

2903/101

2907/302

**SUPPLY CHAIN MANAGEMENT
AND PURCHASING PRINCIPLES**

November 2021

Time: 3 Hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

**DIPLOMA IN SUPPLY CHAIN MANAGEMENT
MODULE I**

DIPLOMA IN COOPERATIVE 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 **five** ways in which the purchasing organisation structure may enhance efficiency of internal supply chain operations in a manufacturing firm. (10 marks)
- (b) Outline **five** circumstances under which an organisation may use a sample as a method of specifying its materials requirements. (10 marks)
2. (a) Explain **five** benefits that may accrue to an organisation from adopting the “small order” policy in its supply operations. (10 marks)
- (b) Jenga Limited has been experiencing increased costs associated with ordering goods. Outline **five** measures that the company may take to minimise such costs. (10 marks)
3. (a) Outline **five** factors that may determine availability of goods in the supply market. (10 marks)
- (b) Explain **five** buyer-related factors which may cause delay in the delivery of goods ordered from a supplier. (10 marks)
4. (a) Lew Limited is in the process of evaluating potential suppliers for the purpose of awarding a contract for supply of its materials requirements. Outline **five** financial aspects of the suppliers that should be evaluated during the exercise. (10 marks)
- (b) Swan Limited uses the 100% method of inspection for goods delivered by its suppliers. Outline **five** advantages to the company of using the method. (10 marks)
5. (a) Explain **five** purposes served by a copy of purchase order document when processing payment for a supplier in an organisation. (10 marks)
- (b) Outline **five** roles played by the stock control function in facilitating physical distribution operations in an organisation. (10 marks)
6. (a) The customers at Midas Limited have complained about poor packaging used by the company. Explain **five** indicators of poor packaging which may have caused such complaints. (10 marks)
- (b) Outline **five** roles played by the user departments in facilitating purchasing operations in an organisation. (10 marks)
7. (a) Outline **five** circumstances under which a supplier may send a credit note to a purchasing organisation. (10 marks)
- (b) The government of a certain country intends to control prices of some commodities in the market. Explain **five** ways in which such action may adversely affect supply chain operations in the country. (10 marks)

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