



# TECHNICAL UNIVERSITY OF MOMBASA

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## SCHOOL OF BUSINESS

### DEPARTMENT OF MANAGEMENT SCIENCE

#### UNIVERSITY EXAMINATION FOR:

#### DIPLOMA IN BUSINESS ADMINISTRATION

#### DIPLOMA IN BUSINESS MANAGEMENT

#### DIPLOMA IN ACCOUNTANCY

#### BPC 2103: PURCHASING MANAGEMENT

#### END OF SEMESTER EXAMINATION

**SERIES:** AUGUST 2019

**TIME:** 2HOURS

**DATE:** Aug 2019

#### Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other TWO questions.

**Do not write on the question paper.**

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#### Question ONE

- (a) Utumishi Corporation has decided to adopt the Highbrid organization structure for its purchasing department. Explain **five** benefits that may accrue to the corporation from adopting this type of organization structure. (10 marks)
- (b) State the limitations of Just-in-Time approach of stock control. (5 marks)
- (c) Briefly discuss the five principles of purchasing management. (10 marks)
- (d) Outline the various modes of payments that are appropriate in purchasing of materials. (5 marks)

#### Question TWO

- (a) A newly established parastertal is in the process of formulating the objectives for materials inspection. Explain the main objectives that they can formulate for material inspection. (10 marks)
- (b) Discuss **two** main sourcing considerations that guides in the selection of right source of purchasing

**Question THREE**

- (a) A purchaser may describe the quality of his product in several ways. Briefly discuss the various ways in which the quality of the product can be described. (12 marks)
- (b) State the reasons as to why organizations prefer to source internationally. (8 marks)

**Question FOUR**

- (a) The board of directors of a state corporation has recommended for post-negotiation of a contract that has already been awarded to a supplier. Explain **five** reasons that may have influenced the board to make this recommendation. (10 marks)
- (b) Explain **five** ways in which efficiency purchasing management has contributed to organizational profitability. (10 marks)

**Question FIVE**

- (a) Explain the main categories under which suppliers are assessed and ranked in an organization. (10 marks)
- (b) Outline **five** duties of a stock control officer. (5 marks)
- (c) State **five** purchasing documents that are mostly used in the purchasing department. (5 marks)