



GARISSA UNIVERSITY

**UNIVERSITY EXAMINATION 2017/2018 ACADEMIC YEAR THREE
SECOND SEMESTER EXAMINATION**

SCHOOL OF BUSINESS AND ECONOMICS

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BBM 345

COURSE TITLE: LOGISTIC AND INVENTORY MANAGEMENT

EXAMINATION DURATION: 3 HOURS

DATE: 11/04/18

TIME: 2.00-5.00 PM

INSTRUCTION TO CANDIDATES

- **The examination has SIX (6) questions**
- **Question ONE (1) is COMPULSORY**
- **Choose any other THREE (3) questions from the remaining FIVE (5) questions**
- **Use sketch diagrams to illustrate your answer whenever necessary**
- **Do not carry mobile phones or any other written materials in examination room**
- **Do not write on this paper**

This paper consists of TWO (2) printed pages

please turn over



QUESTION ONE (COMPULSORY)

Save Mart needs 1800 coffee makers per year. The cost of each coffee maker is ksh90. Ordering cost is ksh150 per order. Carrying cost is 40% of per unit cost. Lead time is 5 days. SaveMart is open 365 days/yr.

(a) Required Calculate:

- i. The economic order quantity (EO) [2 marks]
- ii. The annual ordering cost [2 marks]
- iii. The annual stock holding cost [3 marks]
- iv. The total cost associated with the economic order quantity EOQ [3 marks]

(b) Describe the assumption of economic order quantity [5 marks]

(c) Discuss the concept of fleet management in logistic and its application [10 marks]

QUESTION TWO

(a) Describe the major benefits of logistic management [5 marks]

(b) Explain different types of logistic within logistic management [10 marks]

QUESTION THREE

(a) Describe the key component of logistic management [5 marks]

(b) Define Logistic resource planning and its significance in logistic management [10 marks]

QUESTION FOUR

(a) Discuss the environmental impact associated logistics activates [5 marks]

(b) Describe the different modes of transport highlighting each its merit and demerit [10 marks]

QUESTION FIVE

(a) Explain emerging issues in logistic management [5 marks]

(b) Explain the ABC stock classification system in inventory management [10 marks]

QUESTION SIX

(a) Describe Precautions Logistician to take when transporting hazardous products [5 marks]

(b) Describe Effects of inadequate inventory control in an organization [10 marks]

