

**BERJAYA BUSINESS SCHOOL**

**FINAL EXAMINATION**

Student ID (in Figures) :

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Student ID (in Words) :

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Course Code & Name : **MGT1233 Inventory Management**

Trimester & Year : January – April 2019

Lecturer/Examiner : Elizabeth Tan Ai Gaik

Duration : 2 Hours

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**INSTRUCTIONS TO CANDIDATES**

- This question paper consists of 3 parts:**
  - PART A (20 marks) : FOUR (4) SHORT ANSWER questions. Answers are to be written in the Answer Booklet provided.**
  - PART B (60 marks) : THREE (3) LONG ESSAY questions. Answers are to be written in the Answer Booklets provided.**
  - PART C (20 marks) : ONE (1) CALCULATION/SCENARIO questions. Answers are to be written in the Answer Booklets provided.**
- Candidates are not allowed to bring any unauthorised materials except writing equipment, and calculator into the Examination Hall. Electronic dictionaries are strictly prohibited.**
- 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.**
- Only ballpoint pens are allowed to be used in answering the questions.**

**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.

**PART A : SHORT ANSWER QUESTIONS (20 MARKS)**

**INSTRUCTION(S)** : Questions 1 to 4 are short answer questions. Answer ALL questions on the answer sheet provided.

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1. Briefly explain any **TWO (2)** functions of managing inventory. (5 marks)
  
2. Using examples, identify and briefly describe any **TWO (2)** types of stocks (5 marks)
  
3. Explain what you understand by independent demand and dependent demand. (5 marks)
  
4. Explain the importance of inventory forecasting in **TWO (2)** strategic areas in a retail organisation. (5 marks)

**END OF PART A**

**PART B : LONG ESSAY QUESTIONS (60 MARKS)**

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

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1. a) Perform an ABC analysis on the following set of products. (12 marks)
- b) Give a brief interpretation of how the items can be classified. (2 marks)
- c) How might stocks of each category (A, B, C) be controlled? (6 marks)

item	Annual demand	Unit cost \$
A211	1200	9
B390	100	90
C003	4500	6
D100	400	150
E707	35	2000
F660	250	120
G473	1000	90
H921	100	75

(Total 20 marks)

2. a) Explain how the following approaches are used in inventory control.
    - i. the Eyeball System
    - ii. the Reserve Stock (or Brown Bag) System(8 marks)
  - b) Discuss **TWO (2)** advantages of each approach in inventory control. (12 marks)
- (Total 20 marks)
3. Using examples, discuss the **FOUR (4)** types of costs incurred in holding or 'carrying' inventory. (20 marks)

**END OF PART B**

**PART C**

**: CALCULATION / SCENARIO QUESTIONS (20 MARKS)**

INSTRUCTION(S)

: Answer **ONE (1)** calculation / scenario question. Write your answers in the Answer Booklet(s) provided.

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- 1 a) The Bigg Camera Shop has a model that has annual sales of 145 units. The cost to place an order to replenish inventory is \$25 per order, and annual inventory carrying cost per unit is \$20. Assume the store is open 350 days per year.
- i What is the optimal order size?
  - ii What is the optimal number of orders per year?
  - iii What is the total annual inventory cost?

(15 marks)

- b) A company has 5000 items in inventory:  
500 (A items), 1750 (B items) and 2750 (C) items.  
It has a policy to count A items every month (20 working days),  
B items every quarter (60 days), and  
C items, every six months (120 days).  
Calculate the total number of items counted per day for A,B,C items.

(5 marks)

(Total 20 marks)

**END OF EXAM PAPER**