

Name _____ Index No. _____

2903/101
**SUPPLY CHAIN MANAGEMENT
 AND PURCHASING PRINCIPLES**
 July 2015
 Time: 3 hours

Candidate's Signature _____

Date _____



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

SUPPLY CHAIN MANAGEMENT AND PURCHASING PRINCIPLES

3 hours

INSTRUCTIONS TO CANDIDATES

- Write your name and index number in the spaces provided above.*
- Sign and write the date of examination in the spaces provided above.*
- This paper consists of SEVEN questions.*
- Answer any FIVE questions in the spaces provided in this question paper.*
- All questions carry equal marks.*
- Do NOT remove any page from this question paper.*
- Candidates should answer the questions in English.*

For Examiner's Use Only

Question	1	2	3	4	5	6	7	TOTAL SCORE
Candidate's Score								

This paper consists of 16 printed pages.

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

1. (a) Highlight **six** operational activities that could be covered under the internal supply chain of an organization. (12 marks)
- (b) Highlight **four** approaches that an organization may adopt in developing materials specifications. (8 marks)
2. (a) Dada Company Limited has decided to adopt the Adjustment Price Method when entering contractual engagements with its suppliers. Highlight the factors that may have influenced the company to make this decision. (10 marks)
- (b) Ujuzi Manufacturing firm intends to source for its materials requirements from overseas markets. Highlight the challenges that the firm may face while dealing with such a market. (10 marks)
3. (a) Explain **five** advantages to an organization of using incoming inspection method to certify the quality of delivered goods. (10 marks)
- (b) Highlight **five** advantages to an organization of placing bulk orders with suppliers. (10 marks)
4. (a) Highlight **five** reasons that may influence an organization to use the Electronic Fund Transfer (EFT) system in settling supplier's payments. (10 marks)
- (b) Highlight the importance of operating an efficient physical distribution system in an organization. (10 marks)
5. (a) ABC Company Limited is in the process of developing a structure for its purchasing department. Highlight the factors that the organization should consider when undertaking the task. (12 marks)
- (b) Highlight **four** features of a good material specification. (8 marks)
6. (a) Kibikibi Company Limited has been experiencing long lead times for delivery of goods ordered from suppliers. Explain the measures that the company may take to reduce the lead times. (10 marks)
- (b) Highlight the importance of the inspection certificate in the receipt and inspection of materials in an organization. (10 marks)
7. (a) Highlight the measures that an organization may take to speed up the time taken to process supplier's payments. (10 marks)
- (b) Explain **five** reasons that may influence an organization to adopt multiple sourcing methods in its operations. (10 marks)