

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATION

RESIT/SPECIAL EXAMINATION

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
PROCUREMENT AND LOGISTICS MANAGEMENT**

BPLM 215: INVENTORY MANAGEMENT

STREAMS:

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 03/11/2021

8.30 A.M – 10.30 A.M

INSTRUCTIONS

Answer all questions

QUESTION ONE

- a) What is the economic order quantity in inventory problem. Discuss its basic square root formula along with assumptions and limitations (10 marks)
- b) Explain how excessive inventories erode profit of the organization (10marks)
- c) What is the need of inventory in an organization? Explain the concept of EOQ and the expression for EOQ. (10marks)

QUESTION TWO

- a) How does JIT influence the inventory management in an organization (10marks)
- b) What are different functions of inventory? Emphasize disproportionate risks taken by different participants of a distribution channel (5marks)
- c) What is vendor managed inventory under JIT philosophy of procurement (5marks)

QUESTION THREE

- a) How do you decide inventory policy for an organization? What do you understand by asset turn over ratio (10 marks)

- b) Explain the characteristics of codification system (5marks)
- c) You have been invited to conduct an induction course for newly employed procurement officers. Explain functions of the stores manager in service firm.

(5marks)

QUESTION FOUR

- a) State ten (10) merits and five (5) demerits of codification in an organization. (10marks)
- b) factors to consider when making a stock control decision in a manufacturing firm. (10 marks)
