



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

MAINCAMPUS

ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

SECOND SEMESTER EXAMINATIONS

FOR

DIPLOMA IN BUSINESS MANAGEMENT (PROCUREMENT OPTION)

COURSE CODE: DBP 1211

**COURSE TITLE: INTRODUCTION IN PURCHASING & SUPPLIES
MANAGEMENT**

DATE: 18TH APRIL 2016 TIME: 2.00-4.00PM DURATION: 2 HOURS

INSTRUCTIONS TO CANDIDATES

Question **ONE** (1) is compulsory

Answer **THREE** (3) questions

DURATION: 2 HRS

MRUC observes **ZERO** tolerance to examination irregularities

This Paper Consists of 2 Printed Pages. Please Turn Over. ►

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) Deciding the right price of a product depends on variety of factors. Briefly explain **FIVE** such factors. (5 marks)
- b) Highlight **FIVE** objectives of purchasing. (5 marks)
- c) Outline **FOUR** factors that should be considered when selecting the right supplier. (4 marks)
- d) Describe the following principles of purchasing management
- i) Right time (4 marks)
- ii) Right quantity (4 marks)
- e) Explain **FOUR** reasons why an organization may be compelled to buy its goods internationally. (8 marks)

QUESTION TWO (20 MARKS)

- a) Write short notes on the following purchasing systems
- i) Hand-to-mouth purchasing (4 marks)
- ii) Forward purchasing (4 marks)
- b) What do you understand by the term “value analysis”? (2 marks)
- c) The importance of motivating the purchasing personnel cannot be underestimated. Explain **FIVE** non-monetary incentives that an organization can use to motivate its employees. (10 marks)

QUESTION THREE (20 MARKS)

- a) When the materials are put up for inspection, either they are accepted or rejected. Explain **THREE** alternative methods and procedures that are open to the inspection department in respect of rejected or sub-standard deliveries. (6 marks)
- b) Outline **FIVE** functions of purchasing research (5 marks)
- c) Outline **SIX** duties of the Purchase Officer (6 marks)
- d) Describe any **THREE** documents sent by a supplier when answering a letter of quotation from a buyer. (3 marks)

QUESTION FOUR (20 MARKS)

- a) Explain the how the following documents are used in import trade
- i) Bill of lading (3 marks)
- ii) Certificate of origin (3 marks)
- iii) Certificate of indemnity (3 marks)
- iv) F. A. S (Free Alongside Ship) (3 marks)
- b) Identify **FIVE** consequences of low morale in the purchasing staff. (5 marks)
- c) Highlight **THREE** qualifications of a purchase Executive. (3 marks)