



# UNIVERSITY OF EMBU

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2016/2017 ACADEMIC YEAR

FIRST SEMESTER EXAMINATION

SECOND YEAR EXAMINATION FOR DIPLOMA IN PURCHASING AND SUPPLIES

BBA 208: STORES AND INVENTORY MANAGEMENT

DATE: DECEMBER 7, 2016

TIME: 8:30-10:30AM

INSTRUCTIONS:

Answer Question ONE and ANY Other TWO Questions.

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## QUESTION ONE (30 MARKS)

- a) Define the term inventory. (2 marks)
- b) Explain five factors to consider when implementing a stock control policy. (5 marks)
- c) Explain the three categories of inventories. (3 marks)
- d) Highlight four factors to consider when designing stores layout and location. (4 marks)
- e) Briefly explain the concept of Inventory Management. (3marks)
- f) Briefly explain two advantages of Economic Order Quantity (EOQ) as an inventory control technique. (4 marks)
- g) Explain four major reasons for holding inventories. (4 marks)
- h) Briefly explain the major activities involved in stores operations (5 marks)

## QUESTION TWO (20 MARKS)

- a) Outline the importance of material preservation. (10 marks)
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b) Discuss five wastes that can be eliminated if an organization decides to use Just in Time inventory management system. (10 marks)

**QUESTION THREE (20 MARKS)**

- a) Explain the difference between dependent and independent demand approaches in management of inventory. (10 marks)
- b) Explain five methods of coding materials. (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) Discuss five major inventory goals. (10 marks)
- b) Using relevant examples, explain five ways of ensuring healthy and safety at work. (10 marks)

**QUESTION FIVE (20 MARKS)**

- a) Discuss five principles that should guide selection of material handling equipment. (10 marks)
- b) Explain five aims and objectives of inventory control. (10 marks)

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