



# **MAASAI MARA UNIVERSITY**

**REGULAR UNIVERSITY EXAMINATION  
2020/2021 ACADEMIC YEAR  
FIRST YEAR SECOND SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS  
DIPLOMA IN BUSINESS MANAGEMENT**

**COURSE CODE: DBM 09**

**COURSE TITLE: STORES AND MATERIALS  
MANAGEMENT**

DATE: 14<sup>TH</sup> OCTOBER, 2021  
1300HRS

TIME: 1100 –

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**INSTRUCTIONS TO THE CANDIDATES**

**ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS**

### QUESTION ONE

- a) Outline six objectives of inventory management. **(6Mrks)**  
Explain six reasons for holding inventory in an organization. **(6Mrks)**
- b) Identify six assumptions of economic order quantity (EOQ) as a technique of inventory management. **(6Mrks)**
- c) Examine Six Benefits of materials requirements planning. **(6Mrks)**
- d) Highlight six causes of stock redundancy in an organization. **(6Mrks)**

### QUESTION TWO

- a) Describe five benefits of material accounting in an organization **(5Mrks)**
- b) Explain five benefits of proper material handling in an organization **(5Mrks)**
- c) Highlight five purposes of stock records in an organization. **(5Mrks)**
- d) Examine five functions of inventory management in an organization **(5Mrks)**

### QUESTION THREE

- a) Evaluate five factors to consider when selecting stock recording methods in an organization **(5Mrks)**
- b) Describe five advantages of computerized system of stores and material management in an organization. **(5Mrks)**
- c) Explain five functions of a store keeper in an organization. **(5Mrks)**

### QUESTION FOUR

Akinyi runs a furniture making business. The following information was extracted from the books of the business for the year ended 30<sup>th</sup> November 2005. **Ksh.**

Purchases	6,200
Stock (1 <sup>st</sup> Dec. 2004)	12,800
Sales	203,800
Purchases	196,600
Stock (30 <sup>th</sup> Nov. 2005)	10,200
Sales Returns	23,300
Carriage Inwards	14,440

Required

- a) Prepare a trading account for her business **(5Mrks)**
- b) Determine her gross profit or gross loss **(5Mrks)**
- c) Highlight five benefits of ABC analysis as a technique of inventory control. **(10Mrks)**

**END//**