



ABSTRACT

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Author(s)	Ilkka Laijoki	Student number	
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Title	Developing cost accounting practices in project-oriented business organization Case: Uponor Suomi Oy, No-Dig Solutions business unit		
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Abstract	
<p>The objective of this thesis is to examine and develop the cost accounting practices in a case company that operates in pipe-renovation business. The business concept of the case company consists of renovating sewers and other pipelines with plastic pipes, and each renovation job can be considered as an individual project. This research was started because the case company management did not consider the existing cost accounting practices accurate enough for providing meaningful information to help decision-making. In order to improve the existing practices this research process was divided into two specific research problems: 1) developing the current product group profitability reporting practices and 2) developing project cost accounting practices. The methodological choice was to conduct a constructive research because the aim was to propose solutions to the problems in the particular context of the case company. The thesis starts with an introduction to cost allocation and project management literature to provide a theoretical framework and to familiarize the reader to the research topics. A review of the project management literature is necessary alongside the cost accounting literature, since operating in a project-environment places additional requirements on the cost accounting systems compared to the traditional manufacturing environment. After the theoretical considerations are presented, the focus is turned into examining the case company practices and identifying problems in them. The constructs to improve product group profitability reporting and project cost accounting are then developed based on the existing cost accounting practices in the case company, theoretical recommendations, interviews with case company personnel, other written material received from case company, participative observation when working in the case company premises, existing IT-systems etc. These constructs are described in full detail in the text and their usefulness to the case organization is analyzed carefully. One of the main results of this research is establishing clear instructions for the case company on how cost allocations should be performed according to causality when product group profitability reports are created. Perhaps even more important result was the development of a project cost accounting construct, which was completely lacking when the research was started. With the proposed after-project cost accounting construct, information on project profitability can be improved as well as the profitability information on the individual products within the projects. In all, this research process was very pragmatic and the focus is heavily in the case company practices. Even so, the paper should provide also some theoretical insights on the problems in conducting cost accounting in project-environment and suggestions on how the problems can be solved.</p>	
Key words	project cost accounting, project management, cost accounting development, cost allocation
Further information	