



MURANGA UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAIN CAMPUS

ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

SECOND YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE

OF

BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT

COURSE CODE: HPS 2203

COURSE TITLE: SUPPLIES AND MATERIALS MANAGEMENT II

DATE: 11th DECEMBER, 2015

TIME: 2Hours

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer TWO (2) questions

MRUC observes ZERO tolerance to examination irregularities

QUESTION ONE

As a newly employed materials Manager of a large Manufacturing firm, your chief executive officer wants you to write a presentation on the following:

- a) Five basic primary functions of materials management (10 mks).
- b) Role of inventory management (10 mks)

QUESTION TWO

- a) Quality refers to the totality of features and characteristics of a product that bears the ability to satisfy stated or implied needs. Describe the five approaches to defining quality and eight dimensions of quality as propounded by Garvin (14 mks).
- b) Materials Management is simply the process by which an organization is supplied with the goods and services that it needs to achieve its objectives of buying, storage and movement of materials. Describe the various types of materials that needs to be managed (6 mks)

QUESTION THREE

Many assume purchasing is solely the responsibility of purchasing department Purchasing function is a process. In light of the above discuss and elaborate the major stages of purchasing cycle (20 mks)

QUESTION FOUR

- a) A company has annual demand of 40000 units and the price of each item is $\$34\frac{1}{3}$. The ordering cost is \$ 12 per order and the lead time is 7days. The cost of holding each item per inventory for a year is 16% of the price.

Required:

- i. Determine the Economic Order Quantity (4mks)
 - ii. Determine the reorder quantity (2 mks).
 - iii. How many orders should be placed every year (2 mks).
 - iv. Determine the total variable annual inventory cost for the item (4 mks)
- b) The first concern of purchasing - what to buy – is not necessarily a simple decision. Organizations face many challenges when developing specifications of products and the types of specifications that might be used. Discuss four major ways in which specifications can be described (10 mks)