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**University Examinations 2015/2016**

FIRST YEAR FIRST SEMESTER EXAMINATION FOR CERTIFICATE IN BUSINESS ADMINISTRATION AND CERTIFICATE IN PURCHASING AND SUPPLIES MANAGEMENT

**BBC 1101: PRINCIPLES OF PURCHASING**

**DATE: NOVEMBER 2015 TIME: 11/2 HOURS**

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

**QUESTION ONE (30 MARKS)**

1. Explain the relationship that exist between:
2. Purchasing and production. (5 Marks)
3. Purchasing and marketing. (5 Marks)
4. Differentiate between purchasing and procurement. (6 Marks)
5. Explain briefly four sources of information about suppliers. (4 Marks)
6. Describe the purchasing cycle. (10 Marks)

**QUESTION TWO (20 MARKS)**

1. Outsourcing is a management strategy by which an organization acquires non-core functions to specialized and efficient service providers. Discuss five factors that an organization should take into account before outsourcing. (10 Marks)
2. Explain five characteristics of capital expenditure. (10 Marks)

**QUESTION THREE (20 MARKS)**

1. Discuss the controls that an organization should put in place in order to prevent fraud. (10 Marks)
2. Discuss five circumstances under which cash payment is appropriate. (10 Marks)

**QUESTION FOUR (20 MARKS)**

1. If a supplier has erred and has lost his confidence he may be removed from the approved list and be blacklisted. No purchases are made from the blacklisted supplier. Explain five reasons for which a supplier may be blacklisted. (10 Marks)
2. Explain five objectives of purchasing. (10 Marks)

**QUESTION FIVE (20 MARKS)**

1. Discuss five advantages of quality control. (10 Marks)
2. Discuss the importance of inspection of materials. (10 Marks)