

SECTION A (32 marks)

Answer ALL the questions in this section.

1. State **three** functions of purchasing unit in an organisation. (3 marks)

2. Product specification is important in ensuring that high quality materials are purchased. Identify **four** methods that a purchasing organisation may use to specify its materials. (4 marks)

3. Identify **three** methods that an organisation may use to price its materials. (3 marks)

4. A manufacturing firm intends to purchase its materials from the foreign market. State **four** sources from which the firm may obtain information concerning suppliers. (4 marks)

5. Identify **three** documents that are used by purchasing officers when ordering materials. (3 marks)

6. Outline **three** reasons which may necessitate a purchasing organisation to inspect incoming materials from suppliers. (3 marks)

7. State **three** considerations that a purchasing organisation should take into account before receiving goods delivered from suppliers. (3 marks)

8. State **two** types of invoices used in payment for items supplied. (2 marks)

9. Outline **three** advantages of using road transport in the distribution of materials. (3 marks)

10. State **four** methods that a purchasing organisation may use to source for materials. (4 marks)

SECTION B (68 marks)

Answer any **FOUR** questions from this section in the spaces provided after question 15.

11. (a) There is need for the purchasing department to relate with other departments in an organisation. Explain **six** aspects in which the purchasing department should relate with the stores department. (9 marks)
- (b) Highlight **four** factors that may influence the prices of materials in the supply market. (8 marks)
12. (a) Nadi Company Limited has adopted single sourcing method in the acquisition of its materials requirements. Highlight **six** benefits that the organisation may derive from adopting this method. (9 marks)
- (b) Describe **four** features that a good materials specification should contain. (8 marks)
13. (a) Describe the procedure that a purchasing firm should follow when purchasing materials requirements. (9 marks)
- (b) Explain the nature of information contained in a suppliers advice note. (8 marks)
14. (a) A purchasing firm intends to buy its materials from foreign suppliers. Explain **six** factors that would influence the firm's choice of the mode of transport for the materials. (9 marks)
- (b) Explain **four** advantages that a purchasing organisation may derive from the use of mobile telephone money transfer service in paying for materials. (8 marks)
15. (a) Highlight **six** factors that may determine the lead time for goods to be bought. (9 marks)
- (b) Explain **four** assumptions made in the use of Economic Order Quantity (EOQ) when controlling stock. (8 marks)