

Unit: Inventory Control & Management	Guided Learning Hours: 220
Exam Paper No.: 2	
Prerequisites: Basic knowledge of business	Corequisites: A Pass or better in Certificate in Business
procedures.	Studies or equivalence.

Aim: Inventory is material that businesses use for selling or as inputs to the production process. Inventory management is controlling inventory through a number of stages until it reaches customer. There is a lot of coordination in inventory planning. Learners will learn the importance of inventory management, its functions and goals/objectives; the role of inventory in the Supply Chain and specific reasons for maintaining certain inventory; the process of categorising expenses (Cost classification) by capital and revenue expenditure, management function and direct and indirect costs; the value of unsold inventory stock (Inventory/Stock valuation) and the need to know material, labour and overhead costs; and cost of materials used to manufacture a product (Materials Costs).

Inventory can be classified as raw material, work-in-progress or finished goods. This course will analyse factors associated with inventory management decisions:

- Inventory costs
- Inventory functions
- Supply and demand

Objectives of inventory management and plan

<ul> <li>Objectives of inventory management and plan</li> </ul>			
Required Materials: Recommended Learning	Supplementary Materials: Lecture notes and tutor extra		
Resources.	reading recommendations.		
Special Requirements: None	A 400		
<b>Intended Learning Outcomes:</b>	Assessment Criteria:		
1. Understand the broader strategic oversight,	1.1 Define inventory and categories of inventory.		
tracking and inventory optimisation to satisfy	1.2 Explore advantages and disadvantages of keeping		
demand; minimising costs, and avoiding stockouts or	inventories.		
holding too much stock.	1.3 Analyse inventory objectives and associated costs.		
	1.4 Describe Just-in-Time (JIT) inventory systems.		
	1.5 Be able to explain the role of Vendor Managed		
	Inventory (VMI) in supply chain.		
2. Understand the purpose, factors affecting fill	2.1 Explain the importance of fill rate.		
rate and service level; including calculations of each.	2.2 Identify types of fill rates.		
	2.3 Describe factors that can impact fill rate.		
	2.4 Differentiate fill rate vs service level.		
ines	2.5 Demonstrate calculating fill rate and service level.		
3. Understand the role of inventory in	3.1 Describe inventory types and inventory users in		
profitability; functions of inventory in fulfilling the	manufacturing setting. 3.2 Elaborate how inventory is a source of cost but		
mismatch between supply and demand; and how to calculate the right amount of inventory.	3.2 Elaborate how inventory is a source of cost but also a source of responsiveness in diffusing the mismatch between supply and demand.		
	3.3 Identify costs associated with holding too much or too little inventory.		
	3.4 Describe ABC analysis, cycle counting and record accuracy techniques in management and controlling inventory.		
	3.5 Be able to demonstrate terms associated with Economic Order Quantity (EOQ).		
	3.6 Be able to calculate Economic Order Quantity		

4. Understand the cost classification and how it	4.1	Describe costs associated to capital and revenue
enable translations of financial costs into a business		expenditure.
strategy.	4.2	Be able to describe cost behaviours and
		diagrammatic representation.
	4.3	Demonstrate using high-low method of analysing semi-variable costs into their fixed and variable elements.
	4.4	Explain production and non-production costs.
	4.5	Be able to identify both production and non-
		production costs in manufacturing and services
		industry.
	4.6	Define direct vs indirect costs.
	4.7	Explore cost classification by management
		function.
5. Understand the importance of inventory	5.1	Describe different inventory costs used in
valuation in business accounting when assigning		financial reporting.
monetary value to unsold or damaged stock in order	5.2	Explain First-in First-out (FIFO), Last-in First-
to determine financial cost.		out (LIFO) and Average Cost (AVCO) methods
		of inventory valuation.
	5.3	Demonstrate calculating FIFO inventory.
	5.4	Demonstrate calculating LIFO inventory.
	5.5	Demonstrate calculating AVCO inventory.
	5.6	Be able to compare and contrast the three methods.

**Methods of Evaluation:** A 2½-hour essay written examination paper with 5 questions, each carrying 20 marks. Candidates are required to answer all questions. Candidates also undertake project/coursework Inventory Control & Management with a weighting of 100%.

Recommended Learning Resources: Inventory Control & Management

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	• Inventory Control by Sven Axsäter. ISBN-13: 978-1475756074
	• Inventory Control and Management by Donald Waters. ISBN-13: 978-0470858769
Text Books	• Warehouse Management and Inventory Control by Philip Price, N. Harrison. ISBN-13
	: 978-1934231043
Study Manuals	
	BCE produced study packs
CD ROM	04
<b>(</b>	Power-point slides
Software	-9°
	None
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