



The Chartered
Institute of Logistics
and Transport

The
Management
University
of Africa



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CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT (CILT)

EXAMINATIONS IN COLLABORATION WITH MANAGEMENT

UNIVERSITY OF AFRICA

PROFESSIONAL DIPLOMA IN LOGISTICS AND TRANSPORT

WAREHOUSING AND INVENTORY MANAGEMENT

DATE: 21ST FEB 2018

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided**

Question One

Read the case study and answer questions a) and b).

CASE STUDY: NEPTA SUPERMARKET

Nepta is a successful regional supermarket chain which has gradually expanded to a network of eight stores operating in a particular geographical area. Within this region Nepta has a third largest market share although it is still a considerable distance behind two major national chains. The management of Nepta acknowledges that its successful position is largely a result of its long established local reputation and not as a result of aggressive trading policies.

The prime objective of Nepta is to maintain its market share and profit level. Its strategies tend to be cautious and conservative. All stores often specialize in lines which reflect local tastes. For any particular line, however, only the national brand leader and two other brands are stocked.

Nepta management claims that the detailed knowledge it has of its regional market adds to its competitive advantage. It is also claimed that Nepta gains from the fact that all the stores are relatively close to each other and to the head office from where a small team of buyers work. The buyers have resisted any attempt to introduce own label products, even for a limited range of items and have agreed that branded products have higher customer recognition and permit premium prices to be charged.

Nepta recognises that it can only achieve limited competitive advantage over its large multiple competitors who are able to benefit from economies of scale and cost advantages. Nepta claims however, that its method of trading differentiates its business from its competitors and these accounts for its continued success.

Required:

- a) Nepta buyers have resisted any attempt to introduce own label products. Assess the buyer's views. (10 marks)
- b) Evaluate the proposal that Nepta replaces the present method of direct delivery by suppliers to stores, with its own centrally located warehouse. (15 marks)

Question Two

Stock obsolescence and shrinkage are a major loss centre in the supply Explain these two words discussing what actions you can take to identify and deal with obsolescence and shrinkage in your workplace.

(15Marks)

Question Three

Inventory classification is key for supply chain efficiency. Discuss this, explaining how you would plan and implement inventory classification process. (15 Marks)

Question Five

In the light of the material handling guidelines, explain the system that you recommend for material handling of perishable products in temperature controlled warehouses. (15 Marks)

Question Five

Briefly discuss the following stores layout and designs: (15 marks)

- a) Inverted T warehouse layout and design
- b) Through Flow warehouse layout and design
- c) Cross flow warehouse layout and design

Question Six

a) Unitization of load plays an important role in the effectiveness of the material handling system in a warehouse. Explain (8 Marks)

b) Explain the criteria for selecting a material handling system for a warehouse. (7 Marks)

END

QUESTION 1: (10 marks)
A company is considering a new investment project. The project has an initial outlay of \$100,000 and is expected to generate cash flows of \$30,000 per year for the next 5 years. The company's cost of capital is 10%.

QUESTION 2: (10 marks)
A company is considering a new investment project. The project has an initial outlay of \$100,000 and is expected to generate cash flows of \$30,000 per year for the next 5 years. The company's cost of capital is 10%.

QUESTION 3: (10 marks)
A company is considering a new investment project. The project has an initial outlay of \$100,000 and is expected to generate cash flows of \$30,000 per year for the next 5 years. The company's cost of capital is 10%.

QUESTION 4: (10 marks)
A company is considering a new investment project. The project has an initial outlay of \$100,000 and is expected to generate cash flows of \$30,000 per year for the next 5 years. The company's cost of capital is 10%.

QUESTION 5: (10 marks)
A company is considering a new investment project. The project has an initial outlay of \$100,000 and is expected to generate cash flows of \$30,000 per year for the next 5 years. The company's cost of capital is 10%.

QUESTION 6: (10 marks)
A company is considering a new investment project. The project has an initial outlay of \$100,000 and is expected to generate cash flows of \$30,000 per year for the next 5 years. The company's cost of capital is 10%.