



**INTI**  
**International College Penang**

**FINAL**  
Examination Paper

(COVER PAGE)

Session : April 2018

Programme : Certificate in Business Studies (CBSI)

Course : MGT1006: INVENTORY MANAGEMENT

Date of Examination : 30 July 2018, Monday

Time : 11:00AM – 1:00PM Reading Time : NIL

Duration : 2 Hours

**Special Instructions** :

This paper consists of **THREE (3)** sections:

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

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

**Section C:** Answer any **ONE (1)** out of **TWO (2)** questions in the answer booklet provided

Materials permitted :

Nil

Materials provided :

OMR Sheet & Answer Booklet

Examiner(s) : Mr. Goh Hock Seng

Moderator : Dr. Daisy Kee Mui Hung

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

INTI INTERNATIONAL COLLEGE PENANG  
CERTIFICATE IN BUSINESS STUDIES (CBSI)  
**MGT1006: INVENTORY MANAGEMENT**  
FINAL EXAMINATION: APRIL 2018 SESSION

**SECTION A** (40 marks)

**Instructions:** This section consists of 20 multiple choice questions. Answer ALL the questions in the OMR sheet provided. Each question carries 2 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. Shortage of cost is an issue commonly faced by production firm. The listed are examples of specific cases of shortage of cost **EXCEPT**.
  - A. Back orders
  - B. Recurring Cost
  - C. Lost customer cost
  - D. Disruption 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. Supply chain management has several benefits. Select a benefit of supply chain management.
  - A. Increase in cost of operations
  - B. Does not affect productivity and profit
  - C. Reduce uncertainty and risk
  - D. Maintain cycle time of material flow
  
5. The following are untruth 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. Barcodes are widely used in industry especially in managing materials to finished goods. Identify an advantage of Barcodes in inventory management.
  - A. Costly
  - B. Problematic items
  - C. Easily tracked and barcode machine readable.
  - 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. Maximizing stock control is an important activity in inventory stocking. Choose a factor to be considered in inventory stock control.
  - A. Amount of capital left over.
  - B. Warehouse space available.
  - C. Possibility of gains.
  - D. Time frame of inventory flow.

9. Inventory control has several major activities. Identify the activities 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. Analysing procurement process is crucial to inventory control. Identify the factors of procurement process in inventory management and control.
- 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
11. Management of stores is crucial to the success of supply chain and inventory management. Which 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.
  - D. To issue materials at the right time.
12. 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 include the requirement details and terms and conditions.

13. One important objective of effective material control include:
- 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
14. Records are needed for store management EXCEPT:
- A . Maintain records of receipts and issues
  - B . Update stock level
  - C . Bin card is not used today
  - D . Stock registry done regularly
15. 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 above.
16. Material handling includes primary objectives and secondary objectives. Identify a secondary objective of material handling.
- A. Forecasting .
  - B. Standardization.
  - C. Consistent in quality.
  - D. Good information system.
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) include 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 (40 marks)**

**Instructions:** This section consists of **FOUR (4)** short essay questions. Answer any **TWO (2)** out of **FOUR (4)** questions.

**Question 1**

- (a) Explain the terms inventories and the purpose of inventory management as function of production process with given examples. **(10 marks)**
- (b) Explain in detail any **TWO (2)** objectives of inventory control to supply chain and operations control. **(10 marks)**

**Question 2**

- (a) Discuss the goals of supply chain management in operations of a large manufacturing company. **(10 marks)**
- (b) Evaluate any **TWO (2)** problems faced by supply chain management today in detail. **(10 marks)**

**Question 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)

**Question 4**

- (a) What is stock taking in inventory management? (5 marks)
- (b) Describe with examples **THREE (3)** purposes why companies carry out stock taking activities as part of inventory management.  
(15 marks)

**SECTION C (20 marks)**

**Instructions:** This section consists of **TWO (2)** long essay questions. Answer any **ONE (1)** out of **TWO (2)** questions.

**Question 1**

Push and pull is a method used in considering effective supply chain management in operations decision. Discuss in detail the **FIVE (5)** advantages and disadvantages of pull systems.

(20 marks)

**Question 2**

Explain the philosophy of Just-In-Time (JIT) system and discuss with the use of suitable examples **FOUR (4)** benefits of using JIT approach in inventory management.

(20 marks)

