



## **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 1211**

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

**DATE:**

**TIME:**

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### **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) Explain the use of the following documents as used during purchase procedure
- i) Purchase requisition (3 marks)
  - ii) Purchase order (3 marks)
  - iii) Invoice (3 marks)
  - iv) Delivery note (3 marks)
- b) Identify **FIVE** specific objectives of purchasing (5 marks)
- c) Give **THREE** reasons why an induction/orientation programme is important to new employee in the purchasing department. (3 marks)
- d) Explain **FIVE** reasons why an organization may be compelled to buy its goods internationally. (10 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) Outline **FIVE** advantages of
- i) Centralised purchasing. (5 marks)
  - ii) Decentralised purchasing (5 marks)
- c) What do you understand by the term “value analysis”? (2 marks)

**QUESTION THREE (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) Explain any **FOUR** functions performed by the purchasing department in an organization. (8 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)