



MACHAKOS UNIVERSITY

University Examinations for 2016/2017 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR FIRST SEMESTER EXAMINATION FOR CERTIFICATE IN SUPPLY
CHAIN MANAGEMENT

CPS 101: STOREKEEPING

DATE: 30/5/2017

TIME: 11:00 – 1:00 PM

INSTRUCTIONS

- i) Question one is compulsory and choose any other two.
- ii) Cheating will lead to disqualification.
- iii) Mobile phones are prohibited in the exam room.

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) Define material management. Explain the role of management in relation to material management. (5 marks)
- b) Explain the concept and functions of store organization (5 marks)
- c) Describe the procedure of receipt of materials. (6 marks)
- d) Outline the factors to be considered in determining the re-order level. (4 marks)
- e) Identify the various areas of material management. (5 marks)
- f) Mulley supermarket has an annual demand for household items of 45000 tons per annum. The cost price per ton is sh 3,000 and stockholding is 20% per annum of the stock value. Delivery cost per batch is sh 800

Required

Calculate the economic order quantity (EOQ) (5 marks)

QUESTION TWO (20 MARKS)

- a) Outline five underlying factors for any successful storekeeping. (10 marks)
- b) Write short notes on the following:
 - i) Requisition (4 marks)
 - ii) Capital inventory (3 marks)
 - iii) Periodical inspection and maintenance of tools. (3 marks)

QUESTION THREE (20 MARKS)

- a) Explain five various methods of valuing materials issues. (10 marks)
- b) Outline 5 advantages and 5 disadvantages of decentralized stores. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Explain the following control levels:
 - i) Maximum level (3 marks)
 - ii) Minimum level (3 marks)
 - iii) Average stock level (2 marks)
 - iv) Danger level (2 marks)
- b) Explain the main functions of warehousing. (10 marks)

QUESTION FIVE (20 MARKS)

- a) What is meant by preservation of materials? Describe the importance of material preservation. (10 marks)
- b) Describe the various types of warehouses. (10 marks)