

**W1-2-60-1-6**

## JOMO KENYATTA UNIVERSITY

**OF**

**AGRICULTURE AND TECHNOLOGY**

# University Examinations 2014/2015

**FOURTH YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT**

**HPS 2401 : INTERNATIONAL PURCHASING**

**DATE: AUGUST 2015 TIME: 2 HOURS**

**INSTRUCTIONS: ANSWER QUESTION ONE (COMPULSORY) AND**

**ANY OTHER TWO QUESTIONS.**

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**QUESTION ONE (30 MARKS)**

(a) Although overseas buying option has become easier, there are still risks to be managed. Identify these risks and suggest ways in which the buyer may manage them. [16 marks]

(b) Explain the factors that have contributed to the increased trend towards international sourcing for both goods and capital equipment. [14 marks]

**QUESTION TWO (20 MARKS)**

(a) Explain the concept of counter-trade. [8 marks]

(b) Explain six factors to consider when deciding on the method of payment to use. [12 marks]

**QUESTION THREE (20 MARKS)**

Rectification of substandard items is more difficult when buying from overseas due to distance and transportation costs. Explain the factors that a buyer should pay extra attention to. [20 marks]

**QUESTION FOUR (20 MARKS)**

(a) Explain six strategies which a company can apply to minimize foreign exchange risk. [12 marks]

(b) Explain the following methods of payment: [8 marks]

1. Open account.
2. Bill for collection.
3. Letters of credit.
4. Payment in advance.

**QUESTION FIVE (20 MARKS)**

(a) What issues would a buyer consider in evaluating international suppliers? [8 marks]

(b) Explain six factors influencing success in international sourcing.

[12 marks]