



TECHNICAL UNIVERSITY

OF MOMBASA

SCHOOL OF BUSINESS
DEPARTMENT OF MANAGEMENT SCIENCE
UNIVERSITY EXAMINATION FOR:
DIPLOMA IN PROCUREMENT AND MATERIALS MANAGEMENT
BPC 2102: STORAGE AND DISTRIBUTION MANAGEMENT
END OF SEMESTER EXAMINATION
ORDINARY PAPER
SERIES: APRIL 2022
TIME: 2 HOURS
DATE: Pick Date Apr 2022

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 (COMPULSORY)

- a. Stock taking/ checking is an exercise of ensuring conformity between quantity of book records and physical items in the store. Explain **Five** reasons why an organization must conduct this exercise at the end of the financial period (10 marks).
- b. When materials are issued by a storekeeper, they are valued in order to determine the material cost of different products. The following transactions are recorded in the stores Ledger Cards of K.C Limited as at the period ending 30th, March, 2022.
- | | |
|-----------|----------------------------------|
| March 2, | Received 500 units at sh 20 each |
| March 8, | Received 300 units at sh 22 each |
| March 10, | Issued 400 units |
| March 15, | Issued 200 units |
| March 20, | Received 600 units at sh 25 each |
| March 25, | Issued 300 units |

March 27, Received 200 units at sh 26 each
March 28, Issued 100 units

Additional information;

Standard price for each unit for the month of March was shs 24

Market price of this material on 1st April is sh 27 per unit and 400 units were purchased on 1st April, 2022.

Question; Illustrate how the materials can be valued using the

- i) FIFO method (5 marks)
- ii) Simple Average Cost Method (5 marks)
- iii) Weighted Average Cost Method (5 marks)

c. Highlight some **Five** duties of a stock controller in an organization (5 marks)

SECTION B: CHOOSE ANY TWO QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS.

Question TWO

- a. Explain the following as terms used storage and distribution management
 - i. Lease transaction (2 marks)
 - ii. Hire-purchase sales (2 marks)
 - iii. Framework Agreements (2 marks)
- b. Highlight any **Four** relationships that exist between stores section and purchasing section in an organization (4 marks).

Question THREE

- a. Explain **Five** methods of materials valuation that a stock controller may use (10 marks)
- b. A company has an annual demand for materials of 12,500 tonnes per annum. The cost price per tonne is 1,000 and the stock holding is 10% p.a. of the stock value. Delivery cost per batch is KSh. 100. Calculate the EOQ and explain your answer (4 marks)
- c. Explain the **Three** costs associated with EOQ (6 marks)

Question FOUR

- a. State **Five** benefits for standardization and variety control in stores management (5 marks)
- b. Two items named x and y are used in an organization. The normal usage x and y =100 units per week of 6 days. Minimum usage of x and y = 50 units per week of 6 days. Maximum usage of x and y=150 units per week of 6 days. Reorder Quantity x= 600 units per week of 6 days while y=1000 units per week of 6 days. Reorder period x= 4-6 weeks while y=2-4weeks. Calculate; (9 marks)
- i. Reorder level
 - i. Minimum level
 - ii. Maximum level
 - iii. Average stock level
- c. Explain any **Three** classification inventory in an organization (6 marks)

Question FIVE

- a. Explain the following terminologies as used in SDM (10 marks)
- i. Lead-time
 - ii. Buffer stock
 - iii. Shelf life
 - iv. Stock rotation
 - v. Direct stock
- b. Explain some **Five** characteristics of the product to be considered when selecting the distribution channel (10 marks)