



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **MGT1233 INVENTORY MANAGEMENT**
Semester & Year : May - August 2020
Lecturer/Examiner : Chang Sheau Huey
Duration : 2 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 3 parts:
 - PART A (20 marks) : Answer all FOUR (4) short answers questions. Answers are to be written in the Answer Booklet provided.
 - PART B (60 marks) : Answer all THREE (3) long essay questions. Answers are to be written in the Answer Booklet provided.
 - PART C (20 marks) : Answer all TWO (2) calculation questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorised materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

Total Number of pages = 4 (Including the cover page)

PART A : SHORT ANSWER QUESTIONS (20 MARKS)

INSTRUCTION(S) : Answer all **FOUR (4)** questions. Write your answers in the Answer Booklet(s) provided.

1. Identify **FIVE (5)** usage of inventory management.

[Total: 5 marks]

2. State **FIVE (5)** process of forecasting that should be used in inventory management.

[Total: 5 marks]

3. Name **FIVE (5)** most common forms of future-dating negotiation.

[Total: 5 marks]

4. List **FIVE (5)** common types of losing stock in a retail organisation.

[Total: 5 marks]

END OF PART A

PART B : ESSAY QUESTIONS (60 MARKS)

INSTRUCTION(S) : Answer all **THREE (3)** questions. Write your answers in the Answer Booklet(s) provided.

1. a) Explain “safety stock”. [5 marks]
- b) Describe **THREE (3)** techniques that are used to calculate safety stocks. [15 marks]

[Total: 20 marks]

2. Compare **FIVE (5)** differences between periodic system and perpetual inventory system.

[Total: 20 marks]

3. Discuss **FIVE (5)** costs that should be known by an operator working in inventory management.

[Total: 20 marks]

END OF PART B

PART C**- CALCULATION QUESTIONS (20 MARKS)****INSTRUCTION(S)**

- Answer **ALL TWO (2)** questions. Write your answers in the Answer Booklet (s) provided.

1. H&M has annual demand of 50,000 item. They want to determine Economic Order Quantity (EOQ) for clothing which has an annual holding cost (H) of \$3 per unit, and an ordering cost (S) of \$25. The total inventory cost and the reorder point (R) if the purchasing lead time is 5 days out of 250 days, calculate EOQ.

[Total: 10 marks]

2. On average, you use 50,000 units of this part each year. Every time you order this particular part, you incur a sizeable ordering cost of \$800 regardless of the number of parts you order. Your cost of capital is 20% per year. You now wish to purchase from a supplier at \$4 per unit a part with which you assemble rd widgets.
 - a) Calculate how many parts should you purchase each time you place an order.
 - b) To the satisfy annual demand, calculate how many times per year will you place orders for this part.

[Total: 10 marks]

END OF EXAM PAPER