

2906/203

SUPPLY AND TRANSPORT MANAGEMENT

July 2017

Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

DIPLOMA IN BUSINESS MANAGEMENT

MODULE II

SUPPLY AND TRANSPORT MANAGEMENT

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) Juma was recently appointed as the Transport Director in a certain major town. Outline the measures that he should take to enhance efficiency of the transport system in the town. (12 marks)
- (b) One category of service providers in road transport is the local cartage operator. Describe the typical activities undertaken by this service provider. (8 marks)
2. (a) Explain the objectives that a purchasing department seeks to achieve in an organization. (12 marks)
- (b) Pauline has been hired as a supplies management officer in a large firm. Explain the guiding rules that she should observe to enhance efficiency of order management in the firm. (8 marks)
3. (a) Explain the advantages of using bar coding as a method of identification of materials in an organization. (12 marks)
- (b) Outline the limitations of using the Economic Order Quantity (EOQ) as a method of stock control in an organization. (8 marks)
 

*Economic Investment  
→ cost of purchase  
→ cost of holding  
→ cost of shortage*
4. (a) Bepa Company Limited, a newly established manufacturing firm, is in the process of designing the layout of its warehouse. Explain the measures that it should take to minimize incidences of theft by workers in the warehouse. (12 marks)
- (b) Outline the hazards against which materials stored in a warehouse should be preserved. (8 marks)
5. (a) Kifaru Manufacturers Limited has adopted a centralized structure for its supplies function. Outline the advantages of this move to the organization. (10 marks)
- (b) The warehouse manager of Zeba Company Limited has noticed an increase in the incidences of stock obsolescence in their warehouse. Explain the measures that he should take to minimize stock obsolescence in the warehouse. (10 marks)
 

*loss, value*
6. (a) Outline the circumstances under which a trader would choose to use the railway rather than road transport to deliver a consignment from Mombasa to Nairobi. (10 marks)
- (b) Passenger road transport operators in Kenya are required to form saving and credit co-operative societies to oversee their operations. Outline the roles that such saccos play in the regulation of this transport mode. (10 marks)
 

*Enforce compliance of national monitors  
monitoring management of saccos  
→ control of traffic*
7. (a) Outline the benefits that an organization may derive from operating its own warehouse. (10 marks)
- (b) Explain the problems that an order processing officer may experience when carrying out his duties in an organization. (10 marks)

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