UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EAB31003
COURSE NAME	:	MANAGEMENT ACCOUNTING 3
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	26 JUNE 2026
TIME	:	9.00AM – 12.00PM
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 SIX (6) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

(Total: 100 marks)

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

Question 1

Kayu Home Bhd. manufactures exclusive, custom wooden furniture. The company operates through two divisions: Manufacturing, and Assembly and Sales Division. To maximize overall corporate profit, top management has decided to implement inter-divisional trading between them.

Manufacturing Division

This division specialises in crafting premium solid wood products. Its annual production capacity is 10,000 units using high-quality imported wood. 40% of the production is transferred to the Assembly and Sales Division. The remaining of the production will be sold to retailers at RM3,800 each. The production cost per unit is shown below:

	RM
Direct material	740.80
Direct labour	410.20
Direct expenses	160.00
Variable production overhead	180.00
Variable non-production overhead	150.00
Fixed production overhead	780.00
Fixed non-production overhead	290.00

Assembly and Sales Division

This division assembles the products received from the Manufacturing division into a finished product. These final products will be sold to high-end users and luxury hotels at the price of RM5,000 per unit. The production cost and the allocated fixed production overhead per unit is RM1,660 and RM590 respectively.

Required:

(a) Determine a transfer price to be charged to the Assembly and Sales division using the following transfer pricing policies:

i. Variable cost plus 25% margin
ii. Full cost

(7 marks)

(b) Decide which price should be used as the transfer price by preparing an analysis of an individual profit statement for each division and group.

(28 marks)
[35 marks]

Question 2

(a) Z&M Manufacturing (ZM) operates a precision machining facility. The management accountant is analyzing the relationship between production volume and total manufacturing overhead costs to assist in the budget preparation for the upcoming fiscal year. The following data has been collected over the last six months:

Month	Machine hours	Total Overhead cost (RM)
January	4,200	256,000
February	3,800	148,500
March	5,100	182,000
April	4,500	165,000
May	5,600	194,500
June	4,000	154,000

Additional information:

1. Included in the total overhead for May is a one-off machine calibration cost of RM2,500.

2. In March, the facility moved to a larger warehouse, which increased the monthly fixed rental component of the overhead by RM3,000 per month from March onwards.

Required:

i. Using High-Low Method, determine the variable cost per unit and the total fixed cost per month.

(4 marks)

ii. Estimate the total overhead cost if the firm expects to run 4,800 machine hours in July.

(2 marks)

iii. Briefly evaluate one major limitation of the High-Low method compared to Least-Squares Regression in the context of cost estimation.

(4 Marks)

(b) A company used simple linear regression to estimate its production costs. The resulting regression equation is Y = 15,000 + 25.50X.

Required:

i. Determine the total production cost for a month where 2,000 units are produced.

(6 marks)

ii. Describe **TWO (2)** limitations of using historical data to predict future cost behaviour.

(4 marks)

[20 marks]

Question 3

Zenith Electro-Mobility (ZEM) is a mid-sized manufacturer of high-end electric bicycles based in Selangor. While ZEM enjoys a "Premium" brand image, increasing competition from international imports has pressured their profit margins. A recent internal audit using Porter's Value Chain identified the following:

i. Inbound Logistics: ZEM currently sources high-capacity battery cells from a specialized supplier.
ii. Operations: ZEM assembles the bikes in-house but outsources the production of the aluminum frames to a local metalworks company.
iii. Service: ZEM's competitive advantage lies in its bespoke after-sales tuning, which creates high customer loyalty.

The supplier of the aluminum frames has announced a price increase for the upcoming year due to rising energy costs. ZEM's management is now re-evaluating its "operations" link in the value chain.

The company is considering two options: Option 1 (purchase) and Option 2 (make). If the company choose Option 1, the supplier's new price is RM180 per frame. On the other hand, since ZEM has 10,000 units of excess capacity in its factory, the following costs are estimated to be incurred if ZEM is decided to manufacture frames in-house:

	RM
Direct material	85
Direct labour	45
Variable overhead	20
Fixed overhead (allocated)	40
Specialist equipment rental (required specifically for the project)	150,000 per year

Required:

(a) Determine the total relevant cost for both options and recommend to the management which option is financially viable.

(15 marks)

(b) Discuss how your answer in (a) above might strengthen ZEM's competitive advantage within its value chain.

(10 marks)

[25 marks]

Question 4

Nusantara Motors & Engineering (NME)

Nusantara Motors & Engineering (NME) was founded in 1995 and once hailed as the "Jewel of the South" in its home country. As a semi-government-linked corporation (GLC), it aimed to become a regional powerhouse in the automotive and heavy machinery sector. By 2024, however, the company filed for bankruptcy, leaving 12,000 employees redundant and billions in debt.

Internal audits revealed that NME's top management suffered from "Decision Paralysis." While competitors were pivoting toward Electric Vehicles (EVs), NME's board continued to invest heavily in outdated internal combustion technology. Management failed to implement modern Strategic Cost Management, resulting in production costs that were 30% higher than the industry average. Furthermore, a lack of transparency in the procurement department led to several high-value contracts being awarded to unverified vendors without competitive bidding.

The corporate culture at NME was deeply hierarchical. Mid-level engineers were culturally discouraged from "challenging" senior directors, leading to a silence regarding technical flaws in engine designs. Additionally, the company struggled with a "guaranteed employment" mindset; performance-based incentives were non-existent because the workforce believed the government would never allow the firm to fail.

Between 2021 and 2023, the national currency faced a 15% devaluation due to global inflation. Since NME imported 60% of its raw materials but sold its products in the local market, their profit margins were obliterated. Rapidly rising interest rates also made it impossible for NME to service the massive loans they had taken during the 2010s for factory expansions.

For a decade, NME was protected by high import tariffs on foreign vehicles. However, a new government administration signed a series of Free Trade Agreements (FTAs) to lower the cost of living for citizens. This sudden policy shift removed the "protective wall," forcing NME to compete on a level playing field with global giants like Tesla and BYD. Simultaneously, a new minimum wage policy was enacted, increasing NME's labour costs by 20% overnight without a corresponding increase in productivity.

Required:

(a) Describe **FOUR (4)** factors that caused the collapse of Nusantara Motors. Provide specific evidence from the case study given to support your analysis and the impact on the company's inability to survive. Your answer should be written in the following format:

Factors caused the collapse.	Evidence from the case study.	Impact on the company's inability to survive.
1.	1.	1.

(12 marks)

(b) Evaluate **FOUR (4)** effects of this corporate failure on their stakeholders.

(8 marks)

[20 marks]

END OF EXAMINATION PAPER