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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR
FIRST YEAR, FIRST SEMESTER EXAMINATION
FOR THE BACHELOR OF PROCUREMENT & SUPPLY
CHAIN MANAGEMENT
KPS 2102: WAREHOUSING AND STOCK CONTROL

Date: 11TH April, 2024
Time: 2.30PM-4.30PM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

WAREHOUSING AND STOCK CONTROL IN ORGANIZATIONS

Warehousing and Inventory control are two facets of managing stock. Inventory control provides a high-level view that is quantity and quality of stock in warehouse. Poor inventory control affects sales, customer services and revenue, which negatively impact an organization's performance. Maintaining accurate records of inventory improves customer service by providing knowledge of customers' demands; improves organization's productivity by ensuring that materials are available when needed and maximizes revenue by avoiding holding excess inventory that will eventually end up being written off.

As the branch of business management, inventory control is concerned with the development of policies to which the firm's inventory is meant to conform. It is also concerned with activities that are necessary for the acquisition, storage, sale, disposal or use of material. Inventory control co-ordination of a series of functions according to a plan which will economically utilize the plant facilities and regulate the orderly movement of goods through their production cycle from procurement of all materials to the shipping of finished goods at a predetermined rate. Inventory control also deals with the determination of policies and procedures for procurement of commodities and its effective management within the financial discipline of a concern. It is also concerned with: planning and programming, purchasing, storage and care, disposal of surplus stores, and controlling of inventories.

Warehouse and Inventory management is a challenging problem area in supply chain management that needs to be handled if an organization want to remain competitive and have a comparative advantage. Inventory is indirectly taxing on profitability of the firm. Firms need to have inventories in warehouses in order to fulfil customer demand and at the same time remain efficient. Therefore, the task of inventory control is to find the quantity of inventories that will fulfil the demand, avoiding overstocks, increase production efficiency, protect against stock outs and ensure correct quality of stock is required.

Warehousing involves receiving goods into a warehouse, storing and releasing them to users when needed. Warehouse management focuses on the details of the movement of stock, overall inventory levels and their statuses. It also provides information to calculate sales trends, profit margins and holding costs. Warehousing management results to various benefits: Ensures continuous flow of goods, stability in prices, continuous production and protection against physical damage. For any firm that plans to enhance efficiency and effectiveness in its operations, it should put much focus on warehousing and inventory control.

- a) Explain three reasons why warehouse managers should have knowledge and skills of warehousing and stock control. **(6 Marks)**
- b) Highlight three activities that takes place in a warehouse. **(6 Marks)**
- c) Inventory control provides a high-level view that is quantity and quality of stock in warehouse. Explain three importance of inventory control to an organization. **(6 Marks)**
- d) Warehousing involves receiving goods, storing and releasing them to users when needed. Discuss three benefits of warehousing to an organization. **(6 Marks)**
- e) Inventory control is a branch of business management that deals with various activities. Highlight three activities carried out during stock control. **(6 Marks)**

QUESTION TWO (20 MARKS)

- a) Warehousing is the process of receiving goods and releasing them when need for them arises. Discuss four factors to consider when setting up a warehouse. **(8 Marks)**
- b) Coding involves assigning distinct names and symbols to materials for easy identification and retrieval. Discuss three criteria of classifying materials. **(6 Marks)**
- c) Discuss three importance of material handling in supply chain management. **(6 Marks)**

QUESTION THREE (20 MARKS)

- a) Discuss three principles of material handling that may guide a storekeeper in an organization **(6 Marks)**
- b) Njomo ltd Company recently automated its material coding system. Explain four reasons that may have necessitated such a move. **(8 Marks)**
- c) Explain three ways of classifying and coding of materials in a storehouse. **(6 Marks)**

QUESTION FOUR (20 MARKS)

- a) Explain four reasons for holding inventories in an organization **(8 Marks)**
- b) Warehouses should be designed in such way that they add value to the business organization. Discuss three factors to consider when designing a warehouse for the organization. **(6 Marks)**
- c) Explain three reasons for rejecting receipt of goods in a warehouse. **(6 Marks)**

QUESTION FIVE (20 MARKS)

- a) Stock control is one of the management strategies that is used to increase efficiency and effectiveness in an organization. Discuss four stock control methods that can be applied in an organization. **(8 Marks)**
- b) Receiving of goods in a warehouse involves many documents. Explain three documents that are used in receiving goods. **(6 Marks)**
- c) Explain three measures that may be taken to ensure safety of staff in a warehouse. **(6 Marks)**