

Inventory

Inventory :- An inventory can be defined as a stock of goods which is held for the purpose of future production or sales.

stocks of goods may be kept in the following forms.

- (a) Raw materials
- (b) partly finished items.
- (c) finished items
- (d) spare parts etc.

Advantages of inventory
Associated with increased inventory.

- (1) The economy of production with large run sizes.
- (2) The smooth and efficient running of the business.
- (3) The economy in transportation.
- (4) The price discounts by bulk purchasing.
- (5) faster and adequate service to the customers.

Disadvantages - Associated with increased inventory.

- (1) Warehouse rent.
- (2) Interest on invested capital.
- (3) Physical handling
- (4) Accounting. and
- (5) Depreciation and Deterioration.