

TECHNICAL UNIVERSITY OF MOMBASA.

FACULTY OF BUSINESS STUDIES.

DEPARTMENT OF MANAGEMENT SCIENCE.

DIPLOMA IN PROCUREMENT AND MATERIALS MANAGEMENT.

BPC 2203: PURCHASING PRINCIPLES AND TECHNIQUES.

TIME: 2HRS.

APRIL 2016 SERIES.

INSTRUCTIONS:

Answer question ONE and any other TWO questions.

BPC 2203: PURCHASING PRINCIPLES AND TECHNIQUES. A.

QUESTION ONE

Nandos is a fast food chain that is becoming very popular in Kenya.

- a) Advise the firm why it would be appropriate to undertake local purchase decision. (10mks)
- b) Identify and explain any five ways the firm can benefit from e-procurement. (10mks)
- c) Suggest five reasons why purchase contract is a vital tool for any purchase activity of the firm. (10mks)

QUESTION TWO

- a) Explain the circumstances that can make a firm undertake small volume purchase decision. (10mks)
- b) Identify and explain the objectives of purchase function. (10mks)

QUESTION THREE

- a) Evaluate the significance of stock audit to a firm. (10mks)
- b) Identify and explain any five criteria for evaluating a supplier. (10mks)

QUESTION FOUR

- a) Explain the circumstances that will influence a firm to buy products as opposed to making its own. (10mks)
- b) Using a well labelled flow diagram, explain the purchase cycle. (10mks)

QUESTION FIVE

- a) Explain the benefits associated with inventory management. (10mks)
- b) Discuss the role of other departments that work closely with purchasing department. (10mks)