UNIVERSITI POLY-TECH MALAYSIA
UPTM

FINAL EXAMINATION

BACHELOR OF ACCOUNTANCY (HONOURS)

COURSE	:	**MANAGEMENT ACCOUNTING 2**
COURSE CODE	:	**MAC3224**
DURATION	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **FOUR (4)** questions.
2. Answer ALL questions in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of:
   i. The Question Paper
   ii. An Answer Booklet
4. Do not bring any material into the examination hall. The use of calculator is allowed.
5. Please write your answer using permanent ink.

MYKAD/ PASSPORT NO : ____________________

ID. NO. : ____________________

LECTURER : ____________________

SECTION : ____________________

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

This question paper consists of 6 printed pages including the front page

QUESTION 1

Adam Danial, is a newly appointed Finance Director for Smart Technologies & Co., a company that designs and manufactures smart vacuum cleaners for home use. The company produces different models with varying features such as automated navigation, smart sensors, and mobile app connectivity.

Previously, the company adopted a simple pricing approach and frequently offered discounts during customer negotiations. Adam Danial believes that high sales turnover, supported by a more structured pricing system, is essential for improving business profitability.

Currently, Smart Technologies & Co. manufactures three types of smart vacuum cleaners: SERA-Elite, EVA-Pro and XORA-Smart. The following information relates to February 2026's production cost per unit:

	SERA-Elite	**EVA-Pro**	**XORA-Smart**
Direct materials consumption in units	40	20	35
Direct labour in hours	10	4	8
Production overhead costs	RM655	RM388	RM445
Other costs	RM290	RM130	RM210

Direct materials costs are RM55.50, RM44.50 and RM52.60 per unit for SERA-Elite, EVA-Pro and XORA-Smart respectively. While direct labour is charged at flat rate of RM35.50 per hour, reflecting the use of highly skilled technicians and engineers. With the festive season approaching, demand for smart vacuum cleaners is expected to rise sharply, and Adam Danial is confident that the company has sufficient production capacity to meet the increased orders.

To ensure consistent profitability, management decides to adopt a cost-plus pricing approach in determining the selling price of each smart vacuum cleaners.

Required:

a. Calculate the selling price per unit of the three products based on the followings:

SERA-Elite	Full cost-plus 25% markup
EVA-Pro	Full cost-plus 30% margin
XORA-Smart	Full cost-plus 20% margin

(All answer should be rounded up to the nearest RM)

(18 marks)

b. Discuss **ONE (1)** pricing strategy that Adam Danial should offer to boost the company's profit.

(2 marks)

(Total: 20 marks)

QUESTION 2

Putra International University (PIU), a private university located in Kuala Lumpur, offers a wide range of undergraduate and postgraduate programs in business, accounting, information technology (IT), and computer science (CS). Established to provide quality education with a focus on practical skills and industry readiness, PIU has built a reputation for modern facilities and experienced faculty. However, in recent years, the university has faced increasing pressure from a growing number of private universities, international institutions, and online learning platforms, intensifying competition for student enrolment. Changing student expectations such as demand for career-focused programs, hands-on learning, and improved campus services have also posed challenges for maintaining satisfaction and institutional reputation. At the same time, the university has invested heavily in upgrading digital learning systems, laboratories, and campus infrastructure to stay competitive, leading to rising operational costs and increased pressure on financial sustainability.

Poor performance based on the four perspectives:

i. **Financial:** The decline in student enrolment is reducing tuition revenue, putting pressure on the university's financial stability.

ii. **Customer (Students / Parents):** Students have reported dissatisfaction with career support services and the quality of campus facilities.

iii. **Internal processes:** Administrative procedures are inefficient, resulting in delays in course delivery and student services.

iv. **Learning and growth:** Faculty turnover is increasing due to limited opportunities for professional development and career advancement.

Required:

a. Illustrate the comprehensive balanced scorecard to Putra International University (PIU). **(Students are required to choose TWO (2) strategic objectives for each perspective and TWO (2) strategic initiatives for each strategic objective.**

(20 marks)

b. Performance measurement systems should reflect the cause-and-effect relationships between different organisational activities.

   i. Explain **TWO (2)** importance of cause-and-effect relationships in a Balanced Scorecard.

   (4 marks)

   ii. Using PIU as an example, illustrate how improvements in Learning & Growth could lead to better financial performance.

   (6 marks)

(Total: 30 marks)

QUESTION 3

Division Oakline is a manufacturing division of TimberCraft Holdings Berhad, a well-established Malaysian company specialising in high-quality wooden furniture, including dining sets, wardrobes, office furniture, and customised solid-wood products for hotels and corporate clients.

Division Oakline operates its own production facilities, using a mix of modern machinery and skilled craftsmanship. The division currently has net assets of RM350,000,000, comprising factory buildings, woodworking machinery, kiln-drying equipment, and working capital. It generates an annual operating profit of RM145,200,000. The cost of capital for Division Oakline is 18% per annum, reflecting the company's required rate of return for investments in the furniture manufacturing sector.

Due to increasing competition, rising timber costs, and changing customer preferences, management of Division Oakline is evaluating several capital investment and asset rationalisation proposals to improve efficiency and profitability. The following three independent proposals are under consideration:

Proposal 1: Expansion of production capacity.
This proposal involves investing an additional RM10,000,000 in non-current assets, mainly to purchase computer-controlled cutting machines and finishing equipment for solid-wood furniture. The investment is expected to improve production efficiency and product quality, resulting in an additional annual profit of RM6,500,000.

Proposal 2: Disposal of under-utilised assets.
This proposal involves the disposal of older woodworking machinery that has become inefficient and is rarely used due to technological obsolescence. The assets would be disposed of at their net book value of RM7,200,000. However, this disposal would lead to a reduction in annual profits of RM14,700,000, as the machines are still occasionally used for custom orders. The proceeds from the disposal of assets would be credited to head office and not to Division Oakline.

Proposal 3: Investment in advanced equipment.
This proposal involves the purchase of a new automated furniture assembly and polishing system costing RM11,400,000. The new equipment would reduce labour costs, minimise wastage of timber, and increase output consistency. As a result, it is expected to generate an increase in annual profit of RM48,500,000.

Required:

a. Calculate the current Return on Investment (ROI) and Residual Income (RI) of the division, and illustrate how each of the three proposals would affect these performance measures. **(All answers should be rounded to ONE decimal place)**

(18 marks)

b. Describe **ONE (1)** limitation of using Return on Investment (ROI).

(2 marks)

(Total: 20 marks)

QUESTION 4

The ChocoDelight Company has two divisions: Cocoa Division and Chocolate Division. The Cocoa Division produces high-quality raw cocoa beans that is sold internally to the Chocolate Division. The division also sells its raw cocoa beans externally to other chocolate manufacturers.

The Chocolate Division purchases raw cocoa beans from the Cocoa Division and converts it into premium chocolate bars. Each unit produced by the Chocolate Division undergoes additional processes such as conching, tempering, molding and packaging. The division sells its products to retailers and online customers at a higher price per unit.

Divisions	Costs per unit (RM)		Production Capacity (units)	Selling Price to External Customers (RM/unit)
Cocoa	Direct material	18.20	400,000 (Which 40% is sold internally)	120.00
	Direct labour	10.10		
	Variable production overhead	7.30		
	Variable selling and distribution	4.40		
	Fixed production	8.30		
	Fixed administration	4.60		
	Fixed marketing	2.10		
Chocolate	Direct material	58.30	–	280.00
	Direct labour	19.20		
	Variable production overhead	12.80		
	Variable selling and distribution	9.70		
	Fixed production	12.40		
	Fixed administration	8.20		
	Fixed marketing	5.40		

Note: All units produced during the period were sold in full, in line with prevailing market demand.

Required:

a. Calculate the transfer price to be charged to Chocolate Division using the following pricing policies:

   i. Variable-cost plus 60% mark-up.

   ii. Full-cost.

(4 marks)

b. Based on (a) above, determine which price should be used as the transferred price by preparing the statement of individual profit for each division and group as a whole.

(22 marks)

c. Explain **TWO (2)** disadvantages of transfer pricing.

(4 marks)

(Total: 30 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER