



**MURANGA UNIVERSITY COLLEGE**

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

**MAINCAMPUS**

**ORDINARY UNIVERSITY EXAMINATIONS**

**2014/2015 ACADEMIC YEAR**

**SECOND YEAR SECOND SEMESTER EXAMINATIONS**

**FIRST YEAR FIRST SEMESTER EXAMINATIONS**

**FOR THE DEGREE**

**OF**

**BACHELOR OF COMMERCE**

**COURSE CODE: HPS 2212**

**COURSE TITLE: INVENTORY MANAGEMENT**

DATE: WEDNESDAY; APRIL 22, 2015

TIME: 2.00P.M.-4.00 P.M.

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**INSTRUCTIONS TO CANDIDATES**

Question ONE (1) is compulsory  
Answer TWO (2) questions



### QUESTION ONE (compulsory)

a) Procurement and Supply are activities that have ordinarily generated and employed large quantities of paper work which is necessary for timely communication of information from one function to another. The advent of information technology and more integrated software systems has radically changed matters. Companies are realizing that they have opportunities to reduce their procurement processing and acquisition cost by revising their internal procurement and supplies policies;

In the light of the above:

- i. Define the term E-procurement (2mks)
  - ii. What are the advantages of decision support systems(DSS) and management support systems. (4mks)
  - iii. State **four** advantages of E-procurement
  - iv. Explain why, in your opinion the E-procurement embraced in many institutions when procuring inventory. (4mks)
- b) Materials requisition and planning (MRP) and Manufacturing Resource Planning II are two approaches commonly used in inventory planning.
- i. Discuss the meaning of each term (2mks)
  - ii. Explain **three** similarities in the two approaches (3mks)
  - iii. What are the possible differences (2mks)
  - iv. Mention **two** applications of each approach (4mks)
- c) Describe **three** materials handling equipment (3mks)
- d) (i) Define the term “variety reduction” as used in managing materials quality (2mks)
- (ii) Discuss any **three** advantages of “variety reduction” (3mks)

**(TOTAL 30MKS)**

## QUESTION 2

- a) Forecasting of demand for products is a crucial activity in inventors management;
- (i) Define forecasting (2mks)
  - (ii) Discuss **four** factors to considered in forecasting of demand for products (4mks)
  - (iii) Name **four** techniques applied in analyzing demand for products (4mks)
- b) State **four** reasons why storage is crucial in handling materials (4mks)
- c) Explain **six** roles played by warehouses (6mks)

**(TOTAL 20MKS)**

## QUESTION 3

- a) (i) Define the term “coding of inventories” (2mks)
- (ii) Explain **four** merits of codifications (4mks)
- b) Differentiate between “standardization” and “reduction” in inventory management (4mks)
- c) (i) Define the “stores accounting” (2mks)
- (ii) Discuss **four** merits of proper stores accounting system (8mks)

**(TOTAL 20MKS)**

## QUESTION 4

- a. List down and explain **five** types of cost incurred whenever materials/inventory are received (5mks)
- b. State **five** stores recording documents used in managing inventories (5mks)
- c. Discuss the key characteristics of distribution resources planning approach in inventory management (6mks)
- d. How different is the approach form the Just-In -Time (JIT) approach (4mks)

**(TOTAL 20MKS)**