



**STRATHMORE INSTITUTE
DIPLOMA IN PROCUREMENT
END OF SEMESTER EXAMINATION
DPR 1304 - Warehousing and inventory management**

DATE: 19th AUGUST 2019

Time: 2 Hours

Instructions

1. This examination consists of **FOUR** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.
3. **DO NOT WRITE ON THE QUESTION PAPER**

QUESTION ONE – COMPULSORY QUESTION (30 Marks)

- a) Outline ANY FIVE factors to consider when selecting a warehouse facility (5 Marks).
- b) Explain ANY FIVE reasons why we need a warehouse (5 Marks).
- c) List SIX items you can include in warehouse management procedure document to guide how activities in a warehouse should be carried out (6 Marks)
- d) State FOUR main objectives of efficient warehouse operations (4 Marks).
- e) Describe the FOUR main activities carried out in a warehouse facility (8 Marks).
- f) State FOUR factors that influence effective use of a warehouse (2 Marks)

QUESTION TWO (15 Marks)

- a) Explain THREE systems used in order picking and assembly in a warehouse (6 Marks)
- b) Describe key requirements when planning for the main operating areas of a warehouse (9 Marks)

QUESTION THREE (15 Marks)

- a) Using appropriate examples, outline FOUR key measures for physical control and security of inventory (8 Marks)

- b) Describe SIX important inventory control measures in an organization (7 Marks)

QUESTION FOUR (15 Marks)

- a) White Favor Enterprises consumes 100 units of toner per month. The toners are purchased at USD 10 per unit, the cost of placing orders is USD 20 While holding cost of inventory is calculated at 10% per annum of stock value. (8 Marks)

Required

- i. Calculate the Economic Order Quantity (EOQ) (2 Marks)
 - ii. What is the ordering cost at EOQ above? (2 Marks)
 - iii. What is the holding cost at EOQ? (2 Marks)
 - iv. Total inventory cost (TC) (2 Marks)

- b) Write short notes on the following concepts (7 Marks)
 - i. Cycle inventory (2 Marks)
 - ii. Safety Inventory (2 Marks)
 - iii. Seasonal inventory (2 Marks)
 - iv. Capital cost (1 Mark)