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**University Examinations 2015/2016**

SECOND YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT

**BBS 3276: INVENTORY MANAGEMENT**

**DATE: AUGUST 2016 TIME: 2HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE (30MARKS)**

1. Inventory Management can be regarded as a springboard of production performance in a manufacturing company. Justify this statement. (6 Marks)
2. Discuss the concept of bull whip effect in inventory management. (6 Marks)
3. Briefly explain the methods used in a manufacturing firm to mitigate escalation of carrying stocks. (6 Marks)
4. The usage of stock item for six successive periods was 1000, 1020, 980, 1010, 1030 and 990 units. If a five period moving average is required, calculate the average stock in first and second term. (8 Marks)
5. The actual demand for stock item during the month of June 2016 was 2000 units against a forecast of 1800 units. Assuming a weighing of 0.2 was adopted, what was the average demand forecast for July 2016? (4 Marks)

**QUESTION TWO (20 MARKS)**

1. Discuss the advantages of standardization in an organization. (6 Marks)
2. Analyze the application of information technology in inventory management. (8 Marks)
3. Explain the key parameters used to measure inventory management performance. (6 Marks)

**QUESTION THREE (20 MARKS)**

1. Discuss the importance of vendor-managed inventory in a manufacturing organization. (6 Marks)
2. Sometimes stock holding is a risky and an expensive affair. Conversely, every organization stores materials of one kind or another for some reasons. Discuss. (8 Marks)
3. Explain the key types of inventories in a manufacturing firm. (6 Marks)

**QUESTION FOUR (20 MARKS)**

1. Briefly discuss the key stores location system in an organization. (6 Marks)
2. Identify and explain ways on how to dispose obsolete/redundant stock in an organization. (6 Marks)
3. Discuss the main methods of stores layout in a manufacturing plant. (8 Marks)

**QUESTION FIVE (20 MARKS)**

Write short notes on the following terms that are conspicuous in inventory management:

1. Master production schedule. (4 Marks)
2. Buffer status file. (4 Marks)
3. Inventory status file. (4 Marks)
4. Bill of materials (4 Marks)
5. ABC Analysis (4 Marks)