



INSTITUTE OF HUMAN RESOURCE ADVANCEMENT

UNIVERSITY OF COLOMBO, SRI LANKA

Masters Degree in Human Resource Management - Course No.03

3rd Semester Examination

(Held in January, 2014)

MHRM 09 – Human Resource Accounting

Instructions to the Candidates

- (1) Total number of pages – Four (04)
- (2) Total number of questions - Six (06)
- (3) Answer Five questions.
- (4) If a page or a part of this question paper is not printed, please inform the Supervisor immediately.
- (5) Time allocated for the examination is three (03) hours.
- (6) Write your index number in all pages of answer script
- (7) Tie up all answer sheets at the end of the examination

1.

- a. Discuss different approaches which have been made an attempt to assign monetary value to Human resources since it has been identified as the most important and valuable asset to any business organization.

(08 Marks)

- b. Amul Plc is a Leather product manufacturing firm which currently employed 140 production employees, 4 work supervisors, 2 junior executives and 1 senior executive. Company decided to recruit new supervisory and executive grade employees in order to improve its product quality. Accordingly, during the financial year just ended, company had recruited 6 work supervisors, 3 junior executives and 2 senior executives through one newspaper advertisement spending Rs. 140,000/-. In addition to that, company had paid Rs. 47,500/- for out sourced recruited company which short listed applications, conducted written examination and preliminary interviews. Company had received 200 applications for work supervisory grade, 120 applications for junior executive grade and 50 applications for senior executive grade. Final interviews had been conducted during a public holiday. There were two interview panels with 3 members and 1 staff assistant to each panel. Each panel member was paid Rs.7, 000/- and each staff assistant was paid Rs. 1,500/- per day. Cost of meal and refreshment for a panel was Rs.6, 000/-.

Annual running cost of recruitment division of HR department was Rs.350, 000/-. Out of this 10% is relating to this recruitment. Cost drivers were as follows.

Advertising and out sourced company cost – number of applications received

All other cost – number of candidates selected.

Calculate the recruitment cost of the last year for each employee category separately.

(12 Marks)

(Total 20 Marks)

2.

- a. Discuss financial impact of an investment in health, wellness and welfare programme.

(08 Marks)

- b. All newly recruited employees of Amul Plc were participated to one day orientation program which is conducted by an existing 2 work supervisors, 2 junior executives, 1 senior executive and two staff assistants of the company. A set of reading material which cost was Rs. 600/- had been distributed among all participants. In addition to that, cost of lunch and other refreshment per head was Rs.500/-.

Existing work supervisors, junior executives, senior executive and staff assistants are paid Rs.

Rs. 37,500/-, Rs. 50,000/-, Rs. 75,000/- and Rs. 20,000/- respectively and newly recruited work supervisors, junior executives and senior executives are paid Rs. 25,000/-, Rs. 37,500/- and Rs. 43,750/- for a month which has 25 working days.

In addition to the orientation program, 3 days training for all newly recruited supervisors and 2 days training for all newly recruited junior executives and senior executives were given by the out sourced training company at their own training center which is situated at 32 Kilometers (Km) away from the head office of Amul Plc. Total value of the training package was Rs. 380,000/-. This amount is allocated over 3 employees' categories at the ratio of 1:1.5:2.5. All employees were paid Rs. 20/- per Km starting from the head office as travelling expenses. Training division of Amul Plc engaged two days in order to organize these training programs. Running cost of the training division is allocated over each program at the rate of Rs. 60,000/-. Calculate the training and development cost of each employee category.

(12 Marks)

(Total 20 Marks)

3.

- a. Production employees of Amul Plc are supposed to work 40 hours per week and 50 weeks per year. Weighted average wages per hour is Rs. 92/-. During the year, 1,200 hours were lost due to absenteeism. Supervisors spent 18 hours to manage absenteeism. To avoid lost of production, other production employees worked over time and they were paid 25% over their normal wage rate. Overhead cost of Production department, including work supervisors cost is allocated on hourly basis at a rate of 158/- per hour.

Calculate the absenteeism cost of the last year.

(08 Marks)

- b. Amul Plc manufactures three varieties of a product i.e. Nomey, Supee and Ex-supee in the ratio of 5:3:2 from the standard batch size of output of 100 units of the product deploying three types of man-power. The weekly production is 10 batches of the product.

Process labour of 1000 hours is used per week at Rs. 92/ per hour. Supee and Ex-supee grades take 20 minutes and 30 minutes of extra process labour per unit respectively, as compared to ordinary grad of the product.

Material handling and setup labour costs amount to Rs. 4,800 per week and such labour is required per unit in the ratio of 1:2:3: for Nomey, Supee and Ex-supee grade of product respectively.

Inspection man power costs amount to Rs.14,800 per week and such man power is required per unit in the ratio of 2:3:5 for Nomey, Supee and Ex-supee grade of product respectively. Calculate the manpower cost of each unit of three grades of the product.

(12 Marks)

(Total 20 Marks)

4.

- a. Amul Plc work site employees are entitled to productivity based bonus to the extent of 10% of savings arising out of productivity improvement as compared to the budgeted target. The productivity is measured in terms of output in tones per man-hour. The budgeted target for a month is 100,000 tones of production in 10,000 man-hour. During the last month, 125,000 tones were produced in 12,000 man-hours. According to the accounting department budgeted contribution as Rs. 250/ per tone,

Calculate the bonus payable amount per man-hour for the previous month.

(07 Marks)

- b. Briefly explain main components of total labour turnover cost.

(07 Marks)

- c. "Labour turnover can be beneficial to the firm if it properly managed". Do agree with this statement. Discuss.

(06 Marks)

(Total 20 marks)

5.

- a. An employee who was recruited two years back as a trainee operator at a cost of Rs. 12,000/=. He was provided with extensive in-plant training for the past two years. The cost incurred by the company on his training was Rs. 45,000 and Rs. 36,000 in the first and second year, respectively. The trainee was paid Rs. 4,000 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)

- b. Briefly explain the financial impact of employee attitudes and behavior

(06 Marks)

- c. "Evaluation of cost-benefits and ROI of Workplace Health Promotion programs is having many measurement problems". Present your suggestions to minimize those measurement problems.

(06 Marks)

(Total 20 marks)

6.

- a. Briefly explain the financial impact of employee assistant programs.

(05 Marks)

- b. What is Compa – ratio? How it is calculated and how it is applied in calculation of labour turn over cost?

(05 Marks)

- d. Discuss issues and challenges of Human Resource measurements.

(05 Marks)

- d. What are the most possible reasons for labour cost variances? Explan.

(05 Marks)

(Total 20 marks)
