



**MASTER OF BUSINESS ADMINISTRATION  
MANAGEMENT/MARKETING/BANKING & FINANCE**

**FINAL EXAMINATION  
JANUARY 2024**

Course : OBA4408 (Managerial Accounting)

Time: 9.00 am – 12.00 pm  
(3 hours)

Lecturer: Dr. Pang Mary

Date: 20 April 2024

---

**Instructions:**

1. This paper consists of 4 questions. Answer all in the answer booklet/s provided.
2. Provide answers in the answer booklet/s provided.
3. This is a closed book examination, books or reference notes are not permitted.
4. Hardcopy English language or bilingual transaction dictionaries and financial/scientific calculators may be used. Electronic dictionaries and programmable calculators are NOT allowed.
5. Severe disciplinary action will be taken against those caught violating examination rules.
6. This question paper consists of 5 printed pages excluding the front page

**DO NOT TURN THIS PAGE UNTIL INSTRUCTED TO DO SO**

(Excluding the front cover)

## Question 1

“The budget setting process is a fundamental aspect of financial management that plays a pivotal role in the success of organizations, whether they are businesses, government entities, or non-profit organizations. This process involves the careful allocation of financial resources to various departments, projects, and initiatives, ensuring that limited funds are utilized effectively and efficiently”

- a. Discuss the behavioural arguments for and against involving those members of management who are responsible for the implementation of the budget in the annual budget setting process. (10 MARKS)
- b. Explain how the methods by which annual budgets are formulated might help to overcome behavioural factors likely to limit the efficiency and effectiveness of the budget. (15 MARKS)

## Question 2

Smart Company makes and sells high quality glare filters for microcomputer monitors. Ali financial controller, is responsible for preparing company's master budget and has assembled the following data for product X, 2023. The product details are as follows:

Material A	3 kgs	Material price RM 3.50 per kg
Material B	2 kgs	Material price RM 5.00 per kg
Direct labour	8 hours	Labour rate RM 8.00 per hour

The company's selling price is RM250 and it is considering its budgets for next year and has made the following estimates of sales demand for product X for July to October:

July	August	September	October
400 units	300 units	600 units	450 units

It is the company policy to hold stocks of finished goods at the end of each month equal to 50% of the following month's sales demand, and it is expected that the stock at the start of the budget period will meet this policy. Raw material stocks are expected to be as follow on 1 July:

Material A	1,000 kgs
Material B	400 kgs
Material C	600 kgs

Closing stocks of raw materials are to be increased by 20% in July, and then remain at their new level for the foreseeable future.

You are required to prepare the following budgets for each month of the quarter from July to September inclusive:

- Sales budget in quantity and value. (3 MARKS)
- Production budget in units. (6 MARKS)
- Raw material A purchase usage budget in kgs. (8 MARKS)
- A budget can have significant effect to organisation' profit performance, discuss **FOUR (4)** benefits of using budget in organisation (8 MARKS)

Question 3

Mizuno A Plus manufactures and distributes of sportswear, sporting equipment, and footwear. The company's product portfolio includes baseball equipment, sportswear, footwear, apparel, golf, and skiing equipment. The company provides equipment for baseball, golf, volleyball, rugby, table tennis, running. It is actively involved in managing national facilities, deploying school businesses, and constructing sports facilities under concerted efforts with the government. The company has business operations across Europe, Asia, Oceania, North America, Latin America, the Middle East and Africa. In recent, company further expand business in ABC brand's new technology textiles prioritize comfort, ensuring athletes can perform at their best without any distractions. These textiles are designed to be lightweight, breathable, and moisture-wicking, allowing for optimal temperature regulation during intense physical activities. The use of advanced fabric blends and seamless construction minimizes friction and irritation, providing a second skin feel that enhances overall comfort. Below are the data for the new product.

	RM	
Selling Price	50	
Direct Material	18	
Direct Wages	4	
Variable production overhead	3	
Budgeted and actual costs per month		
Fixed production overhead	99,000	
Fixed selling expenses	14,000	
Fixed administration expenses	26,000	
Variable selling expenses	10% of sales value	
Normal capacity is 11,000 units per month		
The number of units produced and sold was:		
	June	July
	Units	Units
Sales	12,800	11,000
Production	14,000	10,200

Required:

Compute variable costing statement for the monthly data above. You have to support your solutions with proper workings. (25 Marks)

#### Question 4

The James company, originating from Singapore, has emerged as a global leader in the field of technology and innovation. Founded by Sir James in 1991, the company has revolutionized the way we perceive and utilize household appliances. Recently, the company expanded the plant in Malaysia to manufacture electrical tools. The company divided cost centres into Department A, B and C. The budgeted costs data as given the following:

Cost centers	Budgeted OH (RM)	Basis OH absorption
Department A	38,500	22,000 machine hours
Department B	75,088	19,760 machine hours
Department C	40,964	41,800 labor hours

The related & relevant actual manufacturing costs for Job123 reveals as below:

Direct material requisitioned	RM6,780.10
Direct material returned to stores	RM39.60
Direct labor	
Department A	146 hours at RM4.80 per hour
Department B	39 hours at RM5.70 per hour
Department C	279 hours at RM6.10 per hour
Hire special machine cost	RM59.00
Machine hours	
Department A	411 hours
Department B	657 hours
Selling price	RM17,200
Admin & general OH	10% of production cost
Selling & distribution OH	12% of selling price

Required:

Compute the total profit or loss attributable to the Job123 for the company. You have to support your solutions with proper workings. (25 Marks)