



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
MARCH 2025 SEMESTER**

COURSE CODE : EAB31003
COURSE NAME : MANAGEMENT ACCOUNTING 3
PROGRAMME NAME : BACHELOR IN ACCOUNTING (HONS)
DATE : 28 JUNE 2025
TIME : 9.00 AM – 12.00 PM
DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please **CAREFULLY** read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of **FOUR (4) Questions**.
4. Answer **ALL** questions.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. This question paper must not be removed from the examination hall.

THERE ARE THREE (3) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

INSTRUCTION: Answer ALL questions.**Please use the answer booklet provided.****Question 1**

Beta Corp is a housing developer and their location is close to Sekinchan, Selangor. The management is now considering to invest RM2,000,000 in a machinery which the stakeholders expect a return of at least 30% in the new project. The expected annual operating profit before interest and tax is RM450,000. This figure is expected to fluctuate in the long run and the management has some risk management framework in place to accommodate the fluctuations. The company's target rate of return (cost of capital) is 12%. The project is expected to be financed entirely with equity. The major shareholder is on standby in case there is a need to assist with initial funding. The company's tax rate is 25%.

Required:

- (a) Evaluate the Residual Income (RI) for the proposed project. Show all your workings clearly.
- (12 marks)
- (b) Evaluate the Economic Value Added (EVA) for the proposed project. Show all your workings clearly.
- (7 marks)
- (c) Briefly explain the difference between Residual Income and Economic Value Added, and discuss which measure that you believe provides a more comprehensive evaluation of the project's financial performance in relation to shareholder wealth. Justify your answer.
- (6 marks)
- [25 marks]**

Question 2

TechNova Solutions, a rapidly growing software development firm, initially focused on functional departments and batch processing. Recognizing inefficiencies and the need for greater agility, Samad, the Chief Operating Officer (COO), is now exploring strategic management accounting techniques to support operational improvements. Samad and his team are considering implementing Business Process Re-engineering (BPR) to fundamentally redesign key processes and Just-in-Time (JIT) inventory management in their procurement solutions. The challenge lies in understanding the strategic implications and accounting considerations of these operational-focused techniques.

Required:

- (a) Explain how the strategic management accounting perspective can contribute to the successful implementation of Business Process Re-engineering (BPR) at TechNova Solutions. (8 marks)
- (b) Discuss the key accounting changes and performance measures that TechNova Solutions would need to implement to effectively support and monitor a Just-in-Time (JIT) inventory system for its hardware components. (8 marks)
- (c) Describe the potential strategic risks and benefits that TechNova Solutions should consider when integrating BPR and JIT into its overall business strategy. (9 marks)
- [25 marks]**

Question 3

Alpha Sdn. Bhd. is a paper manufacturer, located in Mersing, Johor. Alpha's management accountant, Hanif, manages and controls direct materials, direct labour, and variable overhead. For the last quarter of 2024, the company generated sales of RM500,000. Direct material costs were RM150,000, direct labour RM100,000, and variable overhead RM50,000. Allocated fixed costs, not controllable by the manager, were RM80,000. Hanif is now concerned if the business may not be able to recoup their costs as this will affect his performance.

Required:

- (a) Evaluate the controllable contribution margin for Alpha. Show your workings clearly. (8 marks)
- (b) Explain what the controllable contribution margin represents and why it is an alternative measure for evaluating the performance of Hanif, the management accountant. (10 marks)

- (c) Discuss **ONE (1)** limitation of using controllable contribution margin as the sole measure of a division's or manager's success.

(7 marks)

[25 marks]

Question 4

PharmaTrust Sdn. Bhd. is a pharmaceutical company which has been in existence since 1970. Over the years, the business has gone through its ups and downs; nevertheless, they managed to survive through challenges thus far. With good team work, Ashraf, the current Chief Executive Officer and his corporate planning team are considering a cost-cutting strategy that involves outsourcing a critical drug production stage to a country with lower labour costs but weaker environmental regulations. While financially attractive, some management accountants express concern about potential reputational damage and ethical implications regarding environmental responsibility and labour standards. The pressure to meet aggressive profit targets and reducing costs, is creating a tension between short-term financial gains and long-term ethical considerations. This situation highlights the behavioural biases and ethical dilemmas inherent in strategic managerial decisions.

Required:

- (a) Discuss **TWO (2)** potential behavioural biases that might influence PharmaTrust Sdn. Bhd. management team's decision regarding outsourcing.
- (b) Discuss the key ethical considerations that PharmaTrust Sdn. Bhd. should evaluate before deciding to outsource the drug production, considering the potential impact on stakeholders beyond shareholders.
- (c) Explain how a strong ethical framework and corporate culture within PharmaTrust Sdn. Bhd. could help mitigate the risk of unethical strategic decisions in situations like the proposed outsourcing.

(8 marks)

(9 marks)

(8 marks)

[25 marks]

END OF EXAMINATION PAPER