

# Payroll Systems

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Companies can use Microsoft Excel to keep pay details. In this activity you will create a company payroll table and pay advice slips for the individual employees. The data for the payroll system has been prepared for you, your task will be to complete the formulas.

## Loading the Payroll Template

- 1 Load Microsoft Excel, or close the current file.
- 2 Select OPEN from the FILE menu. Access the CHAPTER 16 folder of the EXCEL SUPPORT FILES and load the template:

PAYROLL

Selecting YES to the READ-ONLY dialogue box.

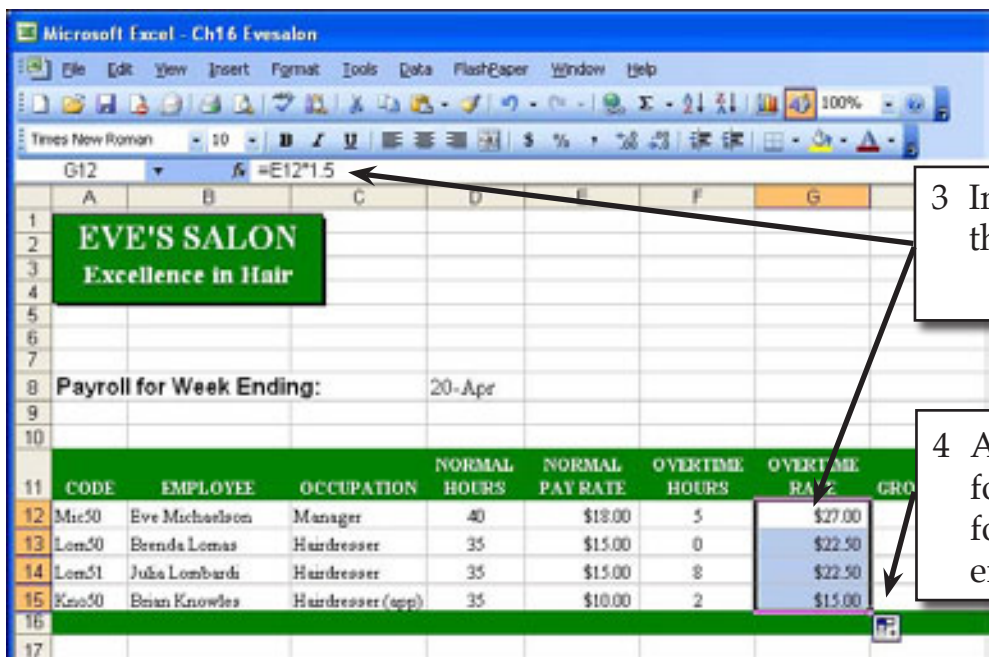
- 3 There are two worksheets in the template. Look over the PAYROLL sheet which will show the pay details for all employees. Click on the PAY ADVICE sheet. It will display the pay details for an individual employee. The employee would receive the PAY ADVICE printout when they receive their pay.
- 4 Save the template in your STORAGE folder under the file name:  
Ch16 Evesalon

Remember to turn off the READ-ONLY RECOMMENDED option.

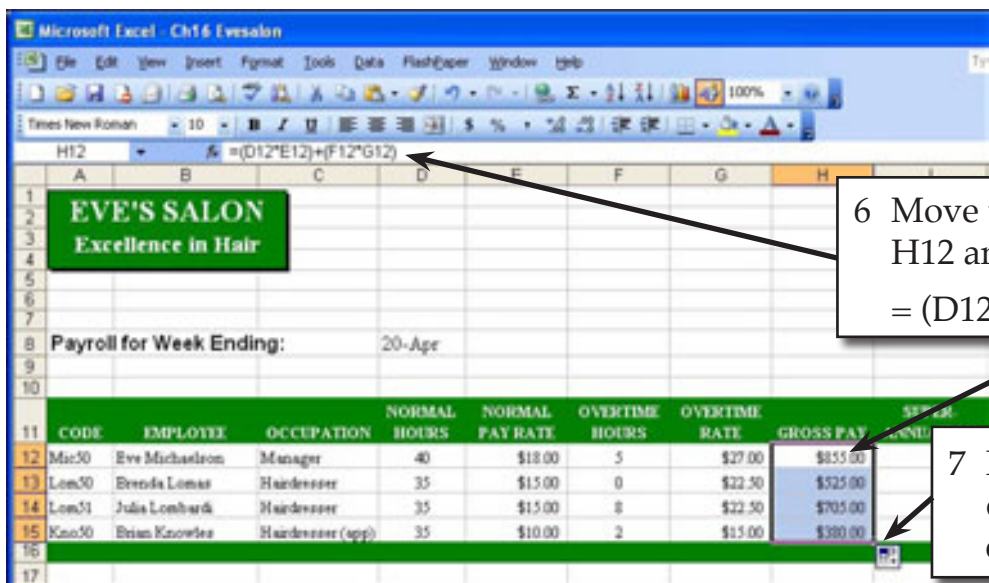
## Completing the Payroll Worksheet

The first sheet is the payroll sheet showing the pay details for all the employees of the company.

- 1 Ensure that the PAYROLL worksheet is on the screen.
- 2 Position the *cursor* at cell G12. We need to calculate the OVERTIME RATE OF PAY. It is 1.5 times the NORMAL PAY RATE.



5 The GROSS PAY is the total weekly pay earned by the employee before deductions are taken out. We need to multiply the NORMAL HOURS by the NORMAL PAY RATE and the OVERTIME hours by the OVERTIME RATE then add the two results together.



**NOTE:** The brackets in the GROSS PAY formula are not really necessary, but they help to separate the two calculation sections and make the formula easier to understand.

- 8 The SUPERANNUATION is the amount contributed by employees each week to a retirement fund. It is usually a percentage of the employee's Gross Pay. We will use a rate of 5% here.

CODE	EMPLOYEE	OCCUPATION	NORMAL HOURS	NORMAL PAY RATE	OVERTIME HOURS	OVERTIME RATE	GROSS PAY	SUPER-ANNUATION	TAX
12	Eve Michaelson	Manager	40	\$18.00	5	\$27.00	\$855.00		
13	Dorenda Lomas	Hairstylist	35	\$15.00	0	\$22.50	\$525.00		
14	Julia Lombardi	Hairstylist	35	\$15.00	8	\$22.50	\$705.00		
15	Brian Knowles	Hairstylist (app)	35	\$10.00	2	\$15.00	\$380.00		

- 9 Set the *cursor* at cell I12 and enter:

$$= H12 * 5\%$$

then autofill the formula down for the other employees.

## The Tax Calculation

Normally the TAX is calculated through a series of lookups which you did in an earlier chapter. This could be done at the right of the payroll and set not to print when the payroll is printed. To make things a little easier we will use a base tax rate of 25%.

EMPLOYEE	OCCUPATION	NORMAL HOURS	NORMAL PAY RATE	OVERTIME HOURS	OVERTIME RATE	GROSS PAY	SUPER-ANNUATION	TAX	NET PAY
Eve Michaelson	Manager	40	\$18.00	5	\$27.00	\$855.00	\$42.75	\$213.75	
Dorenda Lomas	Hairstylist	35	\$15.00	0	\$22.50	\$525.00	\$26.25	\$131.25	
Julia Lombardi	Hairstylist	35	\$15.00	8	\$22.50	\$705.00	\$35.25	\$176.25	
Brian Knowles	Hairstylist (app)	35	\$10.00	2	\$15.00	\$380.00	\$19.00	\$95.00	

- Set the *cursor* at cell J12 and enter:

$$= H12 * 25\%$$

then autofill the formula down for the other employees.

## Calculating the Net Pay

The NET PAY is the GROSS PAY with the deductions (superannuation and tax) removed.

Set the *cursor* at cell K12 and enter:  
 $= H12 - I12 - J12$   
 then autofill the formula down for the other employees.

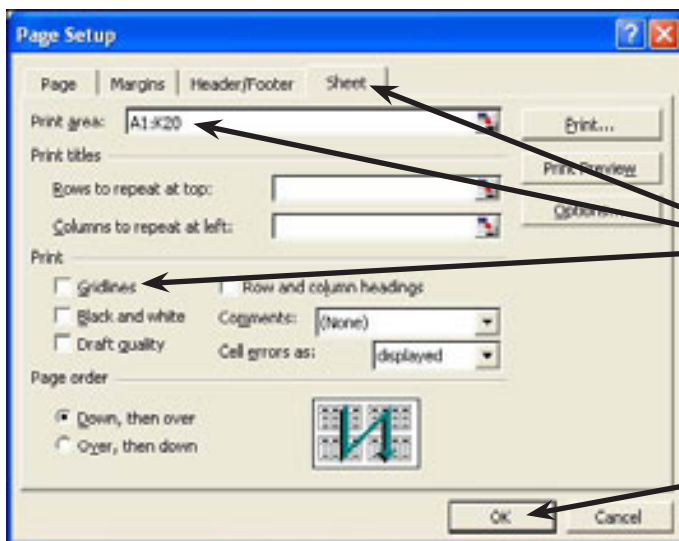
EMPLOYEE	OCCUPATION	NORMAL HOURS	NORMAL PAY RATE	OVERTIME HOURS	OVERTIME RATE	GROSS PAY	SUPER-ANNUATION	TAX	NET PAY
Eve Michaelson	Manager	40	\$18.00	5	\$27.00	\$855.00	\$40.75	\$213.75	\$598.50
Brenda Lewis	Hairdresser	35	\$13.00	0	\$22.50	\$525.00	\$36.25	\$131.25	\$397.50
Julia Lombardi	Hairdresser	35	\$13.00	8	\$22.50	\$705.00	\$35.25	\$176.25	\$493.50
Dean Knowles	Hairdresser (App)	35	\$10.00	3	\$15.00	\$380.00	\$19.00	\$95.00	\$266.00

## Printing the Payroll

The print area needs to be checked so that the whole payroll fits on one page and the ORIENTATION needs to be set to LANDSCAPE.

- 1 Display the FILE menu and select PAGE SETUP.

2 In the PAGE tab set the ORIENTATION to LANDSCAPE and the PAPER SIZE to your printer's settings (Macintosh users will need to click on the OPTIONS button).



3 Select the SHEET tab, set the PRINT AREA box to A1:K20 and check that GRIDLINES are set not to print.

4 Select OK to return to the workbook

**NOTE:** This is another way of setting the print area.

5 PRINT PREVIEW the table then print a copy and check over it.

## The Pay Advice Worksheet

Each pay day the employees are given pay advice sheets with their pay. We can use Microsoft Excel to create a pay advice sheet that can import values from the PAYROLL worksheet and print this pay advice sheet for each employee. The employee CODE is used to link the two sheets together. The CODE consists of the first three letters of the employee's surname and the number 50. If two or more employee's have the same first three letters in their surname, the first alphabetical name receives the number 50, the second 51, the third 52, etc.

### A Naming the Payroll Cells

It is advantageous to name the PAYROLL table cells so that entering the formulas in the PAY ADVICE sheet is easier.

1 The PAYROLL sheet should be on the screen.