

KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

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

**FOR THE DEGREE OF BACHELOR OF COMMERCE
COURSE CODE: BCP 313
COURSE TITLE: INTERNATIONAL PURCHASING**

DATE: 26/05/2022

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

Kibabii University won a National Research Fund of 64 million shillings to set up a HUAWEI Centre. They are in the process of acquiring the HUAWEI-ICT equipment from the local and international market. They are keen on Dubai.

- a) Explain Two International Procurement Strategies that would be adopted by Kibabii University Procurement Department if they were to source their HUAWEI-ICT equipment supplies from Dubai

(10mks)

- b) Explain Three types of counter-trade that could have been used by Kibabii University if they were to source their HUAWEI-ICT equipment from Dubai and when to use them if adopted by management

(10mks)

- c) Explain elements of cost that could have been considered by Kibabii University if they were to source their raw material supplies

(10mks)

QUESTION TWO

The Procurement Manager of China Road & Bridge Construction Company considers buying some construction equipment from Malaysia. He is apparently very worried on the possibilities of contractual breaches by the Malaysian suppliers which can negatively impact on their contractual obligations.

- (a) Advise on possible remedies in case of a contractual breach

(10mks)

- (b) Outline any five preparations you would consider before placing an order from China

(10mks)

QUESTION THREE

You have been approached by Ms. Chelanga, the Procurement Manager of East Africa Breweries about the customs clearance challenges he has been facing while sourcing their suppliers locally. He seeks your advice on this.

- a) Briefly explain the role of customs service in international procurement **(5mks)**

- b) Advise Ms. Chelanga about the three customs entries he must lodge for subsequent customs clearance

(15mks)

QUESTION FOUR

a) Outline any FIVE factors to consider while selecting suppliers internationally

(5mks)

b) Describe five general taxpayer's rights that are described in the Taxpayer's Charter **(15mks)**

QUESTION FIVE

Kibabii University has just engaged a new Procurement Manager who considers rationalizing procurement spend by procuring locally only if necessary otherwise s/he will target most spend to be international.

Required:

a) Explain any Five types of risks s/he is likely to face in International Procurement **(10mks)**

b) Explain the role of a Letter of Credit to an Importer & Exporter **(10mks)**