MACHAKOS UNIVERSITY
University Examinations for 2017/2018 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS
DEPARTMENT OF BUSINESS, ENTREPRENEURSHIP & MANAGEMENT SCIENCE

FIRST YEAR SECOND SEMESTER EXAMINATION FOR

CERTIFICATE IN SUPPLY CHAIN MANAGEMENT

CPS 101: INVENTORY AND STORES MANAGEMENT

DATE: 13/12/2017   **TIME: 8:30 – 10:30 AM**

INSTRUCTIONS:

Answer **QUESTION ONE** and any other **TWO QUESTIONS.**

QUESTION ONE (COMPULSORY) (30 MARKS)

a)   What are the reasons for keeping inventories within an organization?   (8 marks)

b)   Discuss the typical procedure of issuing stock items in a store house   (8 marks)

c)   The operations of stores functions and controls of stock involves the capturing and storing information of stock records to maintain particulars of receipt, issue and balances of stock held. Discuss the merits that an organization could enjoy in maintaining stock records

                                                                                            (8 marks)

d)   Name four various types of stocks   (6 marks)

QUESTION TWO (20 MARKS)

a)   Distinguish the following concepts as used in store management

    (i)   MRP and ERP   (5 marks)

    (ii)   VMI and JIT   (5 marks)

b) What questions should a store keeper ask himself before receiving any material in a store house? (10 marks)

QUESTION THREE (20 MARKS)

a) Safety is a very important matter in store management. All materials must be stored so as to minimize the risk of injury to staff or damage of goods or equipment in the warehouse. Citing practical examples, describe the factors that a store/warehouse manager would embark to ensure that safety is observed in the store house/ warehouse. (10 marks)

b) An organisation can use ABC analysis as a way of classifying its existing inventory. Explain how the ABC can be applied. (10 marks)

QUESTION FOUR (20 MARKS)

a) Semange companies a general suppliers for stationaries. It buys computers from a

manufacturer and sells to retailer XYZ. The demand is 2000 computers annually,

Ordering cost per order Ksh 2000, Carrying (or holding) cost per computer per year is

sh100, and Purchase cost per unit is ksh1000. Determine the EOQ? (10 marks)

b) Write short notes on the concept of inventory control (5 marks)

c) Write short notes on Reorder Point (5 marks)

QUESTION FIVE (20 MARKS)

a) Suppose you are in charge of the inventory management at Machakos University, would you convince the management to make a decision to hold inventory or not. Justify your argument. (10 marks)

b) Identify and discuss any five inventory holding costs (10 marks)