



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF MANAGEMENT SCIENCE

UNIVERSITY EXAMINATION FOR:

DPMM

BPC 2101: STORAGE AND DISTRIBUTION MANAGEMENT

END OF SEMESTER EXAMINATION

SERIES: DECEMBER 2016

TIME: 2 HOURS

DATE: Pick Date Dec 2016

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of Choose No questions. Attempt Choose instruction.

Do not write on the question paper.

Question ONE (compulsory)

- A company has an annual demand for material 'Z' of 25000 tons per annum. The cost price per ton is sh 2000 and stock holding is 25% per annum of the stock value. Delivery cost per batch is sh 400. Calculate Economic Order Quantity for the material. (8 marks)
- Using relevant examples, explain the ABC method of inventory control system (12 marks)
- State the characteristics of good codification system (10 marks)

Question TWO

- Explain the reasons for keeping inventory in an organization (10 marks)
- give a comprehensive view of classification of stores (10 marks)

Question THREE

- a) Explain the following control levels;
- i) maximum level (3 marks)
 - ii) minimum level (3 marks)
 - iii) safety stock level (3 marks)
 - iv) danger level (3 marks)
- b) explain the main types of inventories in an organization (8 marks)

Question FOUR

- a) Explain the main functions of a store (10 marks)
- b) Explain the factors to consider in the selection of appropriate transporting mode of materials (10 marks)

Question FIVE

When materials are issued by the storekeeper, they are valued in order to determine their cost of different jobs. Use the information below to explain how materials are valued according to following methods;

- a) First In First Out (FIFO) (10 marks)
- b) Last In First Out (LIFO) (10 marks)

The following information is from stores ledger cards for material x

June 2,	received 500 units at sh 20 each
June 4,	received 300 units at sh 22 each
June 10	issued 400 units
June 15	issued 200 units
June 22	received 600 units at sh 25 each
June 25	issued 300 units
June 28	received 200 units at sh 26 each
June 30	issued 100 units

Standard price for each unit for the month of June is sh 24

Market price of the material on July 5 is sh 27 per unit and 400 units were purchased on that day