



*(The University of Choice)*

**MASINDE MULIRO UNIVERSITY OF  
SCIENCE AND TECHNOLOGY  
(MMUST)  
KISUMU CAMPUS**

**EXAMINATIONS  
2015/2016 ACADEMIC YEAR**

**FIRST YEAR SECOND SEMESTER EXAMINATIONS**

**FOR DEGREE  
IN  
BACHELOR OF COMMERCE**

**COURSE CODE:                    BCB 209**

**COURSE TITLE:                PURCHASING AND SUPPLIES  
MANAGEMENT**

**DATE: SEPTEMBER 2016        TIME: 2 HOURS**

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**INSTRUCTIONS TO CANDIDATES**

Answer question **One** and any other **Two** questions

### **QUESTION ONE**

Just as consumers need to make minor purchases almost on a daily basis to satisfy their daily needs, and large purchases, such as buying a motor vehicle, housing etc to satisfy their long term needs, an organization also has to make purchases to meet its daily and long-term needs.

- i. Define organizational purchasing (3 mks)
- ii. Explain the criteria that can be used to gauge the effectiveness of purchasing activities (10mks)

b) It is important to control the quality of incoming materials. Poor quality materials interrupt the manufacturing process. Explain how to ensure right quality of incoming materials (10mks)

c) It's clear that too little or too much inventory is undesirable and that both have certain cost implications or disadvantages. Highlight the disadvantages for too much inventory and disadvantages for too little inventories (7mks)

### **QUESTION TWO**

a) The purpose of the purchasing function is not only to provide the right materials, services and equipments but also to ensure that they are purchases at reasonable price, satisfy quality requirements, and are received at the right place and time and in the correct, quantities .the activities are derived from this. Explain the main activities of the purchasing function (10mks)

b) Inventory should be managed and controlled so that optimal inventory levels can be maintained. Examine the principles of inventory control systems (10mks)

### **QUESTION THREE**

a) The planning of the purchasing function, like planning in the business itself and other functional management areas, takes place at three different levels. Briefly state and explain the levels (10mks)

b) Discuss areas in which purchasing research may be conducted (10mks)

### **QUESTION FOUR**

a) Purchasing managers have certain aids at their disposal to facilitate the execution of the management tasks of planning, organizing and control. Briefly discuss the key aid kits (10mks)

b) Examine the sources and methods used to obtain prices of the materials (10mks)

### **QUESTION FIVE**

a) Purchasing activities exist and are not performed in isolation. The practical execution of purchasing activities is clear from the stages in the purchasing cycle. Briefly explain the purchasing process stages (15mks)

b) Highlight policies that affect the scheduling of purchases (5mks)