

**-SQA-SCOTTISH QUALIFICATIONS AUTHORITY**

**Hanover House  
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**NATIONAL CERTIFICATE MODULE DESCRIPTOR**

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**-Module Number-** 6171041 **-Session-1991-92**  
**-Superclass-** AK

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**-Title-** **HANDLING WAGES AND SALARIES**

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**-DESCRIPTION-**

**Purpose** This module will introduce the student to the different methods of paying wages and salaries and the principal forms and components of pay. The student will also perform calculations of wages.

It will be of interest to students from a range of groups eg. schools, colleges, YT, and will be a useful preparation for 6170081 Payroll Procedures.

It may also be of general interest to people in work who wish to know how they are paid.

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**Preferred Entry Level** 81053 Mathematics: Business Numeracy

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**Outcomes** The student should:

1. explain types and constituents of pay;
2. calculate gross and net pay;
3. complete commonly used PAYE forms;

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**Assessment Procedures** Acceptable performance in this module will be satisfactory achievement of all the Performance Criteria specified for each Outcome.

The following abbreviations are used below:

PC Performance Criteria  
IA Instrument of Assessment

**Note:** The Outcomes and PCs are mandatory and cannot be altered. The IA may be altered by arrangement with SQA. (Where a range of performance is indicated, this should be regarded as an extension of the PCs and is therefore mandatory.)

**OUTCOME 1                      EXPLAIN TYPES AND CONSTITUENTS OF PAY**

- PCs
- (a) The classification of types of pay is accurate.
  - (b) The explanation of the constituent parts of pay is accurate in terms of deductions and additions.
  - (c) The explanation of PAYE forms is accurate in terms of their purpose and use.

Range:      Wages, salaries.  
                  Basic pay, overtime, commission, bonuses.  
                  Statutory sick pay, maternity pay, holiday pay.  
                  Wages slip, BACS statement, P11, P45, P60.  
                  Trade Union dues, subscriptions, National insurance contributions, income tax deductions, pension contributions. Tax codings.

IA      Restricted Response Questions

The student will answer questions on all items of the range to demonstrate understanding of the forms, processes, components and deductions of pay systems.

This Outcome would best be assessed in conjunction with Outcomes 2 and 3 as evidence of achievement may occur naturally in these Outcomes.

Satisfactory performance will be that all Performance Criteria are met and the full range is covered.

Evidence should be recorded by means of a checklist and retained for the Subject Assessor.

**OUTCOME 2                      CALCULATE GROSS AND NET PAY**

- PCs
- (a) The figure for gross pay is in accordance with relevant records.
  - (b) All deductions and bonuses are in accordance with source documentation.
  - (c) All calculations are accurate.

Range: Wages, salaries.  
Basic pay, overtime pay, commission, bonuses.  
Trade union dues, subscriptions, National Insurance contributions, income tax deductions, pension contributions. Tax codings.

IA Assignment

The student will calculate gross and net pay from supplied information covering the full range for eight employees.

This Outcome would best be assessed in conjunction with Outcome 3.

Satisfactory performance will be that all the Performance Criteria are met and the full range is covered.

Evidence of all calculations should be retained along with copies of source information for the Subject Assessor.

**OUTCOME 3**

**COMPLETE COMMONLY USED PAYE FORMS**

PCs

- (a) Completion of all forms is comprehensive in accordance with source information.
- (b) Completion of forms is accurate and legible.
- (c) All relevant legislation is adhered to.

Range: Wages slip, BACS statement, P11, P45, P60.  
Trade Union dues, subscriptions, National Insurance contributions, income tax deductions, pension contributions. Tax codings.  
Basic pay, overtime pay, commission, bonuses.

IA Assignment

The student will complete supplied forms either manually or by computer from supplied information covering the full range for eight employees.

This Outcome would best be assessed in conjunction with Outcome 2.

Satisfactory performance will be that all the Performance Criteria are met and the full range is covered.

Evidence of achievement will be a set of completed forms which should be retained along with source information for the Subject Assessor.

**The following sections of the descriptor are offered as guidance.  
They are not mandatory.**

### CONTENT/CONTEXT

Corresponding to Outcomes 1-3:

1. An introduction to how pay is calculated for tax deduction purposes, including salary, wages (calculated by hourly rates), overtime, bonus, commission. Methods of payment - cash, cheque, bank transfer, National Giro. The advantages and disadvantages of the various methods to the employer and employee.
  2. The calculation of gross pay using time cards, flat rates of pay, overtime and bonuses. An elementary treatment of the Statutory Sick pay system, necessary to calculate the amount to be entered on P11. The use of Code numbers, Table A, Tables B to D and National Insurance Tables to calculate deductions. Typical voluntary deductions, eg. Trade Union dues, subscriptions, savings.  
  
The use of the above to calculate net pay manually and using appropriate technology and software.
  3. The advantages/disadvantages to the employee/employer of the PAYE system. The function and completion of common PAYE forms, including P1, P2, P11, P45, P60 and their place in providing information for employee, Inland Revenue and employer.
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### SUGGESTED LEARNING AND TEACHING APPROACHES

All learning should occur naturally in an office environment with the tutor adopting the role of supervisor and the student/trainee that of an employee.

The students/trainees should be encouraged to take a positive attitude towards the quality of their own work and be resourceful, self-critical and self-correcting.

The importance of confidentiality, loyalty and security (with appropriate reference to the legal aspects of data protection, copyright and health and safety) should be stressed. These aspects could be reinforced by the use of case studies.

Realistic materials and documentation should be used throughout and a thematic approach adopted. The ability to use resource and reference material effectively are integral to work in the office and due emphasis should be placed on these aspects.

Both manual and computerised systems for different processes carried out in the office should be covered whenever possible with supporting discussion on the advantages/disadvantages of each system providing useful background.

Specimen time cards could be completed and used to calculate gross pay for a few employees over several weeks. The Statutory Sick Pay systems could be outlined and a simple calculation of days qualifying for SSP carried out, for one employee, and appropriate rates applied. PILs for several weeks can then be completed, using the appropriate tables for software. At the completion of each week's payroll cash schedules can be prepared and cheques printed. The full wages procedure could be summarised in a simple diagram - from the calculation of hours worked to the preparation of wage packets.

The PAYE system could be discussed by examining the information supplied to the employee in itemised pay statements. The operation of the system could then be studied by the completion of prepared forms showing the information to be supplied in turn by the employee, Inland Revenue and employer eg. claims for allowances, calculations of code numbers. Forms P1 and P11 could be completed to familiarise students with these forms and the information they provide.

Where possible assessment of separate Outcomes either within this module or with Outcomes of other modules should be integrated to enhance the realism of the student's experience.

Student performance during formative assessments or general performance throughout the module may, if supervised and recorded validly, be counted towards summative assessment requirements.