**Practice Questions**

**Q1#Payroll:** A renowned private company pays to its employees the components of salary on the basis of Basic pay. The components of salary are computed according to the following terms of contract of service:

 Dearness Allowance is paid @ 22% of basic pay rounded to nearest 10.

 T.A. is paid on the basis of category.

For category A-R 3000, for category B -R 5000 and for category C-R 8000

 HRA is paid as under:

|  |  |
| --- | --- |
| **Category**  | **HRA** |
| A | 20% |
| B | 30% |
| C | 40% |

However the amount of HRA cannot exceed R 11000 in any case.

 Children education allowance is R 500 per month per child up to 2 children.

 The contribution towards provident fund 10% of (basic + DA) rounded to nearest 10

 Income tax 15% on (gross- PF) rounded to nearest 10

The Basic Pay is in the Pay Grade of 10000-1000-30000. Assume category of employee and years of experience on your own and generate no of children between 0 to 5 randomly and fix them before entering them as column.

**Q2#Payroll:** M/s KRISNA Ltd. pays to its employees the salary components on the basis of Basic pay. The components of salary are computed according to the following terms of contract of service:

 Dearness Allowance is paid @ 27% of basic pay rounded in multiple of next 10 rupee.

 If the distance covered by the employee is up to 10 KMs, TA is paid R 3000 otherwise it is R 4500.

 HRA is computed as per the following:

 Salary up to R 30000 R 7000

 Salary up to R 40000 R 9000

 Salary More than R 40000 R 11000

 However in no case it can be more than 30% of basic pay

 A special incentive is paid to those employees who have given

 Services for more than 20 years which is 15% of the basic pay rounded to next 100 rupee.

 PF deduction is 15% of (Basic +HRA+DA) rounded to nearest 10.

 IT is 10% on (Gross- PF-50%of TA)

You are required to assume Employee Identification (EmpId), Name of Employees, their experience and their Basic Pay in the range of 25000-60000(generate randomly any value in multiple of R 100 fix them before using) for 10 employees.

Prepare Payroll statement as per following schedule.

**Payroll for the Month of Apr 2012**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **EmpId** | **Name of Employees** | **Experience** | **Distance** | **Basic** | **DA** | **HRA** | **TA** | **Spc. Incen.** | **Gross** | **PF** | **IT** | **Net salary** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **TOTAL** |  |  |  |  |  |  |  |  |  |  |  |  |

**Q3#Loan and Lease Accounting:** X took a loan of Rs.500000 for modernization of his organization from PN bank @18% p.a. for 10 years with quarterly instalments. Prepare a loan repayment schedule showing payments. Generalize the sheet to incorporate any changes in year, amount, rate or periodicity, assuming:

1. The repayment has to be made as per fixed rate system
2. The repayment has to be made as per floating rate system with initial rate 18% p.a. You can assume the rate of interest for the rest of period on your own.
* **Use the following format**

**Loan Repayment Schedule**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Period** | **Opening****Balance** | **Interest****Due** | **Installment** | **Closing** **Balance** |
|  |  |  |  |  |
|  |  |  |  |  |