

1903/202
1907/206
SUPPLY CHAIN MANAGEMENT AND
PURCHASING PRINCIPLES
July 2023
Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

CRAFT CERTIFICATE IN SUPPLY CHAIN MANAGEMENT
CRAFT CERTIFICATE IN COOPERATIVE MANAGEMENT

MODULE II

SUPPLY CHAIN MANAGEMENT AND PURCHASING PRINCIPLES

3 hours

INSTRUCTIONS TO CANDIDATES

This paper consists of TWO sections; A and B.

Answer ALL questions in section A and any FOUR questions from section B in the answer booklet provided.

Candidates should answer the questions in English.

This paper consists of 3 printed pages.

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

SECTION A (32 marks)

Answer ALL questions in this section.

1. State **three** aspects of the supply market that a purchasing officer may cover when undertaking a market survey. (3 marks)
2. List **four** types of warehouses that an organization may establish. (4 marks)
3. Outline **three** disadvantages of using the fixed price method when purchasing materials for an organization. (3 marks)
4. State **three** reasons why some organizations prefer sourcing material requirements from the local market. (3 marks)
5. Outline **three** ways in which an order acknowledgement note may be useful to a buyer. (3 marks)
6. List **three** reasons why a buyer may request for replacement of delivered goods. (3 marks)
7. State the importance of a commitment register in the procurement process. (3 marks)
8. Outline **four** factors that may be considered when determining the cost of transporting goods. (4 marks)
9. List **three** characteristics of the installment payment terms. (3 marks)
10. List **three** security measures that may be put in place to prevent theft of goods during the receipt process. (3 marks)

SECTION B (68 marks)

Answer FOUR questions from this section.

11. (a) Explain four environmental conservation measures that an organization may put in place when transporting goods by road. (8 marks)
- (b) Outline six factors that an organization may consider when sourcing material requirements from foreign markets. (9 marks)
12. (a) Explain four ways in which the purchasing department may contribute to poor relationship with the finance department in an organization. (8 marks)
- (b) Outline six types of information that is contained in a tender evaluation report. (9 marks)
13. (a) Explain six factors that may influence an organization in setting its purchasing objectives. (9 marks)
- (b) Outline four ways in which a purchasing officer may enhance efficiency in material ordering process. (8 marks)
14. (a) Explain four benefits that may accrue to an organization from establishing the right price to acquire its material requirements. (8 marks)
- (b) Outline six aspects that a purchasing officer may cover during supplier appraisal. (9 marks)
15. (a) Outline four methods that a purchasing officer may use to expedite orders placed with suppliers. (8 marks)
- (b) Explain six circumstances under which the 100% inspection method may be appropriate in an organization. (9 marks)

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