



INTI
International College Penang

FINAL
Examination Paper

(COVER PAGE)

Session : August 2018

Programme : Certificate in Business Studies (CBSI)

Course : **MGT1006: INVENTORY MANAGEMENT**

Date of Examination : 13 December 2018 (Thursday)

Time : 8:00AM – 10:00AM 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)
MGT 1006: INVENTORY MANAGEMENT
FINAL EXAMINATION, AUGUST 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. Which of the following statement is related to benefits of implementing Supply Chain Management?
 - A. Reduced uncertainty and risk in the supply chain.
 - B. Positively affected inventory level, cycle time, business processes and customer services.
 - C. Contribute to overall increase in profitability and competitive advantage.
 - D. All of the statement

2. Which of the following statement is **TRUE** of Inventory Control?
 - A. The technique of maintaining the size of the inventory at some desired levels keeping in view the best economic interest of an organisation.
 - B. The technique of reduce the size of the inventory at maximum levels keeping in view the best economic interest of an organisation.
 - C. The technique of maintaining the size of the inventory at some desired levels keeping in view the worse economic interest of an organisation.
 - D. The technique of maintaining the size of the cost at some desired levels keeping in view the worse economic interest of an organisation.

3. Which of the following is **NOT** the reason to keep inventory?
 - A. To stabilize production.
 - B. To prevent loss of orders.
 - C. To meet the supply during the replenishment period.
 - D. To take advantages of price discount.

4. Bill of materials mostly prepared by which department?
- A. Planning Department
 - B. Production Department
 - C. Cost Department
 - D. Material Department
5. What is the main concern in Inventory Control Decision?
- A. What to order & how to order.
 - B. How less to order & why to order.
 - C. How much to order & when to order.
 - D. Who to order & how much to order.
6. 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
7. 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
8. 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.
9. Identify elements of efficient and effective logistics management from below.
- | | |
|--------------|---------------|
| I. Time | III. Security |
| II. Quantity | IV. Packaging |
- A. I, II and III
 - B. II, III and IV
 - C. I, III and IV
 - D. I, II, III and IV

10. Maximizing stock control is an important activity in inventory stocking. Select 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
11. Which of the following is **NOT** the objectives of store?
- A. minimizing cost of production through minimizing cost on materials
 - B. service the external departments
 - C. maintaining the value of materials
 - D. advising materials manager
12. Which of the following component is **NOT** in Enterprise Resource Planning?
- A. Finance/Accounting
 - B. Human Resources
 - C. Project Management
 - D. Vendors
13. Which of the following is **NOT** the reason for need of warehouse?
- A. raw materials
 - B. money
 - C. work in progress
 - D. ready made components
14. Which of the following is an example of the main waste?
- A. Inventory
 - B. Overproduction
 - C. Queues
 - D. All are included
15. Which of the following is the accurate simple Purchasing Procedure?
- A. purchase order – tenders or quotations – purchasing requisition – receive and inspect materials – checking bills and passing bills for payment
 - B. receive and inspect materials – tenders or quotations – purchase order – purchasing requisition – checking bills and passing bills for payment
 - C. purchasing requisition – checking bills and passing bills for payment – purchase order – receive and inspect materials – tenders or quotations
 - D. purchasing requisition – tenders or quotations – purchase order – receive and inspect materials – checking bills and passing bills for payment

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

- | | |
|-------------------|-----------------------|
| I. Purchase order | III. Bill of material |
| II. Goods receipt | IV. Work order |
| A. I, II and III | C. I, III and IV |
| B. II, III and IV | D. I, II, III and IV |

17. A work order is part of purchasing process which include one of the below.

- A. An order prepared by Planning department for the Production department.
- B. A document prepared by the seller when delivering products.
- C. A document similar to Bill of Material.
- D. The document contains payment order and terms.

18. 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.

19. Management of stores is crucial to the success of supply chain and inventory management.

Which of the following is **NOT** 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

20. Records are needed for store management as the following **EXCEPT**

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- A. maintain records of receipts and issues
 - B. update stock level
 - C. bin card is not used today
 - D. stock registry done regularly

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 term inventory control and three activities of inventory control as function of production process. **(10 marks)**
- (b) Explain in detail any **FOUR (4)** scope of inventory control with examples. **(10 marks)**

Question 2

- (a) What is Inventory System? Discuss the **FOUR (4)** reasons for keeping inventories in operations of a large manufacturing company. **(10 marks)**
- (b) Describe any **FIVE (5)** items carried in inventory with examples. **(10 marks)**

Question 3

- (a) Identify and explain **FIVE (5)** activities involved in materials management. Illustrate your answer with examples. **(10 marks)**
- (b) Describe in detail the aims of material management in a manufacturing firm with examples. **(10 marks)**

Question 4

- (a) What is warehousing in inventory management? **(5 marks)**
- (b) Describe in detail **FIVE (5)** characteristics of ideal warehouses. **(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

Types of production are divided into intermittent manufacturing and continuous manufacturing. Explain and discuss both intermittent manufacturing and continuous manufacturing in detail with examples.

(20 marks)

Question 2

Explain the philosophy of Material Requirement Planning (MRP) system and discuss with the use of suitable examples **FOUR (4)** benefits of using MRP system in inventory management.

(20 marks)

~THE END~
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