



# The Co-operative University of Kenya

## END OF SEMESTER EXAMINATIONS AUGUST-2018

### EXAMINATION FOR THE CERTIFICATE IN PURCHASING AND SUPPLIES MANAGEMENT (YR I SEM I)

#### UNIT CODE: CPS 0101

#### UNIT TITLE: FUNDAMENTALS OF PURCHASING AND SUPPLY

DATE: 24<sup>TH</sup> AUGUST, 2018

TIME: 9:00 AM – 11:00 AM

#### INSTRUCTIONS:

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

#### QUESTION ONE

- (a) Highlight on the following terms using suitable examples
- Procurement (2 Marks)
  - Purchasing (2 Marks)
- (b) Distinguish between Centralized Stores and Decentralized Stores (2 Marks)
- (c) Briefly explain the term carrying costs (3 Marks)
- (d) State FIVE rights of purchasing (5 Marks)
- (e) Explain the main steps in the Purchasing Cycle (8 Marks)
- (f) Explain any FOUR ways of controlling fraud in purchases (8 Marks)

#### QUESTION TWO

- (a) Explain any FIVE environmental factors that a purchase manager may consider in their purchasing activities (10 Marks)
- (b) Bad practices are common in purchasing. Explain any FIVE types of fraud activities in purchasing and state one likely solution for each (10 Marks)

#### QUESTION THREE

- (a) Explain the process of negotiating (10 Marks)
- (b) Use suitable examples to explain the key relationships between the purchasing department and the following departments (10 Marks)
- Production department
  - Marketing department

#### 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 specification as applied in purchasing management (10 Marks)
- (b) Kapkateny secondary school is considering whether to start its own bakery or continue buying bread from the local supplier. Explain any FIVE important factors that school must look at in making the decision (10 Marks)