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CHAPTER SEVEN

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### FINDINGS AND SUGGESTIONS

7.1 INTRODUCTION

7.2 FINDINGS

7.3 SUGGESTIONS

i) SUGGESTIONS TO THE UNITS

ii) SUGGESTIONS TO THE INDUSTRY

iii) SUGGESTIONS TO THE GOVERNMENT

## CHAPTER SEVEN

## FINDINGS AND SUGGESTIONS

## 7.1 INTRODUCTION :

The production of the press depends upon the order from customer. Hence it is dependable industry on the customer who writes something on paper and brings for printing. In short this industry is customer oriented. Therefore for printing industry job costing method is applied. This industry has to print the job in a particular way. After receiving the information from customer, the press Manager or Incharge, estimates the cost of job by past experience and taking into consideration the cost of paper, ink, overhead, salaries and wages and other expenses. He quotes the printing cost before printing, therefore job costing is done by with the estimates. The matter of printing is supplied by the customer and this matter is forwarded to planning department. This department on completion of their work, forwarded to compose department, then it passes to printing and binding department through proof reading. Thereafter the packing and despatching department supplies the work to the customer.

The major raw material is printing paper which constitutes 30% of the cost of production and other material like printing ink, oil, grease are used to run the press.

Major elements of cost in the printing industry are labour cost and overhead cost. The material cost of paper may be of printing press or borne by customer. The overhead costs are not forming much portion of the cost.

These costs were classified under different heads to facilitate further analysis. The main classification was element wise, department wise and behaviourwise.

While studying labour cost accounting system the basic documents for collection of labour costs such as time cards, attendance register leave register and labour muster rolls were called for scrutiny but may were not produced by the Management.

Service department cost like cost of administrative proof reading and store keeping are not proportionately allocated or absorbed but they are distributed indiscriminately.

## 7.2 FINDINGS :

The study revealed that the existing printing press has not adopted costing system except Government printing press. The Government press has adopted costing system that is job costing and some have adopted average unit costing. As per the principle of costing system the Government press has not fixed cost units or cost centres where the cost of printing work is determined. It is therefore regular practice to cost the job on traditional or historical basis.

The main object of adopting costing system by the Government press to fulfill or matching the budget provision or for asking more grants. Each job is not costed but they have fixed standard job for calculating cost of the work.

Most of the units do not maintain separate costing records and no units has established any standard costing system. The way in which budgets are implemented are not satisfactory. No budgetary

control over the press working. The system has not been designed. As there is no costing system except Government Press, there is no way to provide information support to the management for the decision making process.

The function of cost accounting are usually not covered by the internal audit wing.

The procedure for stock procurement and issues to department are generally good in Government press and co-operative but not in private concern.

The pricing of issues are consistent. A majority of units follow the weighted average method of pricing issues. Levels of inventory are not established, the items are not purchased until they reach the danger levels.

The units do not prepare monthly analysis of labour costs.

The depreciation policy is justifiable and consistent. Most of the units follow written down value method of charging depreciation.

Though there was no uniformity in overheads accounting the units are accounting overheads in abruptly.

The job costing is not made in proper way only they work out the cost abruptly in Government press or by percentage while other presses are not costing the jobs.

After a careful study I have arrived at the following findings:

1. The object of the presses is to print the job within the prescribed time irrespective of cost.

2. The present practice is that the jobs are not costed in each press separately.
3. There is no separate cost department to calculate or ascertain the cost of job.
4. The presses have not maintained the staff of planning and designing the job but the job is completed as per the requirement of the customer.
5. The separate record as per costing system is not maintained by the presses.
6. It is the general impression of the press that cost departments and maintaining record will increase establishment expenditure and that will affect the printed price of the job.
7. Government press has costing the job on average unit costing the job but they are pricing the job.
8. The proper record has not been maintained by the presses under study to find out cost of the job.
9. The pricing of the job is made as per the rate list published by the Kolhapur Zilha Mudrak Sangh, Kolhapur.
10. This rate list is taken as a base of the pricing but there may be low or high pricing as per availability of work.
11. The small jobs in size and number are completed in big machine or high speed machine which may cause the increase in the cost.
12. It is observed that totally the cost consciousness is not found in any press.
13. Jobs are charged differently at different levels of the press.

14. It is the general impression that the calculation of cost of the job will increase the work of the press which may cause in reduction of profit.
15. It is observed except in Government printing press and Shetkari Sangh where there is service moti a Government work and which is completed in quantity and not quality the other press has commercial and profit making aim.
16. Proprietary organisation has no costing system and having small investment they are competing with big organisation in small type of work.

### 7.3 SUGGESTIONS :

On the basis of the above findings and conclusions the following suggestions are being made to install costing system.

#### SUGGESTIONS TO THE UNITS :

1. There should be proper classification of department and each department should be allotted proper work. Then there should be co-ordination among the department of a unit to facilitate easy and quick collection of costs.
2. Instead of the financial records forming the basis of cost records, the cost records should form the basis for financial records. Primary records should be cost records and data from these records should be transferred to financial records. The basic documents like material received note and stores ledger etc. are meant for this purpose.
3. Suitable forms must be introduced at all levels. This will facilitate easy collection and identification of costs.

4. The cost should be classified in different ways to facilitate analysis and control.
5. Mechanism should be introduced for stores routine and pay roll. It reduces time lag, ensures accuracy and facilitates analysis.
6. The cost base method that is job costing be adopted in the press. For achieving this suitable procedure of -recording all functions be carried out to overlap the -defaults.
7. The units should voluntarily come forward to adopt cost base valuation of each job to avoid discrepancies in the work so that they can realise the proper valuation of work for their betterment.

#### SUGGESTIONS TO THE INDUSTRY :

In India the need for job costing is yet to be recognised. But the advantages of such systems are not unknown. It provides a basis for interim comparison and encourage healthy competition. Concerted efforts are made for imposing the overall system in industry.

Research and Development will gain momentum. Ignorant and irresponsibile competition can be avoided and more intelligent price policy may be established. If members have job costing and use them consistently.

All India Masters Printers Association should have to take initiative and establish the first and formal job costing in the printing press all over the country in the big-organisations. The proprietary organisation may be excluded from the costing system due to the eroding , cost of installing and maintaining this system independently.

1. Planning and Designing of Printing job if done by the presses on appointing technical persons the cost of the job will be reduced and thereby will be reduced and thereby will increase the turnover and quality.
2. The jobs are to be printed on proper size of machine to avoid wastage of power and maintainance.
3. The proprietary organisation may carry small type of work where price factor is more important than quality of work for example hand bills, wedding cards etc.
4. Co-operative and other organisations to survive in their business profitability or to maintain cost to cost they have to carry book work where work order becomes a big job which will support the other work or have their own publication.
5. The proper provisions for example repairs and maintenance depreciation should be made to carry on the business or to replace the machinery.
6. The present practice is to charge the job by printed price list which is prepared by association of various commercial organisation but no business concern, consider what actual cost is of the job. Due to which the printing becomes costlier and the customer is not attracted by printing units.
7. The press should have its own printing work or manufacturing of stereo type job for example covers of exercise books or various forms of various offices which are required to public and letter heads.

8. The customer oriented aim will develop the financial condition of the press for example visiting cards, greeting cards, playing cards. This should be provided at low cost.
9. The press business if it is run on marginal profit basis the business will flourish as the customers will be attracted by low priced job.

#### SUGGESTIONS TO THE GOVERNMENT :

The printing industry is governed by the Government through various acts laid down by State as well as centre. The printing industry is in existence under keen competitive situation. This business must be made to survive and made stable for its qualitative work which remains long life for the knowledge of future generations. Hence suggestions are :

1. The printing industry is mostly run by private proprietorship and their survival is as good as a famous doctrine survival of the fittest. The industry which is writely does the work, they establishes their business. But as a social rise it is not corrective measure. Because book gives knowledge to the human being hence there should be control over the cost of printing. Government should direct the All India Masters Printers Association to promote costing system.
2. In order to enforce financial discipline in the printing industry, the Government should promote the printing industry to introduce costing system for healthy competition. It is suggested that all presses must introduce costing system.

4. A separate cost control board must be established for the guidance of printing industry and control over the business.
5. The printing material in our country is too costly. Hence one should avoid wastage and proper utilisation under planning. It will be more useful to improve the knowledge.
6. Promoting improvements and standardisation of accounting and costing methods and practice.

It is not the duty of any single person. It is the duty of the management and every employee of the printing industrial unit, the industry and its Trade Associations, the professional cost accountants, cost auditors and the Government to contribute to the development of efficient system in the industry for its progress and development.

Concerted, Co-ordination and sincere efforts of each and every member of the business. Professional and Academic Community will certainly help the system of cost Accounting to develop, which is the need of the day.

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