

## **DBP 1211: STOCK CONTROL AND SORES MANAGEMENT**

### **INSTRUCTIONS: ANSWER ALL QUESTIONS**

Q1a) The annual requirement for part K is 10,000 and the normal price is one shilling per part. With the stockholding cost estimated at 20% of the normal price, and the ordering cost is 10 shillings per order.

Required:

Determine the,

- i) Economic Order Quantity. (5mks)
  - ii) What is the total annual cost if the EOQ quantity is ordered? . (5mks)
  - iii) Discuss the main costs associated with Inventories. (10mks)
- b) Of what importance is materials coding to an organization. (10mks)

Q2a) Carrying stock refers to having stock beyond the current store requirement in the store. Discuss the main methods which can be used to avoid carrying stock. (10mks)

b) Differentiate stock range from variety reduction. Discuss the different ways of variety reduction. (10mks)

Q3a) Discuss the various types of inventories that an organization can hold. (10mks)

b) Critically analyse, with relevant examples of importance is a store /warehouse to a manufacturing organization. (10mks)