



MURANG'A UNIVERSITY COLLEGE

(A Constituent College of Jomo Kenyatta University of Agriculture and Technology)

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF COMMERCE

MAIN CAMPUS

SUPPLEMENTARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT

YEAR TWO SEMESTER ONE EXAMINATIONS

COURSE CODE: HPS 2203

COURSE TITLE: SUPPLIES AND MATERIALS MANAGEMENT II

DATE: 28TH JUNE 2016

TIME: 2 HOURS

INSTRUCTIONS TO THE CANDIDATES

THIS PAPER CONSIST OF FOUR QUESTIONS

Question one (1) is Compulsory

Answer Any Other Two (2) Questions

MRUC observes ZERO tolerance to examination irregularities

This paper consists of 2 printed pages. Please turn over. ⇨

QUESTION ONE

- a) Assume you are a supply chain manager for Mugumoini incorporation. You are faced with the problem of planning and control of the flow of materials through the manufacturing process.

Describe five basic (primary / secondary) objectives of materials management supporting your argument and relevant examples **(20 mks)**

- b) Write brief explanatory notes on the following terminologies as used in supplies and material management **(10 mks)**

- i. Material requirement planning
- ii. Production leveling
- iii. Vendor managed inventory

QUESTION TWO

- a) Choosing the right material requires input from all the departments. Purchasing is “the process of buying”. Many assume purchasing is solely the responsibility of purchasing department. However the fiction is much broader and if it is to be effective it has to be carried out by all the departments.

In light of the above discuss and elaborate the major stages of *purchasing cycle* **(20 mks)**

QUESTION THREE

- a) What is a material management? And what are the major functions of material

Management **(10 mks)**

- b) Using well articulated examples describe the role of inventory management (10 marks)

QUESTION FOUR

A company has annual demand of 10000 units and the price of each item is $\$26\frac{2}{3}$. The ordering

cost is \$ 8 per order and the lead time is 5days. The cost of holding each item per inventory for a year is 15% of the price.

Required:

- a) Determine the EOQ **(4 marks)**
 - b) Determine the reorder quantity **(3 marks).**
 - c) How many orders should be placed every year **(3 marks).**
 - d) Determine the total variable annual inventory cost for the item **(4 marks)**
- b) Write brief explanatory notes on Make and Buy Decisions **(6 marks)**