

The need for holding inventories is inherent in any business organization. The space of the inventory will be properly controlled so that the objective of carrying or maintaining adequate inventory levels at minimum cost can be realized. The study therefore examined the system of stock valuation, management and control in manufacturing organization. Considering the nature of this study and the organization a lot of data were generated. Both primary and secondary data were used. Secondary data were generated from the reviews of various authors, while primary data were generated from questionnaire administered and personal interview conducted in the manufacturing organization. Based on the data collected, we found out that the system of inventory control is adequate in design and effective in operation as regard the determination of stock level, which could be attributed to the use of scientific methods in determining the quantity and time to order. The researcher strongly believed that proper and accurate recording of the Bin cards, the use of scientific methods in stock level determination will enhance the inventory control system of the organization. The researcher suggested that other scientific models like the just in time model and appropriate security officer should be included for enhancement of inventory performance.

CHAPTER ONE

1.0 INTRODUCTION

Inventory during production are always in relative investment. It is potentially in movement into and through production and on to the final shipment, if storage and movement is automated management function starts at the point where the automation is planned and operated. According to (store house and stock and management). Inventory valuation, are the planning organizing and controlling activities, which focus on the flow of inventory into through and from the organization. Many companies have folded up because of carefree attitude towards materials handling. It is not an over statement to say that material cost in all organization concentrate a considerable percentage of production cost and such, administration in relation to stock control should not be neglected since stock consists of a reasonable percentage of a companies current assets.

Inventory management systems help organizations track supplies used. Inventory refers to the supply of materials required for the operation of a business. These supplies correspond to an investment in materials. The proper management of these supplies impacts the ability of business to maximize profits.

Inventory management systems track a wide variety of quantities of stock. Inventory is

tracked regarding inventory in stock, items that should be ordered in higher quantities and adequate inventory turnover. Volume purchases are often used to ensure lower prices for frequently purchase items.

Inventory management systems track when an order should be placed, when inventory is at peak volume, the receipt of deliveries of inventory and the anticipated date to order more stock. Analysis of the inventory system purchasing plan can provide information as to which items are not being used and should no longer be ordered.

Different types of inventory control methods can be used to manage inventory. Business may use a ticker control system in which staff count a portion of the inventory on a regular basis to determine inventory levels. Alternately, a click-sheet control system uses a paper record-keeping system to keep track of inventory levels, while stub control is based on the retention of sales receipts to track inventory flow. Offline point-of- sale terminals send information directly from a computer to an inventory management system.

This research is conducted to enable companies with trading and manufacturing orientation understand the following scientific models like economic order quantity and just in time inventory control model and the effect of inventory control on the reported profit of an enterprise.

1.0.1 BACKGROUND OF THE STUDY

Inventory valuation management and control involves the recording and monitoring of stock level, knowing when to place order. It also involves the timing of such orders and good knowledge of the delivery lead-time. Many decisions fall under the inventory valuation management and control like when is the best time to purchase material or merchandises which is the best way to handle materials or merchandise inventory once they are received. How should purchasing arrangement be structured? It mis aim at preventing stock out, which has serious consequences.

Most organization invest a large number of inventory items, irrespective of the system

of storage adopted. There must be proper management and control for stock keeping system to operate efficiently. Floor space is expensive and must be used to the best advantages. It is therefore necessary to build warehouse for storing material and provide equipment for adequate handling where shelving is not feasible, effect and economic inventory check the following caring cost.

- Storage handling cost

- Transport cost

- Quantity cost

- Appraisal cost

Inventory control is an act of management, which ensure the provision of the required quantity of stock of the required quantity at the required time with the minimum amount of capital tied up. It embraces stock control procedures, placing of required order, receiving inspecting, storing and issuing. It is an important task.

In the course of our study effort will be made to itemize the advantages arrived at if proper inventory control are put in place as stock is very useful part of the company's asset.

Inventory are classified into four:

- Spare parts inventory

- Raw material inventory

- Work in progress inventory

- Finished goods inventory

Continuous inventory provide a great deal of information for management. Hence inventories are necessary in order to satisfy the ever-increasing need of the customers.

1.0.2 STATEMENT OF PROBLEMS

The problem arises from the fact that organizations (mainly manufacturing ones), base their stock control on experience, gues work and human judgmental approach other as EOQ which removes entirely all element of bias in determining stock level. Also, the

determination of minimum stock level, maximum stock level, the re-order level, lead-time provision, economic order quantity and other relevant model that were conspicuously ignored. The relative degree of weakness of the internal control system with respect to stock leaves much to be desired especially in the management and control of most firms.

Furthermore, indiscriminate placing of orders increases the ordering cost. Also buying in bulk over and above the economic order quantity increase the holding cost. Streamlining the ordering and holding cost and proper valuation of inventories is the problem. This study is expected to solve for manufacturing companies.

1.0.3 OBJECTIVE OF THE STUDY

The objective of the study are as follows:

- To evaluate the systems of internal control with respect to stock.

- To ascertain the company's re-order point and safety stock level.

- To ascertain whether the cost incurred in maintain the inventory is economically justifiable in the light of profit opportunity available.

- To ascertain the modern inventory control techniques (if any) which the company has or will apply during the period of economic recession like (SAP).

- To determine a better approach to inventory valuation, recording and control and offer useful suggestions on how management can take decision and solve problems associated with inventories.

- To ascertain whether the method of stock valuation can affect the company's profit and loss and the balance sheet.

- To ascertain whether there are proper security covering and handling stock storage and control.

Proper storage condition must be maintained in order to minimize inventory bases through pilferage, damage, degeneration and careless handling. It goes without challenge that for a cost accounting system to be fully effective there must be proper design system of re-ordering materials from the time the order is place to the time the

material is issued to production sold.

INVENTORY VALUATION MANAGEMENT AND CONTROL IN MANUFACTURING ORGANIZATION

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