



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 : _____

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SECTION : _____

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

This question paper consists of 7 printed pages including the front page

QUESTION 1

Robokids & Co. is a recently established business specialising in the manufacture of innovative educational and interactive toys for children. The company has recently developed a new product called RoboBuddy, a programmable toy robot designed to improve children's creativity and basic coding skills. The product is almost ready to be launched into the market. The selling price for RoboBuddy is RM329.00 per unit.

Robokids & Co. estimates that monthly demand for RoboBuddy will be between 2,000 and 3,500 units. However, due to the production setup and packaging process, RoboBuddy can only be manufactured in batches of 500 units. Therefore, Robokids & Co. must decide whether to manufacture 2,000, 2,500, 3,000 or 3,500 units each month.

As RoboBuddy is highly dependent on changing toy trends and customer preferences, any unsold units remaining at the end of each month will quickly become outdated. Consequently, all unsold units must be disposed of at the end of the month with no scrap or resale value.

The variable production cost of making one unit of RoboBuddy is as follows:

	RM
Direct materials	36.00
Direct labour	27.00
Variable overhead	18.00

Demands units (units)	Fixed cost (RM)
2,000	155,000
2,500	238,000
3,000	372,000
3,500	486,000

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 RoboBuddy should be produced, based on the following decision rules:
- Maximin.
 - Maximax.
 - Minimax regret.

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

(10 marks)

- c. Explain any TWO (2) examples of market risks.

(4 marks)

(Total: 30 marks)
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QUESTION 2

GreenMotion EV Manufacturing Sdn. Bhd. is a mid-sized electric vehicle (EV) manufacturing company specialising in the production of electric cars, battery systems, and smart mobility solutions for both domestic and international markets. The company serves different customer segments, ranging from affordable compact EVs for urban commuters to premium high-performance electric vehicles for corporate and luxury customers.

GreenMotion EV Manufacturing Sdn. Bhd. has been relying on a traditional performance management system that focuses primarily on financial indicators. The system is characterised by annual performance appraisals, top-down evaluations by supervisors, and rigid performance metrics such as number of vehicles produced, manufacturing cost per unit, and production completion time. While this system provides numerical clarity, it has resulted in several performance issues that affect product quality, innovation capability, and customer satisfaction.

The following are the major challenges arising from the current performance management system:

Challenge 1: Weak environmental performance measurement.

As an EV manufacturer, the company mainly focuses on financial results and production targets, with less attention on environmental performance. This weak focus may lead to poor waste management, higher carbon impact, and inefficient use of resources, which can ultimately harm the company's reputation and sustainability goals.

Challenge 2: Resistance to technological change and continuous learning.

The EV industry evolves quickly with new technologies such as Artificial Intelligent (AI), automation, and advanced battery systems. However, employees are mostly assessed based on short-term production targets, with limited emphasis on continuous learning. This may reduce their willingness to adopt new technologies and slow down innovation and competitiveness.

Challenge 3: Weak cross-department communication.

EV manufacturing needs strong cooperation between many departments. Different departments such as engineering, procurement, software, and logistics are assessed individually, with limited focus on teamwork. This creates communication gaps, where departments prioritize their own goals rather than overall coordination. As a result, delays, inefficiencies, and higher operational costs may occur.

Challenge 4: Lack of customer-focused performance indicators.

The current system focuses more on production and financial outcomes rather than customer experience. Important aspects such as product reliability, after-sales service, charging support, and customer feedback are not strongly measured. This may affect service quality and weaken customer satisfaction and loyalty.

Required:

- a. Recommend **ONE (1)** solution for each of the problem faced by GreenMotion EV Manufacturing Sdn. Bhd.
(14 marks)
- b. In response to the rapid growth of the EV industry and increasing competition in the global automotive market, GreenMotion EV Manufacturing Sdn. Bhd. is considering investing in a new integrated smart manufacturing system. To evaluate the financial viability of this investment, the company will adopt the Internal Rate of Return (IRR) approach as the capital investment appraisal method.

Considering the company want to venture into this new technology, describe **TWO (2)** disadvantages of IRR approach to GreenMotion EV Manufacturing Sdn. Bhd.
(6 marks)

(Total: 20 marks)

QUESTION 3

Velocity Sports Sdn. Bhd. is a well-established manufacturing company specializing in the sports equipment. The company operates through two autonomous divisions: the Pickleball Division and the Croquet Division. Each division is managed independently with minimal interference from the Head Office, allowing divisional managers to make strategic and long-term investment decisions.

The company evaluates divisional performance using return on investment (ROI), which is calculated based on controllable profit and average divisional controllable net assets. The targeted ROI for both divisions is set at 20%. Divisional managers who achieve or exceed the targeted ROI are rewarded with annual performance bonuses.

The following draft operating statement for the year was prepared by the company's assistant accountant:

	Pickleball Division RM	Croquet Division RM
Sales revenue	5,600,000	18,200,000
Production costs	1,850,000	3,540,000
Selling and distribution cost	2,230,500	2,000,500
Administration cost	1,120,000	1,760,000
Opening divisional controllable net assets	14,000,000	26,000,000
Closing divisional controllable net assets	10,000,000	32,000,000
Cost of capital	13%	

Required:

- a. Appraise the performance for Pickleball Division and Croquet Division, 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 divisional managers is eligible to receive a bonus.

(4 marks)

- c. Explain **ONE (1)** disadvantage of using residual income (RI) to measure divisional performance.

(2 marks)

(Total: 20 marks)

QUESTION 4

Berry Heaven Group Berhad, based in Cameron Highlands, is a well-established company in the food processing industry. The company is widely recognized for its premium fruit-based products and customized bakery items. Berry Heaven Group Berhad have two subsidiaries where Sweet Harvest is a manufacturing subsidiary specializing in the production of premium strawberry jam while BerryBake Delight is a bakery subsidiary that produces ready-to-serve strawberry cakes using strawberry jam as one of its main ingredients.

Sweet Harvest manufactures strawberry jam and supplies a portion of its production to BerryBake Delight for use in the company's signature "Berry Bliss" Strawberry Cake. The "Berry Bliss" Strawberry Cake is sold to customers at RM95.00 per unit.

Apart from internal transfers to BerryBake Delight, Sweet Harvest also sells strawberry jam to external customers, including cafés, bakeries, and supermarkets, at a selling price of RM38.00 per unit.

The normal production capacity of strawberry jam at Sweet Harvest is 30,000 units annually. 65% from the total production is transferred internally to BerryBake Delight and the remaining units are sold to external customers. All fixed overhead costs are absorbed based on the number of units produced.

The standard cost per unit for both products is as follows:

Strawberry Jam		Strawberry Cake	
	RM		RM
Direct material:		Direct material:	
Fresh strawberries	6.20	Flour	3.50
Sugar	2.40	Sugar and flavour	1.30
Preservatives	1.80	Eggs	2.50
Glass jar and label	2.60	Cake box and label	3.30
Direct labour	5.90	Direct labour	3.20
Variable production overhead	4.10	Direct expenses	10.60
Fixed production overhead	4.80	Variable production	5.70
Fixed selling and distribution overhead	3.20	Fixed production overhead	12.40

Required:

- a. Determine the transfer price to be charged to BerryBake Delight using the following pricing policies:
- i. Variable cost plus 30% mark-up.
 - ii. Full cost plus 30% margin.

(Transfer price must be rounded up to two decimal places)

(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)** advantages of transfer pricing.

(4 marks)

(Total: 30 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER

