COMPARATIVE ANALYSIS OF COST ACCOUNTING PRACTICE (A CASE STUDY OF WOW AND EDEN WATER FACTORY)

Research paper Submitted to Department of Accounting and Finance in partial fulfillment of Bachelor of Art Degree in Accounting and Finance

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Statement of Declaration

I, Tekalign Fereja, have carried out independently a research work on “comparative analysis of cost accounting practice in Eden and Wow water factory” in partial fulfillment of the requirement of the BA Degree program in Accounting and Finance with the guidance and support of the research advisor.

This study is my own work that has not been submitted for any degree or diploma program in this or any other institution, and that all references materials contained therein have been duly acknowledged.

Name: Tekalign Fereja   Advisor’s Name: Abduselam Fetu

Signature-------------------   Signature---------------------

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ACRONYMS

MOH=Manufacturing Over Head

DL =Direct Labor

TC =Total Cost

CLIM = Chartered Institute of Management accountant

ABSTRACT

This research paper titled “comparative analysis of cost accounting practice” was conducted on Eden water factory and Wow water factory. The main objective of the study was evaluated and compares the cost accounting practice of Eden and Wow water factory. In light of this objective, the study adopted descriptive research design with quantitative and qualitative research approach. To achieve this objective, primary data sources were used. Primary data were obtained using Questionnaire. And also, the research used comparatively analyze cost accounting method ,recording system, cost allocation and human resource The study also showed that the major problem of the factory is price setting, price differentiation of the product. The study suggests a series of measures which could be taken by the Eden water factory as well as Wow water factory to address various problems identified in the study

CHAPTER ONE

1. INTRODACTION

1.1 Background of the study

Cost accounting is an accounting system that provides financial and nonfinancial cost related information. Product costing is the cost of direct labor, direct materials, and manufacturing overhead that are used to create a product. And the purposes are for preparing financial statement, setting price and for control purpose (Horngren C. T, 2003). Thus cost accounting provides information for both management and financial accounting.

An essential system of costing is an essential factor industrial under modern conditions of business and such may be regarded as an important part in the efforts of any management to serve business stability in manufacturing company. Manufacturing means the process of converting materials in to finished goods by using raw materials, labor, overhead cost and many types costs used in converting the raw materials in to products to be sold to customers (frigo, 1986).

In planning cost accounting deals with the future. It assists to budget or predetermine material costs, labor and manufacturing, selling and distribution over headed. These costs may be used for determining process and measuring performances. In addition, they help managements in decision making with respect to capital expenditure or expansion of facilities. The control aspect which deals with the present is achieved by comparing actual results with the budget or predetermined standard and investigating the courses of differences (Cherringtons,1998 p 20).

The organization emphasis has been made on different cost finding methods for estimate the cost that has been incurred in a factory to manufacture specific products. One of the method is job order costing are readily identified by individual's units a batches which deal with broad average and masses of different units This method is application of costs to specific jobs. Which may be either a single physical unit or a few similar unites. This method is construction, garment factories, furniture manufacturing, metal tools factories, printing (2nd Edition Cherrington,1998 p 227).

The second method is process coting is a system by firms manufacturing standard products for stock in a continuous floor, without reference to specific orders or lots. This method is mainly used whenever the output of individuals processes is reasonably uniform or homogenous, as in flow milling, cement manufacturing (Cherrington,1998 p 278).

Generally, the cost accounting system when applied to the cost finding objective designed to accumulate the manufacturing costs and assign them to the units produced and the flow of these cost through manufacturing accounts.

Thus, cost accounting provides information for both management and financial accounting. It measures and reports financial and non-financial information that relates to the past of acquiring or consuming resources by the organization. Any organization starting from sole proprietorship to the corporation acquire or know how and use of cost concept and practice. (Horn green, 2003, p2-3). Because cost accounting provides key data to mangers for planning, controlling, and evaluating decision making, fixing product price as well as to know service price. Cost mangers must use method of allocation because, we cannot observe causal. (Horn green, 2003, p2-3) link between this resources spending and use. To this end, this project will evaluate the comparative analysis of cost accounting practice of WOW AND EDEN water factory.

1.2 Statement of the problem

Technological advancement and growing need of mankind has been the prime cause for today's dynamic business environment. So the need for consistent recording in business enterprises arose. Cost accounting especially for manufacturing companies is the key factor for achieving the desired profit since cost of raw materials is the major expense. The company doesn't properly apply the cost accounting system leads an organization to problems. It is to say that how an organization can plan its operation without knowing cost centers and costs are more and how to bring down improper cost increments for certain cost objects (may be machines products etc.). How can the organization know its performances?

Even though, the roles of cost discounting system is becoming essential in all profitable and non-profitable organization, the application and lack of adequate knowledge with respect to this system can affects its activities and responsibilities and even retarded the continuous development of the costing system. The weakness of cost accounting department will automatically lead the management to take poor decision, which may affect the companies' business strategy and even lead to bank rapt. The department of one business entity can be weak due to mishandling of records and cost information which can be opens the way to apply in appropriate cost accounting system and methods (Ahmed, 2010 EC).

Product costing is the cost of direct labor, direct materials, and manufacturing overhead that are used to create a product. And the purposes are for preparing financial statement, setting price and for control purpose. Even if product costing has the above listed benefits for firms, the company has a problem to entertain such benefits from its costing department. The major problem of manufacturing company has a problem of price setting for its products because the production cost of products is not properly and clearly determined. (Girum Ketema, June 2014)

Thus, by taking the above and similar facts into consideration, the researcher's will try to give an insight on whether or not the costing department of company under investigation is giving the proper information relevant for managerial control and decision making with regard to costing system in respect to process costing. The previous studies try to analyze the cost accounting practice only on a single manufacturing company, however this study tried to an comparatively analyze of the cost accounting practice of two water factory (WOW and EDEN water company) and make comparison of the finding and fill the study gap of the previous researches.

1.3. Research Question

- What type of cost accounting method does Eden and WOW company uses?
- How Does Company allocates cost-to-cost objects in Eden and Wow factory?
- How does the cost accounting information contribution for management decision making in Eden and Wow factory?
- Is there proper keeping and recording of cost data in Eden and Wow factory?

- Does Eden and Wow factory have skilled human resources that work on cost accounting?

1.4 Objective of the study

1.4.1 General Objective

The general objective of this study was to comparatively analyze the cost accounting practice in WOW and EDEN Water Company.

1.4.2 Specific Objective

- To compare and evaluate the cost accounting method of the company (WOW and EDEN water company).
- To compare the cost allocation practice of the (WOW and EDEN) company.
- To evaluate and compare the effort of WOW and EDEN Company to use cost accounting information for management decision.
- To compare and evaluate the level of proper keeping and recording system of cost data in (WOW and EDEN) company.

1.5 Significance of the study

Doing a research has its own reason or significance in which it contributes for the improvement of resolving problems of the company. This study is the following importance. First, the output of the study will be help the factory to correct its problems. This study will be significance to inform the corporation about its strength and weakness on the existing system and the possible suggestions may contribute to the company (WOW and EDEN water factory) to manage its resources properly and correct its problems using the outputs of this paper. It also helps to develop research skills and, also the result of this study can be serving as base for further research

1.6 Scope of study

The study was to cover as much as possible comparative cost accounting practice which is focused on WOW and EDEN water Company. The cost accounting is the back bone for the survival of the company dealing with cost analysis. Then the study is specifically designed to compare the cost department of the company. And finally recommendation will be forwarded about the effectiveness of the company based on the findings on the data analysis part.

1.7 Limitation of the study

This study focused on comparatively analyzing the cost accounting practice in Eden and Wow water factory. This is due to many constraints which are actually beyond the capacity of the researcher like absence of sufficient times, transpiration financial problem. From respondent's side, lack of respondent‘s willingness, false information disclosure and the company managers have not volunteer to interview the research related question

1.8 Organization of the paper

The research paper was divided in to five separate chapters. The first chapter is an introduction part includes background of the study, statement of the problems, objectives of the study, significant of the study, scope and limitation of the study. Second chapter present important related literature and empirical review, Chapter three discusses research methodology study which consists of research design, source of data, data collection method, target population, and sampling techniques and sample sizes. Chapter four focuses on analysis of the results and discussions. Finally, the last chapter (chapter five) gives conclusion and recommendation for the study .

CHAPTER TWO

LITERATURE REVIEW

Introduction

The first chapter introduced the problem to be investigated in this study along with purpose cost accounting. In order to put the study within the context of the existing literature, the subsequent sections of this chapter present the theoretical review, empirical review and gap identification.

2 THEORTICALE REVIEW

2.1 What is cost Accounting?

Cost accounting is the process of accumulating the costs of manufacturing, and other functional processes and identifying these costs with units produced or some other object. It is a unique sub filed of managerial and financial accounting. Cost accounting is applied primarily to manufacturing. Organization that combine and process raw material in to finished products.
Management accounting is the process of identification measurement, accumulation, analysis, preparation, interpretation, and communication of financial information used by managements of plane, evaluate, and control within an organization to assure appropriate use of and accountability for its resources (Cherrington, 1998, p 5).

Costing and cost accounting are often used inter changeably. The chartered institute of management accountant (CIMA) London has defined costing as, "the techniques and processes of ascertaining costs." Weldon has defined costing as," the classifying, recording and appropriate allocation of expenditure for the determination of costs, the relation of these costs to sales value and ascertainment of profitability." Thus, costing simply means cost finding by any process or technique.

Cost Accounting is the field of accounting that measure, records and report information about cost represented in the accounting system by out lays of cash, promise to pay cash in the future and expiration of the value of an asset. These include the cost of inventory, the cost of increasing sales volume and cost saved from energy efficiency equipment. (Edward and Michael, 1991, P.77)

Cost accounting provides information for management accounting and financial accounting management accounting measures and reports about financial and non-financial information that helps managers make decisions to fulfill the goal of the organization and financial accounting focus on reporting to external parties. (Horn green, 2003, p2-3)

Cost accounting provides mangers with relevant cost data to assist them in operating the business effectively. The management process includes developing an operating plan, implementing the plan, and evaluating the result of operation (Cherrington,1998, p 54).

2.1.2 Classification of costs

Classification are needed for development of cost data that are useful management with regard to the following five purposes or aims these are

Planning profit by means of budget, controlling cost via responsibility accounting, measuring annual or periodic profit including inventory costing, assisting in establishing selling price and pricing policy and Furnishing relevant cost data for analytical processes for decision making (Horngren 2003). There for cost are classified in to broad category and some of them are listed below

2.1.2.1 Cost in their relation to the production.

The elements of manufacturing cost are direct material. direct labor, and factory overhead (indirect manufacturing). Direct material and direct labor costs are combined in to another classification called primary cost, and direct labor and factory overhead can be combined in to a classified called conversion cost. Representing the cost of converting direct material in to finished products (Frigo,1986, p 10).

Direct material are all materials that forms and integral part of finished product and that can be included directly in calculating the cost of product clued all to make automobile bodies. The case and feasibility with which the material item can be traced to the final product are major consideration in their designation as direct material. Give and facts to build furniture from part of the finished product but for costing purposes such item may be classified as in direct materials for manufacturing cost (Frigo, 1986 p 10).

Direct labor (DL): is labor applied directly to the materials. Comprising the finished product. The cost of wedge paid to skilled or unskilled workers and assignable to the particular unit produced is termed direct labor (Frigo, 1986, p10).

Factory over head:-Defined as the cost of indirect material, indirect labor and all other manufacturing cost that cannot conveniently by charged to specific unit, job or products (Frigo, 1986, 10-11) Indirect materials are those needed for the competition of the product but whose consumption with regard to the product is either so small or so complex that is would be futile to treat them as direct material.

Indirect labor: - may be defined in contrast to direct labor as that labor which does not directly affect the constitution or the composition of the finished product. The term includes the labor cost of supervisor shop clerks, general helper cleaner and those employees engaged on maintenance work or other service work. Not directly related to production (Cherrington,1998, p28).

2.1.2.2 Cost in their relation to manufacturing department

Factory is generally organized along departmental lines for production purpose. This factory department allocation is the basis for the important classification and subsequent accumulation of cost by departments Products and service department.

Product department: - is one in which manual and machine operation is performed directly upon any part of product manufactured, more specifically, producing department are those whose cost may be charged to the product because they have contributed directly to its production. weather two or more different type of machine perform operation on product with in the same department a break down into cost center increase the accuracy of product cost (cherrington,1998 p. 492).

Service department:-one that is not directly engaged in production but tenders a particular type of service for the benefit of others department in some instance these service benefit of others service department as well as producing department represents a part of the total factory overhead and must be observed the cost of the product by means of the factory overhead cost (cherrington, 1996 pp, 492-93).

2.1.3 Use of cost information

2.1.3.1 Cost for planning and control

A company of information system provides the data required for the preparation and operation of budget and for establishing standard costs.
Budget is a quantitative expression of a proposed plan of action by management for a specific period and an aid to coordinating what need to be done to implement that plan. A budget can cover both financial and non-financial aspects of the plan and serve a blue print for the company to flow in an upcoming period. A budget that covers financial aspects quantities management expectation regarding income, cash flow, and financial position. Just as financial statements are prepared for past period. So can financial statements be prepared for future period for example a budgeted income statement, statement of cash flow and budgeted balance sheet (2nd edition Cherrington, 1998, p 227).

Advantages of budget

Budgets are big part of most management control style (System) Some advantages are listed below,
Compares strategic planning and implementation of plane Provided a framework for judging performance, motivates managers and employees, Promotes coordination and communication among sub units within the company (Horn green,2003 pp, 176-177).

Standard cost: - Closely allied with the budget are standard cost which are predetermined cost for direct material, direct labor, and factory overhead. They are established by using information accumulated from past experience and data secured form research studies and it helps the management to form the foundation for the budget (Frigo,1986, p97).

2.1.3.2. Cost for analytical purpose

Different type of involve varying kind of consideration in managerial analysis for decision making for example different analysis for decision making. For example, differential analysis for decision making in different and out of pocket cost are type of cost which attempt to envision when management in faced with the problem of abandoning one product and substituting another decision will demand the consideration of opportunity cost. If expansion of operating facilities is contemplated the relevant cost are future costs to be incurred should a project should be an abounded of capital cost never fully recovered through revenues, the company's management will face a cost situation that is formed a sunk cost. The many time and the disposal value of facilities.

2.1.4Objective of cost accounting

The main objectives of cost accounting are as follows. Ascertainment of cost: - This is the primary objectives of cost accounting. For cost ascertainment different techniques and systems of costing are used under different circumstances. Control of cost: - cost control aims at improving efficiency by controlling and reducing cost. The objective is becoming increasingly important because of growing competition. Guide to business policy: - Cost accounting aims at serving the needs of management in conducting the business with at most efficiency. Cost data provide guidelines for various managerial decisions like make or buy, selling below cost, utilization of idle plant capacity, introduction of a new product, etc. Determination of selling price: - Cost accounting provides cost information on the basis of which selling prices of products or services may be fixed. In periods of depression, cost accounting guides indicating the extent to which the selling price may be reduced to meet the situation.

In order to realize the objectives, the data provided by cost accounting may have to be re-classified, re-organized and supplemented by other relevant business data from outside the formal cost accounting system. (Arora, 2003 page 6).

2.1.5 Advantage of cost accounting

The principal advantages of cost accounting are; Reveals profitable and unprofitable activities. A system of cost accounting reveals profitable and un profitable activities so that steps may be taken to reduce or eliminate wastages and inefficiencies accounting in any form such as idle time, under-utilization of plant capacity, spoilage of materials, etc. Helps in cost control cost accounting helps in controlling cost with special techniques like standard costing budgetary control. Helps in decision making. It supplies suitable cost data and other related information for decision making, such as introduction of new product line, replacement of old machinery with an automatic plant, make or buy, etc. Guides in fixing selling prices. Cost is one of the most important factors to be considered while fixing prices. A system of cost accounting guides the management in the fixation of selling prices particularly during depression period when prices may have to be fixed below cost. Helps in inventory control. Perpetual inventory system, which is an integral part of cost accounting, helps in the preparation of interim profit and loss account. (Arora, 2003, page11-12)

Aids in formulating policies costing provides such information as enables the management to formulate production and pricing policies and preparing estimates of contracts and tenders. Helps in cost reduction, it helps in the introduction of a cost reduction programmer and finding out new and improved ways to reduce costs. Reveals idle capacity. A concern may not be working to full capacity due to reasons such as shortage of demand, machine break down or other bottlenecks in production. A cost accounting system can easily work out the cost of idle capacity so that management may take immediate steps to improve the position. Checks the accuracy of financial accounts. Cost accounting provides reliable check on the accuracy of financial accounts with the help of reconciliation between the two at the end of the accounting period. Provide cost data to outside agencies. A cost system produces ready figures for use by government, wage tribunals, trade unions, etc., for use in problems like price fixing, wage level fixation, settlement of industrial disputes, etc. Benefits working class. Workers are benefited by introduction of incentive plan which is an integral part of accost system. This results not only in higher productivity but also higher earnings for them. Helps in lowering prices. An efficient cost system is bound to lower the cost of production, the benefit of which is passed to the public at large in the form of lower prices of products or services. (Arora, 2003, page11-12)

2.1.6 Costing system

The two basic types of costing systems are used to assign cost to product or service. Which of them are as follow?

2.1.6.1 Job order costing system

In this system the cost object is a unit or multiple unit of a distinct product or service called a job. Job order costing system is a type of cost system that provides for a separate record of the cost of each particular quantity of product that passes through the factory. Job order costing system is commonly used by companies with product that are unique and divisible. In this system costs are assigned to a distinct unit, batch or lot of product, or service. Job is task for which resources expended in bringing a distinct product or services to market (Cherington,1998, p 277).

Examples of business that use job order costing includes; Construction system, Furniture manufactures, Printing firms, Repair shops, Service giving organization, Garages…etc.

2.1.6.2 Process **costing** system

In this costing system is used for manufacturing process which produces a single product or single mix of products continuously for an extended period of time. In this system the cost of a product or service is obtained by using broad averages to assign cost to mass of similar unites produced for general sale and not for any specific customers. Average cost over large number of nearly identical product companies that use process costing system are as follow (Cherrington,1998 p 278).

Cement factories, Petroleum refineries, Flour companies, Beer factories, Textile factories, Beverage companies, Characteristics of process costing system (Cherrington,1998, p314) The products manufactured are homogenous. The cost is accumulated in departments or cost centers, each unit produced will receive the same amount of direct material, direct labor, and

MOH cost, Average Unit cost is obtained by dividing TC to unit produced in a given department (cost center)

Costs are divided in to two based on when the costs are incurred in to the production process. Direct material cost: -This cost is usually added at one times either at the beginning, at the middle or at the end of the production process and Conversion cost (Direct labor (MOH cost) there costs are usually added evenly or uniformly throughout the production process.

Table2.1 The difference between job order costing and process costing system.in table format.

		JOB COSTING	**PROCESS COSTING**
1	Types of product	Diversified product line in which products are produced in batches with each batch representing a unique product	Homogenous products produced continuously
2	Cost accumulation	By job for a specified number of unit	By department or cost center for a specified period of time
3	Cost per unit	costs accumulated by job dividing when job is complete	Cost accumulated by cost center divided by equivalent units of production during a period of time
4	Reporting	By job	By cost center or department

Source: (Cherington, 1998, p 278).

2.1.7 Process losses and wastage

In industry which employs process costing a certain amount of loss occurs at various stage of production. Such loss may arise due to chemical reaction, evaporation, in efficiency, etc. It is therefore, necessary to keep accurate records of both input and output where the loss occurs at a late stage in manufacture, it is apparent that financial loss is greater. This is because more and more costs are incurred on processes as products move towards completion stage

Process losses may be classified in to normal process loss, abnormal process loss

2.1.7.1 Normal process loss

That amount of loss which canner is avoided because at the natural material or process is normal process. Such a loss is quite expected under normal condition. It is caused by factors like chemical change evaporation, with drawls for test or sampling, un avoidable spoiled quantities, etc.

2.1.7.2Abnormal process loss

This type of loss consists of loss due to carelessness, machine break down, accident, use of defective materials, etc. thus it arises due to abnormal factors due to abnormal factors and represents loss which is over and above the normal loss (Arora, 2003, page 421)

2.1.8 Accounting treatment of normal process loss

Accounting treatment is fundamental costing principle that the cost of normal losses should be borne by the good production. Normal losses are generally determined as a percentage of input. Sometimes such losses are due to loss of weight, say due to evaporation or chemical action. Since such wastage is not physically present, obviously it cannot have any value.

However, when normal loss is physically present in the form of scrap, it may have some value, i.e. it may be sold at some price. Whenever a scrapped material has any value, it’s credited to the process account. (Arora, 2003, page 421-422)

2.1.9Accounting treatment of abnormal loss

It has been stated earlier that abnormal loss due to carelessness, accidents, machine break-down and other abnormal reasons. Unalike normal loss, abnormal loss is not absolved by good production, racer it is transferred costing profit and loss account. This is because if the cost of abnormal loss were to fall up on the good production, the cost there of will fluctuated and the information preceded would be mil leading. (Arora, 2003, page 422-423)

2.2 Empirical Literature Review

There is no single empirical study in the area of cost accounting practice and pricing system. The following attempt is made to summarize the main finding of some selected studies on cost accounting practice and pricing system.

•**Salih Jemal**(May,2012)- studies on cost accounting system of kotebe metal tools factory and defined cost accounting as the process and evaluation of operating cost data to provided information for external reporting, internal planning and control of ongoing operating cost and special decision making. The result of the data analysis showed that the factory used the standard cost is not up to date to the current situation and the treatment of scrap is not identifying scrap with individual jobs. So, the factory should be revised the standard costing and it should adjust the treatment of scrap with individual jobs.

•**Samrawit Yemaneh** (April,2010)- the study which was designed to assess the cost accounting system of the Ethiopian plastic share company. According to this study the factory used standard costing of basic standard type while is not updated to the current situation, so this standard costing is not accurate estimate of cost. The result and discussion port of this research was analyzed based on the data collected through interview with some supporting documentary evidences such as the past years cost data. Based on this, the study intended to suggest possible solution to the problem identified.

Meksud Arebo(May,2011) The study “Assessment of cost accounting practice” was conducted on Kaliti Food Share Company. The main objective of the study is to assess the product costing system of the factory. The result of the data analysis showed that. The company uses both process costing and job order costing system. The basic Problem of the company is price differentiation that used to produce the same product.

2.3 conclusion and knowledge gap

The pervious researches conducted about cost accounting practice of single company analysis on allocation of cost, recording method of cost and types of cost accounting and cost accounting information to contribution management decision making. So almost all previous researcher assesses the cost accounting practice in one manufacturing company only. Therefore, to fill this research gap, this study tried to comparatively analyze the cost accounting practice of EDEN and WOW water manufacturing company.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3 Introduction

This chapter over view the methodology the study adopted in the research .It includes the research design used to assess about the research and detail methodology showing the logical framework that discuses research designed ,sampling designed and research method is presented .To achieve the objective of this research the appropriate method is adopted and method that was used to collect the data and the method employed to run the data analysis and interpretation is discussed under this chapter.

3.1 Research Approach

There are two basic types of research approaches, quantitative and qualitative approach. In order to achieve the objective of this study and answer the research a question, the researcher used both quantitative and qualitative approach. The reason for using quantitative approach for employees is that the researcher aims to make generalization. The other reason for using qualitative approach for employer is that researcher uses purposive sampling method and the researcher aims to gain understanding of their attitude rather than making generalization.

3.2 Research Design

The formidable problem that follows the task of defining the research problem is preparation of the design of the research project popularly known as research design. To achieve stated objective of study, the researcher used descriptive type of research design. Descriptive research designs focus on describing station at set of circumstance by observing to give scientific description. The researcher also relayed on descriptive method, because of this method is more suitable to describe, measure, and compare the cost accounting practice of WOW and EDEN Water Company.

3.3 Population and sampling technique

3.3.1 Target population

In research methods, population is the entire aggregation of items from which samples can be drawn. The population of the present study consists of 35 employees WOW water factory and 40 employees of EDEN water factory.

3.3.2 Sampling Technique and Size

In this study, the sampling method used to acquire the respondent is purposive sampling technique. In order to achieve the objective of the research, the study purposively selected 11 employees WOW water factory and 11 employee of EDEN water factory. The reason for using purposive sampling techniques is the selecting employee are related to cost accounting department of the company and that have to expect good knowledge about the cost accounting practice in manufacturing company.

3.4 Types and Source of Data

The study was used to primary sources of data utilized. For this study the researcher used primary sources of data likes questionnaires because these methods are convenient, less complicated and easily collect large amounts of data.

3.5 Data Analysis Method

The collected data was processed, analyzed and interpreted to report the result of researcher finding of the selected company. The data analysis begins by editing and classifying the collected data in more meaningful and relevant information to the study by attached documents (if any) as it is appropriate in conducting the study. Data editing means the process of examining collected data identify errors and omissions. As to data classification, the gathered data are arranging and grouped in to similar categories and generalize the data in order to facilitate the study. The interpreted data was summarized and concluded in to meaningful way that can be understood by any concerned body. Finally, narrative sentences used to present the study report and where necessary descriptive way of data analysis by comparing actual finding with theory in conducted the stud

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

INTRODUCTION

This chapter presents analyses and interpretation data .data collected through questioner and interview. “Questionnaire” is used as a primary data collection method to gather the required information. In addition, that most of the data collected mainly form selected department heads, background information about respondents will have an important role for confirmation of the data. The remaining part of this chapter is organized as follows, qualitative statistics on the finding and result of discussion from EDEN and WOW water factory along with demographic profile and their response to the study related questions by using questionnaires

4.1 Results from questionnaire

Questionnaire is very important to gather information and it is very useful . For this research which requires individual’s response about the cost accounting employees, the researcher used this data source as a primary source and has got in-depth information by using this technique.

4.1.1 Background Information of respondents

From total 22 questionnaire distributed to employees of the factory to 11 questionnaires EDEN water factory and 11 questionnaire WOW water factory, 20 questionnaire representing 90.9% are returned.10 from EDEN and 10 WOW water factory.

Table 1: Respondent's personal information

		EDEN water factory		WOW water factory	
Gender	Description	No of respondent	Percent%	No of respondent	Percent%
	Male	8	80%	9	90%
	Female	2	20%	1	10%
	Total	10	100%	10	100%
Age	20-30	4	40%	5	50%
	31-40	4	40%	4	40%
	41-50	2	20%	1	10%
	>50	-	-	-	-
	Total	10	100%	10	100%
Educational Status	Diploma	2	20%	2	20%
	Degree	6	60%	6	60%
	Master	2	20%	2	20%
	Total	10	100%	10	100%
Work experience	<2 year	5	50%	6	60%
	3-5 year	4	40%	4	40%
	6-10 year	1	10%	-	-
	>10 years	-		-	-
	Total	10	100%	10	100%

Source: questionnaire

As it is shown on the above table, 80% of respondents are males and 20% of respondents are female in EDEN water factory and 90% of respondents are male and 10% of respondents are female in WOW water factory. The table shows that EDEN water factory gender distribution for female employees are larger than WOW water factory.

In the case of classification by age, representing 40% of the respondents are their age between 20 – 30 years and representing 40% of the respondents are their age between 31- 40 years and 20% of the respondents are their age between 41-50 EDEN water factory and representing 50% of the respondents are their age between 20 – 30 years and 40% of the respondents are their age between 31- 40 years and 10% of the respondents are their age between 41-50. This indicates that the 90% employee's age is lies between 20 – 40 years in WOW water factory and the 80% employee's age is lies between 20 – 40 years in EDEN water factory and there is no old employee in the factory.

With regard to educational level of respondents, the table shows that 20% of the employees are holders diploma, 60% of the employee's holds degree and the remaining 20% of the employees are master degree holders in EDEN water factory and 20% of the employees are holders diploma, 60% employee's holds degree and 20% employees are master degree holders in WOW water factory, on the other hand there is no other educational level from the sample. This shows that highest percentages of employees are degree holders in EDEN water factory and WOW water factory.

In relation to work experience of employees, the table shows that 50% of the employees have an experience of 0-2 years, 40% of the employees have an experience between 3-5 years, and 10% of the employees has an experience of 6 – 10 years in EDEN water factory and 60% of the employees have an experience of 0-2 years, 40% of the employees have an experience between 3-5 years, and there is no respondent, of the employees has an experience of 6 – 10 years in WOW water factory.

4.2 Employees response to the study related question with cost accounting practice of EDEN and WOW water factory.

In this section the attitudes of employees related to cost accounting practice are discussed. The analysis and presentation in made using statically tools such as frequencies percentage and tables.

4.2.1 Cost accounting method

Accounting is based on the fact that every financial transaction has equal and opposite effects in at least two different accounts. It is used to satisfy the equation Assets = Liabilities + Equity, whereby each entry is recorded so as to maintain the relationship and transactions are recorded in terms of debits and credits.

Table 2 cost accounting method

			EDEN water factory		WOW water factory	
No	Question	Types of response	No of respondent	Percen tage	No of respondent	Percen tage
1	Dose the firm use double entry accounting system?	Yes	10	100%	10	100%
		No	-	-	-	-
		I don't know	-	-	-	-
		Total	10	100%	10	100%
2	Dose the firm fiscal year is at the end of the year?	Yes	10	100%	10	100%
		No	-	-	-	-
		I don't know	-	-	-	-
		Total	10	100%	10	100%
3	Dose the factory use process costing system?	Yes	10	100%	10	100%
		No	-	-	-	-
		I don't know	-	-	-	-
		Total	10	100%	10	100%
4	Dose the factory use accrual base of accounting?	Yes	10	100%	10	100%
		No	-	-	-	-
		I don't know	-	-	-	-
		Total	10	100%	10	100%

Source: questionnaire

The above table shows that both Eden water factory and Wow water factory 100% confirm use double entry accounting system, firm fiscal year is at the end of the year, accrual basis of accounting and process costing system it produces massive similar units of products for a long period of time produce only water. Generally, EDEN water factory and WOW water factory use similar cost accounting method.

4.2.2 Costing system effectiveness

Table4. 3 costing system effectiveness

Items	Fact.	Strongly agree		Agree		Neutral		Agree		Strongly disagree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
The company current costing system is proper according to setting	Eden	5	50%	3	30%	2	20%	0	0%	0	0%
	Wow	3	30%	5	50%	2	20%	0	0%	0	0%
The current costing system is convenient for effective production cost assignment	Eden	4	40%	3	30%	2	20%	1	10%	0	0%
	Wow	4	40%	2	20%	1	10%	3	30%	0	0%

Source: questionnaire

Based on the above table show that in Eden water factory 50%, 30% and 20% of respondents strongly agreed, agree and neutral respectively that the company's current costing system is proper according to its setting and in Wow water factory 30%, 50% and20 of respondents strongly agreed, agree and neutral respectively that the company's current costing system is proper according to its setting. These show that both Eden and Wow water factory current cost accounting system are proper according to setting.

Show 40%, 30%, 20% and 10% of respondents strongly agreed, agree, neutral and disagree respectively that company's current costing system is convenient for effective production cost assignment in Eden water factory and40%, 20%, 10% and 30% of respondents strongly agreed, agree, neutral and disagree respectively that the company's current costing system is convenient for effective production cost assignment in Wow water factory. Generally, Eden water factory have better current costing system is convenient for effective production cost assignment than Wow water factory that means that Wow water is not bad.

4.3 Allocation of cost-to cost-object

In manufacturing company they have direct and indirect cost associated to the product. Direct costs of a cost object are costs that are related to the particular cost object and can be traced to it in an economically feasible way. Such costs are: Direct material costs are costs that the company uses to produce finished products in each cost center are directly to the cost of that product. Direct labor costs are cost of salary and wage, over time, leave pay of employees paid for the direct application of labor to manufacture a product.

Indirect costs: indirect cost of a cost objects are costs that are related to the cost object but that cannot be traced to it in an economically feasible way incurred in the practices of manufacturing a product and are not charged as direct material or direct labor costs a particular cost centers. Such costs are in direct labor cost, indirect materials cost, depreciation, electricity and repair and maintenance, fuel, stationary, insurance and others.

Table4. 4 company allocate cost-to-cost object

Items	Fact.	Agree		Neutral		Disagree		Strongly agree	
		Freq	%	Freq	%	Freq	%	Freq	%
The factory cost allocating department use more than one pool for accumulating in direct cost	Eden	7	70%	3	30%	0	0%	0	0%
	Wow	2	20%	3	30%	0	0%	0	0%
Those are properly allocating all of them to the cost object	Eden	4	40%	2	20%	1	10%	0	0%
	Wow	3	30%	5	50%	0	0%	0	0%
The factory use predetermined rate for allocating manufacturing overhead cost	Eden	6	60%	0	0%	0	0%	0	0%
	Wow	3	30%	2	20%	1	10%	0	0%
The factory have proper accumulated production cost in each cost center	Eden	3	30%	3	30%	2	20%	0	0%
	Wow	1	10%	5	50%	0	0%	0	0%

Source: questionnaire

The above table shows that in Eden water 70%, 30% of respondents agree and neutral respectively and in Wow water 50%, 20% and 30% of respondents strongly agree, agree and neutral respectively the factory cost allocating department use more than one pool for accumulating in direct. These indicate as both Eden and Wow water factory use more than one pool for accumulating in direct cost.

The table shows 30%, 40%, 20% and 10% of respondents strongly agreed ,agree, neutral and disagree respectively in Eden water factory and 20%,30% and 50% of respondents strongly agreed ,agree and neutral respectively in Wow water factory confirm those are properly allocating all of them to the cost object. Generally, both factories cost object are properly allocate. But comparatively Eden water factory has better proper allocation of cost object than Wow water factory.

The table shows 40% and 60% of respondents strongly agreed and agree respectively in Eden water factory and 40%, 30%, 20% and 10% of respondents strongly agreed, agree, neutral and disagree respectively in Wow water factory use predetermined rate for allocating manufacturing overhead cost. This imply both Eden and Wow water factory use predetermined rate for allocating manufacturing overhead cost

The table shows 20%, 30%, 30% and 20% of respondents strongly agreed, agree, neutral and disagree respectively in Eden water factory and 40%,10% and 50% of respondents strongly agreed, agree and neutral in Wow water factory have proper accumulated production cost in each cost center. This indicate most of Eden and Wow water factory have not proper accumulated production cost in each cost center.

4.4 Proper keeping and recording of cost data

Storekeeper is responsible for safeguarding the materials and supplies in proper place until they are required for production activities. The storekeeper have responsibilities such as maintaining the proper record of materials relating to the receipt and issue of materials; Arranging for physical verification of store items periodically; Supplying information of materials, stock position and so on whenever needed; Checking the physical quantity of materials and verify with a bin card; and Preventing unauthorized entrance into the store room.

Table 4.5 Proper keeping and recording of cost data

Items	Fact.	Strongly agree		Agree		Neutral		Disagree		Strongly agree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
The company have a separate cost accounting department	Eden	6	60%	2	20%	2	20%	0	0%	0	0%
	Wow	2	20%	3	30%	5	50%	0	0%	0	0%
The company have proper purchasing procedures	Eden	4	40%	2	20%	4	40%	0	0%	0	0%
	Wow	5	50%	3	30%	2	20%	0	0%	0	0%
The purchasing department submit the proper documents to the cost accounting department for record at the time of delivery	Eden	3	30%	4	40%	3	30%	0	0%	0	0%
	Wow	3	30%	3	30%	4	40%	0	0%	0	0%
The costing departments record the purchaser transaction immediately when it gets the proper source documents.	Eden	3	30%	4	40%	2	20%	1	10%	0	0%
	Wow	2	20%	5	50%	2	20%	1	10%	0	0%
The factory store keeper sends and copy material receiving voucher to the costing department on time.	Eden	7	70%	3	30%	0	0%	0	0%	0	0%
	Wow	7	70%	3	30%	0	0%	0	0%	0	0%

Source: questionnaire

The above table show that 60%, 20% and20% of respondents strongly agreed, agree and neutral respectively in Eden water factory and 20%, 30% and 50% of respondents strongly agreed, agree and neutral respectively in Wow water factory have a separate cost accounting department. This show that both have a separate cost accounting department but based on the respondents Eden water factory have better separate cost accounting department than Wow water factory.

Show that 40%, 20% and 40% of respondents strongly agreed agree and neutral respectively in Eden water factory and 50%, 30% and 20% of respondents strongly agreed, agree and neutral respectively in Wow water factory have proper purchasing procedures. The study shows that and Wow water factory have good purchasing procedures compare to Eden water factory.

According to the respondent 30%, 40% and 30% of respondents strongly agreed agree and neutral respectively in Eden water factory and 30%, 30% and 40% of respondents strongly agreed agree and neutral respectively in Wow water factory purchasing department submit the proper documents to the cost accounting department for record at the time of delivery. The study shows that both Eden and Wow water factory purchasing department submit the proper documents to the cost accounting department for record at the time of delivery.

Show that 30%, 40% , 20% and 10% of respondents strongly agreed agree, neutral and disagree respectively in Eden water factory and 20%, 50% , 20% and 10% of respondents strongly agreed agree, neutral and disagree respectively in Wow water factory costing departments record the purchaser transaction immediately when it gets the proper source documents. This shows that both factories are record transaction proper source of documents.

Show that 70% and 30% of respondents strongly agreed and agree respectively in Eden water factory and Wow water factory store keeper sends and copy material receiving voucher to the costing department on time. Generally, both Eden and Wow water factories are properly store keeper sends and copy material receiving voucher to the costing department on time

4.5 The skill of human resource

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Table 4.6 the skill of human resource

Items	Fact.	Strongly agree		Agree		Neutral		Disagree		Strongly agree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
The factory employees have sufficient knowledge and skill for their job responsibility		5	50%	3	30%	2	20%	0	0%	0	0%
		3	30%	4	40%	3	30%	0	0%	0	0%
The factory cost accounting staff members are professionally qualified in accounting		3	30%	5	50%	2	20%	0	0%	0	0%
		4	40%	4	40%	2	20%	0	0%	0	0%
The department has adequate staff member in number, they are efficient		4	40%	2	20%	2	20%	2	20%	0	0%
		0	0%	4	40%	3	30%	3	30%	0	0%
The production department control the employee to work properly a production schedule		5	50%	1	10%	4	40%	0	0%	0	0%
		5	50%	1	10%	4	40%	0	0%	0	0%

Source: questionnaire

The above table shows that in Eden water factory 50%, 30% and 20% of respondents strongly agreed, agree and neutral respectively and in Wow water factory 30%, 40%, and 30% of respondents strongly agreed, agree and neutral respectively the employees have sufficient knowledge and skill for their job responsibility. The study shows that most of both factory employees have sufficient knowledge and skill for their job responsibility.

In Eden water factory 30%, 50% and 20% of respondents strongly agree, agree and neutral respectively and in Wow water factory 40%, 40%, 20% of respondents strongly agree, agree and neutral respectively that the factory cost accounting staff members are professionally qualified in accounting. This shows that most of Eden and Wow factory cost accounting staff members are professionally qualified in accounting.

The department have adequate staff member in number, they are efficient 40%, 20%, 20% and 20% of respondents strongly agree, agree, neutral and disagree respectively in Eden water factory and 40%, 30% and 30% of respondents agree, neutral and disagree respectively in Wow water factory. These studies show that both factories have adequate staff member but in order to compare Wow water factory has less adequate staff member in number and efficiencies than Eden water factory.

The production departments controls the employee to work properly a production schedule that 50%, 10% and 40% of respondents strongly agreed, agree and neutral respectively in Eden water factory and Wow water factor. The researcher observed from the study, both Eden and Wow water company production departments control employee to work properly a production schedule.

4.6 Cost data for decision making

Many manufacturing company managers expect the cost data as much useful as required so that various usable economic decisions can be drawn from it. As a result the cost accountant has the highest responsibility of presenting the cost data in a way that makes decision makers understand easily, interpret and make decision based on it. The factory selling prices of manufactured goods are set based on two important factors the cost of production, which is directly related to input price as cost of production increase selling price accordingly will increase to retain the profit margin at its original amount. The other is the demand factor

According to the respondent both Eden and Wow spring water factory purpose of cost information is need to proper setting price and the company to know the total profit and loss and the preparation of financial statement.(Source: questionnaire).

4.7. Techniques used to the company to reduce cost

Currently, both factory is incurring a large amount of costs but still maintaining the quality of products produced. By now, both Eden and Wow factory are to design methods of reducing its production cost using the following techniques. Replacing the old truck with the new ones so that timely maintenance cost is highly reduced, Comparison of its suppliers as free market is granted by the existing government, Encouraging the domestic suppliers of raw materials so that in puts can be purchased with Mach lower price than the imported once. (Source: questionnaire)

4.7 Problem of the factory

Table 4.7 Problem of the factory

Items	Fact.	Strongly agree		Agree		Neutral		Disagree		Strongly agree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
The factory has Problem of price setting for its products because the production cost of products is not properly and clearly determined.	Eden	0	0%	6	60%	0	0%	4	40%	0	0%
	Wow	0	0%	6	60%	0	0%	2	20%	2	20%
The company doesn't properly apply the cost accounting system	Eden	0	0%	4	40%	0	0%	3	30%	3	30%
	Wow	0	0%	4	40%	0	0%	3	30%	3	30%
lack of adequate knowledge with respect to cost discounting system	Eden	0	0%	3	30%	0	0%	0	0%	7	70%
	Wow	0	0%	3	30%	0	0%	2	20%	5	50%
The company has	Eden	0	0%	0	0%	0	0%	8	80%	2	20%

mishandling of records and cost information which can be opens the way to apply in appropriate cost accounting system and methods	Wow	0	0%	0	0%	0	0%	6	60%	4	40%
The main causes of labor efficiency variance are Personal difference	Eden	0	0%	3	30%	0	0%	5	50%	2	20%
	Wow	0	0%	3	30%	0	0%	2	20%	5	50%

Source: questionnaire

The above tables show that in Eden water factory 60% and 40% of respondent agreed and disagree respectively and in Wow water factory 60%,20% and 20% of respondent agreed, neutral and disagree respectively the factory has Problem of price setting for its products because the production cost of products is not properly and clearly determined. The researcher observed from the study, both Eden and Wow Water Company has Problem of price setting

Thus tables show that 40%, 30% and 30% of respondent agreed, disagree and strongly disagree respectively in Eden water factory and Wow water factory doesn't properly apply the cost accounting system. The researcher observed from the study, they have some problem respect to thus but, both Eden and Wow water factory properly apply the cost accounting system.

In Eden water factory 30% and 70% of respondent agree and strongly disagree respectively and in Wow water factory 30%, 20% and 50% of respond agree, disagree and strongly disagree respectively lack of adequate knowledge with respect to cost discounting system. According to respondent they have some problems related to cost discounting but, both Eden and Wow water factory have not lack of adequate knowledge with respect to cost discounting system.

The table shows 20%,40% and 20% of respondent strongly agree, agree and s disagree respectively in Eden water factory 60% and 40% of respondent agree and strongly disagree respectively in Wow water factory has mishandling of records and cost information which can be opens the way to apply in appropriate cost accounting system and methods. The study shows that both Eden and Wow water factory have some problem of mishandling records and cost information.

The table shows 30%, 50% and 20% of respondent agree, disagree and strongly disagree respectively and in Eden water factory and 30%, 20% and 50% of respondent agree, disagree and strongly disagree respectively and in Wow water factory has the main causes of labor efficiency variance are Personal difference. This implies both factories decided Personal difference has not the main causes of labor efficiency variance but, one problem of labor efficiency variance.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

Introduction

The preceding chapter presented the results and discussion, while this chapter deals with conclusions and recommendations based on the findings of the study. Accordingly, this chapter is organized into two subsections namely conclusion and recommendation.

5.1 Conclusion

The main objective of the study is to comparatively analyze cost accounting practice in Eden spring water Share Company and Wow spring Water Company based on the cost accounting method, allocation of product cost, skilled human resource and price setting mechanisms and cost effectiveness of the factory. Even if product costing has some valuable benefits for firms the company has a problem of price setting for its products because the production cost of products is not properly and clearly determined.

To address these objectives, a descriptive research design was used and primary data was collected through survey questionnaires and cost accountant workers selected by purposive sampling method. Frequencies and percentage were used to analyze the responses of Eden spring Water Company and Wow spring Water Company to wards cost accounting practice.
The finding of the study reveals, the proper cost accounting practice provide a lot of benefits mainly for the manufacturing company of Eden and Wow water factory. According to the employee responses that the company gets a lot of benefits such as simply know total profit and loss, building good image of the factory, reduction of unnecessary cost related to the production of the product, and in addition it also increases the revenue of the company.

The finding of the study reveals, both Eden and Wow spring water use the same cost accounting method such as; - accrual base, double entry system of transaction record in both debit and credit, fiscal year of the company is at end of the year prepare financial statements and uses process costing system produced in mass production which usually pass in continuous fashion is process costing system.

The study also revealed that both Eden and Wow water factory current cost accounting system are proper according to setting and company's current costing system is convenient for effective production cost assignment. This is used to control the company's flow of production costs easily. In addition to the researcher conclude from the study most of Eden spring water Shear Company have skilled human resources that work on cost accounting than Wow spring Water Company and he/she is responsible to provide the right information about cost and budget at the right time for management to help them for their decision making practically for planning and controlling.

The finding show that both Eden and Wow Water Company use cost for their product pricing purpose and for preparation of their financial statements. It uses cost plus pricing approach to price their product by computing the material cost. Labor cost, overhead cost and administrative expenses and to this adds up the desired profit percentage. This pricing approach used to fix the desired profit percentage of the company. The preparation of financial statement also used to know its net income and net loss.

The researcher conclude that both Eden and Wow Water Company Proper keeping and recording of cost data. Storekeeper has responsibilities such as maintaining the proper record of materials, cash receipt and payment.

The finding show that both Eden and Wow Water factory has Problem of price setting for its products because the production cost of products is not properly and clearly determined. But Eden spring water Shear Company are proper application of the cost practice are good compare to Wow spring water company.

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Eden water Share Company as well as Wow spring water company costing accounting practice concluded as it used appropriate cost allocation base, use the product costing system based on their process of production. The company product costing practice is good that makes if possible business operation and now a day is growing by increasing the products it produces and producing in large volume. Even so the finding shows that Wow water factory have less cost accounting practice than Wow water factory.

5.2. Recommendations

Based on the above mentioned conclusions, the researcher recommends the following points:
In least developing countries like Ethiopia, there is problem in cost accounting practice. In order to cost products efficiently and effectively, run the business by controlling costs, and increase its profit timely, modern costing method has to be implemented.

- Both Eden and Wow water factory purchasing department must follow the company purchasing procedure in order to make input transaction data in timely and accurate manner. Especially Eden water factory improve purchasing department.
- Both Eden and Wow water factories are buying the same raw material in different price from different supplier so both factories should buy raw materials from one reliable supplier to eliminate the different cost of products. And teach the organization employee about product costing and its purpose.
- Wow spring Water Company has some problems man power. So, need some professional qualified accountant in terms of number of human resource and efficiency. As much as possible teach the organization employee about product costing and its purpose.
- Wow water costing method are not bad, but in order to compete with other competitors on the market, the company should implement modern costing method, to use product costing efficiently and effectively and run the business by controlling costs and increasing its profit timely.
- Both Eden and Wow Water factory has Problem of price setting for its products because the production cost of products is not properly and clearly determined.so both factory production cost of product should be clearly determined.

- Wow water factory production department control the employee to work a production schedule are not in bad stage but in order to compete with other competitors, Wow water factory production department control the employee to work a production schedule and assignment, effective production cost and allocation of cost-to cost-object in a separate cost accounting department.

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APPENDIX

WOLKITE UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF ACCOUNTING AND FINANCE

I will be a graduate student in the department of Accounting and Finance, Wolkite University. Currently, I am undertaking a research entitled ***'cost accounting practice in EDEN water factory'***. You are one of the respondents selected to participate on this study. Please assist me in giving correct and complete information to present a representative finding on the current status of the cost accounting practice in EDEN water factory. Your participation is entirely voluntary and the questionnaire is completely anonymous.

Finally, I confirm you that the information that you share me will be kept confidential and only use for the academic purpose. No individual's responses will be identified as such and the identity of persons responding will not be published or released to anyone. All information will be used for academic purposes only. Thank you in advance for your kind cooperation and dedicating your time.

Sincerely,Tekalign Fereja

General Instructions

 there is no need of writing your name.

 in all cases, where answers to options are available, please tick (√) in the appropriate box.

 for questions that demand your opinion, please try to honestly describe your responses on the space provided.

Section* I*: General information of respondents:

❖ Put tick (√) mark in the appropriate box for questions that involve choices & provide brief statement for open end questions in the appropriate space.

1. Gender: Male ☐ Female☐

☐ ☐ ☐

2. Age: < 20 years ☐ 20-30 31-40 41-50 ☐ above 50

3. Education: Diploma☐ First degree☐ Master's Degree☐ other, please specify_______

4. Work experience: < 2 years ☐ 3-5 year ☐ 6- 10 year ☐ > 10 years ☐

Section II: Questionnaires related with the cost accounting practice of EDEN water factory

Please indicate the degree to which these factors are affecting the performance of your factory. After you read each of the practice, evaluate them in relation to your factory and then put a tick mark (√) under the choices below. Where, **5** = strongly agree, **4** = agree, **3** = neutral, **2** = disagree and **1**= strongly disagree.

1. Please indicate the degree to which you agree with the following statements concerning with the cost accounting method does the company use.

1. What is the system of recording transaction?

   Double entry accounting ☐ Single entry accounting

2. When the fiscal years of the factory?

   .☐ at the beginning of the year ☐ at the end of the year

3. What kind of costing systems are used to accumulate cost?

   ☐ job order costing system ☐ Process costing system

4. Dose the factory use accrual basis of accounting?

   ☐Yes ☐No

No	Cost accounting method	1	2	3	4	5
1	The company current costing system is proper according to its setting					
2	the current costing system convenient for cost effective production cost assignment					

1. Any other information you can give me that are important____
____
____

2. 2.Please indicate the degree to which you agree with the following statements concerning with the company allocate cost-to-cost object

No	The allocation of cost	1	2	3	4	5
1	The factory cost allocating department use more than one pool for accumulating in direct cost					
2	Those are properly allocating all of them to the cost object					
3	The factory use predetermined rate for allocating manufacturing overhead cost					
4	The factory have proper accumulated production cost in each cost center					

2. Any other information you can give me that are important____
____
____

3. Please indicate the degree to which you agree with the following statements concerning with the company proper keeping and recording of cost data

No	Proper keeping and recording of cost data	1	2	3	4	5
1	The company have a separate cost accounting department					
2	The company have proper purchasing procedures					

3	The purchasing department submit the proper documents to the cost accounting department for record at the time of delivery					
4	The costing departments record the purchaser transaction immediately when it gets the proper source documents.					
5	The factory store keeper sends and copy material receiving voucher to the costing department on time.					

3. Any other information you can give me that are important____
____
____

4.Please indicate the degree to which you agree with the following statements concerning with the company have skilled human resources that work on cost accounting.

No	The company skilled human resources that work on cost accounting	1	2	3	4	5
1	The factory employees have sufficient knowledge and skill for their job responsibility					
2	The factory cost accounting staff members are professionally qualified in accounting					
3	The department has adequate staff member in number, they are efficient					
4	The production department control the employee to work properly a production schedule					

4. Any other information you can give me that are important____

____

____

5. Problem of the factory

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No.	**The cost accounting practice related problem.**	5	4	3	2	1
1	The factory has Problem of price setting for its products because the production cost of products is not properly and clearly determined.					
2	The company doesn't properly apply the cost accounting system					
3	lack of adequate knowledge with respect to cost discounting system					
4	The company has mishandling of records and cost information which can be opens the way to apply in appropriate cost accounting system and methods					
5	The main causes of labor efficiency variance are Personal difference					

A. To management bodies

1. For what purpose do you need cost information?
2. How is the cost of by products and scrap material treated?
3. How do you make pricing decision?
4. When there is unfavorable cost, what done the management of EDEN water factory?
5. Any other information you can give me that are important