

PDF - COST CONTROL IN PRACTICE IN SMALL SCALE ENTERPRISES A CASE STUDY OF SOME SELECTED BAKERIES IN OZORO - researchcub.info

ABSTRACT

This project is on "Cost Control in Practice in Small Scale Enterprises" with special reference to selected Bakery Ozoro. Chapter one deals with background of the study, statement of the problem, objectives of the study, significance of the study, scope of the study and limitation of the study. Chapter two is literature review where authorities in the field of cost accounting were discussed. Chapter three contained the methodology of the research under this chapter the method employed to source for data is both primary and secondary source. The statistical tool employed is the use of table and simple percentage. Chapter four based on data presentation and analysis of result while chapter five entails the summary of findings, conclusion and recommendations. The researcher discovered the organization incur idle time and the cost of idle time are included in the cost of production, therefore here recommends that management of the organization should ensure that plants and machinery be checked regularly by way of continuous servicing so as to reduce cases of idle time in the cost of operation in the organization.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

One of the basic feature by which smooth running of an organization could be accomplished is rest of the chronology operations. It is the fact that step by step movement of cost control must be put in place in order to prevent fraud and irregularities in the establishment must especially for proper records keeping and control of cost.

In any business organization with out proper control of cost it will be difficult to know to produce, material needed at a particular time.

Lucey (2002) said the cost accounting system of any organization is the foundation of internal information system.

Management needs variety information to plan, to control cost in the enterprises. It is the production managers who need such information that regarding raw materials, at a particular time in order to know quality to produce to avoid over production or under production which ever the case may be. Hence, the need of cost control shall not be over emphasized in a manufacturing industry.

1.2 Brief History of the Organization

Fig bakery was established in the year 2001. The bakery is located along hospital road in Isoko North Local Government area. A total of 18 workers are working in the enterprise excluding 3 securities men. Out of these 18 workers are unskilled workers while the remaining three are skilled workers these include the production manager the bookkeeper who keep the day to day records of the enterprises and the inventory.

Mena bakery was established in the year 1999; the bakery is located at Adegbe Street along hospital road in Isoko North Local Government area. A total of 12 workers two (2) securities men, the business started with capital of #80,000 equally thousand naira.

Favourity bakery was established in the year 2009. The bakery is located along Owhelegbo Road, Ozoro in Isoko North Local Government area. A total of twenty workers the production manager, the account clerks and the security men.

Wibo bakery was established in the year 2008, the bakery is located along Ozoro / Ughelli Express way back of Rendezvous hotel in Isoko North Local Government area. A total of (26) twenty six employees are

working in the enterprises these incite the production managers, the account clerk as well as security men.

1.3 Statement of the Problem

The study is carried out to find out how cost is controlled so that wastages will be avoided in the organization a situation when there is no proper costing information business organization will encounter many manufacturing organization by using unskilled labour or semi-skilled labour whose does not have or known the effectiveness of cost control in an organization these of course affect productivities retain expansion and limit competitive due to lack of awareness to cost control.

1.4 Objectives of the Study

The main objectives of this study are to know how the organization control cost using costing methods. Also to find out how costing system and technique is being used to analyzed and allocate the expenditure of the business.

1.5 Research Question

For the purpose of this study the researcher formulate the following research question

How do you organization control cost?

To what extend do you practices cost accounting in your organization?

In what way do cost accountings help in the determination of cost and control in your organization.

1.6 Significance of the Study

This study will be of a great significance to many small scale business enterprises most especially the four organizations selected as case study (Fig Bakery, Ozoro, Mena Bakery, Ozoro Favourite Bakery. Ozoro and Wibo Bakery, Ozoro).

It will also be of significance to these that want to established baker business.

Finally, it will be helpful to people that are interested of setting up small scale business of deferent king.

1.7 Scope of the Study

The scope of this research work is particularly on cost accounting in practice in small scale enterprises with references to fig bakery, Mena Bakery Favourity all in Ozoro in Isoko North Local Government area Delta State.

This research study will be base on descriptive this reason hypothesis testing will not be necessary.

1.8 Limitation of the Study

In the course of the research, the researcher faced allot of problems they include;

Financial constraint: This constraint prevented the researcher to travel to sourcing for information needed to complete this project work.

Time factor: Time factor is another factor that affects the researcher because the time duration made available was too short, these affected the researcher greatly.

Textbook; Textbook is another function that affected the researcher, some of the textbook; needed to updates the study literature review in details from was not available.

1.9 Definition of Term

Cost: Expenses incurred on goods purchase or services rendered.

Cost allocation: Identification of cost objective also called cost apportionment, cost assignment, cost distribution and cost reapportionment.

Cost centre: Unit within the organization in which the manager is responsible only for costs.

Cost control: Steps taken by management to answer that cost objective set down in the planning stages are

attained and to assure that all segment of the organization function in a manner consistent with its policies.
Controllable costs: Variable cost such as direct materials direct labour and variable that are usually considered controllable by the department manager. Further a certain portion of fixed cost also is controllable.
Controlling: Implementation of a decision and the use of feedback so that goods and specific strategies plan of the firm are optimally obtained.
Consumed cost: Measure of expired benefits.

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