JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS & ECONOMICS

UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION WITH IT

3RD YEAR 2ND SEMESTER 2018/2019 ACADEMIC YEAR

KISII CAMPUS-PART TIME

COURSE CODE: ABA 342

COURSE TITLE: PROCUREMENT RECORDS AND INVENTORY MANAGEMENT

EXAM VENUE: **STREAM: (BBA)**

DATE: **EXAM SESSION:**

TIME: 2 HOURS

Instructions:

- **Answer Question ONE (COMPULSORY) and ANY other 2 questions**

- **Candidates are advised not to write on the question paper.**

- **Candidates must hand in their answer booklets to the invigilator while in the examination room.**

QUESTION ONE

The following information relates to Frederick & Griffins limited company's sales the year 2017 for a product for the last 6 months. From previous data, the company has not been performing well in inventory management. This has led to stock outs, large number of goods returns, obsolescence, delivery delays and warranty claims among many others. The firm has also not been properly keeping records making it difficult to process transactions and delaying payments and lengthening the cash conversion cycle.

Month	Actual sales (y)
April	73
May	75
June	77
July	72
August	81
September	82
October	-

a) Obtain forecasts for October using exponential smoothing for

   i) = 0.2 (4 marks)

 b) Discuss two advantages of using exponential smoothing over simple moving averages
                                                                        (4 marks)

c) Frederick and Griffins argue that at times it is necessary to hold inventory give 2 reasons that justify them to hold inventory (4 marks)

d) The company's customers have been complaining about constant delays in order delivery, poor communication, stock outs and long queues. The firm has also noticed a high return of goods and large number of warranty claims. Highlight five different technologies that they can use to improve its supply chain visibility and inventory performance (10marks)

d) Frederick and Griffins have not been properly documenting their transactions one of the reasons for their dismal performance in inventory management. Discuss four benefits they will accrue from proper keeping of inventory records (8 marks)

QUESTION TWO

The procurement department at the Nyamira County has not been performing its functions very well. The director has discovered that one of the reasons for this is lack of inventory performance measures. He decides to conduct a benchmarking of the inventory performance measures used by Machakos.

   iv) Discuss five inventory performance measures that he may find out useful from the benchmarking (10 marks).

   v) Highlight some three limitations of Benchmarking, especially in two different industries that he may observe (10 marks)

QUESTION THREE

Automated procurement records security weakness may threaten the confidentiality, integrity, or availability of electronic information. Discuss different ways of ensuring that automated procurement records are secure in your organization (20marks).

QUESTION FOUR

Large inventories cannot be managed without some logical, organized systems of stock identification and coding.

   i)   Discuss using examples four stock coding systems used by firms to manage inventory (10 marks).
   ii)   Discuss 4 forms of wastes that organizations should seek to eliminate through the use of lean supply chain management (10 marks

QUESTION FIVE

   i)   Using examples discuss how an organization of your choice can use the Kraljic matrix to examine its procurement portfolio, exposure to risks, procurement approach and type of supplier relationships most appropriate for different types of procurements and how a procurement function can add value by leveraging the potential of each (12 marks)
   ii)   What is JIT? Discuss 4 disadvantages of an organization using JIT (8marks)