

2903/101

2907/302

**SUPPLY CHAIN MANAGEMENT
AND PURCHASING PRINCIPLES**

November 2017

Time: 3 hours



**THE KENYA NATIONAL EXAMINATIONS COUNCIL
DIPLOMA IN SUPPLY CHAIN MANAGEMENT
MODULE I**

**DIPLOMA IN COOPERATIVE MANAGEMENT
MODULE III**

SUPPLY CHAIN MANAGEMENT AND PURCHASING PRINCIPLES

3 hours

INSTRUCTIONS TO CANDIDATES

This paper consists of SEVEN questions.

Answer any FIVE questions in the answer booklet provided.

All questions carry equal marks.

Candidates should answer the questions in English.

This paper consists of 2 printed pages.

Candidates should check the question paper to ascertain that both pages are printed as indicated and that no questions are missing.

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Turn over

1. (a) Highlight the ways in which the purchasing and supply function may minimise costs in an organization. (10 marks)
- (b) Explain five circumstances under which an organization may find it appropriate to adopt the technical specification method when sourcing its materials requirements. (10 marks)
2. (a) Outline five methods which may be used when pricing purchasing contracts in an organization. (10 marks)
- (b) Explain the aspects you would consider when evaluating technical capability of a supplier. (10 marks)
3. (a) Highlight five types of information contained in a Request for Quotation (RFQ). (10 marks)
- (b) The purchasing function at Koku Company Limited has adopted a practice of notifying stores department about the impending deliveries to be made by suppliers. Highlight the advantages of such a practice. (10 marks)
4. (a) The Finance Manager of Ngao Company Limited has rejected a payment voucher for the organization's supplier. Explain the reasons which may have influenced the manager's action. (10 marks)
- (b) Highlight the reasons that may influence the Government of Kenya to regulate the transport sector in the country. (10 marks)
5. (a) An organization intends to adopt short-term relationships with its suppliers. Highlight the limitations of such a relationship. (10 marks)
- (b) Highlight the challenges which an organization would experience by over-specifying its material requirements. (10 marks)
6. (a) Outline five benefits which an organization would derive from the suppliers who share information on their cost structure. (10 marks)
- (b) Explain five factors that would influence an importer to conduct pre-shipment inspection exercise. (10 marks)
7. (a) Explain the factors that an organization should consider when determining the payment period for its suppliers. (10 marks)
- (b) Outline five ways in which an organization may enhance load planning in its distribution system. (10 marks)

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