

**MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

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**University Examinations 2015/2016**

FIRST YEAR, SECOND SEMESTER EXAMINATION FOR THE DIPLOMA IN PURCHASING AND SUPPLIES MANAGEMENT.

**BBD 2152: STORES MANAGEMENT AND STOCK CONTROL.**

**DATE: AUGUST 2016 TIME: 11/2 HOURS**

**INSTRUCTIONS: -** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE (30 MARKS)**

1. Stock is a times viewed as a necessity in an organization. In reference to the above statement explain reasons for holding stock in an organization set up. (8 marks)
2. Poor materials handling can be too costly in any form of business organization. Explain (10 marks)
3. Holding of excessive inventory is as expensive as running out of stock. Explain (12 marks)

**QUESTION TWO (20 MARKS)**

1. Why is it important for a stores manager to have adequate knowledge of all materials stocked. (10 marks)
2. Discuss the features of an effective store keeping. (10 marks)

**QUESTION THREE (20 MARKS)**

1. Discuss the main objectives of stock control. (8 marks)
2. Stores/warehouse security is very vital in any business set up since it facilitates protection of the company’s inventory. In view to this discuss the distinct ways of enhancing security in a storehouse. (12 marks)

**QUESTION FOUR (20 MARKS)**

1. Identify and discuss the methods of coding materials in an organization set up. (10 marks)
2. You are tasked with selecting a site for the construction of a stock yard. What are some of the factors you think should be considered when making this decision? (10 marks)

**QUESTION FIVE (20 MARKS)**

1. Assume you have been appointed as a stock control manager to company ABC Limited to set for them the stock levels. You are provided with the following information relating to the mentioned company; Average usage=150 items, Maximum usage =200 items, Minimum usage =100 items, Lead time = 10-15 days, EQR = 8,000 units.

**Required:**

Calculate;

1. Re-order point (2 marks)
2. Buffer/safety stock (2 marks)
3. Minimum stock level (2 marks)
4. Maximum stock level (2 marks)
5. Re-order quantity (2 marks)
6. Average stock level (2 marks)
7. Write short explanatory notes on the following concepts that are conspicuous to stores management and stock control.
8. Variety reduction (2 marks)
9. Standardization (2 marks)
10. Stock taking (2 marks)
11. Stock checking (2 marks)