



The Co-operative University of Kenya

END OF SEMESTER EXAMINATION APRIL-2019

**EXAMINATION FOR THE SCHOOL OF BUSINESS & ECONOMICS BACHELOR
OF COMMERCE
(YR IV SEM I)**

UNIT CODE: BCPP 2404

UNIT TITLE: INTERNATIONAL PURCHASING

DATE: 8TH APRIL, 2019

TIME: 9:00 AM – 11:00 AM

INSTRUCTIONS:

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

QUESTION ONE

- a) Explain counter trade. (2 marks)
i. Discuss the various forms of counter trade. (8 marks)
- b) Explain the strategies that are used to minimize foreigner cost. (10marks)
- c) Discuss the methods of settlement that are used in international trade. (10 marks)

QUESTION TWO

- a) A procurement executive intending to engage in international purchasing must be conversant with transport documents. Explain such documents. (10 marks)
- b) Explain the methods of agreeing to payment in descending order of security to the exporter. (10 marks)

QUESTION THREE

- a) Explain the disadvantages of taking traders cheques in international purchasing. (10 marks)
- b) Highlight the disadvantages of reciprocal trading also form of counter trade. (10 marks)

QUESTION FOUR

- a) Explain the following shipping terms as used in the international trade.
i. Ex- works
ii. Delivery duty paid
iii. Free carrier
iv. CIP
v. CPT (10 marks)
- b) Explain the foundations performed by bills of exchange in international trade. (10 marks)

QUESTION FIVE

- a) Explain the elements of culture that a procurement officer need to evaluated before venturing in international purchasing. (10 mark)

b) Explain the rationale of buying overseas by an international firm.

(10 marks)