



**UNIVERSITI KUALA LUMPUR
MALAYSIAN INSTITUTE OF INDUSTRIAL TECHNOLOGY**

**FINAL EXAMINATION
JANUARY 2016 SEMESTER**

COURSE CODE : JLD 31302
COURSE TITLE : PURCHASING
PROGRAMME LEVEL : DIPLOMA
DATE : 25 MAY 2016
TIME : 2:30 PM – 5:30 PM
DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. . Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consists of TWO (2) sections.
4. Answer ALL questions in Section A. Choose THREE (3) questions in section B.
5. Please write your answers on the answer booklet provided.
6. Please answer all questions in the English language only.

THERE ARE 4 PAGES OF QUESTIONS EXCLUDING THIS PAGE.

SECTION A (Total: 40 marks)

INSTRUCTION: Answer ALL questions

Please use the answer booklet provided

Question 1

(a) What is the different between Purchasing and Procurement?

(5 marks)

List **FIVE (5)** differences between purchasing goods and purchasing services?

(10 marks)

Question 2

(a) Explain **THREE (3)** circumstances in which a competitive tendering exercise might not be the best approach to making a purchase.

(10 marks)

(b) Describe **TWO (2)** e-sourcing tools and their use in procurement and supply

(5 marks)

Question 3

Wak Doyok Sdn Bhd is a small medium enterprise (SME) that make and supply A4 paper to UniKL MITEC. They find that the existing cost of their product is MYR 6.25/ream.

The breakups of the existing cost of the product are as follow:

	MYR
Materials	2.75
Labor	1.75
Other Variables	0.50
Depreciation and other Fixed Cost	1.25
	<u>6.25</u>

Presently, the firm has been incurring a total fixed cost of MYR 12,500 for manufacturing the current production of 10,000 units. An outsider identified as Fazura Paper Sdn Bhd is offering the same component, in all aspects identical in features, for MYR 5.75/ream. On enquiry, it is found from the company that the machine that is manufacturing the A4 paper would remain idle as the machinery cannot be utilized elsewhere.

(a) Should the offer be accepted?

(5 marks)

(b) If Fazura Paper Sdn Bhd reduces the price to MYR 4.50/ream, after negotiation. What is a new decision?

(5 marks)

SECTION B (Total: 60 marks)**INSTRUCTION: Choose THREE (3) questions only****Please use the answer booklet provided****Question 1**

- (a) Discuss the differences between production materials and capital items.

(5 marks)

- (b) Describe the different approaches to the purchase of production materials and capital items.

(15 marks)

Question 2

- (a) Discuss **THREE (3)** possible reasons for the failure of an outsourcing contract

(10 marks)

- (b) Discuss **FIVE (5)** possible actions that could be taken to ensure success in outsourcing contracts.

(10 marks)

Question 3

- (a) Identify **FIVE (5)** signs that the Purchasing could look for to indicate that certain suppliers are experiencing financial difficulties.

(10 marks)

- (b) Discuss **THREE (3)** approaches that the Purchasing could obtain reliable information about these suppliers' financial positions.

(10 marks)

Question 4

Model forms of contracts may be used by buyers and sellers as the basis for their contractual agreement.

(a) Identify examples of model contract forms and outline where they are likely to be used.

(10 marks)

(b) Explain **TWO (2)** advantages and **TWO (2)** disadvantages of the use of standard and model form contracts as the basis of a legally binding agreement between two organisations.

(10 marks)

END OF EXAMINATION PAPER

