

2903/304

3305

INTERNATIONAL PURCHASING

July 2019

Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

DIPLOMA IN SUPPLY CHAIN MANAGEMENT  
MODULE III

BUSINESS EDUCATION SINGLE AND GROUP CERTIFICATE  
EXAMINATION  
STAGE III

INTERNATIONAL PURCHASING

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 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) Highlight the advantages of adopting global sourcing strategy in an organisation. (10 marks)
- (b) Explain the importance of trading blocs in international purchasing. (10 marks)
2. (a) Outline **five** types of players that are involved in international purchasing. (10 marks)
- (b) Explain the benefits of using a brand name to specify materials when purchasing from overseas market. (10 marks)
3. (a) The supply chain manager of Kaki Limited is in the process of negotiating a supply contract with an overseas supplier. Highlight the aspects that would form the basis of the negotiations. (10 marks)
- (b) Explain the legal considerations that a buyer may take into account when selecting a supplier from the international market. (10 marks)
4. (a) Jatim Limited intends to transport materials purchased from overseas market by sea. Explain **four** Incoterms that may be used through this mode of transport. (8 marks)
- (b) Explain the risks that may be associated with the use of letters of credit in international purchasing. (12 marks)
5. (a) Highlight the role of a country's chambers of commerce in promoting international purchasing. (10 marks)
- (b) Maridadi Limited has been experiencing recurring disputes with suppliers. Explain the mechanisms that the company may use to resolve the disputes. (10 marks)
6. (a) Explain the benefits that may accrue to an organisation from adopting the forward buying strategy in its purchasing operations. (10 marks)
- (b) Explain the measures that an organisation may take to cope with the challenge of currency fluctuations in international purchasing. (10 marks)
7. (a) Deka Limited has opted for the open account method of payment to its overseas suppliers. Highlight the advantages of this option. (10 marks)
- (b) Outline the types of information contained in a packing list in the international purchasing process. (10 marks)

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