



**The Co-operative University of Kenya**

**END OF SEMESTER EXAMINATIONS APRIL-2019**

**EXAMINATION FOR THE DEGREE OF BACHELOR OF CO-OPERATIVE  
BUSINESS (YR IV SEM II)**

**UNIT CODE: BCCP 2304**

**UNIT TITLE: PURCHASING AND SUPPLIES**

**DATE: 22<sup>ND</sup> APRIL 2019**

**TIME: 9:00 AM – 11:00 AM**

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**INSTRUCTIONS:**

- Answer question **ONE (compulsory)** and any other **TWO** questions

**QUESTION ONE**

- (a) Define the Term Inventory. (2 Marks)
- (b) State any FOUR Manufacturing Inventory in the organization of your choice. (8 Marks)
- (c) Explain the term Service Inventory in the service Industry. (4 Marks)
- (d) State and explain any FOUR Inventory costs. (8 Marks)
- (e) Using a practical examples clearly outline stock –keeping unit in inventory management.

**QUESTION TWO**

- (a) Nairobi Bottlers Limited is the largest manufacturer of soft drinks (Coca-Cola) in Kenya, the company holds in its warehouses Sugar, Colouring, water, semi-processed solutions, bottles, packaged soft drinks, Clearly Classify and explain the inventory as;
- (i) Raw Material
- (ii) Work in Progress
- (iii) consumables
- (iv) finished goods (10 Marks)
- (b) using a well labeled diagram explain the trade off between holding cost and ordering cost? (10 Marks)

**QUESTION THREE**

- (a) state and Explain EIGHT (8) tools and techniques of inventory management and control. (20 Marks)

**QUESTION FOUR**

- (a) State and explain the Just in Time Inventory concept. (10 Marks)
- (b) State and explain Reasons against holding Inventory Management by businesses. (10 Marks)

### QUESTION FIVE

A local distributor for a national tire company expects to sell approximately 9,600 steel-belted radial tires of a certain size and tread design next year. Annual carrying cost is ksh. 16 per tire, and ordering cost is ksh 75 per order. The distributor operates 288 days a year.

- (a) Calculate the EOQ
- (b) Compute the number of the store reorder if the ECQ is ordered?
- (c) Calculate the length of an order cycle if the EOQ is ordered?
- (d) Calculate the total cost.

(10 Marks)