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**University Examinations 2015/2016**

FIRST YEAR SECOND SEMESTER EXAMINATION FOR DIPLOMA IN PURCHASING AND SUPPLIES MANAGEMENT

**BBD 2152: STORES MANAGEMENT AND STOCK CONTROL**

**DATE: NOVEMBER 2015 TIME: 11/2 HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE (30 MARKS)**

1. Discuss in detail the prime activities in line with stores management. (10 Marks)
2. What are the possible causes of material deterioration in storehouse? (6 Marks)
3. Why is it important for a stores manager to have adequate knowledge of all materials stocked? (8 Marks)
4. Discuss the characteristics of a good store layout. (6 Marks)

**QUESTION TWO (20 MARKS)**

1. Stores management plays an integral role in perfection of company’s envisioned goals and objectives. In view to this observation discuss the key purpose of stores management. (10 Marks)
2. Discuss in detail the key duties and responsibilities of a storekeeper in an organization. (10 Marks)

**QUESTION THREE (20 MARKS)**

1. Material coding system is highly accepted as one of the best material identification methods. Explain the advantages of a coding system. (10 Marks)
2. Define the following terms:
3. Maximum stock level. (2 Marks)
4. Minimum stock level. (2 Marks)
5. Re-order level. (2 Marks)
6. Danger level. (2 Marks)
7. Re-order quantity. (2 Marks)

**QUESTION FOUR (20 MARKS)**

1. A company has provided the following data in respect of its major raw materials.

Normal usage/Average usage = 100 items.

Minimum usage = 60 items

Lead time = 25-30 days

EOQ =5,000 units

Maximum usage =140 items

Required:

Calculate:

1. Re-order point (2 Marks)
2. Safety/Buffer stock. (2 Marks)
3. Minimum stock level. (2 Marks)
4. Maximum stock level. (2 Marks)
5. Write short explanatory notes on the following store management terms:
6. JIT Inventory philosophy. (3 Marks)
7. Material Requirement Planning (MRP)(3 Marks)
8. Electronic Data Interchange (EDI) (3 Marks)
9. Safety stock. (3 Marks)

**QUESTION FIVE (20 MARKS)**

1. Define the term EOQ. (2 Marks)
2. A company has an annual demand for material ‘P’ of 25,000 tons per annum. The cost price per ton is Kshs.2000 and stock holding is 25% per annum of the stock value. Delivery cost per batch is Ksh.400.

Required:

Calculate:

1. EOQ. (2 Marks)
2. Number of deliveries. (2 Marks)
3. Delivery cost. (2 Marks)
4. Stock holding cost. (2 Marks)
5. Total cost. (2 Marks)
6. Discuss the reasons why most companies prefer holding stock. (8 Marks)