**BITAM/11/23/068/TZ**

**Q1.** DISCUSS THE IMPORTANCE OF ACCOUNTING TO THE MANAGEMENT, EMPLOYEES, CREDITORS AND GOVERNMENT.

* **For management:**

It help in controlling costs and making better decisions. For example in factory manager can track the production costs and find way to reduce wastage costs.

* **For employees:**

Due to the transparency of employees in operation, it may lead to high incentives. for example, employees may receive bonuses based on cost saving.

* **For creditors:**

They may offer insights to the company’s financial health, ensuring repayments. for example, banks might review cost accounting records before granting a loan.

* **For the government:**

Cost account may ensure compliance with tax and regulatory requirements. Forexample the government may use cost account reports to assess tax obligations.

Q2. MENTION AND EXPLAIN STEPS TO BE TAKEN WHILE INSTALLING COST ACCOUNTING SYSTEMS.

The following are the steps in installing cost accounting system;

* **Define objectives:**

The first step needed is to clarify what the system aims to achieve, forexample cost controle or profit maximization.

* **To select suitable methods:**

This is another step that can be taken when installing accounting system, where it needed to choose suitable method between job costing and process costing, this occur according to the industry needs.

* **Set up the cost center:**

This means to organizes the business into units, this will help to track the expenses easily.

* **To train staff:**

This also the important step when installing system of accounting ,it means that to educate staff or employees on using the system effectively, this will help to reduce strike to the workers when they don’t know uses of the system.

* **To implement and monitoring the system:**

After the establishment of the system it needed to have a regular checks the accuracy of the system and its efficiency in order any circumstances in implementation of work.

**Q3. DISCUSS THE ARGUMENTS AGAINST THE INSTALLATION OF COST ACCOUNTING SYSTEMS IN A INDUSTRY.**

The installation of cost account in an industry may face a lot of arguments like as follows;

1. **High cost:**

Setting up and maintaining the system can be expensive, especially for the small industry it takes high cost.

1. **Complexity:**

To create system it may be too detailed or complexity for some industry and most of them are the small industry.

1. **Time consuming:**

To prepare cost cost records it is not easy thing, it consumes a lot of time.

1. **Limited flexibility:**

When the system introduced the user may not adapt quickly to changes in business processes or product especially when they are not trained about the use of the system.

**Q4. DISCUSS THE LIMITATION OF COST ACCOUNTING**

1. **It may not always accurate:**

Cost account may not be always accurate in every time, sometimes there is assumption and estimates may lead errors.

1. **It is not suitable for all businesses:**

Cost account may not suitable for all businesses, small business may cause unnecessary cost because it is complex for small industry.

1. **Ignores the market condition:**

This occur due to the focus on internal costs, not on external factors like competition.

1. **Potential for misinterpretation:**

When this misinterpretation occurs, the results can be misread if there is not analyzed properly.