plus 5% of his current annual salary for each complete year he has worked for Equestrian Arts. He is due to receive £250 in lieu of holiday not taken during the year.

### **Required:**

- Calculate the Gross Pay for each employee for 31<sup>st</sup> January 2011 using the Table on page 4 of your Answer Booklet and information given in the Scenario.
- Process the payroll for Month 10 as at 31<sup>st</sup> January 2011.
- Print out a payslip for Farouk Gueves only, which should show all elements of his pay individually.
- Print a Payroll Summary(ies) for Month 10 to include Employer's NIC.
- Print a Departmental Analysis of Pay to Date for Equestrian Arts Ltd for Month 10.
- Process Farouk Gueves as a leaver and print his P45.

**31 marks**

## **TASK 6**

Answer the questions on Page 4 of your answer booklet.

**4 marks**

## **TASK 7**

If an employee is not entitled to Statutory Maternity Pay because they have not worked for the company long enough, what procedures would you follow? Outline the form used and any other payment employees may be entitled to.

Use the space on Page 5 of your answer booklet for your answer.

**5 marks**

## **TASK 8**

Explain briefly three security issues that need to be considered when preparing payroll using a computerised system. Describe any two features in the computerised system that you use that reinforce data security.

Use the space on Page 5 of your answer booklet for your answer.

**5 marks**