UNIVERSITI POLY-TECH MALAYSIA
UPTM

FINAL EXAMINATION

BACHELOR OF ACCOUNTANCY (HONOURS)

COURSE	:	**MANAGEMENT ACCOUNTING IN BUSINESS DECISIONS**
COURSE CODE	:	**MAC3153**
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

Marvelous Shawarma is the founder of Syrian Shawarma, a high-end shawarma catering service that operates at corporate events, luxury parties, and upscale food festivals in Kuala Lumpur. One of their signature offerings is the Syrian Shawarma. Due to the exclusivity of the ingredients and the skill required to prepare the dishes, demand for the Syrian Shawarma is always high, but supply is constrained by both ingredient availability and chef capacity.

The company has been offered to join one big event in food festivals in May 2026 and wanted to sell Syrian Shawarma as its main product. However, because of the supply constraints and to avoid the possible losses, Marvelous Shawarma has taken precautions by asking the Senior Management Accountant to provide the following information.

Financial and operational details:

i. Variable costs per platter are RM45.00, RM15.00 and RM13.00 for organic chicken, imported ingredients and Syrian chefs respectively.

ii. Selling price per platter has been set for RM109.00 (fixed pricing for all season).

iii. Estimated demands of Syrian Shawarma for 4,000, 3,000, 2,000 and 1,000 units. Assuming the supply quantities are the same as the demand quantities.

iv. Total fixed production and non-production costs are RM5,500 and RM3,000 respectively.

Required:

a. Determine the expected net profits for each demand.
(Students are required to prepare a pay-off table to support the answers and show ALL workings)

(16 marks)

b. Recommend units of Syrian Shawarma should be produced, based on the following decision rules:

i. Maximin.

ii. Maximax.

iii. Minimax regret.

(Show ALL calculations and justify your decisions based on the management styles)

(10 marks)

c. Distinguish between **Maximin** and **Maximax** decision rules.

(4 marks)

(Total: 30 marks)

QUESTION 2

Keren, is an electric vehicle (EV) motorcycle manufacturing company, producing a range of EV motorcycle from economy models to premium. The company has been using a traditional performance management system (focus on financial indicators), which involves annual reviews, top-down feedback from supervisors, and rigid performance metrics like production quotas, time-to-completion, and defect rates. Below are the key problems tied to the traditional performance management system:

Problem 1: Annual performance reviews are outdated.
Employees receive performance reviews only once a year. This delayed feedback system means that issues in employee performance are not addressed in real-time, leading to the repetition of mistakes over several months before they are identified and corrected. By the time the review comes around, the employee might not even remember the specific events, making the feedback less relevant and impactful.

Problem 2: Focus on quotas over quality.
The traditional performance management system heavily emphasizes production quotas, with a focus on how many units employees can complete within a given timeframe. This creates pressure on workers to prioritize speed over quality, resulting in more defective products. Workers are more concerned with meeting daily targets than ensuring every car is up to the company's quality standards.

Problem 3: Lack of employee engagement and motivation.
The traditional system is top-down, with very little input from employees. Performance goals are set by management without considering the perspectives of the employees working on the ground. Employees feel like they are just cogs in a machine, with no influence over the improvement of processes or their own performance metrics.

Problem 4: Overemphasis on individual performance.
The traditional performance system evaluates each employee individually, with little regard for teamwork. Car manufacturing is a highly collaborative process, requiring coordination across different departments such as assembly, painting, quality control, and logistics. However, the traditional system rewards individual accomplishments rather than team efforts, creating a competitive, siloed work environment.

Required:

a. Recommend **ONE (1)** solution for each of the problem faced by Keren.

(14 marks)

b. In response to increasing demand and competition, Keren is considering the purchase of a new high-tech CNC (Computer Numerical Control) machine that promises to enhance production efficiency and reduce manufacturing costs. The approach of appraisal to be used is the Net Present Value (NPV).

Describe **TWO (2)** advantages of NPV approach to Keren.

(6 marks)

(Total: 20 marks)

QUESTION 3

FeetLinc is a specialized footwear brand focused on creating therapeutic, comfortable, and supportive shoes designed by professionals to alleviate foot problems like plantar fasciitis, bunions, and diabetic foot conditions. Their shoes feature advanced orthotic systems, high-grade memory padding, and shock-absorbing soles for improved posture and all-day comfort. FeetLinc uses Return on Investment (ROI) and Residual Income (RI) as the primary tools to evaluate divisional performance and to guide capital allocation decisions. Recently, the company has two divisions:

i. Ortho Division specializes in advanced shoes technology, including imaging systems and lab diagnostic tools and heavily invested in research and development (R&D).

ii. Comfort Division focuses on memory foam, including precision instruments used for shoe arches. It has optimized its manufacturing processes to improve operational efficiency, reducing costs and maintaining steady profitability.

The following financial data for the two divisions is provided as follows:

Division	Sales Revenues RM	Production Costs RM	Non-Production Costs RM	Invested Capital RM	Required Rate of Return	Cost of Capital
Ortho Division	65,500,000	24,900,000	15,120,000	130,000,000	20%	8%
Comfort Division	180,000,000	44,800,000	20,400,000	350,000,000	25%	8%

Required:

a. Appraise the performance for Ortho and Comfort divisions, based on Return on Investment (ROI) and Residual Income (RI).
(ALL answer must be rounded up to ONE decimal place)
(14 marks)

b. Recommend which division is allowed for further investment. Consider both short-term profitability (as reflected by ROI) and long-term value creation (as reflected by RI).
(4 marks)

c. Explain **ONE (1)** advantage of divisional performance.
(2 marks)

(Total: 20 marks)

QUESTION 4

EcoMotion Sdn Bhd is a Malaysian-based company engaged in the design, manufacture, and sale of electric vehicles (EVs). The company operates through two main divisions which are Battery Division and EV Car Division.

The Battery Division supplies battery packs to the EV Car Division and also sells to external customers. EcoMotion Sdn Bhd requires the EV Car Division to purchase all battery packs exclusively from the Battery Division.

The Battery Division has an annual production capacity of 120,000 battery packs. Currently, 55% of its production capacity is sold to external customers at a selling price of RM38,500 per battery pack. The remaining capacity is available for internal transfer to the EV Car Division.

Battery Division

The unit variable costs incurred by the Battery Division are as follows:

- Direct materials: RM15,200 per unit
- Direct labour: RM3,600 per unit
- Variable production overhead: RM2,450 per unit
- Variable non-production overhead: RM1,250 per unit

The annual fixed costs of the Battery Division are:

- Fixed production overhead: RM420,000,000
- Fixed selling overhead: RM95,000,000
- Fixed administrative overhead: RM65,000,000

EV Car Division

The EV Car Division assembles battery packs with electric motors, control systems, and vehicle bodies to produce electric cars. Each electric vehicle is sold to external customers at a price of RM158,000 per vehicle.

The unit and annual costs incurred by the EV Car Division (excluding the battery pack transferred from Battery Division are as follows:

- Direct materials : RM46,800 per vehicle
- Direct labour : RM12,400 per vehicle
- Direct expenses : RM6,300 per vehicle

Annual fixed costs charged to the EV Car Division are:

- Fixed production overhead : RM310,000,000
- Fixed administrative overhead : RM185,000,000

Required:

a. Determine the transfer price to be charged to Division DRIVE using the following pricing policies:

   i. Variable cost plus 30% mark-up.

   ii. Full cost plus 30% margin.

   (ALL answer must be rounded up to the nearest RM)

(4 marks)

b. Based on (a) above, decide 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)** impacts of transfer pricing on managerial decisions.

(4 marks)

(Total: 30 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER