

UNIVERSITY OF ESWATINI  
FACULTY OF COMMERCE  
DEPARTMENT OF BUSINESS ADMINISTRATION  
MAIN EXAMINATION PAPER; FULL TIME B.COM & B.Ed. STUDENTS  
NOVEMBER 2018

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TITLE OF PAPER : PURCHASING & SUPPLY  
CHAIN MANAGEMENT

COURSE CODE : BUS 435

TIME ALLOCATED : THREE [3] HOURS

TOTAL MARKS : 100 MARKS

INSTRUCTIONS

1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS 5
2. THE PAPER CONSISTS OF SECTION A AND SECTION B
3. ANSWER ALL QUESTION IN SECTION A AND ANY THREE [3] QUESTIONS IN SECTION B.
4. THE MARKS ALLOCATED FOR A QUESTION OR PART OF IT ARE INDICATED AT THE END OF EACH QUESTION OR PART OF THE QUESTION.
5. CREDIT WILL BE AWARDED FOR QUALITY, LAYOUT, ACCURACY, AND EXPLANATIONS FOR STEPS USED TO SOLVE PROBLEMS

THIS PAPER MUST NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

**SECTION A : QUESTIONS IN THIS SECTION ARE ABOUT THE SWAZILAND PROCUREMENT ACT 2011, WHICH YOU STUDIED DURING THE SEMESTER. ANSWER ALL QUESTIONS IN THIS SECTION [25 MARKS].**

**QUESTION 1 [COMPULSORY]**

- a. What is public procurement? **[3 marks]**
- b. Briefly explain five sources of funds used for public procurement **[7 marks]**.
- c. Explain the public procurement principles enshrined in the Kingdom of Eswatini's Public Procurement Act,2011 **[10 marks]**
- d. Briefly state the relationship between Eswatini Public Procurement Regulatory Agency and the Kingdom's Government Tender Board **[5 marks]**.

**SECTION B: ANSWER ANY THREE QUESTIONS OF YOUR CHOICE FROM THIS SECTION**

**QUESTION 2.**

A manager obtained a list of unit costs and estimated demand for 10 inventory items and wants to perform an A-B-C classification of these items. He hopes to do this based on the percentage of annual monetary values of the individual inventory items as follows: A category (50%); B category (40%) and C category (10%). A summary of the inventory items is shown in the table below:

Item	Annual demand	Unit cost
1	2,500	E360
2	1,000	70
3	2,400	50
4	1,500	100
5	7,000	70
6	1,000	1,000
7	200	210
8	1,000	4,000
9	8,000	20
10	500	250

- a. Explain the use of the Pareto analysis principle in inventory management [10 marks].  
 b. Solve the above ABC analysis problem [15 marks].

**QUESTION 3.**

- a. Given annual demand of 2000 items, cost of replenishing an order of R 400, a carrying cost percentage of 25 per cent of the purchase price per item of R 100, determine the EOQ where a container can only take 250 items [5 marks]
- b. Calculate total minimum inventory cost [5 marks]
- c. The above model's assumptions are the model's weaknesses. What are they? [8 marks]
- d. Inventory is a waste. However executives still give some spurious reasons to justifying the need for keeping inventory in stock. List the reasons often used to justify inventory [7 marks]

**QUESTION 4.**

Discuss indicators of performance problems in a procurement system and suggest appropriate actions management must take to address the problems [25 marks]

**QUESTION 5.**

- a. A company that specialises in building and farming supplies currently has distribution facilities shown in the table below for the different centres in tones as well as the Xi and Yi coordinates for each centre. Carefully study this table and advice company management on where they should locate or establish a new store based on the Centre of gravity technique

[15 marks]

Current Outlets	Mbabane	Nhlangano	Pigg's Peak	Hlatsi	Mankayane	Manzini	Siteki	Buhlen
Demand per week(Tons)	75	60	55	75	100	90	75	80
Xi Value	200	100	150	200	250	800	450	500
Yi Value	500	400	300	200	150	250	300	200

- b. A company wants to establish a new location for a distribution facility in Mtsapha. Using the following factor ratings determine which location alternative (A, B, C, and D) should be chosen on the basis of maximum composite score and based on parking facilities **[10 marks]**

Location factors(100 points each)	Weight	Locations			
		A	B	C	D
Convenience	0.10	80	70	60	77
Parking facilities	0.15	72	76	92	89
Display area	0.20	88	90	90	86
Shoppers' traffic	0.18	94	86	80	87
Operating costs	0.28	98	90	82	93
Neighbourhood	0.09	96	85	75	86

**END OF EXAM: GOOD LUCK!**