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Accountancy Information for Decision Making
A Case Study of the Textile Industry
In The Democratic Republic
of The Sudan

BY

Kamal Hamza El Madani

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Department of Business Administration
Faculty of Economics and Social Studies
University of Khartoum

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Abstract

This study was carried out to investigate the adequacy and availability of accounting information provided to managers to help them in taking decisions.

Chapter One deals with the definition of the problem, limitations of the study, methodology, description of the questionnaire, sample and description of the interviewees.

Chapter Two covers the importance of accountancy system, types of decisions, accounting reports and ideal accountancy system.

The results and findings of the questionnaire are presented in Chapter Three.

Discussion of the results are covered by Chapter Four while Chapter Five is devoted to implications and recommendations.

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Chapter I

Introduction

1. Definition of the Problem.

The prevailing complaint which I heard many times and as stated by the committee investigating the parastatal groups¹ that there is not enough accounting information to help managers in their decision making.

Hence I set myself the task of evaluating the following :-

(i) The adequacy and availability of accounting information provided to managers to help them in their work, with the view of instituting the correct and appropriate decisions.

(ii) The usage of accounting information by decision makers. This evaluation will lead us to draw conclusions on the following :

(a) Whether accountancy is a real tool to management in the Sudan, or otherwise,

(b) To find out the main reasons for lack of accounting information,

(c) To make recommendations which will help in improving the existing systems.

2. Limitations of the study:

One of the limitations in conducting a thorough survey was the nature of the financial affairs of firms examined. Such financial affairs are not open for public discussion and are usually kept as private matters.

Another limitation is that it is not possible to cover more than one sector due to lack of time and money. Further the following are considered beyond the scope of this study and therefore are excluded:

- i- The Process of decision making,
- ii- Certainty and uncertainty of data,
- iii- Social costs and benefits.

Accurate verification of the responses to the questionnaire was limited, due to the fact that most of the interviewees were unable to give the writer more time for discussion and verification. Although wherever it was possible cross questions were asked to the same respondent or to another respondent to verify previous answers.

3. Methodology:

The basic instruments used for collecting data for this study were administration of a questionnaire,

verbal interview and close personal observation. The data collected have been analysed and commented on. Due to the small number of respondents tabulation is rarely used.

Some questions are repeated either in the same section of the questionnaire or in other section of the questionnaire addressed to another person to verify response of each other. Also personal observation is used as means of verification.

4. Description of the questionnaires:

The basic idea was to have one major questionnaire divided into five sections, A, B, C, D and E (see Appendix 1). Each section was a questionnaire in itself and is addressed to its relevant audience. Section A was addressed to Financial managers, B to top managers C to the production managers D to sales managers and finally E to personnel managers.

The first question in the questionnaires A, B, C, D, and E deals with information of the interviewees personal background such as age, position-held education, qualification experience. The body of the questionnaires were designed to explore the following areas :-

(i) Maintaining basic data in respect of finance and costing. This area was covered by the following questions :

13, 14, 15, 16, 21, 22, 23, & 25 in section A;
8 and 15 in section B;

(ii) Maintaining budgets and budgetary control system. This was covered by the following questions:

28, 30, and 32 in section A;
12, 20 and 29 in section B;

(iii) Providing management and executives with regular reports in respect of (i) and (ii) above. The following questions cover this area.

3, 6, 7, 8, 17, 18, 19, 26, 27, 29, 30, 34 and 35 in section A;
2, 4, 5, 8, 9, 10, 11, 13, 14, 19, 21, 22, 23, 24, 25 and
26 in section B;
2, 3, 4, 5, 6, 7, and 8 in section C;
2, 3, 4, 5, 6, 7, 8, and 9 in section D;
and 2 in section E.

(iv) Ensuring accuracy and presentation of information in time. This theme was covered by the following questions:

3, 6, 9, 10, 12, 41, 45, 46, and 47 in section A;
3, 6, and 7 in section B;
9 & 6 in section C.

(v) Ensuring adequacy of internal control.

This was covered by the following questions:

20, 24, 36, 37, 38, 39, 40, 41, 42, 43, 44, 46 & 47	in section A;
1, 17, 18, 28, 29, 30 & 31	in section B;
	in section C;
	in section D;
1, 3, 4 and 5.	in section E.

5. The sample:

The choice was made to survey and analyse one industry to have uniformity of information and data processed. The textile industry was the target for this study. This choice was made for the following reasons:

- i- The textile industry is the oldest industry in the Sudan.
- ii- Capital employed is usually a considerable amount, one million to over twenty millions.
- iii- Number of the employees in some textile factories is above 2000 and is considered a sizeable number compared to factories in other industries.
- iv- Generally textile factories are well organized due to the above three factors, and usually they have a

hierarchical system consisting of different layers of managers. Usually such a system requires a systematic preparation and flow of information.

Therefore the textile industry was selected to be the subject of this study.

Within the textile Industry the following were selected

- a- Sudan textile Industry Ltd.
- b- Khartoum Spinning and Weaving Co. Ltd.
- c- Friendship Textile Factory.
- d- Blue Nile Spinning and Weaving Co. Ltd.
- e- Sudan Cotton Mills Ltd.

Why these firms were selected?

In the textile industry there were many small factories which, in my opinion, represent workshops rather than factories. According to the Ministry of Industry statistics and records there were thirty nine firms (See appendix Number 2). The majority of the factories employed less than 100 employees such as Nurab Factory (5 employees). Tobe Elaasima Factory (9 employees). Tonyous Factory (12 employees). Al-Hajaji Factory (13 employees) to name a few, (see appendix No. 2).

In addition, the share capital of most of these firms is less than a quarter of a million sudanese pounds. Total productivity of unselected factories was less than the productivity of any one of the selected five firms. Furthermore, most of these firms were owned and managed by their proprietors and assisted by a few unspecialized personnel.

The chosen factories on the other hand have a labour force above two thousand and the share capital ranges from one million to 14½ million sudanese pounds. Although some factories met the above requirements they were not selected because:

- i- They have just started running test (such as Kosti Spinning Factory),
- ii- A duplication of the same ownership and management such as Red Sea Spinning Factory, Wed madani Spinning Company Ltd. and the Blue Nile Spinning and Weaving Co. These three firms are managed and owned by Sharaaf Group. The financial manager of the group stated that problems facing the factories are similar and one of them is a modle for the others. Thus Blue Nile and Spinning and Weaving Co. was included in the sample and the other two factories were excluded.

6. Description of the Interviewees:

The interviewees consisted of five different groups. Each group included five respondents. The twenty five persons age varies from twenty seven to sixty three. Their education ranges from higher secondary school leavers to University graduates and post graduates (Diploma , Masters degree and Ph.D. degree holders) concerning their experience in terms of years, it is recorded from 5 to 41 years. They have worked in the private sector & the public sector.

All of them are male, twenty one of them are sudanese and four are non-sudanese.

Chapter II

IDEAL ACCOUNTANCY SYSTEM

This chapter includes a discussion of the following:-

1. Importance of Accountancy system.
2. Accountancy Information for decision making.
3. Types of decisions.
4. Ideal Accountancy system.

2.1. Importance of accountancy system:

The importance of accountancy increase directly with the size of the firm. In other words accountancy information is more important to a large firm than to a small one.¹

The need for accountancy information are minimal in small business, while there seems to be no limit to the information needed in the large business. This is a tributable to the organization of firms and their problems.

In a small business, management and ownership are either in the hands of one person or, at most, only a few individuals. Control and supervision are direct and personal. Managerial problem require little, if any, Preliminary fact finding. Consequences of decisions

1. J.L. Livingstone and H.D.K. errigan. Modern Accounting systems 4th Edition. The Roland Press Company New York.

are quickly and directly appraised. Elements of organization are personally directed and can be arranged and rearranged at will. There are no layers of middle management.

It thus follows that the owner - manager resolves his financial policy by his own complete grasp of what funds are available to him, where they may be obtained, and how they may most advantageously be utilized. He directs his credit policies, he initiates his sales policies by personal contacts with his customers, he observes performance of employees individually, he subjects material wastage to personal scrutiny, he selects and evaluates his equipments, he hires, selects and trains and pays his employees. In sum, all elements of management; determining policies, planning for future, direction of work and coordination, control and protection fall under the personal supervision and authority of one individual or a very small group of individuals. In opposition to the small firms, the picture in the large firms differs greatly. In large firms things are being done through delegating authority and assigning responsibility down a chain of command known as the

hierarchy of management. Each link of level in the hierarchy constitutes a separate span of control and executive responsibility. If levels are too many, delays in passing information occurs, cost increase; while on the other hand, if there is insufficient delegation of authority and responsibility there is over-centralization which will weaken the span of control of managers at different levels. In order to have an effective and efficient organization, one has to strike a balance between the number of levels and the limit of span of control. This balance will depend upon the nature of the organization and other factors.

In large firms objectives are laid by owners. Policy is formulated by board of directors. Plans are submitted by executive managers approved by board of directors. Performance is monitored by another level. Reports of actual performance compared with budgets pass up the chain of command for corrective actions and for updating both policy and plan.

In such complicated situations without a sound system for accountancy information, everything will be in a mess. Managers need information about their plans, actual performance, variances or deviation from plan.

They need to diagnose the problems and then select the best alternative available. This is where an accountancy system and information become important. Managers need accountancy information to assist them in their decision making.

2.2. Accountancy Information for Decision making:

Accounting for decision makers involves a particular way of viewing the decision making or managing process in business. As first described by Dewey decision making, problem solving or managing may be viewed as involving a three - stage process aimed at answering the following questions:

What is the problem?

What are the alternatives?

Which alternative is best?

What relevance does this decision making process have to accounting? Both Davidson and Trueblood on one hand and Gamlding on the other hand state that the tie between the accounting process and the decision making process is basically one of information.

In its broadest and most fruitful sense, accounting is an information or data providing function and information

of one kind or another is required at each stage of the problem solving process. As a part of this development, accounting must direct itself from its preoccupation of the past with fiduciary and stewardship responsibilities. Responsibility for fiduciary decision is a proper and major concern of the accountant. However, if the accountant is to comprehend and contribute to the decision making, information - flow process within tomorrow's business organization, he must integrate his stewardship responsibility with a responsibility for broader management decision. These decisions will be explained in more details in the next section.

2.3. Types of decisions:

Decisions are classified by three writers as follows:

1. Mr. Imam¹ in his dissertation quoted that two types of decisions are differentiated for which accounting information is required and these are:

1. Routine decision
- and 2. Ad hoc decisions.

The routine decisions are the those which are repetitive in their nature. These include decisions such as dividend payout, wages levels, and pricing decisions.

1. Imam Abdel Latif. Accounting for Decision Making, Dissertation for MSC University of Birmingham.

These are the types of decisions management faces in the same manner from time to time during the economic life of business.

On the other hand ad hoc decisions include those which management does not face in repetitive nature. These include decisions such as whether to buy or lease a machine, new financing, wage structure and capital expenditure decisions.

A second classification was given by Mr. L.R. Amey² in his book on management accounting. He stated that there are three types of decisions:

- (a) Strategic decisions,
- (b) administrative and
- (c) operational decisions.

a- Strategic decisions are concerned with firms objectives and the nature of activities;

b- administrative decisions are concerned with developing and maintaining an organizational structure which creates a maximum performance potential's;

c- operative decisions are concerned with maximizing the firms objectives and are related to production,

2. L.R. Amey. Management accounting Longman business series D.A. Egginton.

marketing and investment.

The third and last type of classification was mentioned by J.L. Livingstone and H.D. Kerrigan in their book Modern Accounting System ³ .

They stated that there are four main types of decisions:

- (a) Planning decisions,
- (b) control decisions,
- (c) co ordination decisions and
- (d) protection decisions.

This classification is in line with elements of management, that is to say management is planning, control, co ordination and protection.

a- Planning decisions are concerned with formulating objectives of the firm in a form of a quantitative plan which is usually known as budgets.

b- Control decision are concerned with taking corrective measures to put the firm onto the right track in order to achieve its objectives. Control decisions are based on reports showing actual performance of the firm compared with approved budgets and also indicating reasons of deviation from plan if there are any.

3. Ibid.

c- Co ordination decision are concerned with putting the firms objective over the different departmental objectives. Some departments however will try to achieve their own objectives and ignor or hinder the achivement of the firms objectives.

d- Protection decisions are concerned with protection of firms properties and assets. They are mainly related to the system of internal control.

In this study the third type of classification given by Livingstone and Kerrigan will be adopted due to the following reasons :

a- All types of decisions mentioned by thefirst and second writers include all four elements of management i.e. planning, control, coordination and protection and therefore are in line with the third type of classification.

b- In the long run ad hoc decisions become routine decisions.

Accounting Reports

This section is mainly based on Mr. Imam's dissertation. Usually Accounting statements are prepared at the end of the period to which the report is related. Such statements are backward looking (historical nature) and as a result

they are of little value for future decisions such as investment decisions.

Ross ⁴ . In his article "The wonderful world of Accounting" states that it is not just a little poignant, to reflect on all the good accountants and auditors worrying about tax accruals and deferrals, tracing the flow of inventory costs struggling to define such terms as market, editing and re-editing footnotes, quarrelling about depreciation procedures while most knowledgeable investors are apparently not interested in the figures they compile. Ross goes on to state that it would be better if in reporting net income we are attempting to indicate real economic gain and at least our present conventions do report conventional net income from which an analyst can project pretty accurately what conventional income he can expect to be reported in future years.

4. Ross H "The wonderful world of Accounting" Journal of accounting Research. Imperial Research in accounting - selected studies. 1970, pp. 108 - 115.

This brings us to the controversy of the economists concept of income versus the accountants concept. The contributions by Hanson ⁵, and Solomons ⁶ in this area are quite considerable.

At this point it is worthwhile to discuss the various principles underlying accounting statements and to see the main limitations of accounting reports.

Generally accepted accounting principles

A complete explanation of accepted accounting principles will not be attempted within the content of this report.

However, stripped of nice distinctions and minor exceptions, the complicated fabric of accepted accounting practices can be said to be based roughly on five broad principles as indicated by Kenneth Mac Neal ⁷ and these are as follows :-

5. Hanson P. "The Accounting concept A Profit, Copenhagen 1962.

6. Solomons D. Income - True or False Accounting Journal 1948.

7. Kenneth Mac Neal "What is Wrong with Accounting" The Nation (New York) October 1939.

- (1) The stated value of assets not held for resale should be based on their cost regardless of their market price.
- (2) The stated value of assets held for resale should be based on their cost or market price whichever is lower.
- (3) A mere rise in market price is not a profit, but if an asset is held for resale a decline in the market price is a loss.
- (4) Nothing can bring profit except what has been sold.
- (5) In general under-statement is conservative while overstatement is dishonest and reprehensive.

Application of the above principles often give rise to figure which are considerably out of line with the facts, but accountants are invariably ready with a pat justification for each.

Thus when patents with a large market value are exhibited in a balance sheet at much lower figures which was its cost price, without further explanation of any kind, this is justified as accounting conservation.

It is this emphasis on book figure, rather than on

present facts that accounts fail to show the real position of the business. If accountants are concerned more with the assets and less with the books, if they have been concerned more with physical facts and less with documentary evidence, they can hardly have been deceived by such simple expedients as false book entries and supporting vouchers.

Limitations of Accounting reports:

The double entry system constitutes a perfect framework for the recording of economic transactions and activities, but it will be apparent that the significance of the record depends on some kind of the implicit assumption that the values of the transactions and activities can be determined with a reasonable degree of accuracy. Unfortunately a purely mechanistic approach to the recording process is not always possible and the values recorded in the accounting system sometimes have to be based on estimates and on personal opinions as well as on historical facts. Many transactions such as the purchase of assets for cash may indeed be regarded as historical facts capable of unambiguous interpretation

and precise recording to the accounts. Other activities such as the depreciation of fixed capital asset are not capable of precise measurement and it is necessary to estimate the values that should be placed on them when they are recorded in the accounts. Again some entries in the accounts such as provision made for anticipated losses are simply matters of judgement and guesswork. One can simply summarise the limitations of accounting reports in three main problems.

The first problem is that of changes in price levels, the second is that of time value of money and the third is that of externalities other than financial measures required for the purpose of decision - making. Each limitation is discussed below.

1. Changes in Price level:

The price level problem in accounting springs from the fact that conventional accounting is largely based on historical cost and so tends to ignore current values. The pioneer in this subject was H.W. Sweeney⁸ and was

8. H.W. Sweeney. "Stabilised Accounting" New York 1936.

later contributed to by Baxter ⁹ who dealt with the price level problem under three headings namely:

- a- Figures in different accounts are not comparable and so may distort trends and hide potential earning power.
- b- Figures within a given balance sheet are not comparable and so conceal gains and losses from financial policy.
- c- Figures within a given income account are not comparable and so distort reported income.

Ignoring price level change results in the distortion of the income statement and balance sheet. It results in understatement of assets and over statement of liabilities, thereby understating proprietorship funds employed and hence creating secret reserve.

ii- The Interest Factor:

The second limitation of accounting reports is that of the interest factor or the time value of money. The interest factor believes in the maximum that a pound today is worth more than a pound tomorrow. An

9. Baxter W. Inflation and Accounts - An article in Bourn's Book "Studies in Accounting for management Decision" Mc Graw Hill 1969. pp 103-129.

illustration of how this factor is ignored in accounting reports is the sundry debtors figure in the balance sheet. This is shown in the balance sheet at its face value less provision for bad and doubtful debts. Assume that the figure is £ (D). Also assume that this amount is to be received on the average after (A) years - for the balance sheet to represent the present worth of the business it has to discount this value as follows.

$$\frac{D}{(1+r)^A}$$

Where (r) is the discount factor and this may be taken to be the overall weighted average cost of capital. Such an introduction of the interest factor in the accounts will result in an economic loss which is ignored according to generally accepted accounting principles. In the liabilities side the interest factor is important as well.

iii- Externalities other than financial measures:

The third and last limitation of accounting reports is externalities which are necessary for the purpose of decision - making. Accountants have tended to ignore many economic resources and activities which in their

view point can be practically measured in financial terms, even though such resources and activities are important considerations in evaluating the effectiveness of capital employment. Examples of externalities that accountants have to account for the purpose of economic decision - making are the social benefits. (eg. contributions of research and development activities to basic research and training of researchers) and social costs (eg. environment . . . cost of pollution) which are not reflected in the traditional income statement. Similarly tradition ; accounting admits that many valuable resources (eg. human resources) of the firm are not included in the balance sheet. CNFME 10 states that limitations of traditional accounting have been either explicitly pointed out or implicitly assumed in numerous studies in system analysis, cost benefit analysis, cost effectiveness analysis, operation research and cost utility analysis. In nearly every instance there has been an attempt to extend the concepts

10. "Report of the committee on non financial measures of effectiveness" Accounting Review Supplement to Vol 46 (1971) pp. 165 - 211.

of economic resources of a system and effects of the system's activities on both elements within the system itself and within its surrounding environment. In numerous instances various measures of effectiveness have been employed which are not measured in financial terms. Below are some of these externalities in more details.

a- Human Resource Accounting

An important externality which is ignored by traditional accounting and which is important for the purpose of managerial decision - making is the human resources of the firm. The ignorance of human resources results in an incomplete and inadequate accounting system which, in turn, cannot reveal changes in one of the basic resources of the firm. Thus Likert¹¹ contends that this serious imbalance of measurements has many negative behavioural consequences for the firm. These are :-

- (1) It is impossible to know from accounting data when and if the human assets are being liquidated for short-run gains.

11. Likert R. "Measuring Organisational Performance"
Harvard Business Review March, April 1958.

- (2) There are great hidden cost which do not directly show up on the income statement or in any record, of using accounting tools as a threatening system of management.

Argyris¹² comes to the same conclusion as Likert. He states that budgets, even though they are neutral per se, became an instrument through which management pressures employees. They become a device of authoritative management. Budgets used as a medium of tensions fear and mistrust.

- (3) Research has revealed that employees develop many ingenious ways of circumventing and distorting performance measurements. Without a systematic measurement of the motivational and organisational forces that cause employees to distort performance measurement, no valid action can be taken to stop dysfunctional behaviour.

Accounting for human resources will tend to move the human factor from a qualitative factor that is typically held constant or ignored to a quantitative one which may be an integral part of decision models.

12. Argyris C. "Human Problems with budgets" Harvard Business Review Vol. 31, 1953.

2.4. Ideal accountancy system.

An ideal accountancy system must provide top managers as well as other ranks of management with a continuous flow of information regarding basic data or what is known as historical data. Both cost and financial data should show actual performance updated and compare such performance with present budgets accompanied by projection of forecast of the future in respect of various alternatives.

The system should carry downward the chain of command new amendments to plan or budgets together with corrective actions to put business performance on track of plan and budget toward achieving its objectives. The system must provide for adequate control for the activities of the business.

The system is the same for a small firm or a large organization, but the details and complicated procedures vary according to complexity and size of organization and its needs. In some small organizations a manual system is considered, ideal, while in other organizations, mechanization or, more than that, electronic computerisation is considered the appropriate need.

The basic or fundamental principles of an ideal system for accountancy information should include the following:

- i- Maintaining basic data in respect of finance and costing,
- ii- maintaining budgets and budgetary control system,
- iii- providing management and executives with regular reports in respect of (i) and (ii) above,
- iv- ensuring both accuracy and timely presentation of information ,
- v- ensuring adequacy of internal control and
- vi- achieving the above objectives at a reasonable cost.

1. Maintaining basic data in respect of finance and costing:

This relates to the records of daily economic transactions of the business as and when they take place. This system is known as traditional accounts. It is concerned namely with showing the summary of the activities with the firm or organization and its outside parties, i.e. shareholders, tax authority, debtors and creditors etc... But these records are also used by management to monitor the different activities of the business and to compare them with the budgeted figures.

The financial records are summarised in a general ledger. From the general ledger, a trail balance is prepared includes all balances of accounts appearing in the ledger whether debit or credit. The trail balance is a statement to prove the arithmetical accuracy of the books when the total of its debit balances equals to the total of its credit balances. The trail balance is a form of a report to management and shows the position of all accounts. From the trail balance a profit and loss statement can be prepared together with a balance sheet. These two statements can be prepared from a trail balance provided that stock valuation at period end is available.

In addition to profit and loss statement and balance sheet, accountants can prepare source and application of funds statement to indicate to managers from where funds were generated and how they are disposed of. This statement can be prepared monthly, quarterly semi-annually or yearly.

The historical accounts is not limited to financial transactions but it includes and provides for maintenance of cost records for factory expenses. A full cost

records should be kept in addition to financial records. Some or most of the information is used for financial and cost purposes, and some clerks can also be used to keep the two sets of books. Therefore, it is advisable to integrate the cost and financial records. By integration saving in clerk labour will be achieved and confidence will be greater in costing records and information extracted from such records. In an integrated system no costing ledger is used.

The objects of cost Accounting

The ordinary financial accounts of business will not help to answer any of the following questions:

- a) should an attempt be made to sell more products, or is the factory, warehouse, or shop already operating to capacity?
- b) Which product is profitable A, or B and C?
- c) What is the profitable price for a specific tender?
- d) What is the effect on profit of increased production of a certain product?
- e) What the effect of certain mechanization on profits?
- f) If wages rates have increased must selling prices also be increased, if so how much?

The reasons that financial accounts will not answer the above questions is that they are prepared for a totally different purpose, Viz: to show the proprietors the overall trading result for a period and the financial position of the business at the date of the Balance Sheet. Therefore a system of cost accounts must provide management with prompt and accurate information as to the cost of certain sections. Without a system of cost accounts, it is doubtful whether a business of any size can survive in the competitive conditions of today.

The advantages of costing

A good, but not necessarily complicated or expensive, system of costing should provide the following benefits to management:

- a) Profitable and unprofitable activities are disclosed so that steps can be taken to eliminate or reduce those from which little or no benefit is obtained, or to change the method of production or incidence of cost in order to render such activities more profitable.
- b) The various items of expense contributing to each cost unit are revealed, and thus control can be

exercised on such items i.e. material, wage and overheads.

- c) More information is available for tendering, price fixing; comparison with standard if any and reason for decrease or increase in profits.
- d) If the different firms in an industry can be induced to prepare their costs in a uniform way and submit the results, usually anonymously, to a central point such as trade associations, much information of great value to the industry as a whole can be disseminated without prejudicing the competitive position of any of the individual firms.

2. Maintaining budgets and budgetary control system:

Accountancy staff must be able to translate management policy into plans and such plans have to be expressed in terms of budgets. A budget is defined as "A predetermined statement of management policy during a given period which provides a standard for comparison with the results actually achieved" ¹³

13. J.R. Brown and L.R. Howard Management Accountancy
Macdonald and Evans, Second Edition.

Also budget is defined as "A financial and or a quantitative statement, prepared and approved prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective. It may include income, expenditure and the employment of capital" ¹⁴

Budgets are essentially forward looking. They provide yardsticks for purposes of comparison. They are concerned with people in that they delegate responsibilities to one person whether he is head of a government department, a company, or a small budget centre. A budget is a means to an end and not an end in itself. It covers the area of responsibility of one specific person so that his performance can be measured at the end of a budget period. It follows, therefore, that the budget should be prepared in conjunction with those who are to be responsible for achieving the budgeted performance. In this way a head of department knows his goals, which tends to induce precision and confidence. This technique with its stress on personal responsibility

14. L.W.J. Owler and J.L. Brown, Cost Accounting and Costing Methods. 12th Edition Macdonald and Evans.

differs from standard costing, for the latter to concerned with standards of products or services.

In order that all benefits of budgets are fully utilized, a budgetary control system must be implemented. It is a system of controlling costs which includes the preparation of budgets, coordinating the department and establishing responsibilities, comparing actual performance with that budgeted and acting upon results to achieve maximum profitability.

The importance of a budgetary control system as a tool to management can be seen clearly if we look into the following objectives of budgetary control system:

- i- To combine the ideas of all levels of management in the preparation of the budget.
- ii- To coordinate all the activities of the business.
- iii- To centralize control.
- iv- To decentralize responsibility on each manager involved.
- v- To act as a guide for management decisions when unforeseeable condition affects the budget.
- vi- To plan and control income and expenditure so that maximum profitability is achieved.
- vii- To direct capital expenditure in the most profitable direction.

- viii- To ensure that sufficient working capital is available for the efficient operation of business.
- ix- To provide a yardstick against which actual results can be compared.
- x- To show management where action is needed to remedy a situation.

A budgetary control system covers all the activities of the business. A budget is prepared for each activity. Normally the following budgets are prepared:

- i- sales budget showing the expected sales during the coming year in quantities and values. It also shows the distribution of sales according to geographical areas and sales mix.
- ii- Production budgets include the following:
 - a- Raw material budget;
 - b- Direct labour budget;
 - c- Indirect labour and factory overhead budget;
- iii- The administration and research budgets. Majority of administration expenses are fixed thus it is easy to prepare such a budget. A programme of research will be prepared distinguishing between the research

to be under taken by the business own staff and that to be contributed by outside research organizations. The research budget is prepared for several years ahead and then allocated between short budgets.

iv- Capital budgets. These include stock and work in progress budgets, debtors budget, cash budget and capital expenditure budget.

When preparing cash budgets, the liquidity of the business is known in advance. Where the cash budget reveals a cash surplus, management is faced with the problem of investment,

v- Master Budget. This will provide a summarised profit and loss account and a Balance Sheet for future i.e. at the end of the budget period. They summarize budgets as each item will be referred to the particular budget in which the detailed figures can be found.

A comprehensive budgetary system, however, is concerned also with flows of funds not directly affecting the profit and loss account such as issue and redemption of share capital and loan capital, purchases and sale of fixed assets, increases and decreased of credit given and or taken etc. These items are usually accomodated by means of analysis outside the books of accounts.

3. Providing management and executives with regular reports in respect of (i) and (ii) above:

Preparation of historical data, budgets and budgetary control are means and not ends. So when designing the system of accounts one should take into consideration the continuous flow of information to managers. Regular reports and statements should be prepared showing actual performance as it appears in financial and cost records compared with budgeted figures. The differences between actual and budgeted figures are known as variances. The causes or reasons of such variances should be explained to managers to enable them to diagnose the problems that they are facing. Interpretation of the figures will enable managers to ascertain alternatives available to them. Where possible it is better to supplement figures with ratios since a figure may be meaningless if not expressed in relation to another figure.

Usually reports consist of three types:-

a.- Financial reports and these include trial balance, profit and loss account, balance sheet, source and application of fund statement and other reports.

b- Management reports: these relate to cost and budget reports and usually include comparison between budget and actual performance.

c- Special reports: these are reports which are presented to management in respect of non recurring matters such as: reports to enable management to make a choice between alternative capital projects. The accountant will definitely be required to furnish profitability estimates to guide the managers in their decision. The reporting system should take into consideration that managers are too busy and need their valuable time for important matters. Therefore reporting should be limited to items which are not in line with budgets or not in normal track i.e. deviations. This principle of reporting deviations only is known as management by exception. Its advantage is that to draw management attention to matters which need study and decisions, at the same time it saves their time by leaving out other matters whose performance is within the budget. To put this system in practice, accountants must differentiate between layers of management. Since reports submitted to top managers are different from those submitted to middle managers or bottom

management, it is the duty of the accountant to ensure that the report is understandable to the receiptent and it meets his needs and requirements.

4. Ensuring both accuracy and timely presentation of information :

Presenting inaccurate data may lead to disasters, presenting information too late may result in losses. A disease lately discovered takes longer time and higher cost to cure. Therefore both accuracy and timing are important factors to be taken into consideration by accountants.

i- Accuracy is considered in relation to the purpose for which information is needed. If information is needed for day to day control, probably trends are more useful than accurate figures. The accountant should bear in mind the purpose for which the figure are needed and strike a balance between the time he will take to give accurate figures and loss which may be sustained due to loss of revenue or additional cost of clerical work. A good example is - if an especial selling price is needed for a tender with a closing date. The accountant may face the problem of submitting selling price not 100 percent accurate but before closing date of tender or wait to compute a 100 percent

accurate selling price even though this price will be of no value since it will be available after the closing data of the tender. This part will lead us to our second important factor which is timing for presentation.

ii- Presentation on time:

All types of information are presented when they are required. In the above example it is clear that information is needed or required before a fixed date which in this case was the closing date of the tender. Hence if the information was not presented before that date, it will be valueless data.

"Reports on operating results may on the otherhand, be required monthly, four weekly, weekly, or even hourly, but with most reports of this kind one of the most important factors is that information should be presented promptly. Operating figures are wanted now and not next year if they are to serve any useful purpose".¹⁵

The timing of presenting data is very important, since information submitted too soon, i.e. before

15. Management Accounting In Practice. F.C. Depaula.
Pit may Paperbacks.

they are required for action, might get shelved and forgotten and their value lost.

In general it can be said that routine reports should be cut to a minimum both to economize in the cost of clerical labour required to compile the reports, and so that the value of the reports is not dulled by needless repetition.

In order that managers, time is not wasted and at the same time his attention is drawn to important matters, operation reports should be concerned with abnormal matters such as variances from budgets and standards. This procedure as mentioned previously will allow the use of management by exception principle.

5. Ensuring adequacy of internal control:

The objective of an accountancy system is to control the financial activities of the firm and to provide adequate information to decision makers in order to help them in their decision making process.

Control of financial activities through documents and records is not sufficient and it has to be accompanied by physical control and protection of assets, employees and materials of the firm. It is a waste of time and

effort to have control through documents and records while physical control and protection do not exist. Therefore a comprehensive system of internal control should be adopted to ensure the effectiveness of the accountancy system and to enable the system to achieve its objectives.

Internal control is defined as "Internal control is best regarded as indicating the whole system of controls, financial and otherwise, established by the management in the conduct of a business, including internal check, internal audit and other forms of control." ¹⁶

In order that internal control is continuous and adequate. The following factors should be taken into consideration:

i- Duties and responsibilities must be clearly defined. Each person should know his subordinates, his boss and list of his duties with job description. This also needs a comprehensive well-designed organization chart for the firm. When assigning duties and

16. 'Practical Auditing' W.W. Bigg. 14th Edition
HFL (Publishers) London.

responsibilities, care should be taken to segregate the physical keeping of properties from the record keeping in respect of those properties. For example a storekeeper is responsible for the safe custody of the stores but ~~some~~^{one} has to keep the records of stores, and a proper method for recording transaction must be laid down.

ii- When dividing work between staff, effort must be made to ensure that the work of one person is proved independently or is complementary to the work of another, the object being the prevention or early detection of errors and fraud.

Internal control includes internal check, internal audit and other forms of control.

i- Internal check as mentioned previously is best regarded as indicating the checks on the day to day transactions which operate continuously as part system, whereby the work of one person is automatically and independently checked by the work of another clerk.

ii- Internal audit is a review of operations and records, sometimes continuous, undertaken within a business by specially assigned staff. The main

objective of the internal audit is to assure management that the internal control and the accounting system are effective in design and operation. Two essential features of an internal audit are that it should operate independently of the internal check and that in no circumstances should it divest any one of the responsibilities placed upon him.

iii- Other controls include stock control, sales control and credit control. These will be considered in more details.

(i) Stock control.

Stock control may be defined as the function of insuring that a sufficient supply of (1) materials, (2) work in progress and (3) finished goods are available to meet the requirements of the business.¹⁷ Over stocking can be very expensive as stock cost storage and loss due to deterioration or evaporation; and stock costs money in capital being locked up in materials and goods. Under stocking may also be expensive, as it may lead to loss of sales and sometimes damage the good will of the firm.

17. H. W. Broad and K.S. Carmichael 'A Guide to Management Accounting' HFL (Publishers) Ltd. London.

In addition lack of raw materials may stop production and that means idle labour, and idle plant and equipments. Excessive overtime may be paid or subcontracting is committed in an effort to correct the position may aggravate the situation even worse. A Balanced Stock must be maintained of raw materials, work in progress and finished products. Certain factors must be taken into consideration. Maximum and minimum levels of stock should be pre-determined according to demands of customers, delivery dates, production capacity storage capacity, cost of order availability of finance, availability of raw materials in the market and its durability. These factors can be considered and with a little cooperation between the accounts department and other departments figures can be agreed upon for maximum and minimum levels, reordering level of the economic order quantity.

The Raw Materials budget will lay out the necessary stocks. If the budget is to be complied with, continuous supervision is required. Follow up reports showing failure to deliver on time and action taken must be included in these reports.

A regular system of comparing physical and book stocks should be adopted. Close supervision of stocks is sometimes expensive. So ABC plan should be adopted i.e. grouping stocks according to their value. More attention and supervision is given to the most valuable items of stock which usually constitute a low percentage of the quantity of stock but a high percentage of the value of the stock.

(ii) Sales control.

To compare actual money values of sale with the budgeted figures of sales may show that the latter is being achieved. But this comparison may conceal a variation in prices and a variation in the pattern of products sold. In such circumstances care must be taken when comparison is made with budgets. The following analyses is necessary to reveal some variations:

a- orders received. The sales manager requires details of orders received at earliest possible moment to ascertain whether his department is complying with budget. If orders received are in excess of budget and production facilities are limited a decision is necessary which will either ration sales or extend

production facilities. On the other hand if orders are less than the budget, steps should be taken to promote sales in the future.

b) Outstanding orders. An age analysis of outstanding orders must be prepared at fequent intervals. Such analysis will measure customer dispatch service and may have an effect on the current or future budget.

c) Forward contract details will assist in the preparation of future budgets.

d) Complaints, returns and cancelled orders: statistics should show number of complaints for each product, the reasons for returns and quantities returned. Delays in delivering, alterations in the product are common reasons for complaints, returns and cancelled orders.

e) Goods despatched: Details of quantities despatched for each product should be accumulated immediatley after the goods have left the factory or warehouse. Such information will indicate where the budgeted sales are being achieved and will also assist in controlling the cash budget. Changes in the sale mix need quick action from management. Hence such changes should be presented to management promptly.

(iii) Credit control.

The policy of granting credit must be established before preparing cash and debtors budgets as it effects the inflow of cash. Such policy is effected by:

- a- vigilance in granting new credit;
- b- follow up of overdue accounts;
- c- concessions given to debtors;
- d- the speed with which complaints are settled;
- e- time lag between dispatch of goods and rendering of invoices to customers; and
- f- customer resistance.

Credit control should be effected when the customer's order is received. The addition of the value of the order to the balance outstanding will reveal whether or not the allowable credit will be exceeded. Delevery of the new order can be withheld, if desired, until the outstanding balance has been reduced by the receipt of cash. If this system of credit control is to be enforced, invoicing and ledger posting must be up to-date. Out-standing debts should be analysed into "age groups" e.g. one month overdue, two months overdue. Complaints must be settled immediately

otherwise it can result in an intentional extension of credit. Customers normally withhold the payment of invoices for disputed goods.

Some daily control figures are advisable to assess management e.g. the number of unsettled complaints analysed by age; number of orders despatched awaiting invoicing.

6. Achieving the above objectives at a reasonable cost:

The main objectives of any system of information is to increase efficiency and lead to more profits. Therefore the ideal system of accountancy information should achieve the objective of providing more information without an extra cost.

The committee reports ¹⁸ defines system costs: system costs may be defined in incremental terms as the costs that are incurred to provide information that would not be routinely produced by a system that would simply meet legal or statutory external information

18. Reports of the Committee on Concepts and Standards
Internal Planning and Control the Accounting Review
Pages 79 - 96.

requirements. Costs measured in this way are discretionary system costs.

System costs consist of cash outflows at different points in time including the cash outflows from any, harmful behavioral effects accompanying the provision of information, all suitably discounted. Because behavioral costs are difficult to quantify in monetary terms they will probably have to enter the analysis in a qualitative way.

System benefits consist of cash inflows at different points in time from other activities of the organization, all suitably discounted. They result from actions that reduce costs, increase revenues, or change the timing of cash receipts and disbursements. Some of these benefits may derive from behavioral effect, such as reduced tension, greater job satisfaction, and other psychological or sociological phenomena that result from the provision of information.

The definition and assessment of benefits and costs is a rather subtle task. When is an incremental cash inflow treated as a benefit and when is it a reduction in cost? Is the reduction of automobile

a position benefit or a negative cost?
Essentially it is a matter of partitioning the payoff function - an activity which the accountant performs regularly in determining income figures.

Chapter III

Results of questionnaire

This chapter was devoted for the results and findings of the questionnaire.

Section 'A' of the questionnaire (Financial Controllers). This part was completed by financial controllers of the firms selected. It worth mentioning that two respondents were acting financial controllers.

Below is a summary of the findings:

Personal background.

1. Their ages ranged from 27 to 44 years and their education was university level. Three financial controllers had professional qualifications (ACCA, ACA), In terms of years, their experience varried from 5 to 18 years and this was in private sector (2), public sector (1), and both private and public sector (2).
2. Information was made available by all financial controllers to decision-makers to help them in planning decisions as has been stated.

Examples of Information provided include the following:

- i- daily reports;
- ii- monthly statistics and statements;
- iii- budgets;
- iv- statistical studies, feasibility studies and budgetary studies;
- v- computer analysis on request.

3. In respect of the second part of the questions although all financial controllers confirmed availability of information, one financial controller stated that information was available but managers neither understand nor used data submitted, other interviewees did not respond to this part.

4. Information was available to decision makers to help them to control decisions as was declared by all of the financial controllers. Examples given to confirm information availability were: i- Budgets ii- Monthly statement; iii- daily cash position; iv- inventories; v- daily stock statement; vi- monthly store issues and vii- monthly production cost.

One of the interviewees confirmed availability of the information however he qualified his reply by saying: "i- The control is not sufficient to the shortage of the system and, ii- variancies are not adequately analysed."

5. Four financial controllers stated that information is available to decision makers to help them in coordination decisions. Examples given to indicate this state of availability are the following:

- i- production control reports,
- ii- cash flow and position,
- iii- inventories and sales report,
- iv- weekly department. Production schedule,
- v- weekly sales order.

The fifth interviewee did not respond.

6. Two of the interviewees declared that information was available to decision makers to help them in protection decisions, while the rest do not have such information. They attributed this lack of information to the following:

- i- staff available but not comp.ce.
- ii- lack of staff.

7. Concerning the types of decision in which the financial controller participates, the following were given by the respondents:

- i- production, ii- sales mix, iii- all financial decisions, iv- capital expenditure except purchase of machinery expansion of new mill , v- approve purchase orders and others, vi- planning decisions, vii- supervising the accounts department, viii- control decisions, ix- marketing and purchasing policy, x- coordination decisions, xi- future projects.

8. The idea that managers made use of information submitted by accounts department in taking their decision was ascertained by two financial controllers only. Another one answered that information was partly used. The other two respondents did not reply. Example given by the first two are a (i) establishment of new production lines; (ii) production and sales.

9&10. It is interesting to note that respondents differ in their view's as regarding the manner by which the request for information from accounts department was made and the psychological effect of that manner on the morale and cooperation between managers and accountants. Three financial controllers reported that requests for information were made in a friendly manner and the effect on morale and cooperation is "good and cooperative", while the other two reported that the requests were made condescendingly. However, the effect was different in each case. One "good and cooperative" the other was half - half.

11&12. Types of request (specific and clear, vague and unspecified) affects the quality of information submitted by the accounts department thus rendering it as unreliable information. Four interviewees stated that request for in information was specific and clear therefor the quality

of the submitted information was reliable. The fifth respondent declared that it was "vague and unspecified" and that was owing to the "lack of knowledge of accountants role". Whether such information was reliable or otherwise, this financial controller considered it "reliable in what it was meant for".

13&14. The accounts department maintains a chart of accounts as was stated by all interviewees. However three of them reported that the accounts department did not have maintain an accounts manual; while the other two respondents reported that they did have accounting manuals. For those who do not maintain accounts manuals, how the accountancy procedures are introduced in work, is it by financial controller?, by specified persons such as deputies or assistant? "by specified persons such as deputies and assistant" and the fourth interviewee did not respond.

15. Concerning a written system for accountancy, four financial controllers thought it is important to have a written accountancy system. They mentioned the following reasons:

- i- work is standardized,
- ii- work is specific,
- iii- work will flow smoothly,
- iv- written system facilitates staff training,

- v- it enables further reference for procedures,
- vi- computers in use.

However one respondent, considered written procedure unimportant though he mentioned three reasons to show that a written procedure was important.

16. All accounts departments surveyed in this sample maintain books and records for all financial transactions according to functions such as sales, administration etc. Examples of books and records kept by accounts department are stated as follows:-

- i- General ledger. (5)
- ii- Journal. (5)
- iii- Cash & Bank Book. (5)
- iv- Sales book. (5)
- v- Purchases book. (2)
- vi- Cost ledger. (3)
- vii- Subsidiary ledgers. (4)
- viii- Fixed assets register. (5)

17. The idea of having a trial balance prepared, periodically i.e. monthly, quarterly or annually have been investigated and all the financial controllers, stated that they had a trial balance prepared on a monthly and annual basis.

18. All financial controllers stated that supporting schedules are prepared in respect of assets and liabilities. Concerning the intervals of these schedules; all (except one financial controller who stated monthly and annually) declared that such a schedule was prepared monthly.

19. Again, they all agreed that a statement of sources & application of funds was prepared. The interval varies from monthly (3) monthly and annually (1) and quarterly (1).

20&21. There was no credit department for sales on credit in any firm in the sample as stated by the respondents. However, all firms maintained cost accounts.

22. The surveyed firms in this sample, except one, have subsidiary ledgers for manufacturing expenses according to cost centre as apposed to by product. The financial controller in one firm which did not have such a practice, gave no reason why there was no subsidiary ledgers for manufacturing expenses.

23. The financial controller chose the method of costing from among the following methods:

- i- standard costing;
- ii- marginal costing;
- iii- job or batch costing;
- iv- process costing; or any other method.

Three firms used process costing, one of them used both process costing coupled with "historical figures, the fourth firm used standard costing and the fifth used marginal costing.

24. All firms, except one, maintained an adequate stores system and all carried out a physical inventory periodically. However the frequencies varied from monthly (1) biannually (1) to annually (2).

25. Methods of valuing issues of raw material from store to factory as mentioned by the respondents are as follow:

- i- Average purchase price (3);
- ii- First in First out (FIFO) (1); and
- iii- Standard cost (1).

However no firm used "Last in first out (LIFO) for valuing issues of raw materials from store to factory.

26. Three of the financial controllers stated that statistical cost reports are prepared monthly - the rest do not have such a practice.

27. All firms except, one prepared cost analysis reports monthly. The one financial controller who did not prepare such report gave two reasons:- "not required by managers, and no trained staff is available to carry such an activity".

28. Again, three of the respondents stated that they have budgetary accounts in use. The other two have no system. Those firms which have budgetary accountancy in use should have to state whether they have- i- annual budget, ii- it is in conformity with chart of financial accounts; iii- and the accounts department prepares comparative statement to show budgets and actual figures. In effect to these the response was positive in all three cases.

29. Three financial controllers have declared that accounts department explains reasons of variances; while the other two do not have such practice, the only reason given by one of them is that "Not done to be explained" he means that since they are not prepared they are not explained.

30. All except one, have master budgets - budgeted profit and loss account and budgeted Balance Sheet.

The period however, varies from monthly; quartelly to annually.

31. All firms have cash flow statements prepared by the accounts department though they have it prepared at different intervals: weekly and annually (1) monthly (3) and quarterly (1).

32. Two firms have the following budgets prepared;

- i-- production budget.
 - ii- Sales budget.
 - iii- Cash budget.
 - iv- Debtors and creditors budget.
 - v- Stock level budget.
 - vi- Capital expenditure budget.
 - vii- Administrative budget.
 - viii- Research and development budget.
- working capital budget.

Another firm has i, ii, iii and vi of the budgets mentioned above. The reason given for not having the rest of the budgets is that of "Lack of Staff". A fourth firm has i, ii, vi, vii and ix. The fifth firm has only (1).

33. Two do not have statement of source and application of funds prepared from the master budget. Reasons given were -- "no staff- and prepared from daily bank position reports". The other did not respond.

34. The interviewees were asked if the accounts department supplement budgets for production sales, cash, debtors and creditors, stock level, capital expenditure, administrative, research and development, working capital with useful ratio to demonstrate a relationship or a trend. And if it was so, were the following ratios included?:

Ratios of:

- i- Profit before or after tax to capital employed,
- ii- working capital ratio,
- iii- liquid assets to current liabilities,
- iv- stock turn over velocity and,
- v- gross or net profit to sales.

The result was that all firms surveyed except one do not have such practice.

35. Concerning the provision of information relating to:

- i- decision to invest, ii- decision to disinvest,
- iii- capital structure i.e. equity and debt ratio and

iv- dividend policy by financial controllers or accountancy staff the result was: no i) two yes, two no and one not applicable. No ii) two yes, two no and one not applicable. No iii) one yes, three no ^{and} one not applicable. No iv) one yes, three no and one not applicable.

One of those who said no answered "never asked for" as a reason for not presenting such information to no iii) and private company to no iv). Another said about no ii) "chairman and board of direction decide". i.e. The decision to invest or disinvest is the concern of the chairman and board of directors. The others do not mention any reasons to explain their practice.

36&37. Two questions were set to find out whether the firms have internal auditors and what are his qualifications. The result was that two firms do not have internal auditors and one of them mentioned that "there is no qualified or experienced one", while the rest have their internal auditors who are; one pensioner and two are partly qualified i.e. have not completed their professional qualification.

38. All the firms surveyed in this sample except one have nowritten manual for audit procedures.

39. The responses to the question "Does the internal auditor record daily work done by him or his assistants", were one (No) and two (Yes) in the firms which have an internal auditor.

40. Three financial controllers mentioned that internal audit was carried according to a written plan.

41. Three financial controllers declared that periodical reports were written by internal auditors and two of them mentioned their frequency as (a) when certain jobs are completed (b) when asked for (c) monthly.

42. To evaluate the effectiveness of such reports the financial controller have to state persons to whom the reports are addressed and to state if there is any action or follow up is done on the basis of such reports. The response was that there mentioned that the reports were addressed to general manager and sometimes to chairman. In respect of action or follow up, two said yes and the third did not respond.

43. Recruitment and training of accounts staff.

The interviewees were asked to state minimum qualification required for the following posts:

- i- Financial controller.
- ii- Assistant financial controller.
- iii- Chief accountant.
- iv- Assistant chief accountant.
- v- Accounts clerk.

Three suggested A.C.C.A. and the rest suggested B.Com. for no (i) B.S.C. for no (ii) by two financial controller and A.C.C.A. or B.Com. with experience by one. Two said secondary school plus experience for post iii and iv while one said B.S.C. for both posts. In respects of the last post i.e. No (v) three stated secondary school and one stated KTI. (Khartoum Technical Institute).

44. Financial controllers were requested to indicate whether they face difficulty in recruiting accountancy staff or not and what is the reason. Four controllers responded to this question and three of them indicated that they face difficulty when recruiting staff. The reasons mentioned were (i) low pay (ii) lack of accountants (iii) poor quality.

45. Staff turn-over was high as declared by three firms and the reasons given were (i) low pay, (ii) location was not attractive, (iii) Sudan very easy-going, (iv) they go abroad.

The one who stated that the staff turnover is not high attributed this to "well treatement and well payment" the fifth, although he stated no, did not mentioned any reason.

46. Two financial controllers have stated that there is no continous training or eductional programmes either locally or abroad and that is due to lack of funds. The rest claimed that there is training and educational programme both locally and abroad. One mentioned that training abroad is in colleges or Institutes while the other stated training is on the job.

47. Concerning the nature of the courses of training those who claimed having such a course responded by saying that courses are specific in nature and employees performance during the course is corrolated with financial rewards.

Having reported on the results of section A,

shall proceed to deal with the second section (section B) of the top managers.

Section B (Managers)

The following is summary of findings of section B of the questions when were completed by top managers. Q1. All managers are male, three University Graduates, one is a graduate of Gordon Memorial Colledge, and the fifth is a high secondary school leaver; all of them are in their forties and fifties.

The qualifications and certificates they hold vary from Post secondary * to Masters degrees. They have many years of experience in certain cases exceeding fifteen years and have held various positions, although, their experience is generally in the same sector either public or private.

Q2. In answer to the question "Does the accounts department provide you with adequate information to help you taking the following decisions which are summarised in four groups namely: a) Planning b) Control, c) Coordination and d) Protection.

* two years diploma.

All the responses were positive i.e. . The accounts department provides them with the required information.

However, information submitted varies from one firm to another. (a) All managers stated that they get the information to approve wages structure (v) and all, except one, have mentioned that they received (ii) (iv), (vi), (viii), (ix), (x) and (xi) i.e. to decide which need can be undertaken profitably; to select method of production; to determine facilities for production, how to raise short term and long term finance; cost of short / long term finance; and methods of repayment of short / long finance respectively. Only three managers received information in (i), (iii) and (vii) i.e. to for cost customers' needs, to select markets and to determine facilities for distribution respectively. (b) Information related to control decision in group (b) is stated as:-

- i- comparison between budget and actual performance,
- ii- reason for variances between budget and actual,
- iii- appraisal of internal control systems,
- iv- cash and inventory control system,
- v- credit control system.

The responses for (i) & (ii) were positive by all managers, and for the rest by all except one.

(c) Concerning coordination decisions, information were embodied in (i) coordination of budgets (ii) number of orders in hand (iii) production capacity available, (iv) organizations objectives and not the department objectives. The responses were three positive to i, ii and iv above. All managers stated that they receive information regarding (iii) above.

(d) Finally the information related to protection decision were summarised in:-

- i- location condition, age and cost of asset;
- ii- depreciation charged and expected life of asset;
- iii- things produced;
- iv- things used;
- v- things disposed off;
- vi- insurance of assets and adequacy of cover;
- vii- security measure.

The results were that all managers received information relating to ii, iii, iv and four managers get information regarding i and iv but information relating to v and vii above were received by three managers only.

Q3. As regards the reliability of information submitted by the accounts department to managers, all the respondent, have confirmed that it is reliable. Examples of the kind of the reliable information were given below:-

- i- Budget (half year),
- ii- monthly statement of accounts,
- iii- daily cash movement of accounts,
- iv- balance sheet and profit and loss account monthly,
- v- cash and bank position,
- vi- workers force reports,
- vii- production reports,
- viii- balance sheet and
- ix- cost accounts.

Although all respondents have confirmed the reliability of the information, one manager states that he get information verified by external and internal auditors.

Q4. Concerning the use of information, the managers confirmed that they utilize it in the process of decision making. (See discussion as financial controllers stated the reverse.) Examples of uses given were the following:

- a) cash and bank position,
- b) forecast market needs,
- c) cost of various processes,
- d) labour force reports,
- e) production and sales reports,
- f) cost of expenses of production and administration,
- g) control of expenditure,
- h) evaluation of performances and deciding on what to produce for the market; and finally i) production, sales and balance of cash.

Q5. About the way of requesting information, from the accounts department, three managers have stated that they request information both in a friendly manner and in a formal manner, depending upon the situation. The other two managers mentioned that all information is submitted to them without request.

Q6. On the effect of the way of requesting information in a formal/^{manner} on the morale and cooperation of the accounts staff, sixty percent (3 out of 5 managers) of the respondents have answered that it has a negative attitude on both morale and cooperation.

To avoid such unhappy situation the managers suggested,
a) to combine both methods when requesting information,
b) for the managers to be fully conversent with all
the procedures, and then the accounting staff will
only be too pleased to give the information.

One of the two managers who claims that the way of
requesting information has no effect on morale of
accounts staff, mentions that it is part of the
system that accounts department presents such
information to managers regularly before they
ask for it.

Q7. On the description of the request itself, whether
written, verbal, clear and specific, or vague and
ambiguous etc., three managers mentioned "both
written and verbal"; another one answered 'clear
and specific and the fifth one stated 'written
clear and specific'.

Q8. All the respondents agreed that the regularity
of presentation of final accounts i.e. Balance Sheet
and profit and loss account is useful and helpful in
decision - making. Managers use such accounts for:

- i.- follow up of financial position;
- ii- expense comparison;

- iii- decide on line of production;
- iv- control of performance and expenditure by departments;
- v- planning and selecting proper processing;
- vi- defining marketing policy;
- vii- assessing net profit;
- viii- measuring sales and knowledge of stocks of materials and finished goods.

Q9. About frequency of having such final accounts as monthly, quarterly, annually or other intervals.

The managers preferences were as follow:

Two managers would have it monthly, one would have it quarterly another would have it every six months and the fifth would have it annually together with monthly interior statements.

Q10. In response to the query about the regularity of reports which includes (a) a summary of sales figures indicating the extent to which profits have been affected by changes in selling price and / or intrade discounts and (b) changes in the mix of sales between more and less profitable lines,

submitted by the accounts department, all the managers have reported that they received such

reports regularly.

Q11. Concerning the submission of details of operating results on the production side and the extent to which different departments have attained the standard budget, total effect of the production variances of analysis of production variances and cause. All managers have answered in affirmative to all questions.

Q12. The submission of detailed estimates of the future profits which should be earned according to budget by accountants has been confirmed by all managers.

Q13. One manager declared that facts about break-even point of the business is not submitted by the accountant. The remaining four managers answered in the affirmative.

Q14. Statement that shows source and application of funds has been submitted by the accountant or financial controller, as all managers have reported. The use of such statement which have been listed are the following:

- a- Control of budgeted flow of funds;
- b- Planning for new production, spare parts and raw materials;

- c- Planning financial position expected,
- d- Helping in making decisions regarding choice from various alternatives of how funds should be applied;
- e- To overcome the shortfalls to meet the cash expenditure as approved by the board of directors.

Q15. Concerning the method of costing applied, three managers indicated that process costing method was used by their firms, while one manager declared that his firm used standard costing and the fifth manager mentioned that they used marginal costing.

Q16. Regarding the technicality or otherwise of the above question (a) that "What method of costing is used in your firm?, standard, process or other?". Three managers stated that it was a technical question and thus "it is the concern of the finance department". Reason given were (a) costing method is a big branch in accounts (b) it is a concern of some one specialized in finance. The other two managers confirmed that such a question was not a technical one. The reasons they gave were (a) costing is a very important factor in the success or failure of the business, therefore

a manager should understand costing method (b) previous experience. i.e. he had previous experience because he himself was an accountant for twenty four years.

Q17. All the managers have confirmed that they received regular reports about stores. This shows that data is presented to managers. Reasons given were (1) to know the position of materials required for production and to decide on what is to be ordered, (2) it puts the manager in the picture as regard to stocks, in general and certain stocks in particular, (3) final authority for ordering and (4) one would be fully in touch with the consumption level.

Q18. Concerning physical control by having continuous stock taking and its frequency, all managers have stated that they insist on having inventory checked regularly though the varying intervals : half yearly monthly, from time to time or as it is required.

Q19. As for receiving statistical cost reports , three managers confirmed that they received such reports. The use they made of these reports were:

a) allocation of machinery, b) taking decisions regarding corrective measures to any deviations from the standard cost, c) materials cost involves and process cost and labour cost and d) reduce expenditure. The other two managers stated reasons for not having cost reports in their firms as a) not practised in this company and, b) because we base costing on actual results.

Q20. Whether budgetary control is used or otherwise, the findings confirm that all firms but one have such a system, where as the fifth firm does not possess such a system. The uses which have been listed by managers are :- a) reflect inflation trend, b) helps in future budget, c) to decide on production lines, d) to decide on labour force and e) to enable management to know the extent expenditure are being incurred and to decide the benefits to the owners and to limit operations within the budgeted amount. The fifth manager who answered in the negative did not indicate any reasons.

Q21&22. In response to whether the accounts department submit actual performance figures compared with budgeted ones or not, and the frequency of submitting such statements to managers, all managers, except one have stated that they have information available and indicated the frequency of presentation as four weeks (3 manager) and quarterly (one manager). Q23. Providing the information relating to investment or disinvestments decisions the accounts department do so in two firms only; two managers answered that question 23 is not applicable to their respective firms, and the fifth manager answered in the negative. However, the two managers who answered that the accounts department provides information relating to investment or disinvestment numerated the following examples: a) Inflation of raw materials prices and b) To buy spare parts and raw materials.

In respect of section (ii) of the question concerning presentation of information about capital structure i.e. , ratio of equity and debt and section (iii) about dividend policy and section four about wages structure, we get the following responses : all except one answered that they get information

concerning capital structure, three answered that they got information relating to dividend policy, the fourth manager did not get it, and the fifth did not react. The one who said no gave as a reason "Board decision". All five managers confirmed that the accounts department provided information relating to wages structure.

Q24. Adequate information showing comparison of costs of different suggestions for location of the new factory is provided by the accountant in three firms, and is not provided in the rest, Naturally those who answered in negative in the first mentioned part of the question answered in the negative to second part of the question, "does the accountant show the cost of transport of:- (i) capital equipment, (ii) of finished product; of finished product from factory to market area, and all cost of other factors affecting location of factory have answered in negative in those who responded in positive and, have answered the rest of the question in positive with the exception of one manager who reported that the question "does accountant

show cost of transport of finished product" is not applicable to his firm, since all goods are delivered at factory gate.

Q25. Two managers agreed that the accountant provides them with full information to decide whether to replace a capital equipment or not, while the rest reported negatively. Those who stated yes had indicated that information includes the following:

- i- saving obtained through increased production at increased speeds and high efficiency,
- ii- decreased material cost through greater yield or lower spoilage,
- iii- decrease labour costs through fewer labour operations and more machine operations,
- iv- lower maintenance costs,
- v- better quality in finished product,
- vi- cost of writing off old machine,
- vii- higher depreciation charge on new equipment,
- viii- those more tangible costs in the form of hold-ups, delays low operating efficiencies whilst the new equipment being run.

Q26. All managers, with the exception of one, have stated that the accountant consider the above eight

points mentioned in No. 25 in relation to the following:

- i- sales price and whether a better price can be obtained for any improvement in quality.
- ii- The most economical production level at which the new equipment must be operated and the sales volume that this production level will produce. Also the quantity of product which the market will absorb.
- iii- The net profit and whether the sum of the above factors give an overall increase or decrease in profits.
- iv- Whether funds are available to finance the replacement.

Q27. The agreement on having a budgetary control system is hundered percent ; in spite of the fact that one of the respondents previously answered question 20 as to whether he had a budgetary system in the negative. The reasons mentioned by managers for the use of a budgetary control system are:-

- i- for future proper planning;
- ii- perfect information;
- iii- control on expenditure;

- iv- to decide on production lines, on labour force;
- v- to plan production,
- vi- to measure variances and its reasons,
- vii- to help taking decisions regarding the performance of the finance department and
- viii- to manage to compare actual results with the predetermined one to find out the variances.

Q28&29. Three firms have internal auditor and two firms donot have them. In spite of this reply all of them stressed the importance of having an internal auditor. The reasons mentioned for not having internal auditors are :- "lack of trained auditors, and post is vacant". All managers stated that the internal auditor should report to general manager or his deputy or to the managing directors. This was in response to part of question 29.

Q30. The level of the expectation by the managers about internal auditors was high. Examples given include the following (i) to adopt systems and procedures for adequate and efficient performance, (ii) to help the management in finding out means and ways of increasing production and decreasing expenditure, (iii) cash flow control, (iv) stores

control, (v) sales control, (vi) verification of statements received from financial department; (vii) day to day control on expenditure including cash accounts, (viii) physical surprise checks on labour force and stores and (ix) to check all internal control systems including operational and financial activities.

Q31. Education and training are important for the accounts department as has been stated by all the managers. Training is specified as follows: (1) local training, (2) local and short training by two managers while the rest thought of training to be both local and abroad, both short and long training durations and training on the job.

All the managers confirmed that performance of employees during training should be correlated with financial rewards. However this is not the case in two managers firms. The reasons stated by the firms which do follow this practice are:-

- (1) according to Government regulations and
- (2) "could be changed in the future".

Q32. All managers with the exception of one, have stated that the accounting staff turnover was high owing to the following reasons:-

- i- "looking for higher pay locally and abroad;
- ii- they get better offers and terms of service abroad;
- iii- emmigration and development in the country;
- iv- shortage of personnel;
- v- tendency to go abroad to change over the position"

The remaining manager who reported that the turnover is not high gave the reasons as "his range for promotion, security of the job".

Section C (Production managers):

The findings of sector C of the questionnaire which was addressed to production managers are as follows :-

Q1. Their ages range from 33 to 40 years and their education is of University level with the majority (3 out of 5) holding post graduate degrees.

Their academic training includes textile chemistry; textile technology and engineering, mechanical

engineering and engineering economy. Their experiences range between 7 - 12 years in both public and private (two), private (2) and public (one).

Q2. All, except one, have agreed that the accountant provides management and design staff with estimates of costs of a new product to be produced or under research.

Q3. The opposite holds true; all except one, have declared that the accountant does not provide information about availability of production facility.

Q4. Two managers have stated that the accountant does not provide them with effect of changes in design or formula on the following costs:-

- i- cost of retooling;
- ii- cost of scrapping old stock;
- iii- loss of production during the change over;
- iv- absorption of unused facilities in one part of the factory;
- v- changes in cost handling;
- vi- changes in cost of packing;
- vii- changes in cost of storage;
- viii- changes in cost of ordering;
- ix- changes in cost of purchases and
- x- changes in cost of finance.

The rest of the managers stated that only no i, iv, vii, and viii are not fulfilled.

The reasons given for not having positive answers are:

- i- manager does not inform the account;
- ii- the accountant does not understand our needs;
- iii- the accountant is not competent; and
- iv- no system is established yet.

Q5&6. Unanimously, they have agreed that the accountant does neither provide production staff with effects on costs due to changes in production methods i.e.

putting more horse power behind each workers nor

with effect of long and short runs; or with

economic lot, batch or sizes of different products.

Q7. All, with the exception of two, have stated that the accountant provides the effect of producing on a hand to mouth basis in contrast with, produce for stock and coordinate sales efforts in order to put work through the factory in more economical quantities.

Q8. The reasons given in response to this question are summarised in the following table.

<u>Table of information</u>	<u>Number of Yes</u>	<u>Number of No.</u>
i- economic stock levels ;	2	3
ii- cost of carrying inventory,	2	3
iii- cost of storage & handling;	1	4
iv- cost of capital locked up,	2	3
v- material variances from stand- ard due to excess or more economical material usage in the factory;	1	4
vi- scrap and spoilage reports;	2	3
vii- labour cost showing actual and standard and variances and their cause;	2	3
viii- labour efficiency and the loss or saving due to it in different departments;	3	2
ix- the amont of expenditure incurred on the different items of overhead expenses & the variance of actual expenditure from standard;	3	2
x- the extent to which fixed expenses have been under obsorbed or over absorbed		

<u>Type of information</u>	<u>Number of Yes</u>	<u>Number of No</u>
because of a fall or rise in the level of production in the different department;	3	2
xi- statistic of direct labour showing details analysis of labour costs operating efficiencies, lost time, absent time - and out put compared with standards.	3	2
Total	24	31
Percentage	43.6 %	56.4 %

Q9. Two production managers have confirmed that they accept the information submitted to them by the accounts department without further verification. The reasons they gave were (i) Competent people. (ii) The information will help in redirecting the plans towards the efficient and the economical side. However, the third and fourth managers do not accept the submitted information without verification. The reasons mentioned were "usually we check only some variables, like change in chemical cost, labour

cost (mainly turnover and increments) and utilization of machinery variable cost / operative" and (iii) any body can make a mistake, checking the information is a must."

The fifth manager declared that "such information have never been submitted so far".

This is the last question of section C of the questionnaire and now we proceed to the findings of section D of the questionnaire.

Section D (Sales managers)

This section is addressed to sales managers, the findings are as follows.

1. Age : their ages range from 32 to 45 and concerning their education, three are university graduates and two are secondary school leavers. Their experience ranges from 7 to 27 years, and they worked in different sectors of the economic as follows:-
private sector (1), in public sector (1) and in both public and private sectors (3).
2. The interviewees were asked to state whether the accountant provides them with the following information:

- i- costs due to increase in variety of products sold;
 - ii- effect of increasing sales on cost of production;
 - iii- effect of increased changes over and short runs;
 - iv- cost of increasing multiplicity of parts and
 - v- cost of increasing finished products carried
- in stock and work in progress. They had also to indicate the reason if the accountant does not provide such information. The result was

that two sales managers have answered negatively and the reasons they gave were :

- i) "sales department is only dealing with contracts and deliveries exfactory",* ii) the information is not actually prepared by them".

Two managers answered in affirmative, the fifth one stated that information relating to no .i. is available. For the rest of the points i.e. ii to v he gave no reasons though he answered negatively.

3. Responses of the sales managers to inquiries concerning the accountant's provision of comparison of net profit obtained from given type of business

* i.e. execution of sales contracts already approved and signed by the general manger.

against additional cost, are embodied in a summary below :-

<u>Cost item</u>	<u>Number of Yes</u>	<u>Number of No</u>
i- Additional advertising;	2	3
ii- additional cost of despatch;*	1	4
iii- additional cost of invoicing;		5
iv- additional cost of credit control;	1	4
v- additional cost of telephone calls;	1	4
vi- additional cost of effort incurred by representative in getting the business.	1	4
	6	24
Percent age.	20%	80%

4. Concerning the initiation of the accountants enquiries into how far it is possible to cut the following costs, which are: i- transport costs, ii- warehouse costs, iii- packing costs, iv- other costs (specifiy), three managers have responded negatively the fourth.

* one of those who answered in the affirmative mentioned that it was not the accountant but a differant person. "Financial advisor".

* Information is available for expected trade only.

one answered positively for no (iii) and the fifth confirmed that information is available in respect of the first three costs.

5&6. Are sales managers furnished by regular information about costs of different products by the accountant?. The answer was "yes" in all cases except in one instance. Linked with this point is whether the accountant indicates clearly any assumptions he made when preparing the cost of different products. 60% of the interviewees answered yes and the rest answered negatively.

7. 60% of the respondents declared that the accountant provides them with details of profit or loss with respect of each product to indicate sale mix, while the rest do not have such information.

8. The responses to the question "does the accountant make the following distinctions in his regular reports of details of cost of any product?". Were equally divided between yes and no see below :-

<u>Item.</u>	<u>Number of yes</u>	<u>Number of No</u>
i- Material processed in the factory,	3	2
ii- material bought out,	2	3

<u>Item.</u>	<u>Number of yes</u>	<u>Number of No</u>
iii- material yields,	2	3
iv- process or conversion costs,	2	3
v- fixed over head,	3	2
vi- variable over head,	3	2
Total	15	15

9. Two managers declared that the accountant provides details of actual sales indicating general trend of different products, while the other three managers do not get this information.

Section E (Personnel Managers).

This is the last section of the questionnaire which the finding is addressed to personnel managers. The summary of all the five personnel managers are above thirty years old; two managers one above sixty. Their education varies from secondary school (two) to university (2), and the fifth is a holder of a diploma from Sudan Military College. Their experiences ranges from 41 years to 8 years. Two of those managers have worked in both private and public sectors, one manager worked in public sector alone, the fourth one worked in the private sector only, and the fifth did not respond.

2. Below is a table for managers responses to the questions "Does the accountant provide you with the following" the items are listed and opposite to each is the response.

<u>Item</u>	<u>Number of yes</u>	<u>Number of No</u>
i- cost of staff and labour turnover,	2	3
ii- cost of training new comers,	2	3
iii- cost of absent time due to sickness,	2	3
iv- cost of providing medical care within the organization,	2	2
v- compared with using private doctors,	2	3
vi- cost of having own recreation facilities. If any compared with social benefits derived from such facilities such as staff morale.	2	3
vi- cost of uniforms & their effects.	2	3
Total	15	20
Percent age.	43%	57%

3&4. Two question were asked about the accountancy staff turnover whether it is high, low or moderate, and the reasons behind this turnover as (i) low pay, (ii) staff is over loaded with work, (iii) promotion to higher posts is not open for accountants (iv) others. The results show that the turnover of the staff varies from "low" three respondents, (moderate) one respondent and no response from the fifth manager. The reasons given were (i) seeking employment abroad, (ii) seeking better offer, (iii) location of the mill is not suitable, (iv) low pay.

5. Those who leave the firm, do they join local or go abroad?. Three managers answered they go abroad and two answered both.

Chapter IV

Discussion

This chapter discusses the results of the questionnaire and concludes with comments.

This chapter is divided in six areas according to the principles of ideal accountancy system discussed in chapter II. These principles are :-

1. Maintenance of basic data in respect of finance and cost.
2. Maintenance of budgets and budgetary control system.
3. Provision of regular reports to management in respect of 1 and 2 above.
4. Accuracy and timely presentation of data.
5. Adequacy of internal control.
6. Cost of the system.

Below is a detailed discussion of each of the above points:

1. Maintenance of basic data:

This area is covered by the following questions in the questionnaire 13, 14, 15, 16, 21, 22, 23, and 25 in section A. Question 5, 8 and 15 in section B.

a- Financial books and written procedure.

The result shows that 40% of the sample has written manual of accounts and 100% of it keeps chart of accounts. Financial books and registers are kept by all firms including fixed assets register. From my personal

knowledge, two firms of the sample (40%) do not have such a register, this fact is noted by the external auditors in the annual report and yet they claimed to have it. Trial balance is prepared monthly by all firms of the sample, together with supporting schedules. Also all of them prepare a statement of sources and application of funds, Balance Sheet and Profit and loss account. Among the uses made of such statements by managers of the firm included comparison of expenses, it seems that they are referring to comparison of current period expenses with previous period expenses. This type of comparison i.e. comparing actual figures for the current period with actual figures of the previous period, is not useful since the performance of the previous period which was used as yard stick, was too poor and not up to the standard. Rather comparison to a pre determined budgets is more useful.

As regards, costs records, 80% of the firms in the sample keep cost records, according to cost centre. 20% of the sample do not have cost records and they do not maintain them according to cost centres. Cost of production in the latter firms, is computed according to a predetermined standards which is misleading due to large and unforeseen

variancies in the Sudan.

Since all firms examined are from one industry i.e. the textile industry, they should have some sort of uniformity of methods of costing used by them, to facilitate comparison of costs and net results.

On the contrary what actually happens is that 40% of the firms use process cost, 20% uses process cost and historical cost, 20% uses standard cost and 20% uses marginal costing. Obviously this is a disadvantage and efforts should be made by trade associations and the Government to have a uniform cost method for each industry to help comparison within the industry and assist in maintaining national accounting records.

This same observation holds true for the method used by the firms for valuing issues of raw materials from stores to factory.

60% of the managers stated in response to question number 16 in section B, that costing methods are the concern of financial managers and talking about such methods is rather technical. This attitude is very discouraging especially towards a very important

element of finance which affects the existence and continuity of their firms. Since the cost method used will affect greatly the firm profitability, managers ought to know some thing about costing methods and it is not advisable for them to leave the matter completely in the hands of accountants. One manager who thinks cost method is not a technical topic said "costing is a very important factor in the success or failure of the business".

2. Maintenance of budgets and budgetary control:

The following questions cover the area of maintaining budgets and budgetary control in section A, questions numbers 28, 30, 31, & 32 and questions number 12, 20 & 27 in section B.

60% of the sample has budgetary system while 40% of it has no such system. Firms without budgets are working without guidance or yard stick to compare their actual performances with. Since no budgets were prepared inadvance there will be no responsibility accounting and every thing will rest on the general manager. In other words without budgets all decisions will be centralised

in the top manager. The above result was obtained in a response to question 28 in section A of the questionnaire, while their responses to question 30 in the same section was slightly different since 80% of them said they had a master budget in use. It is not logical to have a master budget and not to have other budgets since the preparation of other supporting budgets is a prerequisite for preparing a master budget.

It is worth mentioning that no ratio is used or expressed with budgets to show a trend or to demonstrate a relationship in 80% of the firms understudy.

Manager's response to the same question is not consistent with financial controllers response mentioned above about budgets. 80% of the manager, stated that they have a budgetary system. It is clear that either the manager's or the accountants were inaccurate in their reply. Accountants are very keen to prove that they are capable of providing more information to managers, therefore there is no reason for them to deny that they have a budgetary system when they had one as a lack of

such a system would reflect poorly on their performance. Therefore under these circumstances one would rather be inclined to accept the response of accountants as accurate than that of the managers.

3. Provision of regular reports to management:

This area is covered intensively in the questionnaire by the following questions.

Question numbers 3, 6, 7, 8, 17, 18, 19, 26, 27, 29, 30, 33, 34 and 35 in section A; Questions number 2, 4, 5, 8, 9, 10, 11, 13, 14, 19, 21, 22, 23, 24, 25, and 26 in section B; questions numbers 2, 3, 4, 5, 6, 7 and 8 in section C; questions numbers 2, 3, 4, 5, 6, 7, 8 and 9 in section D; and question number 2 in section E.

Below is a summary of points which need consideration. Regarding provision of information by financial controllers or accounts department, to managers to help them in their decision making process, the outcome was:

a) In response to provision of information for planning decision all accountants confirmed that information was presented to managers. But one accountant accused all managers by saying that "They neither understand information nor use data submitted previously."

b) Accountants unanimously confirmed presentation of

information about control decisions to managers, although one accountant qualifies his reply by saying "The control is not sufficient due to the shortage of the system and variances are not adequately analysed".

c) Despite the fact that the above reply has indicated a satisfactory standard of presentation of information, accountants showed a less satisfactory standard when three of them (i.e. 60%) stated that information about protection decision was not available. The reasons mentioned by them are: i) staff is available but not competent; ii) lack of staff.

In my opinion the above mentioned reasons are not sound reasons to excuse them for not presenting information in respect of protection decisions.

It is not logical to say that staff is not competent or unavailable in answering the second part of the question, while in the first part of the question accountants stated that information for planning and control was available and presumably is prepared by the same staff of the department. How can they accuse the staff who prepared planning and control information of the incompetence when asked about protection decisions?. The staff who is available

and competent to prepare planning and control information should be adequate and capable enough of presenting information for protection decisions.

The reasons mentioned by accountants above (i.e. staff not competent and not available) will definitely throw doubts and shadows over the reliability of information presented concerning control decisions, since control and protection are complementary to each other. If control is not adequate or ineffective, then protection will be weak and loose and vice versa. i.e. if protection is weak and poor then control will be loose and ineffective both can be considered to be two sides of one coin.

When the accountants reply is compared with those of the managers we find that managers unanimously confirmed that accounts department provide them with information to help them take decisions relating to planning, coordination, control and protection. It is clear that either managers or accountants were not very accurate in their responses. As mentioned before. Accountants are very keen to prove their capability in providing enough information to manager, therefore they will not deny themselves this credit by denying that they prepare information for protection decisions if

they actually do so. Definetly the accountants reply is not in their favour, since such reply shows their inability to provide the necessary information, but it is likely to be the truth and under these circumstances it can be accepted as it is more realiable than that of the managers.

The variation of the information received by managers was great as it appears in their responses in section (B) of the questionnaire.

Another contrast between the manager's reply and the accountant's reply can be seen clearly in their responses to comparison of actual performance with budgets and reasons given for variances. All managers stated that they have all the information relating to budgets and variances while only 60% ^{of} the accountant confirmed such facts.

All top managers consider accounting information is reliable while production managers verify accounting information presented to them.

40% the accountants said that managers used information presented to them by the accounts department. The other 60% of the accountants

either accused managers clearly for not using information presented by the accounts department, or abstained to avoid emmbarsment or conflict with their bosses. Disregarding the effort exerted on collecting and presenting information and the adverse effect of the lack of appreciation would have on the morale and cooperation of the accountants. Under such circumstances accountants are discouraged from working hard to collect more useful information in the future.

Managers opinion is in contrast to that of the accountants as they stated that all of them used information presented to them.

Presentation of regular reports.

Reports are classified into three types namely:

i- Financial Reports. These include trial balance, balance sheet, profit and loss account and statement of sources and application of funds.

ii- Management reports. These include budgets, actual performance cost reports variances' causes and analysis.

iii- Special Reports. These are related to special matters such as break even charts and replacement of equipments project studies and other ad hoc reports

which are non routine.

Below is brief summary of the results in respect of the above reports.

a) In respect of financial reports 60% of the accountants said that a trial balance was prepared monthly. 40% of managers stated that they would like to have monthly trial balance, 20% wanted it quarterly and 20% wanted it annually with approximate monthly statements. This duration in my opinion was too long for managers to assess their results. All managers confirmed that they received regular reports about sales variations and sales mix effect, trade discount and changes in selling price.

All managers also receive statement of sources and application of funds, but at different intervals. I think if such statement is prepared more frequently during the year it can be a very useful tool for managers and it shows from where the funds were obtained and how they were used.

b) Management reports. These relate to budget, cost, comparison of budget with actual performance. In response to this question 60% of the accountants prepare cost reports while monthly cost reports are

prepared by 80% of the accountants. In response to another question 60% of accountants prepare statements showing comparison of budgets figure with actual performance and variances analyses and explanation. The managers response to the same question is completely different as all of them stated that they received comparison together with variance analyses. This contrast was faced previously in response to other questions and it seems that managers either wanted to give a good picture about their firms or they do not even read statements presented to them by the accounts department. In both cases the answer is not in favour of managers and reflects some carelessness on their part. Added to that all managers confirmed that they received estimates of future profits according to budget. Again, this is contrary to what was stated previously by accountants. You need budgetary system to prepare budgeted future profits and we know from previous response that 40% of the firms do not have budgets i.e. Answer to question number 28 in section A of the questionnaire.

As mentioned previously accountant respond represent the true position since their respond indicate their disability or the failure of the system to provide the necessary information. With regard to the presentation of management reports to production managers the results were as follows:

i- All production managers receive estimate of cost of new products.

ii- All production managers, except one, receive information about availability of production facility which is very important factor for budgets preparation.

iii- 40% the production managers receive information about the effect of changes in design or formula on cost. They also receive information about scrapping old stock, retooling, unused facilities and change in cost of handling packing storage, orderring of purchases, and cost of finance.

iv- 100% the production managers said that accountants neither provide them with effect on cost due to changes in method of production nor with effect of long and short runs, economic lot or batch size of different products.

v- 43.6% of the production managers replies were in the affirmative in respect of presentation of detailed information about economic stock level, cost of carrying inventory and storage and handling cost. While 56.4% of the replies were in the negative form. Which shows a poor control of such costs.

Sales managers responses are summarised in the following:

i- 40% of the sales managers agreed that information about the effect of increase in variety of products, increase in finished products stocking, and increase in sales is presented to them.

ii- 80% the salesmanagers stated that they did not receive information about net profit obtained from a given type of business which resulted in an increase of the elements of cost to obtain such business.

iii- 60% of the sales managers receive reports about cost of product and reports about the profit or loss in respect of each product to indicate sales mix.

From the above it is clear that sales managers do not receive adequate information from the accounts department especially about no ii; therefore, salesmanagers may waste a lot of time and energy to get

extra business which may be non-profitable due to the increase of cost resulting from the extra effort put by salemanagers to obtain the business.

Moreover, personnel managers do not get adequate information from the accounts department. 57% of the personnel managers replies were negative in respect of information about cost of staff turnover, cost of training, cost of absent time, cost of providing medical care, cost of creation facilities and cost of uniform and their effect. As a result no clear guide is provided for managers to decide to continue or discontinue such services.

III Special reports to managers.

These usually refer to reports about break even, or of investment or disinvestment and other ad hoc reports of a ^{non} routine nature.

In respect of reports about information to help in decisions to invest or disinvest, dividend policy, capital structure and wages structure, it is found that 40% of the sample receive such information.

Another 40% of the sample of accountants does not present such reports and considers it as a board of directors, decision and therefore it is not their concern. It is true that the decision is a board of directors concern, but accountants must take the initiative and present such reports to highlight the profitability or otherwise of an investment in terms of rate of return or gearing ratio ... etc. to managers or board of directors. Then the board's duty is to examine such reports and take the appropriate decision accordingly.

In response to a question about location of new factory and transport of capital equipment and finished product from factory to market area, 60% of the managers confirmed presentation of such reports. 40% of them said no and one of these managers said that as regards transport of finished product from factory to market area was not prepared since delivery of goods was exfactory. Therefore in his opinion transport of goods to market area is not the firm concern. Apparently this is true but cost of transporting good is part of cost of sales to any buyer and it will affect the degree of competition between factories

located at different areas. For example, a trader will include the cost of transporting goods from factory to market area, whether he paid the cost of transport to the factory as part of the selling price or paid it to another carrier, when computing cost of goods bought. Therefore if we have two factories producing the same commodity and selling it at the same price exfactory, but one of the factories is in the market area and the other is far away from the market area. To buy goods from the first factory is obviously cheaper than from the second factory. This will definitely make factory number two less competitive compared to factory number one. Consequently, a wise team of managers and accountants have to take into consideration cost of transport of finished goods from factory to market area, whether goods are sold exfactory or despatched to customer place or warehouse.

40% of the managers confirmed presentation of reports to decide whether to replace a machine or not.

4. Accuracy of data and presentation in time:

All managers confirmed that data presented to

them in section B and question 9 in section C, from the accounts department was accurate and reliable. However, one manager qualifies his response by saying that he gets information verified by external and internal auditors. 40% of the production managers verify information presented to them by the accounts department.

Internal auditors were report to be employed by firms in 60% of the sample. The internal auditors' reports are presented when a certain job is completed or when they were asked for and/or monthly. Action taken on these reports are rare since only 40% of the sample confirmed the existence of such an action.

Presentation of data or information in time may be affected by morale of accounts staff. Their morale is affected greatly by the way manager's request for information. 60% of the accountants stated that request for information was made in a friendly manager and therefore its effect on morale and cooperation is positive, the other 40% stated that managers' request for information was made in a formal manner and its affect on morale and

cooperation was not positive.

80% of the accountants said that request for information was specific and clear thus the quality of information submitted was reliable. The remaining 20% of accountants have declared that request was vague and unspecified and they attributed that vagueness to lack of knowledge of their role by managers. 60% of the managers think that the way of requesting information affects both morale and cooperation of accounts staff. In order to avoid unhappy situation they suggested to combine both methods when requesting information i.e. to use formal and informal.

Another factor which affects accuracy and timing of information is staff turnover and training. If staff turnover is high flow of work will be disturbed and bottle necks will be more frequent. The same is true if training facilities and programmes are poor and inadequate. The situation in our sample is poor staff stability. Since 60% of the sample stated that staff turnover is high. While the situation in respect of training is good and 60% of the sample have staff training programmes. However, accounts complained

previously about staff shortages and those available proved to be incompetent.

5. Adequacy of internal control:

The following question 5 cover the above area
Question number 1, 20, 24, 36, 37, 38, 39, 40, 41,
42, 43, 44, 46, and 47 in section A;
questions number 1, 17, 18, 28, 29, 30, 31 and 32
in section B;
question number 1 in section C&D;
question number 1, 3, 4 and 5 in section E.

In addition to the above questions personal observation is used in assessing the adequacy of internal control of the firms selected. None of the firms surveyed presented an organization chart. However each firm has board of directors, general manager and functional managers. The devision of responsibilities and duties of the accounts staff is not satisfactory since in some firms staff is not available (shortage of staff) and in others staff is not competent.

In order/^{to} achieve the best results there must be common understanding to facilitate planning and

coordination. A team of management without understanding and harmony will be split and each one will look for his personal interest thus frustration and conflict will prevail. In one of the firms examined, the general manager is secondary school graduate while the production manager is a Ph. D. holder. It is a fact that managerial ability is not associated with education or certain technical abilities, however, harmony in education and qualification between the team of managers will strengthen understanding keep the balance, and create a more unified team of managers. Harmony is also needed in respect of managers age. Big differences in managers age result in generation gap which will affect understanding of firms objectives and means used to achieve those objectives.

Shortages in accounts staff, poor training and incompetent staff will affect the adequacy of internal control of the firm. Unfortunately the above draw backs were mentioned by the interviewees in response to verbal interview and discussions.

As regards special control it is worth to mention the following:

i- store are adequately controlled however, physical inventory is not done frequently. Although all firms have large stores with numerous items which their value differs greatly, none of them uses ABC Plan to control their stores.

ii- In respect of sales and credit control it is interesting to note that all firms do not have credit control department or credit controller for sales on credit terms. However 60% of the firms have liquidity problems and their bank overdraft facilities are above the ceiling. Their general managers and financial controllers were chasing banks and government authorities for more credit. The effect of relying on bank's overdraft facilities on profitability is clear to every wise manager. Efforts should be made to reduce bank facilities by limiting credit terms given to customers.

iii- 60% of the firms have internal auditors, however one third of those firms has a written manual

audit procedure. It is worth mentioning that internal auditor post is not a luxury post or an easy job to be filled by pensioners. Such a job needs a qualified strong young man.

Subject to the above observations the internal control of the firms is fairly satisfactory. The last area of the discussion is the cost of the system.

6. Cost of system should be reasonable:

As it was mentioned earlier in chapter one, as part of the limitations of the study, it was not possible to conduct a full enquiry into the financial matters of the companies surveyed. Consequently it is not possible to ascertain the cost of maintaining and providing accounting information.

However, a word here and a sentence there can indicate to the observer the degree of care exercised by managers and accountants to control and minimise cost of providing accounting information. The following observations are worth mentioning:

i- In a reply to question three in section 'A' of the questionnaire a finance manager "said

computer is ready". He means to say that the computer is available and at his disposal. He can use it any time he needs it. In my opinion it is either that the accounts department should have a planned system before hand to feed the data into the computer, or otherwise the computer is considered redundant and idle most of the time. In both cases (i.e. lack of planned system and idleness of computer) in my opinion, the system is defective and expensive. It is defective in the sense that no predetermined system or procedures are available and to feed the computer with data in the last moment may lead to chaos in reprogramming computer operations and runs, it also may result in producing misleading information,

The managers should analyse the amount of work to be done and whether such work justifies the installation of a computer instead of computerizing records because of prestige or following the general trend. Which seems to assume that everything should be computerized this especially all the more important, if we consider the culture, economics and social progress of the Sudan.

ii- Another observation is that one firm has its head office at Khartoum North while its factory or mill is 30 miles south of Khartoum. The general manager and the accounts department are at the head office. General manager visits the factory almost daily, however, if he or the finance manager need some information from the factory during the day, they have to send some one to the factory or wait untill they go to the factory at the end of the working hours of the office. The two alternatives may add to cost of providing information since they need more time and cost of transport.

iii- The last observation is in respect of staff turnover which is considered high. High staff turnover is expensive in terms of cost of training and cost of recruitment also high staff turnover lower the morale of the employees of the firm and decrease efficiency and productivity.

From the above discussion it is clear that no firm in the sample examined has an ideal system accountancy information. The above discussion reveals many weakness or draw backs such as lack

of written accountancy system, lack of cost and budgetary accounts poor internal control, absence of ad hoc reports about non routine matters, poor control over costs of system, unfruitful or poor training and high staff turnover.

All the above together with the implications and recommendations will be discussed in the next chapter.

Chapter V

Implications and recommendations

This chapter covers implications from the study and recommendations which, in my opinion, will assist in improving the present situation of presenting data to managers.

First the discussion concentrates on the implications and then the recommendations.

A. Implications:

It is clear that accountancy information provided to managers is not adequate. This is attributable mainly to absence of written system and procedures to provide adequate accountancy information. In response to questions 13 and 14 of section A of the questionnaire 60% of the firms do not have a written manual of accounts or any written system for presenting accountancy information to managers.

In addition to the above point the following weaknesses were observed :

i- Inadequacy of basic financial and cost data. As for example fixed assets register is not used in 40% of the sample, and 20% of the sample do not keep cost records. In addition to that, although all

firms in the sample are in the same industry they use different costing methods. e.g. 40% of the sample use process costing 20% use process and historical costing, 20% use standard costing and 20% use marginal costing. Implementing different costing methods give different results of performance, thus interfirm comparison of performance is rather difficult due to lack of uniformity of calculation and presentation of data.

ii- Lack of budgets and budgetary systems. In response to questions 28,30, 31 and 32 of section A 40% of the sample has no budgetary system, firms without budgetary system work without a guide or yard stick and consequently there is no responsibility accounting and impliedly all decisions have to be taken by the general manager. This may limit delegation and may lead to centralization of decisions. Centralization ultimately causes delay and inefficiency, Even where budgets are in use, no

ratio is expressed to show a trend or demonstrate a relationship in 80% of the sample, probably this may make budgets less beneficial to decision makers.

iii- Provision of regular reports to managers is not satisfactory as 60% of the respondents stated that no information about protection decisions is available.

While 60% of the production managers receive no information about the effect of changes in design or formulae on cost.

100% of the production managers said that accountants neither provide them with effect on cost due to changes in methods of production nor with effect of long and short runs, economic lots or batch size of different products. This inadequacy is observed more clearly in responses of sales managers as 60% of them do not receive any information about the effect of the following: a) Increase in variety of products, b) increase in finished products stocking and c) increase in sales. 80% of sales managers do not receive information about net profit obtained from a

given type of business which needs an extra cost to obtain i.e. special discount, special advertisement or more frequent visits by salesmen.

Personnel managers do not receive, either, information about staff turnover cost, cost of training, cost of medical care and cost of recreation facilities (57% of the sample).

Further more an extra evidence is obtained from the accountants' responses as 40% of them consider preparation of information for "invest" or "disinvest" decisions and similar ad hoc decisions is not their concern and consider preparation of such information is the business of the Board of Directors.

On one hand this indicates that accountants do not take the initiative to provide the necessary information for decision making, on the other hand it implies that managers themselves have to persuade accountants to provide them with necessary information which is unfortunately given without interpretations by the accountants.

Under such circumstances decisions may be taken without any understanding of the relevant implications or even where information is provided it would probably be misinterpreted by managers who are not specially trained to do the accountants job.

Such decisions may prove to be wrong and not in favour of the business. Decision taken on such bases which originally meant to improve a situation or cure a disease may in the long run aggravate the situation even more.

iv- Internal control:

Although internal control is generally satisfactory the following weaknesses are observed :

- a) 60% of the firm's have internal auditors yet only one third of this proportion has a written audit programme. The internal auditors are old employees (over 60 years) with little imagination or ability to work.

- b) Physical inventory of stores is not done frequently.
- c) No firm has credit control department although 60% of these firms has liquidity problems.
- d) Firms suffer from staff shortage and high staff turnover.

The above weaknesses affect accuracy of data unfavourably, render training fruitless and disturb the flow of information.

2- Use of accountancy information:

The survey revealed that managers do not use accountancy information. This is proved by the accountants responses as 40% of them said managers use information submitted to them while the remaining 60% either said no or abstained to avoid contradicting their bosses. The consequences of such behavior is that it lowers the morale of the accountancy staff and discourages them from preparing new information.

3- Accountancy as a tool to management:

Normally accountancy is considered as a tool for management. In our case such a role has not

been fully played, due to reasons forwarded in 1 and 2 above.

4- Leadership and Motivation:

Generally, in all firms surveyed managers and accountants' performance is not up to their expectations. In other words what they perform and achieve is less than what they really think. The reasons to failure not to achieve what they think the ideal or standard performance, in my opinion, is due to low morale and lack of motivation.

Morale and motivation are affected by leadership and financial incentives.

a) The standard of leadership is deteriorating as a result of economic, political and social pressures. Economic or financial factors result in the immigration of the staff who would provide effective leadership, to other arab oil producing countries. Leaving leadership in hands of less competent managers. On one hand, many competent leaders were displaced for political reasons, and on the other hand

uncompetent (not up to it) leaders were imposed on important organizations as managers.

Social pressure on leaders divert their interest and attention from acheiving firms and national objectives towards acheiving personal objectives such as acquiring a luxury house and articles of ostentatous consumption to identify one self with the higher social classes.

b) Since leadership is ineffective for the reason mentioned above, the only way to raise morale and motivation is through higher and adequate financial incentives. Unfortunately most of firms have failed to motivate employees through financial incentives. This failure is due to the fact that firms suffer from liquidity problems and sustanied higher losses as a result of the low productivity witnessed in these firms. This low productivity resulted from internal factors and other economic problems facing the country during the last decade. These problems can be summarized in the following:

- i- lack of foreign currency for imports of raw materials, fuel and spare parts;
- ii- poor transport facilities from port to consumption areas;
- iii- power failure due to above factors;
- iv- high rate of inflation.

This conclude the implication and the rest of the chapter is devoted for recommendations.

B. Recommendations:

Recommendations are in three group mainly. The first group is about systems and procedures. The second group relates to personnel i.e. managers and accountants. The third and last group is in respects of matters of national interest.

(1) Systems and Procedures:

To ensure a steady and systematic flow of useful accounting information to managers to help them in their decision making process, a written procedure for preparation and distribution

of such information should be prepared. The written procedure has to allow continuous coordination of staff in the firm specially between accountants and other managers.

The system should provide for the following:

i- Maintaining accurate up to date and clear records for all financial and cost records in an integrated system to ensure saving in clerical cost.

ii- Maintaining budgets and budgetary control system in respect of different activities of the firms. In large firms a budget committee should be formed to ensure coordination between different departments. Each unit or department should participate in budgets preparation, to be held responsible for its execution. i.e. Responsibility accounting.

iii- Supply top and other managers with regular report about (i) and (ii) above. Regular reports must be on specified dates. Other reports must be on agreed forms and according to predetermined

methods. When preparing reports, simple language should be used and only information concerns the recipient should be stated to allow for the principle of management by exception. A yard stick must be included in the report to enable the reader to understand and absorb the contents of the report. The provision of information, however, is only part of accountants duty. He must be capable of highlighting the important facts, and presenting them to managers in an easy and comprehensible manner.

In addition to the above points, accountants must provide the following information :

a) Information about changes in design and their effect on cost. Information about scrapping old stock, retooling, used facilities and changes in cost of handling, must be provided to managers. Further more they should supply production staff, with effect on cost due to changes in method of production and effect on long and short runs, economic lot or batch size.

b) Accountants should provide salesmanagers with more information relating to the following:-

i- The effect in increasing variety of products, finished goods,

ii- net profit obtained from a given type of business.

e) Accountants must put more effort to supply personnel managers with cost of training, cost of absent time, and other costs relating to staff.

iv- Ensuring that data or information is accurate and presented in time. Information presented to management must be accurate, since inaccurate information will lead to an inaccurate decision which will rather aggravate the position. Accuracy is to be considered in relation to the purpose for which the information is needed.

v- Ensuring adequacy of internal control: In order that to make full use of advantages of internal control, there must be a proper organization in terms of division of responsibilities and duties. Each boss should know his subordinate.

A subordinate should report to one boss only. Responsibility of record keeping should be separate from responsibility for physical custody of assets and properties of the firms. There must be clear system of defining responsibilities of duties of the staff, in form of job description^{and}/list of duties.

Continuous review of system and procedures should be undertaken by internal auditor to ascertain the adequacy of internal control.

(2) Personnel :

This part is divided into two main sections. Namely (a) relates to managers and (b) relates to accountants.

(a) Managers: From the survey I notice some weakness in the managers part and by the following recommendation one would expect some improvement.

i- Managers should devote more time for planning of the future of their firms. This can only be achieved by delegating some of the duties they are doing now. Such duties include approval

of payments and supervision of loading and unloading of trucks!!

ii- Special course should ^{be} held for managers. These courses should include basic principal a costing and finance to raise the standard of managers ability to understand costing and finance matters, such courses should be short in duration and specific in the purpose.

iii- When information is disregarded by manager, some explanation or reasons will help in raising the morale of the accounts staff.

v- When requesting information from the accounts department, managers should use hthe appropriate way, i.e. formale or informale. They must consider the circumstances prevailing at that time.

vi- Decision for fellow up of internal auditors reports must be done immediately the report is received. Such action will raise the morale of internal auditor and improve hisimage in front of other staff.

vii- Credit controllers should be employed to look after credit sales. His duties should be to follow up collection ^{of} accounts receivable to improve the liquidity of the firm.

viii- When recruiting subordinate, consideration should be given to harmony in age education and experience. Large differences in age or education between members of the management team will lead to different understanding of problems and means for solving such problems. Such different understanding may lead to frustration and conflict. The second part of the recommendation in this section is concerned with accountants.

(b) Accountants : The accountants must take the initiative to produce useful information since they know the deviations or the weakness before the managers. It is their duty to provide managers with usefull information to help them in their decision taking process. Accountants must interpret the information presented to managers to enable the latter to understand and

appreciate the effort put on them.

In addition to the above accountants must co-ordinate their activities with other departments' activities. Accountants should understand the problems of other departments and try to present some information which will help those departments in solving their problems.

Training is an important element towards improving present situation. However, in my opinion and as stated by other managers, training on the job is the ideal. Since most of firms have financial problems and can not afford to spend money on training their staff. Further more they want quick results. The above recommendation conclude part 'B' and below we will discuss part (c) which is the last part of the recommendations.

(3) Matters of National Interest.

The following recommendations if implemented will yeild some advantages for the benefit of the country as a whole.

i) A uniform accounting and costing system should be used for each industry. Such uniform system will facilitate keeping of national accounting records^{and}/comparison between firms within the industry concerned.

ii) A national plan for training should be implemented to train employees at different levels in the various industrial sectors.

iii) Needs and requirements of various sectors in respect of technical staff should be ascertained in advance. Concentration on technical education may help in meeting such requirements.

iv) Economic factors should be given more weight when deciding on location of factories.

v) Careful studies should be made to the brain-drain to the Gulf and oil producing countries. Such studies should consider the possibility of having mutual agreements with the concerned countries to regulate the flow of trained and skilled sudanese personnel.

vi) Serious efforts should be made to improve the country's economic conditions and solutions should be found for other social and political problems.

DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF ECONOMIC AND SOCIAL STUDIES
UNIVERSITY OF KHARTOUM

The purpose of this study is to evaluate accountancy information provided to decision makers to help them in their work, with the view of instituting the appropriate decisions:

SECTION - A:

1.
 - (a) Name of Financial Controller
 - (b) Age
 - (c) Position:
 - (d) Qualification (eg. Diploma Degree ACCA)
 - (e) Experience: a) No. of years
 b) In the Private, Public or Both
 Sectors
 (tick what is relevant)
2.
 - (a) Name of Organization:
 - (b) Nature of Business:
 - (c) Type of Ownership: Private Co./Public Co./
Corporation
 - (d) Objectives:
 - (e) Size of Organization in terms of:

- i) Total Annual Sales a) excluding Inter
Company Sales
- ii) Total Value of Assets
- iii) Share Capital
- iv) Total number of employees.
- (f) Internal Organization:
- 1) Number of Functional Departments
- 2) Number of Service Departments
- (g) Organization Chart (give copy please)
3. Is information available to decision makers to help them:
- in Planning Decision: Yes / No
- (a) if Yes give examples please.
- (b) if No. Is this due to the fact that information is not available due to:
- i) Lack of Staff
- ii) Staff available but not competent
- iii) Staff turnover is high
- iv) Staff is untrained (training is poor)
- v) Cost of preparing data is high and funds are not available
- vi) Time given for preparing data is not enough

vii) Accounting system implemented is
unadequately efficient to provide the acquired
information

(c) Data is available but:

- i) Managers do not ask for it
- ii) Managers do not understand it
- iii) Managers do not use data submitted previously
- iv) Managers do not consider it as reliable data
- v) Other reasons (specify please)

4. Is information available to decision makers to help
them in control decision?

Yes:....:

No:....:

a- if yes give examples please

1/

2/

3/

b- if no is this due to the fact that

(1) Information is not available due to:

- i) Lack of Staff
- ii) Staff available but not compitent
- iii) Staff turnover is high
- iv) Staff is untrained (training is poor)
- v) Cost of preparing data is high and funds are
not available
- vi) Time given for preparing data is not enough

(2) Data is available but:

- i) Manager does not ask for it
- ii) Manager does not understand it
- iii) Manager does not use data submitted previously
- iv) Manager does not consider it as reliable data
- v) Other reasons (specify please)

5. Is information available to decision makers to help them in coordination decisions

Yes:....:

No:....:

a) If yes give examples please

1/

2/

3/

b) if no is this due to the fact that

(i) Information is not available due to:

- i) Lack of Staff
- ii) Staff available but not competent
- iii) Staff turnover is high
- iv) Staff is untrained (training is poor)
- v) Cost of preparing data is high and funds are not available

(2) Data is available but:

- i) Manager does not ask for it
- ii) Manager does not understand it
- iii) Manager does not use data submitted previously
- iv) Manager does not consider it as reliable data
- v) Other reasons (specify please)

5. Is information available to decision makers to help them in protection decisions:

Yes:....:

No:....:

If Yes give examples

- i)
- ii)
- iii)

If No is this due to the fact that.

(1) Information is not available due to:

- i) Lack of Staff
- ii) Staff Available but not competent
- iii) Staff turnover is high
- iv) Staff is untrained (training is poor)
- v) Cost of preparing data is high and funds are not available
- vi) Time given for preparing data is not enough

(2) Data is available but:

- i) Manager does not ask for it
- ii) Manager does not understand it
- iii) Manager does not use data submitted previously
- iv) Manager does not consider it as reliable data
- v) Other reasons (specify please)

7. In what type(s) of decision does the financial controller participate?

- i/
- ii/
- iii/
- iv/

8. Do you think that managers make use of information submitted by accounts department in taking their decisions?

Yes:....:

No:....:

- ii) If Yes give examples
- iii) If No is that due to: (Tick as relevant)
 - a) Pressure of time b) Irrelevant information
 - c) Personal reasons d) Political reasons
 - e) Other reasons (state reasons)
 -
 -

9. How request for information from accounts department is made? (Tick as relevant)

- i) In a friendly manner? i.e. informale
- ii) In superior order? i.e. formale

10. What is the effect of No. (9) on the morale and cooperation between managers and accountants?

(Tick as relevant)

- i) Good and cooperative (positive)
- ii) Bad and uncooperative (negative)
- iii) Half - Half (in between)

11. Is request for information:

(Tick as relevant)

- a) Specific and clear?
- b) Vague and unspecified?
- c) If (b) what are the reasons?

(1) (2)

12. What is the effect of (11) on the quality of information submitted by the accounts department?

- Is it i- reliable
- ii- not reliable

13. Does the accounts department maintain a chart of accounts?

Yes:....:

No:....:

If No give reasons.

i- ii-

iii- iv-

14.a. Does the accounts department maintain accounting manuals?

Yes:....:

No:....:

b. If No, how the accountancy procedures are introduced in work?

i- By Financial Controller

ii- By specified persons such as deputies and assistant

Or

iii- By any one (Tick as relevant)

15.a. Do you think a written procedure for accountancy system is

i- Important

ii- Unimportant

b. Why is it important? Because

i. Work is standardized

ii. Work is specific

iii. Work will flow smoothly

iv. It facilitates staff training

- v. It enables further reference for procedures
- vi. Other reasons (state please)

.....

c. Why is it unimportant? Because

- i. One can rely on own memory
- ii. One can behave as circumstance demand
- iii. It is a waste of time and effort
- iv. It hinders the flow of work
- v. It makes work rigid
- vi. It prohibits short cut procedures
- vii. For other reasons (state please)
- viii. I do not know

16.a. Does the accounts department maintain books and records for all financial transactions according to functions?

i.e. Sales, administrative etc

Yes:....: No:....:

b. If Yes tick books and records kept by accounts department as stated below:-

- | | |
|-------------------------|------------------------|
| i) General Ledger | v) Purchases Book |
| ii) Journal | vi) Subsidiary ledgers |
| iii) Cash and Bank Book | vii) Cost Ledgers |

- iv) Sales Book viii) Fixed Assets Register
ix) Others (specify please)

c. If No give reasons

- i.
ii.
iii.

18. Are supporting schedules prepared in respect of Debtors and creditors?

Yes:....: No:....:

- If Yes is it i. Monthly ii. Quarterly
iii. Annually
(Tick as relevant)

If No give reasons:

- i-
ii-
iii-

19. Is a statement of sources and application of funds prepared?

Yes:....: No:....:

- If Yes is it i- Monthly ii- Quarterly
iii- Annually (Tick as relevant)

If No give reasons.

i-

ii-

iii-

20. Is there a credit department for sales on credit?

Yes:....: No:....:

21. Is there cost accounting?

Yes:....: No:....:

If No give reasons

i- ii-

iii- iv-

22. Are there subsidiary ledgers for manufacturing expenses?

Yes:....: No:....:

If Yes is it according to i- Cost Centre

ii- By Product

(Tick as relevant)

If No give reasons

i-

ii-

iii-

23. What method of costing is used (Tick as relevant)

- i- Standard Costing
- ii- Marginal Costing
- iii- Job or Batch Costing
- iv- Process Costing
- v- Other methods (specify please)

24.a. Is an adequate stores system maintained?

Yes:....: No:....:

b. Is physical inventory done periodically?

Yes:....: No:....:

If Yes How frequent

If No give reasons i.

ii.

25. What is the method of valuing issues of raw material from stores to factory?

- i) Average purchase price ii) First in first out FIFO
- iii) Last in first out LIFO iv) Standard cost
- v) Other (indicate please)

26. Are statistical cost reports prepared monthly?

Yes:....: No:....

If No give reasons

27. Are cost analysis reports being prepared monthly?

Yes:....: No:....:

If No give reasons

- i.
- ii.
- iii.

28. i- Is budgetary accounting in use?

Yes ... No ...

ii- a. If Yes is it an annual budget?

Yes ... No ...

b. If No give reasons

iii- If Yes is it in conformity with chart of financial accounts?

Yes ... No .

If No give reasons

.....

If Yes does accounts department prepare comparative statement to show budget and actual figures?

Yes ... No ...

If No give reasons

.....

29. Does accounts department explain reasons of variances?

Yes ... No ...

If No how variances are explained and controlled?

i. ii.

30.a. Is a master budget prepared? a) budgeted profit
and loss account and balance sheet.

b. If No give reasons
.....

c. If Yes is it prepared monthly quartely or annually
(Tick as relevant)

31. Is cash flow statement prepared by accounts department?

Yes ... No ...

If Yes is it Monthly
Quarterly
Annually
(Tick as relevant)

If No give reasons
.....

32. Are the following budgets prepared?

- i. Production Budget
- ii. Sales budget
- iii. Cash budget
- iv. Debtor add orditors budget
- v. Stock level budget

- vi- Capital expenditure budget
- vii- Administration budget
- viii- Research and development budget
- ix- Working capital budget

If yes put X if no give reasons please

33. Is statement of source and application of funds prepared from the master budget?

Yes ... No ...

If No give reasons

.....

34. Does the accounts department supplement the above budgets with useful ratio to demonstrate a relationship or a trend?

Yes ... No ...

a) If yes are the following rations included?

- i. Profit before or after tax to capital employed
- ii. Working capital ratio
- iii. Liquid assets to current liabilities
- iv. Stock turnover velocity
- v. Gross or net profit to sales

b) If No give reason i. ii.

35. Do you or the accounts staff provide information in respect of the following?

i) Decision to invest

Yes ... No ...

if No give reasons.....

ii) Decision to disinvest

Yes ... No ...

if No give reasons.....

iii) Capital structure i.e.,

equity and debt ratio

Yes ... No ...

if No give reasons

iv) Dividend policy

Yes ... No ...

if no give reasons

36. Is there an internal auditor?

Yes ... No ...

if No give reasons

37. What is his qualification

a) A. C. C. A. / ACA

b) University Degree

c) Technical Institute

d) Others

38. Is there a manual for audit procedures?

Yes ... No ... If No give reasons

39. Does internal auditor record daily work done by him or his assistants?

Yes ... No ...

If No give reasons

40. Is internal audit work carried out according to a written plan?

Yes ... No ...

If No give reasons

41. Does internal auditor write periodical reports?

Yes ... No ...

If No give reasons

If Yes how frequently.

42.a. To whom such reports are addressed?

i. ii.

b. Is any action and follow up taken on basis of these reports

i. ii.

43. Recruitment and training of accounts staff.

State minimum qualification required for the following post:

- i. Financial Controller
- ii. Assistant Financial Controller
- iii. Chief Accountant
- iv. Assistant Chief Accountant
- v. Accounts Clerk

44. Do you find difficulty in recruiting accounts staff?

Yes ... No ...

If Yes give reasons

i. ii.

45. Is staff turnover high in the accounts department

Yes ... No ...

If Yes give reasons i)..... ii)

If No give reasons i) ii)

46.a. Is there continuous education/training programmes
for staff

Yes ... No ...

b. If Yes state location of course.

i) Local Yes ... No ...

a. At own premises

b. At premises of similar organization

c. Elsewhere

ii) Abroad

- a. On similar organization
- b. At college or institute
- c. If No give reasons:
 - i)
 - ii)

47. Is the course specified in nature

Yes ... No ...

If No give reasons:

- i)
- ii)

Is employee performance during the course correlated
with financial rewards?

Yes ... No ...

If No give reasons:

- i)
- ii)

SECTION B : TOP MANAGER:

- i) Name:
 - ii) Age :
 - iii) Position:
 - iv) Education: a)
b)
c)
d)
 - v) Qualifications: a)
b)
 - vi) Experience: a) No. of years
b) Position held
c) In the private public - sector
or both (Tick as relevant)
2. Does the accounts department provide you with adequate information to help you taking the following decisions:
- a) Planning decision Yes ... No ...
 If Yes does it refer to the following
 (Tick as relevant)
 - i. To forecast customer needs
 - ii. To decide which need can be undertaken profitably

- iii. To select market territories
- iv. To select method of production
- v. To approve wages structure
- vi. To determine facilities for production
- vii. To determine facilities for distribution
- viii. How to raise short/long term finance
- ix. Cost of short/long term finance
- x. Methods of repayment of short/long term finance
- xi. Approval of budgets (Master and Supporting)
- xii. Others (specify please)

.....
If No give reasons please

- i.
- ii.
- iii.

b) Control decision Yes ... No ...

If Yes does the information refer to the followings:

(Tick as relevant)

- i. Comparison between budget and actual performance
- ii. Reason for variances between budget and actual
- iii. Appraisal of Internal Control System

iv. Cash and Inventory Control Systems

v. Credit Control Systems

vi. Others (specify please)

If No give reasons

i.

ii.

iii.

c) Coordination Decisions: Yes ... No ...

If Yes does the information refer to the following:

(Tick as relevant)

i. Coordination of budgets

ii. Number of orders in hand

iii. Production capacity available

iv. Organization objectives & not the department

v. Others specify please

If No give reasons

i.

ii.

iii.

d) Protection decisions: Yes ... No ...

If Yes does the information refer to the following:

(Tick as relevant)

- i. Location condition, age and cost of asset
- ii. Depreciation charged and expected life of asset
- iii. Things used
- iv. Things produced
- v. Things disposed off
- vi. Insurance of assets and adequacy of cover
- vii. Security measures
- viii. Others specify please

3. Do you consider information submitted to you by the accounts department as reliable?

Yes ... No ...

If Yes give examples:

- i.
- ii.
- iii.

If No give reasons

- i.
- ii.

How do you verify such information

- i. ii.

4. Do you make use of information submitted to you by accounts department?

Yes No ...

If Yes give type of information and usage

a) Type of information

b) Usage

i)

i)

ii)

ii)

iii)

iii)

iv)

iv)

If No is this due to the following reasons:

(Tick as relevant)

i) pressure of time

ii) personal reasons

iii) received too late

iv) political reasons

v) information is irrelevant

vi) degree of uncertainty is high

vii) other reasons (specify please)

5. How do you request information from the accounts department? (Tick as relevant)

a) In a friendly manner (informal)

b) In a supervisor order (formal)

6. Do you think requesting information from the accounts department in a supervisor order affects morale and cooperation of the accounts department?

Yes ...

No ...

If Yes state how can you avoid the effect?

- i.
- ii.
- iii.

If No give reasons

- i.
- ii.
- iii.

7. Is your request for such information

- i. written
- ii. verbal
- iii. clear and specific
- iv. vague and ambiguous
- v. indicate purpose for which information is needed

(Tick as relevant)

8. Do you think that regular presentation of financial accounts i.e. Balance Sheet and Profit and Loss Account is useful and helpful in decision making?

Yes ... No ...

If Yes list usage below:

- i.
- ii.
- iii.

If No give reasons

- i.
- ii.
- iii.

9. How frequent do you like to have such statements i.e.
Balance Sheet and Profit and Loss Account?

- i. Monthly
- ii. Quarterly
- iii. Annually
- iv. Other intervals (specify)

10. Does the accountant provide you with regular reports
in addition to Balance Sheet and Profit and Loss
Account showing:

- a. summary of sales figures indicating the extent
to which profit have been affected by changes in
- i. Selling price ii. and in trade discounts

Yes ... No ... Yes ... No ...

and changes in the mix of sales between more and
less profitable lines

Yes No

b. Does the accountant provide you with details of
operating results on the production side?

Yes ... No ...

If Yes does it include the following:

i- The extent to which the different departments
have attained the standard budget

Yes ... No ...

If No how do you get the information

i) ii)

ii- Total effect of the production variances
upon profits Yes ... No ...

If No how do you get the information

i) ii)

iii- Analysis of production Variances and Cause

Yes ... No ...

If No how do you get the information

i.

ii.

iii.

12. Does the accountant provide you with details estimates
of the future profits which should be demanded according
to budget

Yes ... No...

IX No how do you get the estimates?

i.

ii.

13. Does the accountant provide you with facts about
break even points of the business? Yes ...

(Breakeven point is the point at which business:

Profits cease to cover fixed expenses and the business
begins to run at a not loss)

14. Does the accountant or F.C. provide you with Statement
showing source and application of funds?

Yes ... No ...

If Yes - State usage please

i.

ii.

iii.

iv.

If No give reasons

i.

ii.

15. What method of costing is used in your firm
standard, process or other (specify)

16. Do you think question 15 above is a technical one

Yes ... No ...

If Yes give reasons

i.

ii.

If No give reasons also

i.

ii.

17. Do you receive regular reports about stores?

Yes ... No ...

Give reasons on both cases please.

18. Do you insist on having inventory checked regularly

Yes ... No ...

If yes how frequent

If No give reasons

19. Do you receive statistical cost reports?

Yes ... No ...

If No give reasons

If Yes give usage

B-

b-

C-

d-

e-

20. Do you have budgetary control? Yes ... No ...

If Yes indicate usage to management

i.

ii.

If No give reasons

i.

ii.

21. Do you receive actual figures compared with budgeted ones?

Yes ... No ...

22. How frequent do you receive such statements?

Give period in weeks please

23. Does the accounts department provide you with information relating to:

i. Invest or disinvest decisions

Yes ... No ...

If Yes give examples

i.

ii.

If No give reasons

i.

ii.

ii. Capital structure i.e. ratio of equity

to debit. Yes ... No ...

If No give reasons

iii. Dividend Policy

Yes ... No

If No give reasons

iv. Wages structure

Yes ... No ...

If No give reasons

24. a. Does the accountant provide you with adequate information showing comparison of costs of different suggested locations of the new factory:

Yes ... No ...

b. Does he show cost of transport of capital equipment?

Yes ... No ...

c. Does he show cost of transport of finished product?

Yes ... No ...

d. Cost of transport of finished product from factory to market area.

Yes ... No ...

e. All cost of other factors affecting location of factory

Yes ... No ...

25. Does he provide you with full information to decide whether to replace a capital equipment or not

Yes ... or No ...

If Yes does his information include the following:

(Tick as relevant)

- i. saving obtained through increased production at increased speeds and high efficiency,
- ii. decrease in material costs through greater yield or lower spoilage,
- iii. decrease in labour costs through fewer labour operations and more machine operation,
- iv. lower maintenance costs,
- v. better quality in finished product.
- vi. cost of writing off old plant,
- vii. higher depreciation charge on new equipment,
- viii. those more tangible costs in the form of holdups, delays low operating efficiencies whilst the new equipment is being run in.

26. Does the accountant consider the above factors in question 25 in relation to the following:

- i. sales price and whether a better price can be obtained for any improvement in quality

Yes ... No ...

ii. The most economical production level at which the new equipment must be operated and the sales volume that this production level will produce. Also the quantity of product which the market is ready to absorb:

Yes ... No ...

iii. The net profit and whether the sum of the above factors give an overall increase or decrease in profits.

Yes ... No ...

iv. Whether funds are available to finance the replacement

Yes ... No ...

If Yes does he show cost of finance?

Yes ... No ...

27. Do you need a budgetary control system?

Yes ... No ...

If Yes give examples

i.

ii.

If No give reasons

i.

ii.

28. Do you have an internal auditor in your firm?

Yes ... No ...

If No give reasons

29. Do you think it is important to have an internal auditor in your firm?

Yes ... No ...

If Yes to whom should he report

i.

ii.

If No give reasons

i.

ii.

30. What do you expect to get from him?

a)

b)

c)

31. Do you think education and training is important for accounts department?

Yes ... No ...

If Yes state location and duration of training

local/abroad/short training/long traing

(Tick as relevant)

Do you think performance of employee during training should be correlated with financial rewards?

Yes ... No ...

If Yes is this the case in your firm?

Yes ... No ...

If No state reasons

i.

ii.

iii.

32. Is accounting staff turnover high?

Yes ... No ...

If Yes what are the reasons?

i.

ii.

If No state reasons also

i.

ii.

iii.

iv.

SECTION C :

PRODUCTION MANAGER

1.

- i- Name
ii- Age
iii- Position
iv- Education :
.....
.....
v- Qualification :
a)
b)
vi- Experience :
a) No. of year
b) Position held
c) In the private, Public Sector or both

(Tick as relevant)

2. Does the accountant provide management and design staff with estimates of costs of a new product to be produced or under research?

Yes ...

No ...

3. Does he provide information about availability of production facility?

Yes ... No ...

4. Does the accountant provide you with effect of changes in design or formula on the following costs?

(Tick as relevant)

i- Cost of replacing old stock	Yes	No
ii- Cost of retooling	Yes	No
iii- Loss of production during the change over	Yes	No
iv- Absorbtion of unused facilities in one part of the factory	Yes	No
v- Changes in cost of handling	Yes	No
vi- Changes in cost of packing	Yes	No
vii- Changes of cost of storage	Yes	No
viii - Changes in cost of ordering	Yes	No
ix- Changes in cost of purchases	Yes	No
x- Changes in cost of finance	Yes	No

If no tick reasons below:

- i- You do not inform the accountant
 ii- You do not request his participation
 iii- The accountant does not understand your needs

vi- The accountant is not competent

v- Other reason (indicate please)

5. Does the accountant provide production staff with effects on costs due to changes in production methods? i.e. putting more horse power behind each worker.

Yes ... No...

6. Does he provide production staff with effect of long and short runs.

Yes ... No ...

Does he provide you with the economic lot or batch or sizes of different products

Yes ... No

7. Does the accountant provide you with the effect of producing on a hand to mouth basis or to make for stock and coordinate selling efforts in order to put work through the factory in more economical quantities?

Yes ... No ...

8. Does the accountant provide production staff with the following:

i-	Economic stock levels	Yes	No
ii-	Cost of carrying inventory	Yes	No
iii-	Cost of storage and handling	Yes	No
iv-	Cost of capital locked up	Yes	No
v-	Material variances from standard due to excess or more economical material usage in the factory	Yes	No
vi-	Scrap and spoilage reports	Yes	No
vii-	Labour cost showing actual and standard and variances and their cause	Yes	No
viii-	Labour efficiency and the loss or saving due to it/ ⁱⁿ different departments	Yes	No
ix-	The amount of expenditure incurred on the different items of overhead expenses and the variance of actual expenditure from standard	Yes	No
x-	The extent to which fixed expenses have been under absorbed or over absorbed because of a fall or rise in the level of production in the different departments	Yes	No
xi-	Statistic of direct labour showing details analysis of labour costs operating		

efficiencies, lost time, absent time ~

and out put compared with standards? Yes No

9. Do you accept the information submitted to you by
the accounts department without further verification?

Yes ... No ...

If yes give reasons

1)

2)

If no give reasons

1)

2)

SECTION D :

SALES MANAGER

1. i- Name :
- ii- Age :
- iii- Position :
- iv- Education :
-
-
-
- v- Qualification :
- a)
- b)
- vi- Experience :
- a) No. of year
- b) Position held
- c) In the private, Public sector,
or both.

(Tick as relevant)

2. Does the accountant provide you with the following
information?

Costs due to increase in variety of products sold?

Yes ... No ...

If no give reasons

.....

Effect of increasing sales on cost of production

Yes ... No ...

If no give reasons

.....

Effect of increased changes overs and short runs

Yes ... No ...

If no give reasons

.....

Cost of increasing multiplicity of parts

Yes ... No ...

Cost of increasing finished products carried in
stock and work in progress

Yes ... No ...

3. Does the accountant provide you with comparison
of net profit obtained from a given type of
business against additional cost of the following:

(Tick as relevant)

- i. Additional advertising
- ii. Additional cost of despatch
- iii. Additional cost of invoicing

- iv. Additional cost of credit control
 - v. Additional cost of telephone calls
 - vi. Additional cost of effort incurred by representative in getting the business.
4. Does the accountant initiate enquiries into how far it is possible to cut the following costs?
- i. Transport costs
 - ii. Warehouse costs
 - iii. Packing cost
 - iv. Others (specify please)
- (Tick as relevant)
5. Do you request the accountant to provide you with regular information about costs of different products?
- Yes ... No ...
6. Does the accountant indicate clearly the assumption he made when preparing the above information?
- Yes ... No ...
7. Does the accountant provide you with details of profit or loss in respect of each product to indicate sales mix effect?
- Yes ... No ...

8. Does the accountant make the following distinctions in his regular reports of details of cost of any product?

i. Material processed in the factory	Yes	No
ii. Material bought out	Yes	No
iii. Material yields	Yes	No
iv. Process or conversion costs	Yes	No
v. Fixed overhead	Yes	No
vi. Variable overhead	Yes	No

9. Does the accountant provide you with details of actual sales to indicate general trend of different products.

Yes ... No ...

iv. Cost of providing medical care with in the organization

Compared with cost of using private doctors

v. Cost of having own recreation facilities,

If any compared with social benefits driven from such facilities such as raising staff morale

vi. Cost of uniforms and their effects

3. Is accountancy staff turnover high/low/moderate

(Tick as relevant)

4. Staff turnover in accounts department is due to

the following: (Tick as relevant)

i. Low pay

ii. Staff is over loaded with work

iii. Promotion to higher posts is locked for accountants

iv. Others (specify please)

.....

5. Does the majority of staff leaving your firm join other firms in Sudan or Abroad?

i. In Sudan

ii. Abroad

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