

SECTION A (32 marks)

Answer ALL questions in this section.

1. State **four** functions of the purchasing unit in an organisation.

(4 marks)

2. State **four** methods used to specify materials in an organisation.

(4 marks)

3. Outline **three** disadvantages of fixed pricing of materials.

(3 marks)

4. State **four** factors that influence organisations to use 100% method of inspection in items management.

(4 marks)

5. State **two** ways in which physical distribution is important to supply chain management.

(2 marks)

6. State **three** advantages of centralizing the purchasing function.

(3 marks)

7. Identify **two** factors that determine when to order materials.

(2 marks)

8. State **three** types of information contained in a commitment register.

(3 marks)

9. Outline **three** purposes served by a quotation form in purchasing.

(3 marks)

10. State **four** sources of information regarding potential suppliers.

(4 marks)

SECTION B (68 marks)

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

11. (a) Explain **six** purposes served by specifications in the purchase of materials. (9 marks)
- (b) Highlight **four** benefits that a purchasing organisation may derive from timely delivery. (8 marks)
12. (a) A certain manufacturing firm intends to price its items. Explain **six** factors that the organisation should consider when determining the method of pricing to use. (9 marks)
- (b) Explain **four** factors that an organisation may consider when designing a purchasing order. (8 marks)
13. (a) Explain **six** challenges that an organisation is likely to face when buying its materials from foreign markets. (9 marks)
- (b) Highlight **four** reasons which may lead to rejection of incoming consignments. (8 marks)
14. (a) Explain **six** benefits that may accrue to an organisation that uses multiple sourcing policy when acquiring their materials requirements. (9 marks)
- (b) Explain **four** factors that a purchasing supervisor should consider when selecting a mode of transport to use in the transportation of materials. (8 marks)
15. (a) Explain **six** advantages of using electronic Funds Transfer (EFT) in the payment of suppliers. (9 marks)
- (b) Explain **four** uses of a bill of lading in transportation. (8 marks)