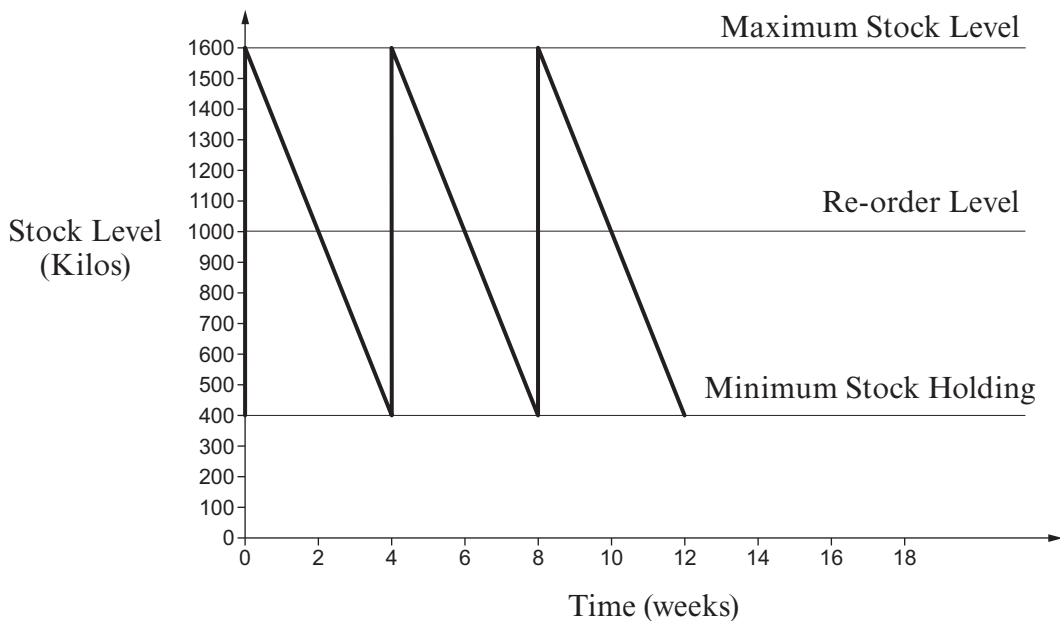


3. It's not all sweet at Candy Cakes Ltd.

Production Manager, Charlie Woods, had just received an e-mail from his suppliers in the West Indies that the latest order of top quality sugar was unlikely to be delivered on time – yet again. Unfortunately he had recently decided to reduce his **buffer stock** of this type of sugar in order to save costs.

Candy Cakes Ltd's Sugar Stock Control Diagram.



(a) Explain the following stock control terms:

- (i) lead time;
- (ii) re-order quantity;
- (iii) buffer stock.

[6]

(b) Examine the stock control diagram for Candy Cakes Ltd's sugar and give the value of the following:

- (i) lead time;
- (ii) re-order quantity;
- (iii) buffer stock.

[3]