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TITLE :

**COST CONTROL SYSTEM IN A CAR INDUSTRY
(A CASE STUDY ON PERUSAHAAN OTOMOBIL NASIONAL BERHAD)**

**IN PARTIAL OF FULFILLMENT
THIS PAPER IS TO BE SUBMITTED TO
SCHOOL OF ACCOUNTANCY**

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CHAPTER 1 - INTRODUCTION TO DATA COLLECTIONS

INTRODUCTION

In order to be successful in today's worldwide competitive environment, companies must be capable of manufacturing products of high quality at low cost and also provide a first-class customer service.

In order to have product at low cost, an effective cost control system is needed. In this project paper, it will tell the flow of cost and how it is being controlled in a way to minimize cost but high quality product being produced.

Principally, it is also to show whether the improvements of technological has been properly utilised. From the effective control system, it can contribute to timely statements of financial conditions, as well as operating results. It can be used for the measurement of performance and future policy making.

Costs are referred to a number of senses which should not be but often are, confused. We may speak, in advance, of the cost of such and such an action, meaning what we expect the cost to be.

While control is the process of trying to achieve conformity between goals and actions. It is essential part in order to assure that activities conform to plans and goals of the firms. Goals are identified as an objective of the firm or;

'.....object of efforts or ambition.....'

Oxford
Advanced Learners Dictionary
A.S.Hornby
pg. 371

Different firm will have different kind of goal or objectives for example, profit orientated and non-profit orientated company. For profit-orientated company, its objective is to maximise the profit as well as maximise the shareholders wealth. But for non-profit orientated company such as clubs, associations and social services department, their principal function is not trading or profit-making; they are more to further the promotion of an activity or group activities such as extending and improving facilities or engaging in cultural activities.

Therefore, control is needed to ensure that the firm's activities conform to its plans and that its objectives are achieved. It is also an action which is taken to purchase the correct quality materials in future to reduce excessive wastage.