



# The Co-operative University of Kenya

**END OF SEMESTER EXAMINATION NOVEMBER-2019**

**EXAMINATION FOR THE CERTIFICATE IN PURCHASING & SUPPLIES  
MANAGEMENT (YR I SEM I)**

**UNIT CODE: CPS 0101**

**UNIT TITLE: FUNDAMENTALS OF PURCHASING**

**DATE: 25<sup>TH</sup> NOVEMBER, 2019**

**TIME: 2:00 PM – 4:00 PM**

**INSTRUCTIONS:**

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

**QUESTION ONE**

- (a) Distinguish between Centralized Stores and decentralized stores (2 marks)
- (b) State any **three** examples of carrying costs (3 marks)
- (c) Use a suitable example to Distinguish between Procurement and Purchasing (4 marks)
- (a) State any **five** rights of purchasing. (5 marks)
- (b) Explain any **four** ways of controlling unethical behaviour in purchases. (8 marks)
- (c) Explain the main steps in the Purchasing Cycle (8 marks)

**QUESTION TWO**

- (a) Bad practices are common in purchasing. Explain any five types of fraud activities in purchasing and state one likely solution for each. (10 marks)
- (b) Explain the process of Negotiating (10 marks)

**QUESTION THREE**

- (a) Explain any **five** environmental factors that a purchase manager may consider in their purchasing activities (10 marks)
- (b) COOPERATIVE University is considering whether to start its own printing facility or continue printing from a local printer. Explain any **five** important factors that school must look at in making the decision. (10 marks)

**QUESTION FOUR**

- a) Explain any **five** factors that a purchasing officer shall consider in evaluating a supplier (10 marks)
- b) Explain any **five** importance of standardization in purchasing (10 marks)

**QUESTION FIVE**

- (a) Explain any **Five** methods of specifications as applied in purchase management (10 marks)
- (c) Use suitable examples to explain the key relationships between
- Procurement Department and Engineering department (5 marks)
  - Procurement Department and Marketing department (5 marks)