



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR
SECOND YEAR FIRST SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS
BACHELOR OF HUMAN RESOURCE MANAGEMENT**

**COURSE CODE: BHR 2107
COURSE TITLE: PAYROLL MANAGEMENT**

DATE: 6TH DECEMBER, 2022

TIME: 1430-1630

INSTRUCTIONS TO CANDIDATES

1. Answer Question **ONE** and any other **THREE** questions
2. Do **NOT** write on this Question paper

This paper consists of 4 printed pages. Please turn over.

QUESTION ONE

- a) Define the term payroll and highlight its content : **(5 Marks)**
- b) You are the payroll manager of SENENDE farm one of the staff provided the following information.
- A basic salary of Sh.1,680,000 per annum.
 - I. Free housing for him and his family within the farm, with free water and electricity.
 - II. Free supply of the food items subject to a maximum value of Sh.50,000 per month.
 - III. Reimbursement of medical expenses incurred on self and family subject to a maximum of Sh.125,000 per month. The reimbursement policy only applies to the senior managers.
 - IV. Payment of his children's school fees amounting to Sh.180,000 per annum by the employer. The employer will not expense it in his books of account.
 - V. His annual subscription fee to Golf club amounting to Sh.50,000 would be paid for by the employer.
 - VI. He would be required to register as a member of the Institute of Certified Public Accountants. The employer would pay the annual subscription fee of Sh.18,000.

Advise him how the above issues are treated for tax purposes **(10 Marks)**

- c) New employees must fill out payroll-specific information as part of the hiring process, Discuss **(5 Marks)**

QUESTION TWO

- a) Discuss the internal control which can be instituted by the management to payroll department to curb the problem of ghost workers in an organization. **(10 Marks)**
- b) Discuss the factors to consider when introducing payroll management software to an organization **(5 Marks)**

QUESTION THREE

Discuss five steps involved in executing a payroll **(15marks)**

QUESTION FOUR

As a payroll manager, you need to understand taxation issues name and explain five nontaxable benefits to an employee **(15marks)**

QUESTION FIVE

Maasai mara university has been operating a in-house payroll system and the management intent to outsource the service discuss the factors which may be motivating such a move. **(15 Marks)**

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