



TECHNICAL UNIVERSITY OF MOMBASA

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: AUGUST2019

TIME :2HOURS

DATE: Aug2019

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.

Question ONE

(a) Purchasing is a very important function in an organization with a clear set goals and objectives for organizational efficiency. Explain five major objectives of the purchasing department. (10 marks)

(b) Keeping inventory is as important as keeping the customers for the future success of an organization. Explain six reasons as to why an organization must keep inventory. (12 marks)

(c) outline Four principles of the purchasing function. (8 marks)

Question TWO

(a) State five essentials features of a good warehouse that an organization can consider. (5 marks)

(b) Explain the following inventory control techniques citing examples;

- (i) Periodic review period (3 marks)
- (ii) Visual approach to control (3 marks)
- (iii) Action level (3marks)
- (iv) ABC analysis (6 marks)

Question THREE

- (a) Organization of purchasing varies in different organizations because of different systems. Explain the advantages of considering centralized structure over decentralized structure. (12 marks)
- (b) State the duties performed by purchasing officer in the procurement department. (8 marks)

Question FOUR

- (a) Outline the steps used in purchasing of materials in an organization. (10 marks)
- (b) Explain the major documents used in purchasing department. (10 marks)

Question FIVE

(a) The success of an organization depends on how the various departments relates with each other. Explain how the purchasing department relates with the following departments;

- (i) Production department (4 marks)
- (ii) Finance department (4 marks)
- (iii) Sales and marketing department (4 marks)
- (iv) Engineering/ design department (4 marks)
- (v) Stores department (4 marks)