

2903/101
SUPPLY CHAIN MANAGEMENT
AND PURCHASING PRINCIPLES
July 2017
Time: 3 hours



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

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) The use of procuring agents is one of the approaches that an organisation may adopt in its supply chain functions. Highlight **five** advantages of using such an approach. (10 marks)
(b) Outline **five** types of costs that are associated with quality of bought-out supplies. (10 marks)
2. (a) The supplies officer of XYZ Company Limited has received a price quotation from one of its suppliers. Outline **five** elements that will constitute such a quotation. (10 marks)
(b) Highlight **five** ways in which the intra-company trading sourcing method is applied. (10 marks)
3. (a) ABC Company Limited uses travelling requisitions in its procurement operations. Explain **five** reasons for using such a document. (10 marks)
(b) Explain the importance of having a proper layout of an organisation's receiving bay. (10 marks)
4. (a) Explain **five** problems which an organisation may face when processing suppliers' payment claims. (10 marks)
(b) Kibi Company Limited has decided to adopt inter-modal system in its operations. Highlight **five** reasons for making such a decision. (10 marks)
5. (a) Explain **five** factors which may enhance the relationship between purchasing and marketing functions in an organisation. (10 marks)
(b) Techo Company Limited has acquired the ISO 9000-2008 certification on quality management system. Highlight **five** advantages of acquiring the certification. (10 marks)
6. (a) Mr. Juma, a purchasing officer of Koa Company Limited, has received a request from one of the suppliers to make adjustments on prices agreed upon in an existing contract. Explain **five** measures which Mr. Juma should consider when making the price adjustments. (10 marks)
(b) Kiki Company Limited has decided to use the single sourcing method in its acquisition of materials. Highlight **five** reasons that may have influenced the company to make such a decision. (10 marks)
7. (a) Ombo Company Limited uses a third-party certification organisation to inspect its materials. Explain **five** benefits that may be derived from adopting this approach. (10 marks)
(b) Explain **five** challenges that an organisation may face from using advance payment method in managing purchasing contracts. (10 marks)

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