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**SUPPLY CHAIN MANAGEMENT
AND PURCHASING PRINCIPLES**

July 2017

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. Outline **three** advantages of using pipeline as a method of transportation in supply chain management. (3 marks)
2. State **four** reasons that would make it necessary for an organisation to specify its materials. (4 marks)
3. Highlight **three** types of information that should be contained in a supplier invoice document. (3 marks)
4. State **three** disadvantages of using fixed price with escalation method when acquiring materials for an organisation. (3 marks)
5. Highlight **four** measures that a supply chain officer should take to improve the relationship between purchasing department and other departments. (4 marks)
6. List **three** types of tenders that may be used when sourcing for material requirements. (3 marks)
7. Outline **three** activities that may be carried out during the post-ordering phase of the purchasing process. (3 marks)
8. Highlight **three** likely outcomes of an inspection exercise for delivered goods from suppliers. (3 marks)
9. Highlight **three** reasons that may delay the processing of a supplier's claim for goods delivered. (3 marks)
10. Highlight **three** reasons that would make it necessary for a buying organisation to track consignments from suppliers. (3 marks)

SECTION B (68 marks)

Answer any FOUR questions from this section.

11. (a) Explain **six** factors that may contribute to the efficiency of a transportation mode. (9 marks)
- (b) Kamox Company Limited is experiencing stockouts. Explain **four** reasons that could have led to the situation. (8 marks)

12. (a) Highlight **six** factors that a supply chain officer should take into account when certifying a supplier invoice for payment. (9 marks)
- (b) Explain **four** reasons that may contribute to leadtime variability in supply chain management. (8 marks)
13. (a) Highlight **six** ways that an organisation may use to enhance the performance of a supply chain officer. (9 marks)
- (b) Explain **four** circumstances under which an organisation may buy its materials from a single supplier. (8 marks)
14. (a) Highlight **six** benefits that an organisation may derive from inspecting an incoming consignment. (9 marks)
- (b) Outline **four** methods that an organisation may use to place an order with suppliers. (8 marks)
15. (a) Highlight **six** factors that a supply chain officer should consider when determining the price of materials to purchase. (9 marks)
- (b) Outline the criteria a purchasing officer should use when undertaking a vendor rating exercise. (8 marks)

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