



"Investing in Africa's Future"

FACULTY OF MANAGEMENT AND ADMINISTRATION

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

END OF FIRST SEMESTER EXAMINATIONS

NOVEMBER/DECEMBER 2016

LECTURER: MR. A.M.GUMBO

DURATION: 3 HRS

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 are the two seemingly-conflicting objectives of "Purchasing" in an organisation? (3)
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. Using a simple diagram show how the Integrated Materials management functions fit into the organization chart. (4)
5. Why is tendering the most preferred mode of selecting goods and services providers to government and the public sector? (2)
6. Why is Quality of raw materials particularly important in a manufacturing organization?(2)
7. Differentiate between a "bin card" and a "stock card". (2)
8. What is a bar coding system and in a modern chain store what are its functions at a Point of Sale till? (2)
9. Define the following abbreviations **and for each explain briefly** the liability implications for the purchaser and seller in international trade.
 - i. CIF price
 - ii. FOB price
 - iii Ex-works price(6)
10. What is meant by "lead" time in purchasing? (2)
11. Outline how the "imprest" system works in stock replenishment.(2)
12. How would you ensure that you always purchase from the "right supplier" in good Purchasing and Materials Management? (2)
13. List and define any three types of stock in a Stores.(2)
14. Give three reasons why a firm in Africa would be advised to keep stocks of materials. (3)
15. What do the letters "VED" and "FSN" stand for in inventory management? (2)

16. What two things does Stock/inventory control aim to control? (2)
17. Name three different types of Stock Control methods in materials management. (2)
18. Name the two common types of stocktaking in materials management. (2)
19. Name four methods of "pricing" or "valuating" stocks after a year-end stock -take. (2)
20. What are "Stores Procedure Manuals" and what are they used for?(3)

Sub-total 50 marks

SECTION B

Choose and answer TWO 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) Showing all your workings, 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 you choose buying at the discount and Why? Show all your workings to justify your choice. **[10 marks]**

4. Discuss Materials Requirements Planning (MRP) showing how it is typically conducted in a manufacturing and marketing organization. **[25marks]**

Grand Total=100 marks

End of Paper