



Private & Confidential

BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Subject Code & Name : **DRL 1305 Inventory Management**
Semester & Year : January- April 2016
Lecturer/Examiner : Marina Mohd Nor
Duration : 2 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (25 marks) : FIVE (5) short answer questions. Answer all questions. Answers are to be written in the Answer Booklet provided.
PART B (75 marks) : THREE (3) structural questions. Answer all questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorized materials except calculator and 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 of Hospitality 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 of Hospitality.

Total Number of pages = 5 (Including the cover page)

PART A : SHORT ANSWER QUESTIONS (25 MARKS)

INSTRUCTION(S) : **FIVE (5)** short answer questions. Answer **ALL** questions. Answers are to be written in the Answer Booklet provided.

1. Identify **FIVE (5)** typical components that constitute inventory holding or carrying cost.
(5 marks)

2. Define and explain the concept of ABC analysis.
(5 marks)

3. Identify **FIVE (5)** major steps involved in merchandise buying and handling process.
(5 marks)

4. Compare and contrast the Basic Stock Method(BSM) and Percentage Variation Method (PVM)
(5 marks)

5. Discuss activity involved in the vendor buyer negotiation process and terms of contract that can be negotiated.
(5 marks)

END OF PART A

PART B : STRUCTURAL QUESTIONS (75 MARKS)

INSTRUCTION(S) : THREE (3) essay questions. Answer ALL questions. Answers are to be written in the Answer Booklet provided.

1. a. List and discuss **FIVE (5)** importance of inventory control with relevant examples.
(5 marks)
- b. Yam's Coffee shop uses 4 pounds of specialty tea weekly. Each pound cost \$ 16. Carrying cost is \$1.00 per pound per week. It's cost the firm \$8 to prepare an order. Assume the basic EOQ with no shortages applies. Assuming 52 weeks per year, closed on Mondays.
 - i. How many pounds should Yam's coffee shop order at a time?
(5 marks)
 - ii. What is the total annual cost excluding purchase item cost.
(5 marks)
 - iii. How many orders should Yam's coffee shop place annually?
(5 marks)
 - iv. How many days will there be between orders (assume 310 operating days)
(5 marks)(Total: 25 marks)

2. Perform ABC analysis on the following set of products.

Item	Annual demand	Unit Cost
A211	1200	\$9
B 390	100	\$90
C003	4500	\$6
D100	400	\$150
E707	35	\$2000
F660	250	\$120
G473	1000	\$90
H921	100	\$75

- a. Calculate the total volume and the volume in dollar of each product.
(9 marks)
 - b. Calculate the cumulative volume of each product.
(8 marks)
 - c. Calculate the cumulative percent of each product.
(8 marks)
- (Total: 25 marks)

3. The monthly sales of Telco Batteries Sdn. Bhd. are as follows:

Month	Annual demand
January	20
February	21
March	15
April	14
May	13
June	16
July	17
August	18
September	20
October	20
November	21
December	23

- a. Plot the monthly sales data (base on estimation scale only).
(6 marks)
- b. Forecast January sales using naïve method.
(6 marks)
- c. Forecast January sales using a 3 month moving average.
(6 marks)
- d. Forecast January sales using a 6 month weighted moving average using 0.1, 0.1, 0.1, 0.2, 0.2, and 0.3 with the heaviest weights applied to the most recent months.
(7 marks)

(Total: 25 marks)

END OF EXAM PAPER