PAN AFRICA CHRISTIAN UNIVERSITY

SCHOOL OF LEADERSHIP, BUSINESS & TECHNOLOGY

END OF SEMESTER EXAMINATION FOR DIPLOMA IN PROCUREMENT & SUPPLY CHAIN MANAGEMENT

MAY-AUGUST 2019 SEMESTER

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS STUDIES

COURSE CODE: DSM204

COURSE TITLE: PURCHASING MATERIALS MANAGEMENT I

EXAM DATE: MONDAY 5th AUGUST 2019

DURATION: 2 HOURS

TIME: 9:00AM-11:00AM

INSTRUCTIONS

- Read the instructions and questions carefully before you write the answers.
- Write your **STUDENT NUMBER** in the Answer Booklet given
- *Write clearly and legibly.*
- This exam script consists of **Six (6)** questions.
- Answer **question one (compulsory)** and A**ny other three (3)** questions
- *ALL PAC University's examination rules and regulations apply*

SECTION A: COMPULSORY

QUESTION ONE (30mks)

a) Define the following terms
   i. Purchasing management (2mks)
   ii. Supply chain management (2mks)
   iii. Logistics (2mks)
   iv. Procurement (2mks)

b) List FOUR documents used in the purchasing process (4mks)

c) Explain FIVE sourcing techniques (5mks)

d) List FIVE components of physical distribution (5mks)

e) In 2019, XYZ Ltd anticipated a demand of 50,000 units of chairs. The purchasing department established with the supplier that each order would cost Kes 5,000 per 100 units of chairs and a cost of Ksh 800 per chair. The carrying cost per unit was 0.2% of cost of each unit of chair. Determine the following
   i. The total holding cost (2mks)
   ii. Total ordering cost (2mks)
   iii. Total cost of inventory (2mks)
   iv. EOQ (2mks)

SECTION B: ANSWER ANY THREE QUESTIONS

QUESTION TWO (10mks)

a) Briefly explain FIVE inventory control techniques (5mks)

b) Assume that a certain process has an 80% learning curve effect and the first unit took 2000 hours to produce. Compute the number of hours required to produce the first 32 units. (5mks)

QUESTION THREE (10mks)

a) Briefly explain FIVE sourcing strategies (5mks)

b) Discuss FIVE methods of vendor solicitation (5mks)

QUESTION FOUR (10mks)

a) Describe the break-even point in make or buy decisions (2mks)

b) Briefly describe the purchasing process or cycle (8mks)

QUESTION FIVE (10mks)

a) Discuss the FIVE types of inventory control techniques (5mks)

b) Briefly explain FIVE principles of purchasing 5mks)

QUESTION SIX (10mks)

a) Explain FOUR ethical issues in purchasing of trends in operations chain management (4mks)

b) Discuss the relationship between the purchasing department and any other THREE departments in an organization. (6mks)