



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF MANAGEMENT SCIENCE

UNIVERSITY EXAMINATION FOR:

DIPLOMA IN PROCUREMENT AND MATERIAL MANAGEMENT

DIPLOMA IN SALES AND MARKETING

BPC 2102: STORAGE AND DISTRIBUTION MANGEMENT

END OF SEMESTER EXAMINATION

SERIES: AUGUST 2019

TIME: 2HOURS

DATE: Aug 2019

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other TWO questions.

Do not write on the question paper.

Question ONE

- (a) Identification of stores is about classification and codification. Explain with appropriate examples **four** main principal systems of codification that are commonly use nowadays. (12 marks)
- (b) ABC analysis may be applied to any branch of management with ease and success and achieve greatest result if the top management place its efforts appropriately. In view of this, explain **five** advantages of ABC as a method of inventory control. (10 marks)
- (c) State the duties of a storekeeper in an organization. (8 marks)

Question TWO

- (a) List the factors that affect the level of stock held in the stores. (8 marks)

(b) Explain factors to consider in selecting appropriate method of distribution of materials. (7marks)

(c) State **five** advantages of the Just in Time (JIT) system. (5 marks)

Question THREE

(a) When materials are issued by a storekeeper, they are valued in order to determine the material cost of different products. Illustrate how the materials can be valued differently using the FIFO method and NIFO method with the help of the following information; (15 marks)

The following transactions are recorded in the stores Ledger Cards.

May 2,	Received 500 units at sh 20 each
May 8,	Received 300 units at sh 22 each
May 10,	Issued 400 units
May 15,	Issued 200units
May 20,	Received 600 units at sh 25 each
May 25,	Issued 300 units
May 27,	Received 200 units at sh 26 each
May 30,	Issued 100 units

Standard price for each unit for the month of May is shs 24

Market price of this material on June 3, is sh 27 per unit and 400 units were purchased on that day

(b) List the duties of a store manager. (5 marks)

Question FOUR

(a) Differentiate between a centralized and a decentralized stores organization. (10 marks)

(b) Outline the advantages of a successful and efficient storekeeping. (10 marks)

Question FIVE

(a) Explain **six** reasons as to why organizations hold stocks. (12 marks)

(b) Explain the following terms as used in replenishing of materials in an organization;

(i) Minimum level (3 marks)

(ii) Order level (2 marks)

(iii) Economic order quantity (EOQ) (3 marks)