



INTRODUCTORY CERTIFICATE IN LOGISTICS AND TRANSPORT

INTRODUCTION TO INVENTORY AND WAREHOUSING

INTRO–03

NOVEMBER EXAMINATION 2024

Note to Candidates

Candidates are advised to spend NOT more than 60 minutes in Section A and not more than 40 minutes on each question in Section B.

Instructions to Candidates

- Duration of examination: **2.30 hours**
 - **Answer ALL Questions in Section A and any THREE questions in Section B**
 - Questions may be answered in any order
 - Allocation of marks is indicated along each question
 - Credit will be given for citing relevant examples
 - Write legibly
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SECTION A: Multiple Choice Questions (Compulsory)

(20 marks)

Chose the most appropriate answer and write the symbol against each question, eg 'A' or 'B'

1. What is the primary purpose of warehousing?
 - A. To increase production speed
 - B. To store goods until they are needed
 - C. To reduce transportation costs
 - D. To eliminate inventory
2. Duration time between placing an order and receipt of material is called
 - A. Reorder level
 - B. Safety Stock
 - C. Buffer Stock
 - D. Lead Time.

3. The way of moving goods and people from one place to another place is called
 - A. Management
 - B. Organization
 - C. Pollution
 - D. Transportation
4. Which of the following is NOT a type of inventory.
 - A. Raw materials
 - B. Work-in-progress
 - C. Finished goods
 - D. Labour
5. What is safety stock.
 - A. A type of insurance for inventory
 - B. Additional inventory kept on hand to reduce stockouts
 - C. A method for determining demand
 - D. A way to reduce lead times
6. What does the term "just-in-time" (JIT) refer to in inventory management?
 - A. Ordering large quantities of stock
 - B. Reducing lead times and inventory levels
 - C. Maintaining a surplus of inventory
 - D. Storing products in multiple locations
7. A store operating on LIFO method, faces a trend of increasing inventory prices, the prices will, ceteris paribus
 - A. Increase
 - B. No change
 - C. Decrease
 - D. Can't be determined

8. The first and foremost function of management is _____.
- A. Planning.
 - B. Organizing.
 - C. Controlling.
 - D. Coordination.
9. Costs that do not vary with service offered or sales level are referred to as _____.
- A. Fixed cost
 - B. Variable costs
 - C. Total cost
 - D. Marketing costs
10. The method of storage in which the materials are received first and issued first is called
- A. LIFO
 - B. FIFO
 - C. NIFO
 - D. HIFO
11. Which term refers to the cost of holding unsold inventory in a warehouse?
- A. Ordering cost
 - B. Holding cost
 - C. Setup cost
 - D. Carrying cost
12. What is the primary purpose of warehousing in the supply chain?
- A. To produce goods
 - B. To store goods and manage inventory efficiently
 - C. To market products
 - D. To design new products

13. What is "Demand Forecasting" used for in inventory management.
- A. Estimating future customer demand to plan inventory levels effectively
 - B. Managing warehouse space
 - C. Designing marketing strategies
 - D. Evaluating supplier performance
14. Inventory control aims at_____
- A. Achieving optimisation
 - B. Ensuring against market fluctuations
 - C. Acceptable customer service at low capital investment
 - D. Discounts allowed in bulk purchase
15. Which factor is considered for calculating re-order level?
- A. EOQ
 - B. Average consumption
 - C. None of these
 - D. TOQ
16. Packaging performs two functions. _____ and logistics.
- A. Distribution.
 - B. Store keeping.
 - C. Material handling.
 - D. Marketing
17. When opening and closing inventories are compared, if ending inventory is more than opening inventory, it means that
- A. Increase in inventory
 - B. Decrease in inventory
 - C. Both (a) and (b)
 - D. None of these

18. What is the “Reorder Point” in inventory management.
- A. The point at which inventory is ordered to replenish stock before it runs out
 - B. The maximum level of inventory to be held
 - C. The point at which products are sold at a discount
 - D. The point at which inventory becomes obsolete
19. Plan that establishes a required method of handling future activities is called _____.
- A. Rules.
 - B. Procedures
 - C. Policy.
 - D. Methods
20. What does “Economic Order Quantity (EOQ)” aim to achieve.
- A. Maximizing inventory holding costs
 - B. Minimizing the total cost of ordering and holding inventory
 - C. Increasing the reorder point
 - D. Expanding warehouse space

SECTION B

Answer FOUR questions

QUESTION 2

- a) Describe any 5 types of material handling equipment to be found in a modern warehouse. **(10 marks)**
- b) What are the advantages of cross-docking. **(5 marks)**
- c) Explain the importance of stock rotation. **(5 marks)**

QUESTION 3

List and explain any FIVE factors to be considered while selecting a convenient warehouse location. **(20 marks)**

QUESTION 4

Describe the differences between a centralised and decentralised warehousing system. **(20 marks)**

QUESTION 5

Discuss the role of information and communication technology (ICT) in modern warehousing and inventory management. Include practical examples. **(20 marks)**

QUESTION 6

Discuss five (5) reasons why you will prefer a private owned Warehousing and Inventory operations. **(20 marks)**