

Section - B

Answer only three (03) questions including question number one (01)

1) (i). In order to establish an effective controlling system over the purchasing, the duties and responsibilities of the purchasing procedure have been divided among several individuals and documents. Write short notes on the following documents.

- a) Purchase Requisition (PR)
- b) Purchase Order (PO)
- c) Invoice
- d) Good Received Note (GRN)

(2.5 × 4 = 10 Marks)

(ii). Briefly explain the term 'Hedge' involves in purchasing decisions with its advantages and disadvantages. (5 Marks)

(iii). ABC Hotel is a newly established hotel and they are opening up their venue for the Banquet operations. They are planning to organize a 100 pax Wedding Function which requires 200g portions of Beef Rib for each. (Market price of 1kg of Beef Rib is Rs. 650.00)

- a) If the yield of Beef Rib is 62%, how much Beef Rib should be ordered? (3 Marks)
- b) What would be the total cost of purchasing for the required Beef Ribs? (2 Marks)

(iv). The ABC hotel purchased the following Wine during the first month of operations:

January 01: Purchased 15 Nos-750 ml bottles of Red Wine @ Rs 450 each.

January 12: Sold 10 Nos-750 ml bottles of Red Wine @ Rs 1200 each

January 15: Purchased 30 Nos-750 ml bottles of Red Wine @ Rs 500 each.

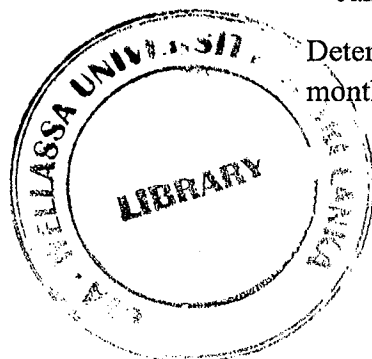
January 25: Sold 30 bottles of Red Wine during March @ Rs 1,250 each.

Determine the value of the ending inventory and cost of sales for Red Wine for month of January using

- I. First-In, First-Out (FIFO) method
- II. Last-In, First-Out (LIFO) method

(5 × 2 = 10 Marks)

(Total Marks 30)



- 2) a) How an organization could achieve operational efficiency through Inventory Management? Explain with appropriate examples from any industry.

(08 Marks)

b) Inventory Management is responsible for planning and controlling inventory from the raw material stage to the customer. Explain different types of costs that are associated with Inventory Management. Elaborate your answer with suitable examples from the Hospitality and Tourism operation.

(12 Marks)

(Total Marks 20)

- 3) "Uva City Hotel, a newly built five star hotel in Badulla, comprises with 03 Restaurants, 02 Bars and 150 Rooms to cater high end tourists throughout the year. Housekeeper of the hotel requests that he needs to purchase all the necessary items within one week." As the Purchasing Manager, you are required to explain him the Standard Procurement Cycle of the organization with the necessary documents used in each step.

(Total Marks 20)

- 4) a) Differentiate 'Independent Demand Inventory' and 'Dependent Demand Inventory'.

(05 Marks)

b) "Dependent Demand Inventory items not needed to be forecasted". Do you agree? Explain using an example?

(05 Marks)

c) Explain the importance of Material Requirement Planning (MRP) for an organization in the contemporary business world. Use suitable examples from any Industry to support your answer.

(10 Marks)

(Total Marks 20)

