

# Work on Capital Asset and Inventory Analysis

J. Pavithra ,Magdalene Peter, C.Kreethi Reddy

**Abstract:** Capital assets generally called unquestionable assets or property, plant and rigging, is a term used in speaking to assets and property that can just with noteworthy exertion be changed over into cash. This can be differentiated and current assets, for instance, cash or records, which are depicted commercial liquid assets. A great part of the time, simply generous assets are implied as fixed.

In addition, a fixed/non-current resource can likewise be characterized as an advantage not legitimately offered to a company's shoppers/end-clients. Capital resources are intended for use for a long time. The estimation of these benefits diminishes with their utilization or with time or numerous different reasons.

Stock is the most intemperate resources of an assembling organization. There is different stock control method, for example, Economic request amount, reorder point, security feed ABC investigation, XYZ examination and so on. Without a moment to spare stock control, interminable stock control and some more. Stock choices legitimately influence the estimation of expense of products sold and subsequently assume a urgent job in deciding the detailed profit of an organization. Accordingly, an intensive investigation of stock valuation and related records can give a premise to surveying the budgetary position of a firm.

**Keywords :** ABC investigation, , XYZ examination

## I. INTRODUCTION

Capital resources are the benefits held with the goal of being utilized on persistent premise adversary the reason for creating or demonstrating great or benefits and are not held for resale in the typical course of business. For instance land and building, plant and equipment, motor vehicles, furniture and establishments. A capital asset is a thing with a profitable life more significant than one uncovering period, and which outperforms a component's base capitalization limit. A fixed asset isn't purchased with the point of brisk resale, yet rather for profitable use inside the substance. A stock thing can't be seen as a fixed asset, since it is gotten with the desire for either trading it authentically or

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combining it into a thing that is then sold. Capital resources are at first recorded as resources, and are then subject to the accompanying general kinds of bookkeeping exchanges: Intermittent devaluation (for substantial resources) or amortization (for immaterial resources) Disability compose downs (if the estimation of an advantage decreases beneath its net book value) Attitude (when resources are discarded. In view of progressing devaluation, the net book estimation of a benefit is continually declining. In any case, it is conceivable under international financial reportin standards to revalue a fixed resource, with the goal that its net book worth can increment. [1],[ 3],[5]

. In this manner, a PC phone be viewed as a fixed resource (as long as its expense surpasses the capitalizationlimit). A capital resource is otherwise called Property, Plant, and Equipment.Valuation of capital resources is critical to have reasonable proportion of benefit or misfortune and money related position of the worry. Capital resources are intended for use for a long time. The estimation of these capital resources diminishes with their utilization or with time or numerous different reasons. A place of capital resources is decreased by utilization are changed over into money through charging devaluation. For right estimation of pay, legitimate administration of devaluation is basic, as deterioration ceaseless a piece of complete expense of creation.

## II. METHODOLOGY

### A. METHODS OF DATA COLLECTION:

#### PRIMARY DATA COLLECTION:

This investigation depends on the essential information. Essential information is the subtleties that is gathered physically, here in the fund division of CVEP (Ford) the procedure of confirmation is finished. We physically proceed to check whether the inventories are appropriately prepared for generation. Any deformities, issues, missing inventories will be noted for further explanation, after which it will be refreshed deliberately. [2 ],[ 4],[6]

This procedure is done essentially to:

O To guarantee that the supply of crude material and completed cooperative attitude stay consistent with the goal that procedure isn't going and requests of clients are properly met.

O To limit conveying cost of stock.

O To lessen the misfortunes of obsolesce and wastage and so on.

O To limit stock requesting costs.

**Auxiliary DATA COLLECTION:**

Auxiliary information is gathered by the accessibility, it incorporates Inventory Data, Balance Sheet, Annual Reports, Books and Journals. What's more, some are gathered from the organization site.

**B. SAMPLING METHOD:**

This study is based on Convenience sampling method under the Non probability sampling technique. Capital assets generally called obvious assets or property, plant and rigging, is a term used in speaking to assets and property that can just with critical exertion be changed over into cash. This can be differentiated and current assets, for instance, cash or records, which are depicted commercial liquid assets. A significant part of the time, simply considerable assets are suggested as fixed

**III. RESULT & DISCUSSION**

**Proportion ANALYSIS:**

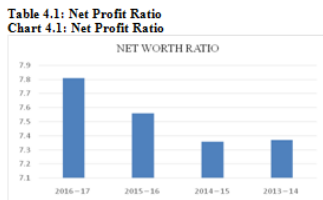
**Capital assets to Net Worth Ratio:**

Capital advantages for total assets is a proportion that estimates the dissolvability of an organization. This proportion shows the degree to which the proprietors' money is solidified as capital resources, for example, property, plant, and gear, and the degree to which assets are accessible for the organization's activities (for example for working capital)

Total assets = share capital + stores and surplus + held profit overall deficit.

Capital advantages for total assets proportion = Net capital resources/Net worth[7],[ 9] ,[11]

YEAR	NET FIXED ASSET	NET WORTH	RATIO %
2016 - 17	228928	29283	7.81
2015 - 16	216932	28751	7.56
2014 - 15	210546	28590	7.36
2013 - 14	204075	27685	7.37



**Interpretation:**

The above table shows a continuous increase in Net worth and capital assets. In the year of 2016-17 net profit ratio is 7.81 %. This shows the satisfactory position of the company.

**Capital Asset Ratio:**

This ratio explains whether the firm has raised adequate long-term funds to meet its capital assets required and is calculated as under

Capital employed = shareholders fund + Long-Term borrowings

Capital assets (after depreciation)

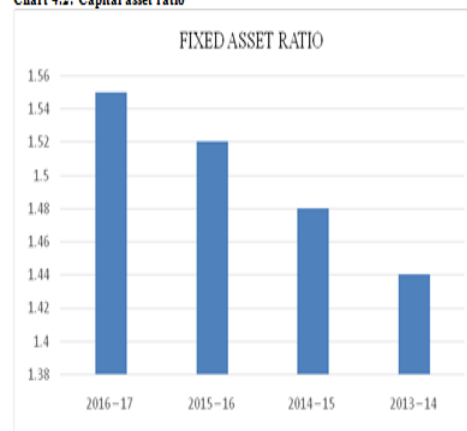
**Capital Employed**

This ratio gives an idea as to what part of the capital employed has been used in purchasing the capital assets for the concern. If the ratio is less than 1 it is good for the concern.

Table 4.2: Capital asset ratio

YEAR	NET FIXED ASSET	CAPITAL EMPLOYED	RATIO %
2016 - 17	228928	147670	1.55
2015 - 16	216932	142589	1.52
2014 - 15	210932	142510	1.48
2013 - 14	204075	142085	1.44

Chart 4.2: Capital asset ratio



**Interpretation:**

The above table shows growth in capital assets satisfactory position of capital assets in the total capital employed in the company. The highest percent 1.55 recorded in the year 2016-17. That shows the position of the company is satisfactory.

**Return on Capital assets(ROA):**

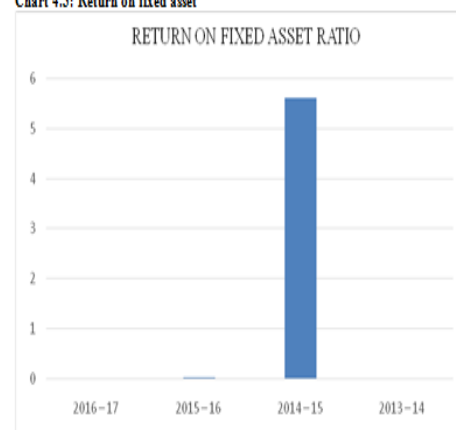
Return on assets measures the amount of profit the company generates as a percentage of the value of its total assets.

$$\text{Return on capital assets} = \frac{\text{profit after tax}}{\text{Total Assets}}$$

Table 4.3: Return on Capital asset

YEAR	PROFIT AFTER TAX	TOTAL ASSETS	RATIO %
2016 - 17	4607	237951	0.019
2015 - 16	7371	224925	0.032
2014 - 15	1230	217931	5.6
2013 - 14	2451	211017	0.011

Chart 4.3: Return on fixed asset



**Elucidation:**

Elucidation:

The above table shows increment in benefit during the year 2014 – 15 is 5.6 %, yet in the year 2016-17 it has been diminished to 0.019%. [8],[ 10] ,[12]

Pattern Analysis:

Pattern Analysis is planned for anticipating both present and future development of occasions through utilization of time arrangement information investigation which includes examination of information over a consecutive timeframe to recognize an example or pattern. It is utilized to extend the future bearing. This investigation is significant in the business and money related parts. Pattern investigation is frequently used to make projections and evaluations of money related wellbeing. Budgetary experts look at the past exhibition of their organization, alongside current money related conditions, to decide how their organization will perform later on. The general thought is that, all elements continuing as before, future patterns will pursue past execution. [31],[33]

Table 4.4: Growth Rate in Assets

YEAR	CAPITAL ASSETS	PERCENTAGE
2012 –2013	211,017	100
2013 –2014	217,931	103.27
2014 –2015	224,925	106.39
2015 –2016	237,951	112.76
2016 –2017	242,724	115.02

Chart 4.4: Growth Rate in Assets



Chart 4.4: Growth Rate in Assets



Interpretation:

The above table shows an increasing trend in the capital assets of the company. In the year 2016-17 it increased to 115.02%. Which is a positive sign for the company, and if this continues the efficiency level will increase. [26],[28],[30]

Cycle Count:

Every inventory has its own code and address mentioned. This will help the company to identify and track that particular inventory. From the warehouse the materials are taken for kitting. After kitting it is then sent to assembly line. This physical count is then entered into the system and verification is done.

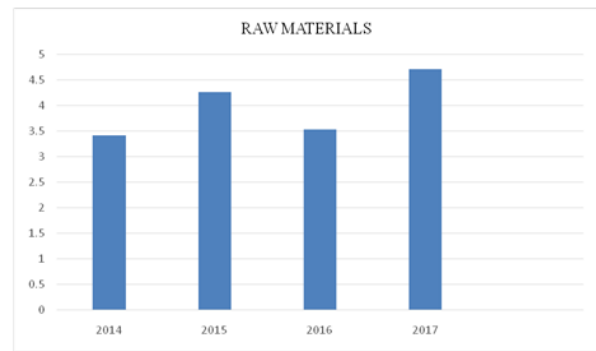


Table 4.5: Raw materials

YEAR	AMOUNT OF RAW MATERIAL	RATIO (%)
2014	3987	3.41
2015	4005	4.26
2016	3843	3.33
2017	4397	4.71

Chart 4.5: Raw materials

Table 4.6: Finished Goods

YEAR	AMOUNT OF FINISHED GOODS	RATIO (%)
2013	5058	42.13
2014	5022	41.85
2015	5254	43.78
2016	5943	49.32
2017	6779	56.49

Chart 4.6: Finished Goods



#### IV. FINDINGS:

There is an expanding development in the benefits of the organization for as long as five years.

- Capital resources the executives enables the organization to monitor all advantages. It can tell where the advantages are found, how they are utilized, and when changes were made to them. The information from the advantage the executives arrangement can guarantee that benefit recuperation will prompt better returns.
- Net worth proportion during the 5 years was in expanding pattern however in 2014-15 it has somewhat diminishes to 7.36%.
- During the five years fixed resource proportion is in the expanding pattern, in 2016-17 it was 1.55%. [25],[27],[29]
- Return on fixed resource is fluctuating during the previous five years, in 2014-15 it was 5.6%, yet there was an enormous ruin to 0.032% in the year 2015-16 and again it has been diminishes to 0.019% in 2016-17.
- Growth rate in resource is in expanding point, in 2016-17 it was 115.02%.

□ From the EOQ, the all out yearly expense of the organization during the years 2013-14 and 2015-16 where practically same while, the year 2014 – 15 demonstrated a climb.

□ During the five years completed great is in expanding point, in 2017 it was 56.49%. [13], [15], [17]

### V. SUGGESTIONS

- Group fixed asset must be less than \$100000, of which life should be greater than 1 year.
- Low cost fixes asset may be brought in bulk.
- Special tools for vendors are actually owned by Ford that are at vendor's location are not verified henceperiodical verification can be done that will benefit in holding assets.
- The EOQ calculated is suggesting that the company should obtain its inventory requirements by placing orders frequently to its suppliers.
- The return on fixed asset of the company is below the standard ratio in all the five years, hence it should be improved at least to the standard.
- The company needs to make some creative methods for efficient management by using its assets to generate earnings.
- It is suggested to improve the position of the company by effective utilization of capital assets. [14],[ 16], [18]

### VI. CONCLUSION

When a benefit is bought and recorded, it is followed. All the capital resources are forever labeled with a fixed resource label that contains a sequential number. The number ought to relate to a log book or the fixed resource module (the backup record) of the bookkeeping framework.

Every capital resource's physical area is reported and any moves inside or outside the office are recorded. Any deals, new acquisitions, or rescues are additionally being recorded to guarantee repaired resource stock is to date. The general Company's fixed resource the board of the organization gives off an impression of being more than attractive. [19],[21],[23]

Stock administration must be accomplished for keeping precise records of merchandise that are prepared for creation. The organization gathers the cycle tally data and procedure it methodically to look after records. To know the genuine inventories that are accessible for production.Inventory the executives is significant for holding cost down, while meeting guideline. Free market activity is a fragile parity and this stock administration plans to guarantee that the equalization is undisturbed. [20],[ 22], [24]

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