

**W1-2-60-1-6**

## JOMO KENYATTA UNIVERSITY

**OF AGRICULTURE AND TECHNOLOGY**

# University Examinations 2016/2017

**YEAR ONE SEMESTER TWO EXAMINATIONS FOR THE DIPLOMA IN PURCHASING AND SUPPLY CHAIN MANAGEMENT**

**HEP 0103: SUPPLIES AND MATERIALS MANAGEMENT**

**DATE: APRIL 2017 TIME: 1½ HOURS**

**INSTRUCTIONS:**

**1. ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS**

**2. MARKS WILL BE AWARDED FOR CORRECT, CLEAR AND LOGICAL ANSWERS**

**QUESTION ONE (30 MARKS)**

i) Clearly define the term materials management (2 marks)

ii) What is the role of material management to a manufacturing firm? Discuss with relevant examples (6 marks)

iii) Kantaste Products Ltd is a manufacturing firm that produces coconut oil products. Last year its demand for coconut was 150000 units. The cost per unit was Kes 10 and ordering costs was Kes 50. The inventory carrying cost was estimated at 20% at the price of the coconut.

a) Why do Kentaste product ltd keep stock of coconut (5 marks)

b) Define economic order quantity and list five assumptions of the basic EOQ model (6 marks)

c) Calculate the EOQ of coconuts that Kantaste should place per order (5 marks)

iv) Suggest the best mode of transporting each of the following goods. Explain your choices (6 marks)

a) Vegetable from North Rift to Mombasa

b) Petroleum from Mombasa to Kisumu

c) Industrial machine parts from China to Kenya

**QUESTION TWO (15 MARKS)**

a) Discuss four methods of sourcing materials (10 marks)

b) During sourcing of materials; give five situations that favour direct negotiation (5 marks)

**QUESTION THREE (15 MARKS)**

a) Discuss the three methods of stock valuation (6 marks)

b) What are the main functions of a warehouse in the supply chain

(5 marks)

c) Differentiate between quality assurance and quality control in materials management (4 marks)

**QUESTION FOUR (15 MARKS)**

a) Discuss three costs incurred in obtaining and carrying inventory

(3 marks)

b) Discuss five modes of transport giving the merits of each (10 marks)

c) Differentiate between raw materials and finished goods giving examples (2 marks)

**QUESTION FIVE (15 MARKS)**

The following information is know about a group of items. Classify them in A, B, and C classification (12 marks)

Model Annual consumption Unit price

201 30000 10

202 280000 15

203 3000 10

204 110000 5

205 4000 5

206 220000 10

207 15000 5

208 80000 5

209 60000 15

210 8000 10

b) Give the characteristics of class A and class C items (3 marks)