

KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

**2021/2022 ACADEMIC YEAR
FIRST YEAR SECOND SEMESTER
MAIN EXAMINATION**

**FOR THE DIPLOMA OF BUSINESS MANAGEMENT
COURSE CODE: DPS 100
COURSE TITLE: PRINCIPLES OF PURCHASING AND
SUPPLIES**

DATE: 18/05/2022

TIME: 9.00AM – 11.00AM

INSTRUCTION TO CANDIDATES

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

QUESTION ONE

- a) What is materials management? Explain the various areas of materials management [10 Marks]
- b) State SIX main objectives of a purchase department in an organization [6 Marks]
- c) Discuss any FOUR functions of Purchasing Management [8 Marks]
- d) What are the principal benefits to be gained from the effective management of the procurement process? [6 Marks]

QUESTION TWO

- a) Discuss the stages involved in the Procurement Process in an organization [15 Marks]
- b) Give FIVE fraudulent activities in Purchasing and supplies management [5 Marks]

QUESTION THREE

- a) What do you mean by Organization of Purchasing? Explain the merits of a centralized purchasing [12 Marks]
- b) Explain any FOUR classes of Buyers [8 Marks]

QUESTION FOUR

- a) The principles of right purchasing require considerable enterprise and study of economic trends and market condition. These help in correct decision-making and effective performance of the purchasing department. In view of the above, discuss SIX 'R' of purchasing. [10 Marks]
- b) A capital good differs from the primary factor (such as land, labour) in that neither land nor (these days) labour is regarded as result of the economic process; but instead, exist primarily by virtue of physical and biological, rather than economic factors. Based on this statement, what are the Factors to Consider in Buying Capital Equipment? [10 Marks]

QUESTION FIVE

- a) Great care must be taken over the selection of every supplier: short cuts in this area will lead to inefficiency and loss of profitability in the long run. In light of the above statement, state and explain the Factors involved in Supplier's Selection [12 Marks]
- b) What are the essential information contained in "The Local Purchase Order"? [8 Marks]