

2903/101

2907/302

**SUPPLY CHAIN MANAGEMENT  
AND PURCHASING PRINCIPLES**

July 2019

Time: 3 hours



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**DIPLOMA IN SUPPLY CHAIN MANAGEMENT  
MODULE I**

**DIPLOMA IN CO-OPERATIVE 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.**

1. (a) Explain the role of the supply chain management function in an organisation. (10 marks)
- (b) One of the responsibilities of a supply chain manager is to come up with a criteria to be used when selecting a mode of transport to be used by the organisation. Highlight the factors you would consider when discharging this responsibility. (10 marks)
2. (a) Outline **five** reasons that may influence an organisation to train its purchasing staff on specifications of materials. (10 marks)
- (b) Explain the factors that a supplier may consider when fixing prices of materials. (10 marks)
3. (a) Outline the disadvantages to an organisation of using the Fixed Order Point System when replenishing stock. (10 marks)
- (b) Explain the circumstances under which an organisation may inspect goods delivered by a supplier. (10 marks)
4. (a) Explain **five** aspects that should be considered by a supply chain officer when evaluating a potential supplier in an organisation. (10 marks)
- (b) Outline the benefits that may accrue to an organisation from outsourcing its transport function. (10 marks)
5. (a) Purchase order should be authorised before being sent to a supplier. Outline the objectives of such authorization. (10 marks)
- (b) Explain the ways in which a purchasing officer may establish that the supplier's quoted delivery time is realistic. (10 marks)
6. (a) As a supply chain officer, you have been assigned the duty of making records for goods received from suppliers. Highlight the types of information you would enter in a Goods Received Note (GRN). (10 marks)
- (b) Explain the challenges that an organisation may experience when obtaining its requirements from a monopoly supply. (10 marks)
7. (a) Electronic Funds Transfer (EFT) method is increasingly being used to make payments in supply chain operations. Explain the benefits that may accrue to a purchasing organisation from using this method. (10 marks)
- (b) Explain the ways in which an organisation may enhance relationship between its supply chain and the production functions. (10 marks)