



**UNIVERSITY OF
PLYMOUTH**

FINAL EXAMINATION

Semester	:	SEPTEMBER 2025 SEMESTER
Programme Name	:	BA (HONOURS) ACCOUNTING & FINANCE 3+0 IN COLLABORATION WITH UNIVERSITY OF PLYMOUTH
Course Code & Name	:	MAL2032 MANAGEMENT ACCOUNTING
Duration	:	3 HOURS

INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY**.
2. The question paper consists of **FIVE (5)** questions.
3. Answer any **FOUR (4)** questions in the question paper.
4. Answers to the questions are to be written into the examination booklet.
5. Electronic dictionaries, lecture notes, files or any unauthorised materials except writing equipment are strictly prohibited.

This question paper must be submitted along with all used and/or unused rough papers and/ or graph papers (if any). Candidates are **NOT ALLOWED** to take any examination paper(s) used or unused out of the examination hall.

WARNING:

The Examination Board of Peninsula College Georgetown regards cheating as a very serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

(This booklet contains 7 printed pages including this page)

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ALLOWED TO DO SO

Answer **ANY FOUR (4)** questions on the separate sheet provided.

[100 marks]

1. Niseko Furniture Sdn Bhd is a furniture manufacturer. The company's factory is organised into three production departments (machining, assembly, and finishing) and two service departments (maintenance and stores).

The following information represents the budgeted overhead costs for the forthcoming period.

	RM
Electricity	150,000
Machinery depreciation	280,000
Council rates	130,000
Lubricant supplies	20,000

Further information for each department is as follows:

	Total	Machining	Assembly	Finishing	Maintenance	Stores
Power usage	20,000	8,000	5,000	4,000	2,000	1,000
Machinery value	2,000,000	1,200,000	800,000			
Floor space (sq m)	10,000	4,000	3,000	2,000	500	500
Number of material issues	2,800	1,050	950	800		
Maintenance hours	148	60	48	40		
Machine hours	500,000	250,000	200,000	50,000		
Direct labour hours	15,000	1,800	2,000	10,000	700	500
Direct labour cost (RM)	300,000	36,000	40,000	200,000	14,000	10,000

Additional information:

- Electricity is apportioned based on power usage.
- Machinery depreciation is apportioned based on the machinery value while council rates are apportioned based on floor space.
- Lubricant supplies is allocated entirely to the maintenance department only.
- The direct method is used to re-apportion the costs from the service centres to the three main departments.
- The cost of the stores department is re-apportioned based on number of material issues while the cost of the maintenance department is re-apportioned based on maintenance hours.
- Machining and assembly department are heavily reliant on machines while finishing department is heavily reliant on direct labour. These are taken into account in determining the overhead application rates.

Required:

- a) Prepare the overhead departmental budget for the five departments showing the allocation, apportionment, and re-apportionment accordingly. Also, calculate the factory overhead application rate for the three production departments. (11 marks)
- b) A regular customer KPT Logistics Sdn Bhd has requested a unique order from Niseko Furniture Sdn Bhd. You are required to determine the total cost (direct material cost, direct labour cost, and factory overhead cost) to be charged to the company's three main departments for this order.

The actual direct material cost, direct labour hours, and machine hours incurred for each department to fulfil the order for KPT Logistics Sdn Bhd are provided below:

	Machining	Assembly	Finishing
Direct material	RM2,200	RM544	RM651
Direct labour hours	20 hours	25 hours	80 hours
Machine hours	1,200 hours	1,100 hours	200 hours

(9 marks)

- c) The management accountant now argues that activity-based costing should be applied to the same order from KPT Logistics Sdn Bhd in charging the factory overhead costs to the three production departments.

The management accountant has subsequently determined the relevant budgeted activities for each production department for the period.

Department/ Cost pool	Cost driver	Activities
Machining	Number of set-ups	330,000 set ups
Assembly	Units assembled	200,000 units assembled
Finishing	Packaging cost	RM280,000

The activities that are specific to the order from KPT Logistics Sdn Bhd are 2,200 set-ups, 1,000 units, and RM1,800 packaging cost in total.

Calculate the total factory overhead costs to be charged for each department using activity-based costing. (3 marks)

- d) Explain why using activity-based costing would be more advantageous to Niseko Furniture Sdn Bhd. (2 marks)

Total: [25 marks]

2. Happy Soul Sdn Bhd is a soap manufacturer, which was set up by Mark Tan a few months ago. Mark is not proficient in accounting and therefore, he has hired you to prepare a cash budget for him for the next three months.

You are provided the following information regarding Happy Soul:

- The bank balance on 1 January 2026 is forecasted to show a credit of RM200,000.
- Actual sales for November and December 2025 are RM2,300,000 and RM2,400,000 respectively. Mark expects sales to rise by RM200,000 each month from January 2026 onwards.
- All of its soaps are sold on credit. 80% of its customers pay a month after the sale. The remaining customers pay two months after the sale. It has always been found that 2% of sales were not paid.
- Happy Soul also earns rental income for renting out its cafeteria floor to three tenants. Each tenant pays RM1,500 per month. The monthly rental is expected to rise to RM2,000 per month for each tenant from February onwards.
- Purchases are made one month prior to sales. Its purchases are forecasted to cost 60% of its sales of the following month. Its suppliers have always given Happy Soul credit terms of two months and Happy Soul always utilised the full two-month credit term.
- Total salary of its full-time employees are RM600,000 per month. A new employee is expected to be hired on March with a monthly salary of RM5,000 per month.
- Happy Soul has its own delivery fleet to deliver its goods to its customers. The delivery service costs the company 3% of sales.
- Administration costs are forecasted at RM130,000 in January. These costs are directly proportional to sales each month.
- Happy Soul will invest in a new computer system in January. The installation and purchase fee of RM3,000 must be paid in January and the maintenance fee of RM300 must be paid every month from February onwards.

Required:

Prepare a cash budget for the three-month ending 31 March 2026 showing details for each month.

(25 marks)
Total: [25 marks]

3. You are the management accountant for the Durian Delight Division of TropiFruits Berhad, a diversified Malaysian food company. The division is considering a new project to develop a premium durian-based dessert line aimed at export markets such as Singapore and Hong Kong. The project is expected to enhance brand recognition and drive sales across other divisions.

The following financial data has been compiled for the year ending 30 September 2025, assuming the project is undertaken. The 2024 figures are provided for comparison. The only changes in 2025 are due to the new project.

Project-Related Costs (2024):

- Research & Development (R&D): RM720,000 (benefits spread equally over 3 years)
- Marketing Costs: RM500,000 (benefits split 3:1 between 2025 and 2026)

Income Statement

	2025	2024
	RM	RM
Operating Profit	752,314	1,214,208
Interest Income	26,222	7,546
Interest Expense	(331,949)	(156,672)
Taxation	(84,851)	(202,366)

Balance Sheet

	2025	2024
	RM	RM
Non-current Assets	4,112,640	4,259,520
Current Assets	2,506,752	2,844,576
Total Assets	6,619,392	7,104,096
Current Liabilities	1,571,616	1,958,400
Non-current Liabilities	2,203,200	2,692,800
Shareholders' Funds	2,844,576	2,452,896

Other Information

- Cost of Capital: 13%
- Corporate Tax Rate: 24%
- Minimum Required ROI: 18%

Required:

- a) Apply the following performance measures for 2025 and compare them to 2024:
- Return on Investment (ROI) (6 marks)
 - Residual income (6 marks)
 - Economic value added (6 marks)
- b) Evaluate whether the project should be undertaken based on the results of each performance measure. (3 marks)
- c) Analyse how each performance measure could be improved and explain the implications of using EVA for future project evaluations. (4 marks)
- Total: [25 marks]

4. FlexiPack Sdn. Bhd. has recently developed a new compostable food container called EcoBox. The manufacturing process is labour-intensive and subject to learning curve effects. The company has produced 18 units using a total of 42 direct labour hours, with the first unit requiring 5 hours. These 18 units are in stock and available for sale.

EcoBox is manufactured in a dedicated facility with 7 direct employees, each working 40 hours per week, with 10% of total available labour hours lost to non-productive downtime. FlexiPack uses standard absorption costing. The direct costs and overheads related to EcoBox production are as follows:

Cost component	Amount
Direct materials	RM85 per unit
Direct labour	RM38 per hour
Variable overheads	RM15 per direct labour hour
Fixed overheads	RM8,064 per two-week period

Following a recent product showcase, a customer has placed an order for 60 units of EcoBox, with a suggestion that further orders may follow if the product meets expectations.

Required:

- a) Estimate the learning rate to the nearest whole percentage. (2 marks)
- b) Based on your estimate in (a), calculate the number of direct labour hours required to produce the additional units needed to fulfil the order. Show also the average time required to produce each additional unit. (5 marks)
- c) Using absorption costing, calculate the estimated cost of fulfilling the full order of 60 units and recommend a selling price incorporating a 30% mark-up. (9 marks)
- d) The customer proposes a 25% discount on the total order value.
- i) Calculate the revised selling price and profit. (3 marks)
- ii) Discuss whether FlexiPack should accept the discount, considering the potential for future orders. (3 marks)
- e) Evaluate how learning curve effects and pricing strategy could impact future profitability and cost control. (3 marks)

Total: [25 marks]

5. A CEO of a start-up company has sought your advice with regards to beyond budgeting and environmental management accounting.
- a) Explain **FOUR (4)** reasons why beyond budgeting is suitable for a start-up company. (12 marks)

 - b) Define environmental management accounting. (3 marks)

 - c) Discuss **FOUR (4)** challenges a start-up company could face in managing environmental costs. (10 marks)
- Total: [25 marks]

- END OF QUESTIONS -