



MURANGA UNIVERSITY COLLEGE

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

MAIN CAMPUS

SUPPLEMENTARY/SPECIAL UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

SECOND SEMESTER EXAMINATIONS

FOR

DIPLOMA IN BUSINESS MANAGEMENT (PROCUREMENT OPTION)

COURSE CODE: DBP 1121

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

DATE:

TIME:

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) Makuti Company Ltd has been advised to undertake a purchasing research before engaging their purchase staff in their activities. Identify **FIVE** functions of purchasing research. **(5 marks)**
- b) Training is an organized activity designed to create a change in the thinking and behaviour of people and to enable them to do their jobs in a more efficient manner. Explain **FIVE** reasons why it is important to train purchasing staff in an organization. **(10 marks)**
- c) Explain the meaning of the following terms as used by suppliers when quoting prices
- i) Loco price **(3 marks)**
 - ii) F. O. B price **(3 marks)**
 - iii) C. I. F price **(3 marks)**
- d) Outline **SIX** duties of the Purchase Officer **(6 marks)**

QUESTION TWO (20 MARKS)

- a) Describe the following principles of purchasing management
- i) Right source **(4 marks)**
 - ii) Right time **(4 marks)**
 - iii) Right quantity **(4 marks)**
 - iv) Right prices **(4 marks)**
- b) Identify any **FOUR** basis of evaluating the performance of purchasing organization. **(4 marks)**
- c) Outline **FOUR** objectives of material inspection. **(4 marks)**

QUESTION THREE (20 MARKS)

- a) The functions of purchasing department are varied and wide which are based upon different approaches. Explain any **FIVE** functions performed by the purchasing department in an organization. **(10 marks)**
- b) Outline **FIVE** advantages of
- i) Centralised purchasing. **(5 marks)**
 - ii) Decentralised purchasing **(5 marks)**

QUESTION FOUR (20 MARKS)

- a) Import purchasing has become important to many businesses. Explain **FIVE** problems experienced in import purchasing. **(10 marks)**
- b) i) what do you understand “value analysis” **(2 marks)**
ii) Identify **FOUR** purposes of value analysis. **(4 marks)**
- c) Describe any **TWO** documents sent by a supplier when answering a letter of quotation from a buyer. **(4 marks)**