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**SUPPLY AND TRANSPORT MANAGEMENT**

**July 2019**

**Time: 3 hours**



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**DIPLOMA IN BUSINESS MANAGEMENT  
MODULE II**

**BUSINESS EDUCATION SINGLE AND GROUP CERTIFICATE  
EXAMINATIONS  
STAGE III**

**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.*

*Maximum marks for each part of a question are as shown.*

*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.**

1. (a) Explain the roles of supplies department in an organisation. (10 marks)
- (b) The following data relates to garden tools manufactured by a certain company.

Demand	200 per week
Ordering cost	Ksh 100 per order
Cost of storage	25%
Unit price	Ksh 250
Supply lead-time	2 weeks
Safety stock	500

- (i) Calculate the re-order level. (3 marks)
- (ii) Explain the importance of the re-order level. (3 marks)
- (iii) Outline the limitations of the Economic Order quantity (EOQ) in inventory management of a company. (4 marks)
2. (a) Explain the circumstances under which a supplies officer may use 100% inspection method on goods delivered by a supplier. (10 marks)
- (b) Outline the measures that the management may take to improve security of warehouses in an organisation. (10 marks)
3. (a) Explain the benefits that an organisation may derive from adopting an effective materials coding system in its operations. (10 marks)
- (b) Outline the reasons that may account for the increased use of containers in the transportation of goods. (10 marks)
4. (a) Drivers who transport dangerous goods have certain statutory responsibilities. Outline **five** such responsibilities. (10 marks)
- (b) Explain the **factors** that a warehouse manager may consider when determining the stock location method to use. (10 marks)
5. (a) Explain the advantages to a company of outsourcing its transport and logistics function. (10 marks)
- (b) Outline the reasons that may necessitate careful planning of road transport freight operations in an organisation. (10 marks)

6. (a) Highlight **five** features of the Through Flow Stores layout. (10 marks)
- (b) A production manager in a certain organisation intends to make a packaging material for its products. Explain the factors that he may consider when carrying out the task. (10 marks)
7. (a) Explain the factors that may influence the design of a warehouse in an organisation. (10 marks)
- (b) Outline the supply risks that an organisation may face when sourcing its materials from international markets. (10 marks)

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