

Chapter 5 quiz will be given on:

You are expected to **complete ALL written chapter assignments** ON TIME. The completed chapter work will be turned in and marked as completed or not completed in the grade book. Chapter work is due on the quiz date and will be attached to your completed quiz

Section 5.1 Introduction to Purchasing

Study Questions

1. List the five major steps in the purchasing/procurement process? Use figure 5.1

- a.
- b.
- c.
- d.
- e.

2. What are the four basic goals of purchasing?

- a.
- b.
- c.
- d.

3. Complete the chart showing the channels of distribution?

Source	Definition	3 Examples
Primary sources		
Intermediaries		
	Another name for intermediary sources is?	???
Retailers		

4. What is another name for a company's capitol?

5. What are the 9 major categories of goods and services?
 - a.
 - b.
 - c.
 - d.
 - e.
 - f.
 - g.
 - h.
 - i.

6. What are the 2 things you need to consider when purchasing business supplies and services?
 - a.

 - b.

7. What does a buyer do?

8. Formal purchasing methods use written quotes or bids. What types of businesses use this method usually?

Section 5.2 Making Purchasing Decisions

Study Questions

9. Quality standards refer to the value a customer places on a product or service. What are the 9 factors that need to be taken account when figuring out an operation's quality standards?

10. List the 13 Product Specifications that you need to include to help you meet your operation's quality standards?

11. What is a make-or-buy analysis?

12. What is the benefit to using a ready-made product?

13. Production records help you forecast your buying needs. Define the following production record elements.

a. Production sheet

b. Stockouts

c. Overproduction

d. Daily food cost sheets

e. Sales mix record

f. Leaders

g. Losers

14. Define Par Stock.

15. What is a ROP, reorder point?

16. A purchase order details exactly what you are purchasing from a vendor. Every purchase order should include what 14 items?

17. There are 5 factors that influence food prices. Complete the chart below.

Factor	Definition
Time value	
Form value	
Place value	
Transportation value	
Service value	

18. Define Supply and Demand

19. For your information only, it may show up on the national test. **Optimal Price is the price that produces the best value to the buyer.**

Section 5.3 Managing Purchases

Study Questions

20. Receiving means inspecting, accepting and possibly rejecting deliveries. Complete the chart below.

Guidelines for receiving	Specifics to help you decide whether to inspect, accept or reject deliveries
Plan ahead for shipment	
Inspect deliveries	
Record items on receiving sheet	
Correct mistakes	
Store products	
Maintain receiving area	

21. Define invoice.

22. If you are going to reject a product or shipment, what are the 4 basic procedures you should follow?

23. How would you know if an item has been thawed and refrozen?

24. What is the difference between perishable and nonperishable items?

25. Nonperishable foods may be purchased using a **Periodic Order Method** where the entire stock is physically reviewed on a regular basis. When purchasing perishable products you may use a JIT method. What does JIT stand for **AND** what does that mean?

26. Maintaining food quality requires proper temperatures and equipment.

a. Refrigerators hold TCS foods at _____ °F or lower

b. Freezers hold TCS foods at _____°F _____°C, or lower

27. Meat and poultry should be stored at _____°F or lower and humidity levels of _____% to _____%.

28. Dry storage temperature should be maintained between _____°F to _____°F

29. When would you use an **inventory**?

30. What is the difference between a **physical inventory method** and a **perpetual inventory method**?

31. **Calculation** – Cost of Sales (also known as Cost of Food)

Write the following information on a notecard

Cost of Sales (also known as Cost of Food)

Beginning Inventory
+ Cost of goods received (purchases)

= ???
- Ending Inventory
= Total Cost of Food

Example

Beginning Inventory	\$32,333
Cost of goods received	+\$ 8,563
<u>Cost of goods received</u>	<u>+ \$10,265</u>
	= \$51,161
<u>Ending Inventory</u>	<u>- \$30,577</u>
Total cost of food	\$20,58

32. Using the formula above, what is the Total Cost of Food? Show your math.

Beginning Inventory	\$ 4,050
Purchases	\$11,380
Closing Inventory	\$ 3,890

33. Net profit is the amount of money you've earned after all costs are deducted.

34. What is Gross Profit?

35. What is inventory shrinkage?

36. How can you prevent pilfering before it starts?