

# A STUDY ON INVENTORY MANAGEMENT WITH REFERENCE TO COCA COLA

**Aluka Mahesh Goud<sup>1</sup>, N. Lakshmi Deepthi<sup>2</sup>**

1. Master of Business Administration student in Malla Reddy Engineering College and Management Sciences, Kistapur (V) Medchal (M) Ranga Reddy (Dist) Telangana.
2. Assistant Professor in Malla Reddy Engineering College and Management Sciences, Kistapur (V) Medchal (M) Ranga Reddy (Dist) Telangana.

**1Email:** [alukamaheshgoud@gmail.com](mailto:alukamaheshgoud@gmail.com),

**2Email:** [deeptiramachandrani@gmail.com](mailto:deeptiramachandrani@gmail.com)

## **Abstract:**

Inventory are often outlined because the ad of the worth of raw materials, fuels and lubricants, spare elements, maintenance materials, semi-finished merchandise and finished product that square measure offered at a given time. In massive corporations, inventory accounts for a considerable portion of current assets. The corporate has concerning fifteen to half-hour of inventories of total assets. Inventories carries with its assets that square measure oversubscribed as special things within the normal course of business. The assets that corporations store as inventory square measure raw materials add progress and finished merchandise. Inventory are often outlined because the ad of the worth of raw materials, fuels and lubricants, spare elements, maintenance materials, semi-finished merchandise and finished product that square measure offered at a given time.

**Keyword:** Corporation, Inventory, Raw Material

## **Introduction:**

In massive corporations, inventory accounts for a considerable portion of current assets. the corporate includes a share of fifteen to half-hour of the record total. Inventories carries with it assets that square measure oversubscribed as special things within the normal course of business. Inventory Control is that the system designed to manage inventory investment. These embody inventory designing and higher cognitive process in terms of amount and time of purchase, stock choice, inventory management and continuous inventory. The couplet miraculously sums up the quandary of all those concerned in inventory. What's the inventory? What square measure their functions? What are often done to reduce this inventory? These and different relevant topics were mentioned during this chapter. Every company wants inventory to

run its activities swimmingly. It is a link between the assembly and sales method. In general, there's a wait between the popularity of a necessity and its fulfillment. The longer the time delay, the upper the inventory necessities. It additionally provides a cushion for future value fluctuations. In advanced business-like Coca Cola. it's been clearly examined however the matter is allotted and what its actual impact on the business and the way effectively the inventory is employed to be better-known to the research worker attributable to its nice importance for analysis. The scope of the study is proscribed to the gathering of economic information revealed within the company's annual reports, taking under consideration the on top of objectives. Associate degree analysis of the information to recommend favorable solutions to the assorted issues related to internal control. This specific topic has been elite to manage internal control in recent years. The study is conducted to assess the company's performance in terms of internal control management. The project aims to find out through the event of effective internal control management.

### **Review of literature**

While keeping inventory results in company period and storage and handling prices, every organization should maintain a particular level of inventory to change uninterrupted production and business continuity. If there are not any inventories, a corporation should build purchases as before long because it receives orders. this implies lost time and delays in capital punishment orders, which might generally cause client and business losses. A company additionally must keep inventory levels to scale back ordering prices and use volume discounts, and so on. Holding inventories involves interference company funds and making capital and alternative prices. the various prices and risks of reposition are: Cost of capital: the upkeep of inventories ends up in a blockage of the company's monetary resources. the corporate so must raise extra funds to hide the price of inventories. The funds could also be provided by own funds or by outsiders. In each case, however, the corporate incurs prices. Within the former case their square measure chance prices for investments, within the latter case; the corporate should pay interest to outsiders. The determination of stock levels by physical enumeration or by victimization continuous stock records may be simply unreal. Once this quantity is set, it should be increased by the cost to see the inventory worth used for the deal. Trade and volume discounts square measure excluded from the cost, as these discounts square measure won't to confirm the particular charge prices of the products. Discount deductions, on the opposite hand, square measure thought of a present for

early payment and as a penalty for late payment. The "reward" was typically taken as a loss and not as a part of the cost. Therefore, it's not tough to seek out disagreements on whether or not or not the charge price includes discount. If the "current replacement prices" of the fabric on the market at the tip of the year square measure under the particular costs, the inventory worth is reduced to the replacement prices (current market price). Thus, the suitable base stock valuation is that the "lower of the price or the market" or, additional exactly, the "lower of the particular price or the replacement cost". Determining the inventory values is of nice importance from the purpose of read of the record and therefore the profit and loss account, since prices not enclosed within the inventory (balance sheet) square measure thought of valuable and so recognized within the profit-and-loss statement. It's generally tough to check completely different orders with an equivalent material. AN order begun some minutes when the beginning of another order might have to be compelled to bear completely different material charge because the 1st order has completely exhausted the availability of fabric for the ton. It ought to be understood that the assorted strategies of shrewd inventory values will all have an effect. The greenbacks acquired the acquisition of inventories are forever divided between the record (inventories) and also the profit and loss account (cost of products sold). Thus, if totally strategies for shrewd the inventory lead to different storage values, totally different values for the value of products sold can result, and also the values of the value of products sold can after all lead to different numbers of profits. To illustrate the consequences of inventory valuation on value flows, the previous exhibits are summarized. Every methodology determines a unique variety for the transfer of raw materials to in progress operations. These variations appear to be tiny, however the sole reason is that the dollar amounts were unbroken tiny to create the presentation possible. With the turning in of materials to the trade goods in work has the value flow or the turning in with impact on the trade goods in work inventory and also the turning in of the finished trade goods to finished goods. Ultimately, once product is sold; the various strategies for assessing inventories have an effect on the value of products sold and these profits. The impact of value flows on the value sold and profits is additional increased by applying the various strategies of assessing inventories of labor ongoing and finished products.

### **Objectives of the study**

1. To check, analyze and prepare the inventory management in Coca-Cola.
2. To Verstehen perceive the construct of inventory management

3. To grasp the acquisition method of the stocks
4. To Verstehen perceive the method of classifying inventories

### **Methodology**

For the aim of the study, collected from primary and secondary information were ready and given within the sort of tables and statements. The analysis of the information was performed victimization sure mathematical techniques like percentages then on. where attainable and acceptable, graphics and diagrams are used. Primary information Secondary data. The data supply that's not without delay offered however is collected through questionnaires and private interviews. The data supply, that is definitely offered and picked up through reports, journal books, magazines, and websites. The primary supply for the project is secondary information collected from company reports, magazines, and websites.

This approach assumes that the lower the common stock is, and contrariwise, and therefore the high average stock would entail high transport prices. This approach is employed to work out the EOQ, exploitation totally different permutations and mixtures of multiple inventory purchases to work out rock bottom order and transportation prices. The book price and price of buying totally different inventory orders are calculated, and therefore the order size with rock bottom total inventory price is EOQ.

Mathematical approach:

For the EOQ amount, Associate in Nursing abbreviation technique are often used, that is calculated as follows

$$EOQ = EOQ = \sqrt{\frac{2AB}{C}}$$

Where,

A = Annual usage of inventory

B = Buying cost per order

C = carrying cost per unit

**Data Analysis:**

**The investment on raw materials over a period of 5 years from 2014 to 2018 is presented in the following table.**

**1. Investment on Raw Materials**

<b>Year</b>	<b>Investment on Raw Material (in crores)</b>
2014 – 2015	2566.82
2015 – 2016	3368.75
2016 - 2017	3925.71
2017 - 2018	5168.75
2018 - 2019	3964.26

The higher than table shows that the inventory level has been increased from thirty-nine18 to 39 in 2018-19 and increased to 5168.75 in 2017 - eighteen. It shows that the stock has faded by over 3964.26. The typical stock of dope was registered at Rs. 4925.71.

**2. Trend Analysis**

The analysis technique is employed to work out the expansion rate of the investment of dope raw materials throughout the coverage amount that is shown within the following table.

**Trend Analysis**

<b>Year</b>	<b>Raw Material (in Lacks)</b>	<b>Trend %</b>
2014 – 2015	317.14	140
2015 – 2016	326.83	143.0684
2016 - 2017	436.40	173.5251
2017 - 2018	524.93	160.2864
2018 - 2019	675.57	168.6972

Investment in inventories magnified in 2018-19. the share in 2013-14 was 168.69% compared to the years 2014-15 to 2018-19. Inventories show that inventories were stronger in 2015-16 then showed a downtrend and magnified slightly once more. Inventory defrayment fluctuated within the early years then magnified to 173.52%, yet again showing a unsteady trend.

### 3. Inventory Turnover Ratio

This magnitude relation indicates what percentage times the inventory has been handled throughout the amount, and evaluates the potency with that a corporation will manage its inventory.

$$\text{Inventory turn over ration} = \frac{\text{Cost of goods sold}}{\text{Average inventory}}$$

**Inventory turnover ratio:**

Year	Cost of goods sold	Avg. Inventory	Ratio
2014 – 2015	8963.14	317.14	28.2658467
2015 – 2016	14594.45	326.83	32.4157819
2016 - 2017	17124.39	436.40	29.9825619
2017 - 2018	16796.90	524.93	31.9983617
2018 - 2019	20032.81	675.57	29.6531966

From the higher than table, it is seen that the inventory turnover in 2014-15 is twenty-eight.26 and step by step will increase to twenty-nine.65 over the amount 2018-2019. In 2018 - nineteen it's clear that the quota is way lower, id est its stock won't sell quickly. The quota is extremely low compared to all or any years. The typical inventory turnover was eight.5 times higher within the news amount.

### 4. Inventory conversion period

It may even be of interest to see the typical time for stock clearing. this could be potential by shrewd the inventory conversion amount. this era is calculated by dividing the quantity of days by the stock sales.

**Inventory conversion period: (in crores)**

Year	Cost of goods sold	Avg. inventory	Ratio	ICP (Days)
2014 – 2015	8963.14	317.14	28.2658467	16.7362185
2015 – 2016	14594.45	326.83	32.4157819	15.1457016
2016 - 2017	17124.39	436.40	29.9825619	16.0069793
2017 - 2018	16796.90	524.93	31.9983617	15.250576

2018 - 2019	20032.81	675.57	29.6531966	16.1403437
-------------	----------	--------	------------	------------

The inventory conversion amount was 232 days a year, indicating that inventory was being regenerate into sales terribly quickly, which suggests that the corporate manages inventory expeditiously.

**5. Percentage of Inventory over current assets:**

$$\text{Inventory over current assets ratio} = \frac{\text{Inventory}}{\text{Current assets}} \times 140$$

**Percentage of Inventory Over current assets:**

Year	Inventory	Current Assets	Ratio (%)
2014 – 2015	317.14	942.00	33.6624204
2015 – 2016	326.83	1422.14	31.9750719
2016 - 2017	436.40	2890.46	15.1379429
2017 - 2018	524.93	1514.52	34.7516127
2018 - 2019	675.57	1951.69	34.6146161

The on top of table shows that the proportion of inventories of current assets within the years 2015 to 2019 showed associate upward trend. From the year2018 - nineteen, however, there's associate increasing trend. Very cheap inventory quantitative relation on top of current assets was V-day for the amount 2016-17 and thirty-four.75% for the amount 2017-2018.The common inventory over current assets was thirty third.

**6. Percent of Inventory Over total current assets & fixed assets**

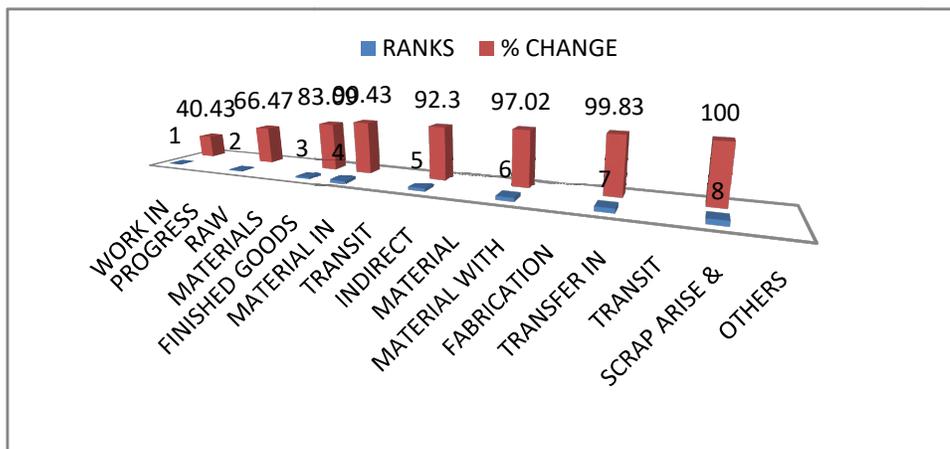
$$\text{Inventory} / \text{Current} + \text{Fixed assets}$$

Year	Inventory	Current Assets+Fixed assets	Ratio (%)
2014 – 2015	317.14	3158.24	14.169198
2015 – 2016	326.83	3879.24	8.42514389
2016 - 2017	436.40	3531.05	16.3589301
2017 - 2018	524.93	4447.22	15.8035537

2018 - 2019	675.57	5284.68	16.7835555
-------------	--------	---------	------------

From 2014-15, it shows a unsteady trend, however it's increasing over a pair of years. All-time low inventory to total assets for the amount 2015-16 was eight.42% and therefore the highest inventory was sixteen.75% for the amount 2018-19.

### ABC ANALYSES FOR 2016-18



We currently conclude that "Class A" occupies fifty-five.01% of their totals. Therefore, articles aborting, raw materials and finished product are allotted to class A, and "class B" occupies thirty seven.47% in step with the share of sophistication A, that is article material in Transit falls into category B, and at last category C seven occupies fifty seven with things of indirect material, materials with fabrication, transit transfer, scrap et al.

### Findings

Production over the amount 2014-15 was 14345.01 or 16048.30, on top of in 2018-2019, at 23586.80 and 25252.98. The investment in commodities within the years 2017-2018 is 5168.75 Cr, that is incredibly high compared to 2018-19, that is barely 3964.26 Cr. Lager The inventory employee turnover shows that the stock has solely been regenerate by one.02 times into sales.

Over the amount 2015-16, the stock has been stipendiary among fifteen.02 days, whereas within the amount 2014-2015 it's taken sixteen.73 days for the stock to be balanced. The year 2015-16 shows no example profits. this is often as a result of iron costs are underneath constant pressure thanks to the persistent match between provide and demand.

### Suggestions

Though production was higher in 2014-2015 and sales were terribly high, d. H. It took 15.02 days per conversion amount. The investment in material ought to be created in keeping with the necessities. Inessential investments will block the funds. Lager Neither too high nor too low inventory turnover rates might have an effect on the earnings and liquidity position of the business. Therefore, Associate in nursing applicable balance ought to be established to extend profits and guarantee liquidity. To cut back the employment, the business department will enter the order within the information and has not sent a replica to 3rd parties. Upon receipt of the products, the secretary entered the information and determined if the order was an equivalent because the electronic order.

### Conclusion

Inventory management plays a significant role within the organization these days. The system of inventory management in cola is extremely effective. The organization is essentially a unitary assembly, therefore stock taking plays an especially necessary role within the decision-making method. the varied stock-keeping calculations and figures indicate that the inventory classification of A-articles is maintained for days, that reduces the investment in stuff, shortens lead-time and conjointly the big volume rebate as inventory is maintained for days. The classification of basic principle articles is as follows: In cola, another map system for C articles has been introduced. Class A and sophistication B articles area unit thought of inside the just-in-time philosophy, as procurance time has been shortened by the right coordination of vendee and provider.

### References:

1. English Heritage (2012), "MIDAS heritage – the UK historic environment data standard" available at: <http://historicengland.org.uk/images-books/publications/midas-heritage/> (accessed December 22, 2015).
2. Harpring, P. (2010), Introduction to Controlled Vocabularies: Terminology for Art, Architecture, and other Cultural Works, Getty Research Institute, Los Angeles, CA, available at:

[www.getty.edu/research/publications/electronic\\_publications/intro\\_controlled\\_vocab/](http://www.getty.edu/research/publications/electronic_publications/intro_controlled_vocab/)

(accessed December 22, 2015).

3. ICOMOS (1996), “ICOMOS principles for the recording of monuments, groups of buildings and sites”, available at: [www.icomos.org/charters/archives-e.pdf](http://www.icomos.org/charters/archives-e.pdf) (accessed January 4, 2015).
4. ICOMOS (2008), “The ICOMOS charter on cultural routes”, available at: [www.international.icomos.org/charters/culturalroutes\\_e.pdf](http://www.international.icomos.org/charters/culturalroutes_e.pdf) (accessed January 4, 2015).
5. ICOMOS (2011), “The Valletta principles for the safeguarding and management of historic cities, towns and urban areas”, available at: [www.icomos.org/Paris2011/GA2011\\_CIVVIH\\_text EN\\_FR\\_final\\_20120110.pdf](http://www.icomos.org/Paris2011/GA2011_CIVVIH_text_EN_FR_final_20120110.pdf) (accessed January 4, 2015).
6. ICOMOS, International Committee on Archaeological Heritage Management (ICAHM) (1990), “ICOMOS charter for the protection and management of the archaeological heritage”, available at: [www.icomos.org/charters/arch\\_e.pdf](http://www.icomos.org/charters/arch_e.pdf) (accessed January 4, 2015).
7. Myers, D., Dalgity, A. and Avramides, I. (2016), “The Arches heritage inventory and management system: a platform for the heritage field”, *Journal of Cultural Heritage Management and Sustainable Development*, Vol. 6 No. 2, available at: [www.emeraldinsight.com/2044-1266.htm](http://www.emeraldinsight.com/2044-1266.htm) (accessed January 4, 2016).

#### **Web sites:**

1. [www.cocacola.com](http://www.cocacola.com)
2. [www.scribd.com](http://www.scribd.com)