



*University of Choice*

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

**UNIVERSITY EXAMINATIONS  
2021/2022 ACADEMIC YEAR**

**SECOND YEAR SECOND SEMESTER  
SUPPLEMENTARY/SPECIAL EXAMINATIONS  
FOR THE DEGREE  
OF  
BACHELORS OF COMMERCE**

**COURSE CODE: BCB 209**

**COURSE TITLE: PURCHASING AND SUPPLIES  
MANAGEMENT**

**DATE: WEDNESDAY, 3<sup>RD</sup> AUGUST 2022 TIME: 8:00 - 10:00AM**

---

**INSTRUCTIONS TO CANDIDATES**

Question ONE (1) is compulsory  
Answer other TWO questions  
Do not write anything on the question paper

MMUST observes ZERO tolerance to examination cheating

## **Capco Corporation Ltd**

Capco Corporation Ltd is a State Corporation charged with the responsibility of purchasing ICT equipments for the government. The management of the Corporation comprise of the following departments: Finance, ICT, Corporate Affairs, Purchasing, Audit and Risk, and Legal. The current CEO joined the organisation recently from the private sector. Since the organisation's mandate is in purchasing of ICT equipments, the CEO prefers to work with ICT department and rarely involves purchasing department when carrying out procurement and disposal activities. The CEO has emphasized that purchases should be done in excess by 10 items in each category. In the year 2016, the items earmarked for disposal included servers, old motor vehicles, old computers, old furniture, computer accessories and old files/records. You have been hired by the board of Capco Ltd. to advise management on purchasing and supplies management issues.

Required:

- a) Outline the objectives of Purchasing and Supplies Department in Capco Ltd.(10 marks)
- b) Highlight the factors that make the CEO of Capco Ltd to emphasize on excess purchases over and above its maximum stock level (10 marks).
- c) Explain the measures Capco Ltd. can put in place to ensure proper stock safety. (10 marks)

### **Question Two**

- a) Summarize the factors that firms should consider when selecting appropriate potential suppliers to source resource inputs. (10 marks)
- b) Outline the procedure used for tendering system as a method of purchasing. (10 marks)

### **Question Three**

- a) Differentiate between ' purchase requisition' and 'local purchase order'. (10 marks)
- b) Explain the benefits of decentralised purchasing function in an organization. (10 marks)

### **Question Four**

- a) Outline the control measures that need to be under taken by the purchasing officer when procuring supplies and materials in a firm (10 marks)

- b) Explain the steps in a negotiation process undertaken by the potential supplier and buyer of resource inputs. (10 marks)

**Question Five**

- a) Outline the areas of purchasing research that should be undertaken. (10 marks)
- b) Summarize the sources of information that will enable a procurement officer get in touch with potential suppliers. (10 marks)

