



## **GARISSA UNIVERSITY COLLEGE**

*(A Constituent College of Moi University)*

**UNIVERSITY EXAMINATION 2016/2017 ACADEMIC YEAR ONE  
SECOND SEMESTER EXAMINATION**

**SUPPLEMENTARY/SPECIAL EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DIPLOMA IN BUSINESS MANAGEMENT**

**COURSE CODE: DBM 09**

**COURSE TITLE: STORES AND MATERIAL MANAGEMENT**

**EXAMINATION DURATION: 3 HOURS**

**DATE: 25/09/17**

**TIME: 09.00-12.00 PM**

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### **INSTRUCTION TO CANDIDATES**

- **The examination has SIX (6) questions**
- **Question ONE (1) is COMPULSORY**
- **Choose any other THREE (3) questions from the remaining FIVE (5) questions**
- **Use sketch diagrams to illustrate your answer whenever necessary**
- **Do not carry mobile phones or any other written materials in examination room**
- **Do not write on this paper**

**This paper consists of TWO (2) printed pages**

*Supplementary / special exam\_*

1

***please turn over***

*Good Luck – Exams Office*



## QUESTION ONE (COMPULSORY)

Define the following terms as used in stores and material management

- i. Materials [5 marks]
- ii. Re-order level [5 marks]
- iii. Bin card [5 marks]
- iv. Economic order quantity [5 marks]

## QUESTION TWO

- (a) Explain four methods of pricing for material issued [10 marks]
- (b) A biscuit manufacturing company buys a lot bags of 10,000 bags wheat Per annum. The cost per bag is Rs.500 and ordering cost is Rs.400. The Inventory carrying cost is estimated at 10% of the price of the wheat. Determine EOQ and number of orders required per year [10 marks]

## QUESTION THREE

- (a) Explain five objectives of inventory control in materials management [10 marks]
- (b) Explain the functions of stores material [10 marks]

## QUESTION FOUR

- (a) Explain at least five functions of purchasing in materials management [10 marks]
- (b) A company has an annual demand for mutual product of 25,000 tons per annum. The cost price per tons is kshs 2,000/= and stock holding is 25% per annum of the stock value. Delivery cost per batch is kshs 400/=. Calculate the economic order quantity and number of orders required per year. [10 marks]

## QUESTION FIVE

- (a) Explain five roles of market research in material management [10 marks]
- (b) Then, the inventory is divided into three categories A, B and C based on their respective values. State there measures. [10 marks]

## QUESTION SIX

- (a) Explain the basic objectives of management in an organization [10 marks]
- (b) Explain the role warehouse in material management [10 marks]

