



**MURANG'A UNIVERSITY COLLEGE**  
(A Constituent college of Jomo Kenyatta University of Agriculture and Technology)  
**SCHOOL OF BUSINESS AND ECONOMICS**

**DEPARTMENT: COMMERCE**  
**COURSE: DIPLOMA IN BUSINESS MANAGEMENT**  
**CLASS: BS/CM/014D**  
**INIT NAME: SUPPLY AND TRANSPORT MANAGEMENT**  
**UNIT CODE: BS 1103 SUPPLIMENTARY EXAM**  
**MAIN CAMPUS**  
**TIME: 2½ HOURS**

**DATE:6-8-2015**

**INSTRUCTIONS**

ANSWER ALL FOURS QUESTIONS

Q1(a) Explain *FIVE* objectives of purchasing

- (b) Describe *FIVE* ways in which material handling is advantages to an organization.

[10 marks]

Q2(a) What are the activities which take place in purchase organization. [10 marks]

- (b) Highlight advantages of perpetual inventory system.

[10 marks]

Q3 (a) Explain *FIVE* basis of supplier evaluation performance in purchase organization.

- (b) (i) List and explain five assumption in calculation of EOQ

[5marks]

- (ii) Calculate EOQ from the following requirements for the year 800units  
Ordering cost sh 60 carrying cost 10% cost per unit sh 3

Q4. Explain the importance of inspection to an organization