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**University Examinations 2015/2016**

SECOND YEAR SECOND SEMESTER EXAMINATION FOR THE

DEGREE OF

BACHELOR OF COMMERCE

**BBS 3255: PROCUREMENT AND LOGISTIC MANAGEMENT**

**DATE: AUGUST 2016 TIME: 2 HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two***questions.

**QUESTION ONE (30 MARKS)**

1. Distinguish between purchasing and procurement (6 marks)
2. What are the possible causes of material stock out in an organization (6 marks)
3. Why is it important for the user department to clearly specify materials required to the suppliers (6 marks)
4. What factors should be considered by the procuring entity when selecting a suitable logistic provider (6 marks)
5. Discuss the main features of a good stores layout. (6 marks)

**QUESTION TWO (20 MARKS)**

1. As a new employee of ABC Ltd, Kamau was taken round the organization during orientation. He discovered that the central store was fully packed to the door.
2. In your opinion, was there anything wrong? (5 marks)
3. What would be the possible causes of the overstocking? (5 marks)
4. What advice would you give the stores management (5 marks)
5. Discuss the key factors to be considered during supplier appraisal. (5 marks)

**QUESTION THREE (20 MARKS)**

Assume you have been called upon to assist in the procurement of a Capital Asset worth Sh. 10 million. Explain how you would go about without violating the legal requirements provided by the Kenyan law. (20 marks)

**QUESTION FOUR (20 MARKS)**

1. Explain how an organization would dispose its obsolete scrap materials without causing harm to the environment. (10 marks)
2. Discuss the benefits of JIT as an inventory management system (10 marks)

**QUESTION FIVE (20 MARKS)**

1. Explain the meaning of cenality in relation to procurement (10 marks)
2. Explain the various strategies that an organization can apply in order to achieve Total Quality Management (10 marks)