

# KIBABII UNIVERSITY



## UNIVERSITY EXAMINATIONS

### SPECIAL/SUPPLEMENTARY EXAMINATION

2020/2021 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER

FOR THE DIPLOMA OF BUSINESS MANAGEMENT

COURSE CODE: DPS 101

COURSE TITLE: STORES MANAGEMENT AND STOCK CONTROL

DATE: 12/01/2022

TIME: 8.00 – 10.00AM

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#### INSTRUCTIONS TO CANDIDATES

Answer Question ONE (compulsory) and ANY OTHER TWO questions

**Question One**

- a. Define a store and discuss the factors to consider when planning a stores layout. (5mks)
- b. Outline the procedural steps to be followed in a stock taking exercise. (6mks)
- c. Describe the main cost flow assumptions used in stock valuation. (9mks)
- d. Give the advantages & disadvantages of the above valuation methods. (10mks)

**Question Two**

- a. Define the following: (6mks)
  - i. Stock out
  - ii. Buffer stock
  - iii. Defective stock
- b. Distinguish between Identification and Classification of materials giving one benefit of each to a business enterprise. (6mks)
- c. Discuss the different areas that are improved due to the importance of classification. (8mks)

**Question Three**

- a. Outline the three bases for codification of materials and give the advantages of coding. (10mks)
- b. Describe fully with examples the different methods of material codification. (10mks)

**Question Four**

- a. The stores function deals with three major activities; describe them. (6mks)
- b. State the functions of each of the three activities in (a) above. (9mks)
- c. Describe a bin card and give its importance in store keeping. (5mks)

**Question Five**

- a. Explain the following terms as used in stock control; (6mks)
  - i. Re-order level
  - ii. Minimum Level
  - iii. Bottleneck enhancement
- b. Give the merits and demerits of a firm deciding to keep little or no stock at all. (6mks)
- c. Describe some of the costs involved in holding stock by a firm. (8mks)