



The Co-operative University College of Kenya
(A Constituent College of Jomo Kenyatta University of Agriculture & Technology)

END OF SEMESTER EXAMINATION APRIL-2016

**EXAMINATION FOR THE DEGREE OF BACHELOR OF CO-OPERATIVE
BUSINESS (YR III SEM II)**

UNIT CODE: HCOB 2213

UNIT TITLE: PURCHASING AND SUPPLIES MANAGEMENT

DATE: 29TH APRIL, 2016

TIME: 9.00 A.M. – 11. 00 A.M.

INSTRUCTIONS:

- Answer question **ONE (compulsory)** and any other **TWO** questions

QUESTION ONE

- (a) Purchasing and supplies is an important aspect in any business organization. With special reference to Co-operatives, explain FIVE objectives of the purchasing function. (10 marks)
- (b) Describe the receiving and storage procedures of materials in a co-operative retail outlet. (12 marks)
- (c) Explain FOUR advantages of a centralized purchasing system (8 marks)

QUESTION TWO

- (a) Define the term negotiation as used in purchasing and supplies management and indicate its importance. (6 marks)
- (b) Outline FOUR instances where it would be appropriate to negotiate. (4 marks)
- (c) What major information should a request for proposal contain (10 marks)

QUESTION THREE

- (a) What criteria would you employ in pre qualification of suppliers? (8 marks)
- (b) Explain FOUR major activities performed by the purchasing department. (8 marks)
- (c) How would you make the decision on whether to make or buy a product (4 marks)

QUESTION FOUR

- (a) What is meant by 'inventory control' and what are its benefits. (8 marks)
- (b) Explain the following
 - i. Holding costs
 - ii. Ordering costs(6 marks)

QUESTION FIVE

- (a) What is the meaning of the term 'ethics' as it relates to procurement? (4 marks)
- (b) Explain any FIVE ethical concepts and principles in the procurement process. (10 marks)
- (c) What tools and mechanisms would you employ to prevent unethical practices? (Mention three) (6 marks)