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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2014/2015 ACADEMIC YEAR**  
**FIRST YEAR, FIRST SEMESTER EXAMINATION**  
**FOR THE DEGREE OF BACHELOR OF SCIENCE**  
**(BUSINESS ADMINISTRATION)**

Date: 16<sup>th</sup> April, 2014  
Time: 2.00pm – 4.00pm

**KPS 100 – PRINCIPLES OF PURCHASING**

**INSTRUCTIONS TO CANDIDATES**

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**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

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**QUESTION ONE (30 MARKS)**

- a) You are the procurement manager of an medium sized organization specializing in the importation of photocopiers. The cost of importing a copier is Ksh. 200,000. You have been mandated to import 150 copiers. Using the procurement process, explain the steps you would follow in securing the supply.  
(20 Marks)
- b) The university seeks to construct an ultra modern hostel that will accommodate 1000 students. You are in charge of sourcing for a contractor for the same. Explain five criteria you would follow in short listing the contractors for the project.  
(10 Marks)

**QUESTION TWO (20 MARKS)**

- a) Explain five roles played by the procurement department towards the achievement of organizational goals. (use an example/ illustration).  
(10 Marks)
- b) With reference to question one (a), explain five considerations you would make in analyzing a requisition for a copier from the marketing department.  
(10 Marks)

**QUESTION THREE (20 MARKS)**

- a) Using a product of your choice, differentiate between standardized supplies and customized supplies.  
(8 Marks)
- b) Demonstrate the difference between the following terms in relation to procurement.  
Make Vs buy decision  
Lease Vs Buy  
Request for quotation and Request for Proposal  
(12 Marks)

**QUESTION FOUR (20 MARKS)**

- a) Explain five circumstances under which you would recommend outsourcing as a sourcing method in an organization. Justify each circumstance.  
(10 Marks)
- b) In an outsourcing arrangement, an organization could become dependent on the contractor. Explain three steps that you, the procurement manager would take to shield the company from such dependence.  
(10 Marks)

**QUESTION FIVE (20 MARKS)**

- a) Explain three strategies that can be utilized in ensuring that the right quality is achieved for supplies.  
(6 Marks)
- b) Define the term right quantity as used in purchasing. Explain five ways in which you, a procurement officer, would take to ensure that the company gets the right quantity.  
(10 Marks)
- c) Outline four advantages of fixed price contracting  
(4 Marks)