



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 5 printed pages including the front page

QUESTION 1

FlexRun Footwear is a well-established manufacturer of sports shoes that caters to both professional athletes and casual consumers. In response to growing demand for lightweight and high-performance running shoes, the company is planning to develop and introduce a new product called the RunPro. Before launching the product, management must determine an appropriate selling price that will ensure profitability while remaining competitive in the market. Market research indicates that similar products are currently sold at prices ranging from RM350 to RM450 per unit, depending on brand and features. The RunPro will incorporate advanced cushioning technology and breathable materials, which are expected to increase production costs compared to existing products. In addition, the company aims to achieve a target profit margin on the new product and recover its development costs within a reasonable time frame.

The company's Senior Management Accountant presented the following information regarding RunPro at the top management meeting held at the end of January 2026:

Variable cost per unit:	RM
Direct material (Polyester fabric, foam, laces)	150.00
Direct labour (Cutting, stitching, assembly, finishing)	30.00
Variable production overhead cost	25.00
Variable distribution cost	15.00
Variable administrative cost	10.00
Total fixed costs for the year:	RM
Fixed production cost	4,500,000
Fixed distribution cost	1,890,000
Fixed administration cost	1,260,000
Fixed selling cost	1,080,000
Fixed marketing cost	1,320,000
Fixed finance cost	450,000

The estimated production units of the year are 150,000. All fixed costs are based on the production units.

Required:

- a. Determine the cost and selling price per unit of RunPro using the following pricing policies:
 - i. Variable cost plus 40% mark-up.
 - ii. Full cost plus 25% mark-up.

(ALL answer must be rounded up to TWO decimal places)

(15 marks)
- b. Suggest to FlexRun Footwear on which selling price should be selected based on (a) above.

(3 marks)
- c. Explain **ONE (1)** factor to be considered in pricing decision.

(2 marks)

(Total: 20 marks)

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QUESTION 2

Warisan Nasi Lemak is a food manufacturing company that produces packed nasi lemak for supermarkets, petrol stations, and office catering customers. The company has been operating for more than 10 years and is well known for its authentic taste and affordable pricing. Currently, Warisan Nasi Lemak relies on a traditional performance measurement system that focuses mainly on financial indicators, such as daily sales revenue, total production cost, gross profit margin, and labour cost variances. Production supervisors and managers are evaluated primarily on their ability to meet cost targets and achieve short-term profit goals.

In recent years, although the company's financial targets are generally achieved, several operational problems have emerged. Customer complaints regarding inconsistent taste, portion size, and food freshness have increased. Some supermarket chains have also raised concerns about late deliveries and poor packaging quality. However, these issues are not formally measured or reported under the current performance measurement system.

Internally, production staff experience high work pressure to minimise costs, leading to shortcuts in food preparation, quality checks, and hygiene practices. Training for kitchen staff is limited, as management views training expenses as an unnecessary cost rather than a long-term investment. As a result, employee turnover among kitchen and delivery staff has increased, affecting production efficiency and consistency. Furthermore, competition in the ready-to-eat food market has intensified, with competitors offering premium nasi lemak variations, better packaging, and stronger branding. Warisan Nasi Lemak's management recognises that the traditional performance measurement system does not adequately capture non-financial drivers such as food quality, customer satisfaction, process efficiency, innovation, and employee development.

Consequently, the management is considering replacing the traditional system with a modern performance management system, such as a Balanced Scorecard, to support sustainable growth and long-term competitiveness.

Required:

- a. Explain **TWO (2)** weaknesses of the traditional performance measurement system currently used by Warisan Nasi Lemak.
(4 marks)
- b. Explain how a Balanced Scorecard can help establish cause-and-effect relationships between employee training, food preparation processes, customer satisfaction, and financial performance at Warisan Nasi Lemak.
(8 marks)
- c. Identify **TWO (2)** performance measures for each of the following perspectives: Customer, internal business and learning and growth.
(Students are required to justify for each performance measure)

(18 marks)

(Total: 30 marks)

QUESTION 3

Seri Maju Industries Berhad is a manufacturing company organised into autonomous divisions. Each division is treated as an investment centre and evaluated using Return on Investment (ROI) and Residual Income (RI). The following detailed information relates to Automax Division and Oxymin Division for the financial year ended 31 March 2026:

Sales and cost information:

Particulars	Automax Division (RM)	Oxymin Division (RM)
Selling price per unit	460.00	310.00
Direct materials per unit	44.00	32.00
Direct labour per unit	23.00	20.00
Variable manufacturing overhead per unit	7.00	8.00
Variable selling & distribution per unit	4.00	3.00
Fixed manufacturing overheads	12,500,000	10,900,000
Fixed selling & administrative expenses	3,700,000	3,110,000
Sales and production (units)	480,000	500,000

Investment information

Particulars	Automax Division (RM)	Oxymin Division (RM)
Non-current assets	240,500,000	350,600,000
Current assets	45,300,000	90,000,000
Current liabilities	5,800,000	10,200,000

The company's minimum required rate of return is 15% per annum.

Required:

- Calculate the total net profits and capital employed for each division. (6 marks)
- Evaluate the performance of Automax Division and Oxymin Division using Return on Investment (ROI) and Residual Income (RI). (12 marks)
- Explain **ONE (1)** reason on how Residual Income (RI) can help overcome the limitations of ROI in evaluating divisional performance. (2 marks)

(Total: 20 marks)

QUESTION 4

Indigo Apparel Group Berhad is a producer of jeans with two operating divisions, Fabric Division and Jeans Division. Fabric Division manufactures denim fabric, which is sold both to Jeans Division and to external customers, while Jeans Division uses the denim fabric supplied by Fabric Division to produce finished jeans for sale to external customers. Fabric Division is required to satisfy the demand of Jeans Division before selling denim fabric to external customers, and the transfer price for denim fabric is set at variable cost plus a 40% margin.

Annual budget information

	Fabric Division	Jeans Division
Selling price per unit	300.00	650.00
Direct material cost per unit	36.00	40.20
Direct labour cost per unit	24.40	25.30
Variable production overhead	20.20	14.50
Variable selling	9.40	-
Fixed production costs	16,250,000	6,600,000
Fixed administration costs	9,000,000	3,900,000
Fixed distribution costs	7,250,000	-
Fixed selling costs	-	4,800,000
Production capacity (units)	250,000	130,000

Note: All units produced have been sold in accordance with demand.

Required:

- Calculate the transfer price to be charged to Jeans Division using the following pricing policies:
 - Current transfer pricing policy.
 - Full-cost plus 20% margin.
- 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.
- Explain how a transfer pricing policy can motivate divisional managers.

(5 marks)

(21 marks)

(4 marks)

(Total: 30 marks)

(TOTAL: 100 MARKS)**END OF QUESTION PAPER**

