QUALIFICATION: Bachelor of Business Management

QUALIFICATION CODE: 07BBMA
LEVEL: 7

COURSE: Purchasing Management
COURSE CODE: BPM611S

DATE: 10 May 2019
SESSION: May 2019
DURATION: 1 Hour
MARKS: 40

Special or Make Up-Test – May 2019

EXAMINER: Ms O.N KANGANDJO

THIS PAPER CONSISTS OF 2 PAGES
(INCLUDING THIS FRONT PAGE)

INSTRUCTIONS

1. Ensure that your particulars (full names, student number and mode of study) are correctly indicated on the cover page of the answer sheet provided.
2. Clearly indicate on the cover page of your answer sheet whether this test is Test 1 or an Improvement of Test 1.
3. Answer all questions.
4. Read all the questions carefully before answering.
5. Marks for each question are indicated at the end of each question.
6. Please ensure that your writing is legible, neat and presentable.
Question 1

1.1 Define the following terms:
   a) Just In Time (JIT) (2)
   b) Negotiation (2)
   c) Constructive negotiation (2)

1.2 List and explain the three cost categories that helps a purchaser to understand the supplier’s cost structures. (Hint: These costs are related to the volume of production) (6)

1.3 Jerry the owner of a newly established company has approached you to advise him about stock keeping since he does not want to risk going without inventory. However, since you are a competent Purchasing management graduate you would rather warn him about the costs of holding inventory. Advice Jerry about the various inventory risk costs he might incur as a result of carrying inventory. (8)

1.4 From the point of view of inventory control, it is necessary to identify deviations. You are required to identify any five symptoms that may indicate that inventory management is not up to standard. (10)

1.5 Identify and explain any five circumstances under which purchasing and supply negotiation should take place. (10)

END OF TEST