



FINAL
Examination Paper

(COVER PAGE)

Session : January 2017

Programme : Certificate In Business Studies (CBSI)

Course : MGT1006: Inventory Management

Date of Examination : 7 March 2017 (Tuesday)

Time : 8:00am – 10:00am 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

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Moderator : Dr. Daisy Kee Mui Hung

This paper consists of 8 printed pages, including the cover page

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

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

Section A: Multiple Choices (40 marks)

1. The following are efforts place to improve objectives of inventory management **EXCEPT** _____.
 - A. The right time
 - B. The right quality
 - 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 and III
 - B. II, III and IV
 - C. I, III and IV
 - D. I, II, III and IV

4. Drivers of supply chain management are set to improve supply chain performance. Which of the following is **NOT** a driver of supply chain management?
 - A. Product
 - B. Distribution
 - C. Logistics
 - D. Pricing

5. The following are true about Barcode in inventory management *EXCEPT*
- A. An optical machine readable data representation.
 - B. Available in linear 1D version.
 - C. Available in geometric pattern image in two dimension, 2D.
 - 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 are objectives of inventory control?
- I. Protect against fluctuating of demand
 - II. Automated usage of equipment
 - III. Control of stock volume
 - IV. Control of stock distribution
- A. I, II and III
 - B. II, III and IV
 - C. I, III and IV
 - D. I, II, III and IV
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. Stores are part of inventory management and divided into centralised and decentralised store. Identify the features of centralised stores.
- I. Efficient layout of stores
 - II. Simple inventory checks
 - III. Reduced personnel requirement
 - IV. Better handling technology

- 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. After a purchase indent is accepted by the buyer, a purchase order is issued. Purchase order 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 and 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. Objective of good production system and material control includes _____.
- A. Material of desired quantity available when needed
 - B. Material available in unquestionable amount
 - C. Material handling does not require storage
 - D. All of the above
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 objectives and secondary objectives. Identify a primary objective of material handling.

- A. Standardization
- B. Forecasting
- C. Product improvement
- D. Right price

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. Material handling work flow includes the use of several equipment. Identify the types of equipment used in material handling.

- I. Forklift
- II. Cranes
- III. Conveyor
- IV. Hoist

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

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. Material requirement planning (MRP) has several risks. Identify a risk of material requirement planning.

- A. Contractual obligation is met
- B. Unusual material stocks will tie up the organization
- C. Stocks and materials tracking unsettled
- D. None of the above

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 (2)** out of **FOUR (4)** questions

1. (a) Explain the term 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)
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) Describe with examples any **TWO (2)** benefits of supply chain management. (10 marks)
- (b) Discuss briefly the coding system stages of RFID in improving supply chain efficient coding system. (10 marks)
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: Long Essay Question (20 marks)

Answer **ONE (1)** out of **TWO (2)** questions.

1. Discuss **FOUR (4)** disadvantages of using Material Requirement Planning (MRP) application in inventory management. **(20 marks)**

2. Explain the concept 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)**

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