



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT

EXAMINATION PAPER

COURSE CODE : CPS 408

COURSE TITLE : Material Planning and Production Control 2

SPECIAL REQUIREMENTS : NO SPECIAL REQUIREMENTS

DURATION : 3 Hours

LEVEL : 4:2

DATE : 28 NOV 2022

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. **QUESTION ONE IS COMPULSORY**
3. Answer **QUESTION ONE AND ANY THREE (3)** questions.
4. Begin each question on a new page.
5. The number of marks for each question or part question is shown in brackets []
6. Use of practical examples where necessary is encouraged

Question 1

SECTION A

QUESTION ONE

The Procurement Department of Lafarge Cement provides the following information;

Carrying costs per unit of inventory is \$10

Fixed costs per order is \$25

Number of units required is 25 000 per year

Required;

- i) Calculate the Economic Order Quantity (EOQ) **(6 Marks)**
- ii) Interpret your answer in (i) above **(2 Marks)**
- iii) Total number of orders in a year **(2 Marks)**
- iv) Explain the causes of the bullwhip effect in manufacturing companies and provide a remedy for each cause. **(15 Marks)**

SECTION B

QUESTION TWO

Economic order quantity (EOQ) or Economic Order Quantity (EOQ) Model attempts to find balance between too much and too little inventory by looking the optimal quantity that will deliver low cost of carrying inventory. Explain how this inventory management facilitate when managing inventory. **(25 Marks)**

QUESTION THREE

Evaluate the methods that a Warehouse Supervisor may use to monitor and control inventory. **(25 Marks)**

QUESTION FOUR

Explain the concept of Enterprise Resources Planning (ERP), using an organisation of your choice. **(25 Marks)**

QUESTION FIVE

- i) Company X has the following:
Normal usage 300 units per week
Maximum usage 500 units per week
Reorder period 4-8 weeks

Reorder quantity 2400 units
Calculate and interpret the following;

- a) Reorder level **(3 Marks)**
 - b) Maximum stock level **(3 Marks)**
 - c) Minimum stock level **(3 Marks)**
 - d) Average stock level **(4 Marks)**
- ii) Explain the reasons for holding inventory in manufacturing companies. **(12 Marks)**

END

15/12 PM