



**INTI**  
International College Penang  
LAUREATE INTERNATIONAL UNIVERSITIES\*

**FINAL**  
Examination Paper

(COVER PAGE)

Session : April 2017

Programme : Certificate In Business Studies (CBSI)

Course : **MGT1006: Inventory Management**

Date of Examination : 3 August 2017 (Thursday)

Time : 11:00am – 1:00pm Reading Time : Nil

Duration : 2 Hours

**Special Instructions** :

This paper consist of **THREE (3)** sections.

**Section A:** Answer **ALL** questions in the OMR sheet provided.

**Section B:** Attempt any **TWO (2)** out of **FOUR (4)** questions in the answer booklet provided.

**Section C:** Attempt only **ONE (1)** question in the answer booklet provided.

Materials permitted :

Nil

Materials provided :

OMR Sheet

Examiner(s) : **Kumaran A/L Lechimi Kanthan**

Moderator : Dr. Daisy Kee

*This paper consists of 7 printed pages, including the cover page*

INTI INTERNATIONAL COLLEGE PENANG

CERTIFICATE IN BUSINESS STUDIES PROGRAMME (CBSI)  
MGT1006: INVENTORY MANAGEMENT  
FINAL EXAMINATION: APRIL 2017 SESSION

This paper consists of **THREE (3)** SECTIONS. Answer **ALL** questions in Section A, attempt any **TWO (2)** out of **FOUR (4)** questions Section B and attempt only **ONE (1)** question in **Section C** in the answer booklet and OMR provided.

**Section A: Multiple Choices (40 marks)**

1. Identify from the following efforts place to improve objectives of inventory management.
  - A. The right effort
  - B. The right process
  - C. The right input
  - D. The right place
  
2. Raw material inventory involves identifying relevant inventory cost. Identify an element of inventory cost from below.
  - A. Work-in-progress cost
  - B. Holding cost
  - C. Finish goods cost
  - D. Overdraft cost
  
3. Supply chain management has several stages. Identify supply chain management stages from below.
  - I. Suppliers
  - II. Retailers
  - III. Manufacturer
  - IV. Distributers
  - A. I → II → III → IV
  - B. I → III → IV → II
  - C. I → III → II → IV
  - D. III → II → I → IV
  
4. Drivers of supply chain management are set to improve supply chain performance. Which of following is **NOT** a driver of supply chain management?
  - A. Product
  - B. Distribution
  - C. Logistics
  - D. Pricing

5. The following are untrue about Barcode in inventory management *EXCEPT*
  - A. All types of machine readable data representation.
  - B. Available in magnetic system.
  - C. Available in geometric pattern image in three dimension, 3D.
  - D. Known as Electronics Business Management Standard of Data
  
6. RFID Bands are widely used in industry especially in managing materials to finished goods. Identify the advantage of RFID Band in inventory management.
  - A. Costly
  - B. Problematic items
  - C. Robust and reasonably operating distance
  - D. Has line of sight and manually reads
  
7. Inventory control is a technique of maintaining size of inventories. Which of the following is *NOT* an objective of inventory control?
  - A. Protect against fluctuating of demand
  - B. Automated usage of equipment
  - C. Control of stock volume
  - D. Control of stock distribution
  
8. Inventory control has evolved into major activities to manage and transfer materials. Select an activity of inventory control.
  - A. Planning the inventories
  - B. Transfer of inventories to producers
  - C. Material differentiation
  - D. Recording inventories
  
9. Inventory control has several major activities. Identify an activity of inventory control from below.
  - I. Planning of inventories
  - II. Receiving and inspecting of inventories
  - III. Storing of inventories
  - IV. Follow up function
  - A. I, II and III
  - B. II, III and IV
  - C. I, III and IV
  - D. I, II, III and IV

10. Management of stores is crucial to the success of supply chain and inventory management. One of the following is a function of store management.
- A. To segregate materials while in store.
  - B. To protect materials while in store.
  - C. To receive payment for products purchased.
  - D. To issue materials at the right time.
11. Upon a purchase indent is accepted by the buyer, a purchase requisition is issued. Purchase requisition includes the following *EXCEPT*
- A. legal offer by buyer to seller for purchase
  - B. without a purchase order the order is cancelled
  - C. the seller must accept the offer without prejudice
  - D. it includes the requirement details as well as terms and conditions
12. Objectives of effective material control and control includes \_\_\_\_\_.
- A. ease of material storage
  - B. material available in unquestionable amount
  - C. material handling does not require storage
  - D. material of desired quantity available when needed
13. Records are needed for store management as the following *EXCEPT*.
- A. Maintain records of receipts and issues.
  - B. Update stock level.
  - C. Bin card is not used today.
  - D. Stock registry done regularly.
14. **First –in–first–out (FIFO)** is a method of stock evaluation. Identify the characteristics of FIFO.
- A. Assumes the first stock to be received is first to be sold.
  - B. Cost of material sold is based on current pricing.
  - C. Closing stock is valued at older price.
  - D. None of the above.
15. Material handling includes primary and secondary objectives. Identify a secondary objective of material handling.
- A. Forecasting
  - B. Standardization
  - C. Consistent in quality
  - D. Good information system

16. Identify the elements of procurement process in inventory management.

- I. Purchase order
- II. Goods receipt
- III. Bill of material
- IV. Work order

- A. I, II and III
- B. II, III and IV
- C. I, III and IV
- D. I, II, III and IV

17. The importance of material handling includes effective material movement in production. Identify an additional advantage of effective material handling.

- A. Increase timing and increase number of damage.
- B. Promotes unity.
- C. Control inventory.
- D. Manage total cost of procurement and warehousing.

18. Material Requirement Planning (MRP) includes several important system. Select a system that is **NOT** required in MRP.

- A. Computer Inventory Control.
- B. Production Requisition System.
- C. Management Information System.
- D. None of the above.

19. Many production firms today are implementing Material Management System. Identify a purpose of the system as below.

- A. Maintain overall cost and quality.
- B. Increase material surplus.
- C. Maintain operations schedule.
- D. Inadequate relationship with suppliers.

20. Identify elements of efficient and effective logistics management from below.

- I. Time
- II. Quantity
- III. Security
- IV. Packaging

- A. I, II and III
- B. II, III and IV
- C. I, III and IV
- D. I, II, III and IV

**Section B: Short Essay Questions (40 marks)**

Answer any **TWO** out of **FOUR** questions

1. (a) Determine the need for inventory management in operations of a manufacturing company. **(10 marks)**  
  
(b) Explain the term inventory control and the importance to manufacturing company. **(10 marks)**
  
2. (a) Differentiate the characteristic of push and pull strategies in supply chain. **(10 marks)**  
  
(b) Discuss any **TWO (2)** driver of supply chain management with examples **(10 marks)**
  
3. (a) Identify and explain any **TWO (2)** advantages of good coding system such as RFID in inventory management system. Illustrate your answer with examples. **(10 marks)**  
  
(b) Explain the term barcode of GS1-128 in supply chain and logistics and the purpose of GS1-128 inclusion in supply chain management coding. **(10 marks)**
  
4. (a) Explain the importance of stock taking in inventory management? **(10 marks)**  
  
(b) Suggest with examples **TWO (2)** benefits why companies should carry out stock taking activities as part of inventory management **(10 marks)**

**Section C: Long Essay Question (20 marks)**

Answer any **ONE (1)** out of **TWO** questions

1. Discuss **FOUR (4)** disadvantages of using JIT approach in inventory management.  
**(20 marks)**
  
2. Identify and explain **FOUR (4)** problems faced by supply chain management today with examples.  
**(20 marks)**

~ THE END~

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