



**AFRICA
UNIVERSITY**

(A United Methodist-Related Institution)

"Investing in Africa's Future"

FACULTY OF MANAGEMENT AND ADMINISTRATION

**COURSE TITLE: MKT 302: PURCHASING AND MATERIALS
MANAGEMENT**

SEMESTER 1: FINAL EXAMINATION NOVEMBER 2013

LECTURER: MR. A.M.GUMBO

TIME: 3 HOURS

INSTRUCTIONS

Answer all questions in Section A and any **two** questions of your choice from Section B. Each question in section B carries 25 marks

Credit will be given for logical, systematic and neat presentations.

Anyone caught cheating will be disqualified

No sharing of resources

SECTION A: Answer All Questions in this Section. Total Section marks=50

1. What is the prime objective of “Purchasing” in an organisation?(2)
2. Why is the Purchasing and Materials Management a very important management area in a business?(2)
3. What is the difference between “ Procurement” and “Purchasing” ?(3)
4. Define the Integrated Materials management approach.(2)
5. Why is tendering the most preferred mode of selecting goods and services providers to government and the public sector?
6. Why is Quality of raw materials particularly important in a manufacturing organization?(2)
7. What kind of purchasing is sometimes referred to as “stock-less” buying?(2)
8. State the 4 stages of the purchasing cycle and give an example of a purchasing document used in each of the stages.
9. What do the following abbreviations stand for and mean in international trade ?
 - i. CIF
 - ii. FOB
 - iii. FOR
10. What is meant by “lead” time in purchasing?)
11. Outline how the “ imprest” system works in stock replenishment
12. What is the duty of each of the following units in purchasing?
 - i) Finance
 - ii) Stores
 - iii) Purchasing . stock.
13. List and define any three types of stock.
14. Give three reasons why a firm in Africa would be advised to keep stocks of materials.
15. What do these letters stand for in inventory management?

16. What is the difference between a “Bin” card and a “Stock” card?
17. Define “obsolescence” in materials management.
18. Name the two common types of stocktaking in materials management.
19. Explain the “GIST” or main point in the “ 80-20” management principle as it relates to stock-control.
20. What are “ Stores Procedure Manuals” and what are they used for?

SECTION B

Choose and answer TWO essay questions from this section.
Each full question carries a total of 25 marks

1. Outline the stages and steps followed in a good purchasing system showing what documents are used at each stage and step.
2. Discuss how an end-of-year stock-taking is conducted right through from preparations for until the stock reconciliation and valuation stages.
3. Given the EOQ formula as

Where A=annual Consumption in Units-----9600
 S=Ordering cost-----\$600
 I=Inventory carrying cost as%-----45%
 C=Unit cost/price-----\$40

(i)Calculate the EOQ in (a) Units and (b) \$ value terms [**15 marks**]

(ii) If a 10% discount were offered for purchasing the full annual requirement of 9600 units in one lot would you insist on buying EOQ lots or would choose buying at the discount and Why? Show all your workings to justify your choice.

[10 marks]

Grand Total=100

End