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**KIBABII UNIVERSITY**



**UNIVERSITY EXAMINATIONS**

**MAIN EXAMS**

**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: 04/08/2021**

**TIME: 9.00AM-11.00AM**

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**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

## QUESTION ONE (COMPULSORY)

### QUESTION ONE

Musembi Holding Limited is a manufacturing company which started with few lines of inventories. Historically, their method of managing inventory involved two fundamental questions: How much to re-order and when to re-order. Gradually inventory lines increased and questions regarding where inventories should be held and what specific lines of items should be stored at specific locations challenged their creativity and analytical abilities of inventory decision making.

#### Required.

- a) You have been employed as a store's manager in Musembi Holding Limited, advice management on the best approaches and techniques for inventory management in today's complex business environment. (10 marks)
- b) At your best knowledge, explain to the management the primary objectives of material management. (5 marks)
- c) Discuss the economic factors affecting the stock holding policy (5 marks)
- d) Explain the different classes of inventories as used in the above case. (5 marks)
- e) Outline distinct functions of stores (5 marks)

## SECTION B

### QUESTION TWO

- a) Stock level is the level of stock which is maintained by the business concern at all times. Discuss the different levels of stock that can be determined based on the volume of the stock. (10 marks)
- b) Explain the term standardization as used in material management and explain the benefits of standardization to the organization as a whole. (10 marks)

### QUESTION THREE

- a) You have been appointed as material manager in one of the leading manufacturing company. Explain the activities you will undertake in material management. (10marks).
- b) Define the term stores layout and explain four qualities of a good stores layout (10 marks)

### QUESTION FOUR

- a) Explain the three stock location systems used in material management (8 marks)
- b) Explain difference between independent demand and dependent demand in inventory management (5 marks)
- c) Discuss the benefits of variety reduction in material management (8 marks)

### QUESTION FIVE

- a) Material handling in a warehouse is an important activity that covers the way a warehouse performs its functions in support of the supply chain. Discuss the objectives of material handling systems (10 marks)
- b) Discuss the different classes of warehouses that are used in material management (10marks)