

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The pursuit of an objective and the accomplishment is the characterizes and every organization and this objective and accomplishment exist in dimensions. Every business organization whether sole trade (one man business) partnership, company or comports therefore most have objectives and expected accomplishment. The primary objective of every business organization in a capitalist or mix-economy is to make profit, and meet their accomplishment.

Profit is described as the excess of total revenue over total cost during a specific period of time. For firms (Mostly competitive) to make profit, they must have control over the cost of their production and services. In many business organizations some supervisors, always from and query why accountants usually scrutinize their expense and other cost they present for payments, when the money does not come from the accountants pockets. Accountants scrutinize claims, voucher etc in order to satisfy themselves that a particular item of cost is reasonably necessary and wholly for the operations of the enterprise. Just like any one of us as individuals, we try to satisfy all our necessary requirements without throwing ourselves into financial mess before the inflow of another income, the scammers why individual requirement applies to partners in partnership, companies etc when an accountant queries cost incurred in ones department or cost center, all he is trying to do is to ensure that reasonable cost are being incurred for the level of the enterprises' performance.

The researcher believe that each one of us manages cost in our respective homes and by so doing we are exercising the function of a financial manager through at domestic levels. If one gives his wife a reasonable monthly allowance to run the home and two weeks later, she asks for more money because she has finished the amount given to her, certainly the husband would frown at her for not controlling her spending habits. The common excuse house wives give is that things are expensive, but then a cost anxious husband before giving additional money would ask the wife whether she has tried alternative market or alternative food stuffs. In the some manner, Accountants Managers enterprise finds. While in the process they are not unnecessarily rigid but ensure that limited overall objectives of the organization are achieved.

Cost control can therefore be described as the prevention of within the existing environment in an organization. The main methods employed in controlling cost are budgetary control, cost reduction technique and value analysis. It is the intention of the project researcher to emphasize more on cost reduction. Although both budgetary control and cost reduction go hand in hand because it is difficult to demarcate where cost control? And budgetary control ends both terms are concerned with improving efficiency and increased profitability. However, it is pertinent to note that effective and reasonable cost reductions for present output serves as standard for future production.

The researcher has decided to use LAKE CONCRETE INDUSTRIES LIMITED ENUGU as a case study, the establishment has been operating at loss for over five (5) years now which means that the objective of setting up the business is been defected. The researcher would then find out whether cost were substantially responsible for the loss. This will entail the analysis of cost incurred in its products so as to find out the area of weakness and then suggest ways at improvement for the purpose of internment of the enterprise objective and their accomplishment.

1.2 STATEMENT OF THE PROBLEMS

This project study titled “analysis of business objectives and their accomplishment through effective cost control” intends to investigate the cause of the persistent loss in business operations of lake concrete industries limited.

The company has been experiencing high rate of labour turnover, since it could not pay its workers regularly. There is also a great number of debtors to the company and the situation has resulted to shortage of operating capital, so the researcher wants to find out the exact causes of the problems and offer suggestions to them.

1.3 PURPOSE OF THE STUDY

In simple and direct terms this research work has purpose /objectives which are as follows

- (a) To have an in-depth study on business objectives and their accomplishment through cost control
- (b) To investigate the causes or underlying factors responsible for the persistent loss being encountered by lake concrete industry Ltd Enugu.
- (c) The study aimed to emphasize through analysis the importance of effective cost control in lake concrete industry Ltd and all other manufacturing industries.
- (d) To highlight how effective cost control can help lake concrete industry in realizing and accomplishing their set objectives or goals.
- (e) The study also aimed at proposing some ways of enabling manufacturing industries, lake concrete industry to attain and achieve their goals as to be in the business.

1.4 SCOPE OF THE STUDY

The scope of this study is apparently carried with lake concrete industry limited Enugu.

The study dealt with the ability of the company lake concrete limited to achieve the set objective through effective cost control. It covers area of profit making, cost and budgetary limited Enugu.

1.5 RESEARCH QUESTIONS

In order to have a sound basis for this research project, the researcher considers it imperative to build up a hypothesis.

Lake concrete industries limited which is a case study at the researcher has been incurring loss for over three years now. The researcher is considering that there should be a relationship between cost control and loss, whether cost has been responsible for the loss or not.

To this effect the researcher has to design a research question which will be administered in form of questionnaire to staff and management of lake concrete industries limited, to ascertain if cost control is responsible for the industries' loss over these years.

These questions include some of the following:

What is the major problem facing the industry?

Does the industry have a specialist who does her purchase for her?

What strategy does the industry adopt to the forces of taxing the product to the market for sale?

Is the company presently achieving its objectives?

How effective is the budget control of the firm?

Are the firm's objectives clearly taken to promote to the workers?

What measure does the firm take to promote staff's morale and boost their productivity in the industry?

How often does the firm accomplish their objectives?

Does the industry actively engage in cost control in its operation?

1.6 SIGNIFICANCE OF THE STUDY

The study would help the lake concrete industries limited in strengthening of its plan for its achievement in particular and other organization in general.

The study will also may choose to go further in the study.

Under this study emphasis is held towards the practical acquisition skills, knowledge and its application there by complementing the theoretical aspect of the student's work. This work no doubt will lead to an increase in the subsequently since the primary object is to make profit, their accomplishment of this goals will also lead to expansion of any business enterprise and also the enhancement of the employment base.

Government expensive which is the greatest in nation building is dependent on government revenue. The project is invaluable to the government for the taxation on the profit that can now be generated by lake concrete in particular.

1.7 DEFINITION OF TERMS

BUDGETARY OF CONTROL: The establishment of budgets relating the responsibilities of a policy and continues comparison of cuticle with budgeted results, either to score by individual action the objective of that policy or to provide a bases for its revision.

CARRYING COST: These cost that arises with large inventories and the cost associated with it are the cost of capital tied up in inventory, storage cost, insurance cost, property taxes and depreciation and obsolescence.

COST CENTER: A cost center is convenient intermediate point usually physical or geographical entity to which cost can be charge.

DIRECT MATERIAL: Any used material that can be traced in the economically feasible manner to a product or job is direct materials.

ECONOMIC ORDER QUANTITY (EOQ) This is the optional or minimum purchase size

FIXED COST: Fixed costs are those cost a relevant range of output, while the cost per unit varies with output.

ORDERING COST: Those cost that decline with higher inventories and are associated with placing an order. They include inter-office memo, long distance telephone call.

PRECAST: Any concrete cost in a different place outside the point of use.

RELEVANT RANGE: Various level of production in which contain factory overhead cost tends to remain constant.

VARIABLE COSTS: These are cost in which the total cost tends to change in direct proportion to changes in volume, or output, while the unit cost remain constant.

THE ROLE OF BUSINESS OBJECTIVE AND THEIR ACCOMPLISHMENT

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