



MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

P.O. Box 972-60200 – Meru-Kenya.

Tel: 020-2069349, 061-2309217. 064-30320 Cell phone: +254 712524293, +254 789151411

Fax: 064-30321

Website: www.must.ac.ke Email: info@must.ac.ke

University Examinations 2013/2014

**FIRST YEAR, FIRSE SEMESTER EXAMINATION FOR CERTIFICATE IN BUSINESS
ADMINISTRATION/PURCHASING AND SUPPLIES MANAGEMENT**

CPS 0101: PRINCIPLES OF PURCHASING

DATE: APRIL 2014

TIME: 1½HOURS

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

QUESTION ONE – (30 MARKS)

- a) Explain the difference between specializations and requirements. (10 marks)
- b) Why is it necessary to analyze market conditions before sourcing? (10 marks)
- c) Discuss factors that are considered when establishing purchasing liaison. (10 marks)

QUESTION TWO (20 MARKS)

- a) Explain the relationship that exists between :
 - i. Purchasing and production (5 marks)
 - ii. Purchasing and marketing (5 marks)
- b) Make short notes on the following:
 - i. Just-in-time (5 marks)
 - ii. Material requirement Planning (5 marks)

QUESTION THREE (20 MARKS)

- a) State the ethical principle on which purchasing and supply is conducted. (10 marks)
- b) Describe the elements of physical distribution. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Explain the functions of warehouses. (10 marks)
- b) Describe the various types of inventories (stocks) (10 marks)

QUESTION FIVE (20 MARKS)

- a) Define the term outsourcing and explain the considerations made in deciding what to outsource. (15 marks)
- b) Discuss the disadvantages of sourcing internationally. (5 marks)