



GARISSA UNIVERSITY COLLEGE

(A Constituent College of Moi University)

UNIVERSITY EXAMINATION 2016/2017 ACADEMIC YEAR ONE SECOND SEMESTER EXAMINATION

SUPPLEMENTARY/SPECIAL EXAMINATION

SCHOOL OF BUSINESS AND ECONOMICS

FOR THE CERTIFICATE IN BUSINESS MANAGEMENT

COURSE CODE: CBM 009

COURSE TITLE: PRINCIPLES OF PURCHASING

EXAMINATION DURATION: 3 HOURS

DATE: 26/09/17

TIME: 09.00-12.00 PM

INSTRUCTION TO CANDIDATES

- **The examination has FIVE (5) questions**
- **Question ONE (1) is COMPULSORY**
- **Choose any other THREE (3) questions from the remaining FIVE (5) questions**
- **Use sketch diagrams to illustrate your answer whenever necessary**
- **Do not carry mobile phones or any other written materials in examination room**
- **Do not write on this paper**

This paper consists of TWO (2) printed pages

Supplementary / special exam_

1

please turn over

Good Luck – Exams Office



QUESTION ONE (COMPULSORY)

- (a) State **five** functions of purchasing department in an organization [5 marks]
- (b) Explain the following terminologies as used in inventory control
- i. Maximum stock level [2 marks]
 - ii. Minimum stock level [2 marks]
 - iii. Economic order quantity [2 marks]
- (c) Write short notes on the following
- i. Supplier sourcing [2 marks]
 - ii. Negotiation [2 marks]
- (d) Highlight **three** advantages of information technology in purchasing [6 marks]
- (e) Distinguish between centralized and decentralized purchasing [4 marks]

QUESTION TWO

- (a) Briefly explain **five** methods of purchasing [10 marks]
- (b) State **five** principles of purchasing [5 marks]

QUESTION THREE

- (a) a) State **four** advantages of centralization [4 marks]
- b) i) Explain **two** unethical practices in purchasing [4 marks]
- ii) Highlight **three** costs associated with inventory [6 marks]
- iii) List **two** types of tenders [1 mark]

QUESTION FOUR

- (a) Outline five types of inventories in a manufacturing firm. [10 marks]
- (b) List five essential features of purchase order [5 marks]

QUESTION FIVE

- (a) Explain **five** advantages of centralization [10 marks]
- (b) List five contents of a tender form [5 marks]

