

# Learning Assessment Guide

## Unit Standard 334 – Version 5

### Operate and administer inventory systems

#### Level 3 – 5 Credits

Assessment Summary			
Learner to complete			
Learner's name:			
Employer:			
NSN no. (ROL):		DOB:	
Signed:		Date:	
Assessor to complete			
<input type="checkbox"/> Meets requirements <input type="checkbox"/> More training required <input type="checkbox"/> More evidence required			
Assessor's name:		Assessor's No.	
Signed:		Date:	

## Before you begin...

- As well as this Learning Assessment Guide, you may also want to refer to the unit standard from the NZQA website (<http://www.nzqa.govt.nz>).
- Read the Trainee Information Kit. The kit contains important information and guidelines for Learners and can be found on the Learning State website (<http://www.learningstate.govt.nz>) under Learners, then Learning Assessment Guides.
- Check the learning resources available for this unit standard on the Learning State website (<http://www.learningstate.govt.nz>) under Learners, then Learning Assessment Guides.

This Learning Assessment Guide is made up of:

- Written tasks for you to complete.
- Practical tasks to be observed by the assessor.
- Assessment results that your assessor will use to assess your competence.

The tasks in this assessment are designed to show your assessor that you can:

- 1 Explain the nature and function of inventories.
- 2 Operate an inventory system for an organisation.
- 3 Explain and apply methods for valuing inventories, and prepare inventory accounting records for an organisation.

## Assessment Task One – Element 1

This assessment task is designed to assess your knowledge and understanding of the nature and function of inventories.

You are required to answer a set of questions related to inventories.

### ***Task Instructions***

Answer the following questions. You may do this in writing or orally. If you answer the questions orally, your assessor will record your answers.

Your assessor may wish to ask you further questions to supplement other evidence provided.

#### **Question One**

Define the term 'inventory'.

#### **Question Two**

Explain how different types of organisations have different requirements of their inventories. Give at least two examples.

**Question Three**  
Give at least two advantages and two limitations of computer and manual inventory administration systems.

<i>Type</i>	<i>Advantages</i>	<i>Limitations</i>
Computer		
Manual		

**Question Four**  
Explain the function and purpose of the inventory system used by your organisation. Discuss how your system meets the administrative needs of your organisation.

**Question Five**

With the rapid advance in technology, there is now available a huge range of management processes to facilitate inventory control. Describe how three of the following technologies have impacted on modern inventory systems.

- bar coding
- scanning
- automated re-ordering systems
- Electronic Data Interchange (EDI).

## Assessment Task Two – Elements 2 & 3

This assessment task is designed to assess your knowledge of how to operate an inventory administration system accurately, as well as your knowledge of the methods for valuing inventories and preparing accounting records.

### ***Task Instructions***

Answer the following questions. You may do this in writing or orally. If you answer the questions orally, your assessor will record your answers.

Your assessor may wish to ask you further questions to supplement other evidence provided.

### **Question One**

An important part of operating an inventory is a stock-take. Describe your organisation's procedures for doing this and describe how any discrepancies are rectified and reported.

**Question Two**

Explain the difference between periodic and perpetual inventory systems. When writing your answer please include any considerations for, and implications of, accurate valuation of inventories.

**Question Three**

There are at least four methods for determining cost price of inventories. These are:

- actual cost,
- first in-first out,
- first in-last out,
- and weighted average cost.

Select two of these methods and describe their suitability for meeting your organisation's information needs.

***Method One******Method Two***

## Assessment Task Three – Elements 2 and 3

This assessment task is designed to assess your ability to operate an inventory administration system according to your organisation's policies and procedures, as well as valuing the inventory according to your organisation's policies and procedures.

### ***Task Instructions***

Your assessor or approved observer will ask you to perform a number of tasks to demonstrate your competence at operating your organisation's inventory system according to their policies and procedures.

The assessor may require a copy of your organisation's documented system for carrying out inventory procedures.

The tasks you must perform are:

1. Carry out procedures to maintain levels of goods at optimum levels, purchase, receive, store, issue and return inventory goods.
2. Maintain inventory records for
  - product types
  - price information
  - product location
  - re-order levels.
3. Carry out an inventory valuation using at least two different methods
4. Using the inventory valuation from activity 3 above, prepare accounting entries for recording using both periodic and perpetual inventory systems. You may need to simulate the system your organisation doesn't use.

The Assessor will use the checklist on the next page to record evidence of your ability to perform all the activities listed above.

### Assessment Task Three Checklist

The learner will demonstrate the following tasks, please confirm their competency or otherwise in the Yes/No column. Any comments you may wish to make can be noted in the comments column.

Activity	Task	Comments	Yes/No
1	Use inventory system to maintain optimum levels of goods		
	Purchase goods in accordance with system requirements		
	Receive goods in accordance with system requirements		
	Store goods in accordance with system requirements		
	Issue goods in accordance with system requirements		
	Process returns in accordance with system requirements		
2	Maintain inventory records for product types		
	Maintain inventory records for price information		
	Maintain inventory records for product location		

Activity	Task	Comments	Yes/No
	Maintain inventory records for re-order levels		
3	Inventory is valued using ..... (method)		
	Inventory is valued using ..... (method)		
4	Records are prepared using a periodic inventory system		
	Records are prepared using a perpetual inventory system		
<b>Name</b>		<b>Phone</b>	
<b>Position</b>		<b>Date</b>	
<b>E-mail</b>			

## Assessment Results

These are the judgements that your assessor will use to assess you:

Has the learner defined the term inventory and explained the nature of inventories in terms of requirements for different types of enterprises?	<b>Yes</b>	<b>No</b>
Has the learner described the advantages and limitations of computer and manual inventory administration systems in relation to an organisation?	<b>Yes</b>	<b>No</b>
Has the learner explained an inventory system in terms of its function and the administration information needs of an organisation?	<b>Yes</b>	<b>No</b>
Has the learner explained technology change in terms of its effect on inventory management processes? At least three technologies must be covered.	<b>Yes</b>	<b>No</b>
Can the learner operate an inventory system in accordance with organisational policies and procedures?	<b>Yes</b>	<b>No</b>
Can the learner maintain inventory records for product types, price information, product location and re-order levels in accordance with organisational policies and procedures?	<b>Yes</b>	<b>No</b>
Does the learner follow processes for reconciling physical and perpetual stock levels, and for rectifying and reporting discrepancies, in accordance with organisational policies and procedures?	<b>Yes</b>	<b>No</b>
Has the learner explained the need for accurate valuation of inventories in relation to periodic and perpetual inventory administration systems?	<b>Yes</b>	<b>No</b>
Has the learner explained two methods for determining cost price of inventories in terms of their suitability for meeting the organisation's information needs?	<b>Yes</b>	<b>No</b>
Has the learner valued inventory in accordance with method requirements and organisational policies and procedures? Two methods must be demonstrated.	<b>Yes</b>	<b>No</b>
Has the learner prepared accounting entries for recording inventory value using both periodic and perpetual inventory systems in accordance with the calculated inventory valuation, inventory system requirements, and organisational policies and procedures?	<b>Yes</b>	<b>No</b>