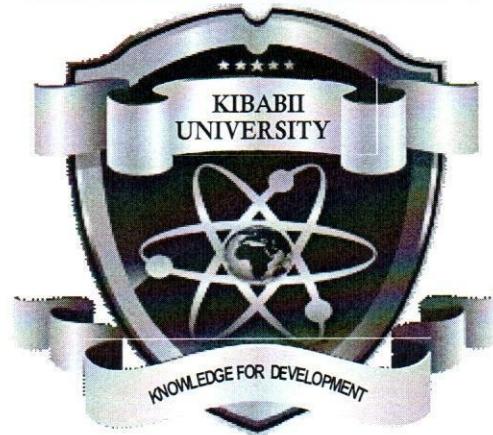


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KIBABII UNIVERSITY



UNIVERSITY MAIN EXAMINATION 2020/2021 ACADEMIC YEAR THIRD YEAR SECOND SEMESTER

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCP 322

COURSE TITLE: MATERIALS AND STORAGE MANAGEMENT

DATE: 08/10/2021

TIME: 9.00 – 11.00AM

INSTRUCTIONS TO CANDIDATES

- 1) Answer Question **ONE** (Compulsory) and **ANY OTHER TWO** Questions
 - 2) Candidates must hand in their answer booklets to the invigilator while in the examination room
 - 3) Credit is given for legibility, clarity and use of relevant examples
 - 4) Question **ONE** is **30 marks** while Questions **2-5** carry **20 marks** each
 - 5) Clearly write your **Registration Number** on each answer sheet used
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TIME: 2 Hours

KIBU observes **ZERO** tolerance to examination cheating

QUESTIONS: SECTION A

QUESTION ONE

- a) What are the impacts of material requirement planning on purchasing and supply management (10 marks)
- b) Explain how excessive inventory can erode corporate profitability (10 marks)
- c) You are a firm manager, and your company has been producing different items yet they serve the same purpose. At a certain point, you decide to come up with standard product. What would be your objectives of Standardization (10 marks)

QUESTIONS: SECTION B

QUESTION TWO

- a) In a situation where the material could not be reclaimed within the plants, what are other options available for the disposal of the material? (8 marks)
- b) In a company where ordering cost is estimated at 5 pounds. Holding cost is 20% of stock value and annual demand is 1000 units at a supplier price of 20 pounds. Calculate EOQ (5 marks)
- c) What are the factors that influence the selection of materials handling equipment (7 marks)

QUESTION THREE

- a) Discuss five principal stages of materials flow in an organization as a result of efficient materials management. (10 marks)
- b) In a warehouse, it is necessary to have a logical basis for identification of materials which is more precise and less cumbersome. Discuss the advantage of a good coding system. (10 Marks)

QUESTION FOUR

- a) Holding inventory has a huge cost implication to an organisation. Discuss various costs associated with keeping inventory in an organisation (10 marks)
- b) Discuss the following concept and illustrate how each can be managed effectively.
- (i) Slow moving stocks
 - (ii) Obsolete stocks
 - (iii) Redundant stocks (10 marks)

QUESTION FIVE

Explain how the following inventory control techniques have improved the efficiency in materials management.

- (a) Materials requirement planning
- (b) Economic order quantity
- (c) Just-in time purchase
- (d) ABC analysis (20 marks)