



University of Colombo, Sri Lanka
Institute of Human Resource Advancement (IHRA)

Masters Degree in Human Resource Management
(3rd Semester Examination – December 2012)

MHRM 09 – Human Resource Accounting

Instructions to the Candidates

- (1) *Answer any five (05) questions.*
- (2) *Time allocated for the examination is three (03) hours.*
- (3) *Total number of questions is six (06).*
- (4) *Total number of pages is four (04)*
- (5) *Use of Calculators is permitted.*
- (6) *If a page or a part of this question paper is not printed properly, please inform the Supervisor immediately.*
- (7) *Use of any equipment/items such as mobile phones is prohibited, and rules & regulations of University examinations should be strictly followed.*

01. a. "Human Resource Accounting provides information for resources allocation and information of the financial impact of different human resource management activities"

Discuss this statement by emphasizing objectives and other specific uses of Human Resource Accounting.

(10 Marks)

- b. Total labour force of ABC Company is 800 employees. It consists of top management 20, middle management 70, junior management 110, office staff 50 and other are factory workers.

Assume that you have been appointed as a consultant to recommend a mechanism to assign monetary value for human resource of ABC Company.

Give your recommendations to the management of ABC Company by explaining available alternative methods in literature and implementation problems of those methods.

(10 Marks)

(Total 20 Marks)

02. a. Briefly explain different cost elements of any training program.

(05 Marks)

- b. How do you assess the returns of the training and development programs? Explain.

(05 Marks)

- c. The total training and development cost for the short term courses conducted during the year for middle level executives in three different departments is Rs. 455,000 which included course fees of Rs. 335,000 and travel and per diem allowances of Rs. 120,000. During the year 400 executive-days have been spent in the ratio of 1:2:4 from the departments A, B and C respectively. The reimbursement of travel and per diem allowances to executives are different for each of the 3 departments within the organization. Executives from departments A and B enjoy a higher

rate to the extent of 10% and 20% respectively as compared to those from department C.

Assess the cost of training of middle level executives from each 3 departments.

(10 Marks)
(Total 20 Marks)

03.	a.	Standard labour cost	Rs.	11,840
		Adjusted variances		
		Wage rate variance	1,600F	
		Efficiency variance	2,560A	
		Idle time variance	<u>1,600A</u>	<u>2,560A</u>
		Actual labour cost		<u>14,400</u>

Discuss the most possible reasons for the above variances.

(08 Marks)

b. Briefly explain the financial impact of employee absenteeism.

(05 Marks)

c. "Expenses incurred in an employees work-life balance program is not a cost. It is an investment".

Discuss this statement explaining cost and benefits of employees work-life balance program.

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(07 Marks)
(Total 20 Marks)

04. a. Discuss the logical relationships among employee attitudes, behaviors and financial outcomes.

(08 Marks)

b. ABC company has paid a sum of Rs. 530,000 to well-known training centers during the year to train three grades of executives of the company. Apart from the course fees, it had incurred an additional amount of Rs.

210,000 towards payment of the related travel and per diem allowances of its executive.

Training period had been to the extent of 240 executive days during the year for all three levels of executives together, junior, middle and senior level in the organization. The relative proportion of executive days specific to each level has been 1:5:10 for the junior, middle and senior level executives.

It observed that the course fees paid on a man-day basis for the senior and middle level executives has been more by 10% and 25%, respectively as compared to that paid for the junior level executives. In addition, the rate of per diem allowances for the middle and senior level executives has been more by Rs. 100 and Rs. 200, respectively as compared to that for the junior level executives.

Assuming that average monthly (25 working days) salary of Rs 12,500, 15,000 and 25,000 for junior, middle and senior level executives respectively.

Calculate the relevant cost of training incurred for each level of executives during the year.

(12 Marks)

(Total 20 Marks)

05. a. Briefly explain LAMP frame work.

(04 Marks)

b. "Health, wellness and welfare cost is not a cost to the organization"

Explain how health, wellness and welfare cost generates benefits to organization.

(08 Marks)

c. An employee who was recruited two years back as a trainee operator at a cost of Rs. 6,000 was provided with extensive in-plant training for the past two years. The cost incurred by the company on his training was Rs. 15,000 and 12,000 in the first and second year, respectively. The trainee

was paid Rs. 2,000 as monthly allowance during first two years period. After completion of his training period, he has been confirmed as one of the regular operators in the machine shop of the company.

Assess the relevant HR investment. Assume that average cost of capital of the company is 10%.

(08 Marks)
(Total 20 Marks)

06. a. Discuss different methods of individual and group incentive payments scheme and their advantages and disadvantages on employees and employers point of views.

(08 Marks)

- b. Discuss the advantages and problems associate with time rate wages and piece rate wages.

(06 Marks)

- c. Initial investment on a specific employee who has just been inducted into the company is Rs. 75,900. The total annual remuneration of the employee is Rs. 45,500 in the current year. Company policy is to attain 30% return on HR investments.

Calculate the target productivity level of the employee in the current year.

(06 Marks)
(Total 20 Marks)
