



**TECHNICAL UNIVERSITY OF MOMBASA**  
***Faculty of Business & Social Studies***

DEPARTMENT OF BUSINESS STUDIES

DIPLOMA IN LOGISTICS AND TRANSPORT MANAGEMENT

**BLT 2110: WAREHOUSING AND INVENTORY MANAGEMENT**

END OF SEMESTER EXAMINATIONS

**SERIES:** APRIL 2015

**TIME:** 2 HOURS

**INSTRUCTIONS:**

- This paper consists of **FIVE** questions.
- Answer question **ONE (Compulsory)** and any other **TWO** questions.
- Do not write on the question paper

***This paper consists of Three printed pages.***

### QUESTION 1 (Compulsory)

- a) A firm's cost of placing an order is US \$85. Its annual demand is 3,600 units and the cost of a unit is US \$100 and the annual stock-holding cost is 25% of the unit cost. Calculate the EOQ. **(5 marks)**
- b) Define the following terms as used in inventory management;
- i) Inventory visibility **(2 marks)**
  - ii) Forecast **(2 marks)**
  - iii) Just-In-Time **(2 marks)**
  - iv) Warehousing **(2 marks)**
  - v) Lead time **(2 marks)**
  - vi) Bar codes **(2 marks)**
  - vii) MRP I **(3 marks)**
- c) i) Explain any **FIVE** functions of warehousing **(5 marks)**
- ii) Distinguish between dependent and independent demand as applied in inventory management giving example each example of the concept. **(5 marks)**

### QUESTION 2

- a) Explain any **FIVE** factors when choosing the location of a warehouse. **(5 marks)**
- b) Using a well-labelled diagram, draw the re-order point curve. **(5 marks)**
- c) Discuss any **FIVE** advantages of ERP systems. **(10 marks)**

### QUESTION 3

- a) Explain the advantage and disadvantages of ABC Analysis in inventory management briefly. **(10 marks)**
- b) Explain briefly the following inventory carrying costs.
- i) Procurement costs. **(2 marks)**
  - ii) Carrying costs **(2 marks)**
  - iii) Out of stock costs. **(2 marks)**
  - iv) Overstock costs. **(2 marks)**

### QUESTION 4

- a) Explain any **FIVE** dangers of a firm in over investments and under investment in inventory management. **(10 marks)**
- b) "Inventory management is important for successful supply chain Response". Defend this statement. **(10 marks)**

## QUESTION 5

- a) Describe any **FIVE** benefits of JIT management. **(10 marks)**
- b) Describe any **FIVE** points how computer application has been useful for effective management of inventory. **(10 marks)**