

LAIKIPIA



UNIVERSITY

UNIVERSITY EXAMINATIONS

2ND SEMESTER 2022/2023 ACADEMIC YEAR

THIRD YEAR EXAMINATION FOR THE DEGREE
OF BACHELOR OF COMMERCE

BCOM 125: PRINCIPLES OF PROCUREMENT

STREAM:

TIME: 2 HRS

DAY: FRIDAY [11.30-13.30 P.M.]

DATE: 14/04/2023

THIS QUESTION PAPER CONSISTS OF TWO (2) PAGES

PLEASE DO NOT OPEN UNTIL THE INVIGILATOR SAYS SO.



Answer question one (compulsory) and any other two questions

QUESTION ONE (COMPULSORY)

- a) Purchasing and procurement are often regarded as synonymous terms. Explain the meaning of the two terms as used in titles of CIPS and American National Association of Purchasing Agents **(6marks)**
- b) Explain the relationship that exists between purchasing and other departmental areas **(10marks)**
- c) Discuss the principles of right purchasing **(6marks)**
- d) Explain the various accounting documents that are critical for the success of the purchasing function **(8marks)**

QUESTION TWO

- a) Discuss the importance of quality control and assurance in an organization. Explain the benefits that accrue of them **(10marks)**
- b) Discuss the giveaway signs of fraud that can assist managers to implement measures that can reduce corruption **(10marks)**

QUESTION THREE

- a) Differentiate between Electronic Data Interchange (EDI) and Traditional systems of purchasing. What are the pros and cons of using these methods? **(10marks)**
- b) Discuss the purchasing operating procedure showing at least two documents used at each stages **(10marks)**

QUESTION FOUR

Mafuta manufacturing plant consumes a large amount of electricity. Discuss whether the company should continue to buy from utility company or install their own power generating equipment and sell the excess capacity **(20marks)**

