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**SUPPLY CHAIN MANAGEMENT
AND PURCHASING PRINCIPLES**

November 2018

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 FIFTEEN questions in TWO sections; A and B.

Answer ALL the questions in section A and any FOUR questions from section B in the answer booklet provided.

Maximum marks for each part of a question are as indicated.

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* the questions in this section.

1. State **three** ways in which the human resource department may hinder efficient operations of the purchasing department in an organization. (3 marks)
2. Outline **three** uses of supplies consignment note in transport operations of an organization. (3 marks)
3. Highlight **four** purposes served by a specification during the sourcing process. (4 marks)
4. Outline **three** documents that an organization may use when processing payment for purchased goods. (3 marks)
5. Outline **three** factors which may influence availability of materials in the supply market. (3 marks)
6. State **three** places where inspection of incoming goods may be carried out. (3 marks)
7. Outline **four** advantages of using quotation as a method of sourcing in an organization. (4 marks)
8. Outline **three** ways in which a supply chain officer may place purchase orders with suppliers. (3 marks)
9. State **three** types of costs associated with holding of materials. (3 marks)
10. Outline **three** financial aspects that a buying organization should consider when identifying a supplier. (3 marks)

SECTION B (68 marks)

Answer *FOUR* questions from this section.

11. ✓ (a) Explain **four** ways in which the purchasing function may contribute to cost reduction in an organization. (8 marks)
- (b) Highlight **six** adverse effects of using polythene bags to package goods for distribution. (9 marks)

12. (a) Highlight **six** factors that a supply chain officer may consider when choosing a material specification method. (9 marks)
- (b) Explain **four** limitations of using Electronic Funds Transfer (EFT) as a method of payment to suppliers. (8 marks)
13. (a) Highlight **six** challenges that a supply chain officer may face when determining whether the price offered by suppliers is appropriate. (9 marks)
- (b) Explain **four** indicators of an efficient inspection process for a consignment. (8 marks)
14. (a) Outline the procedure that an organization should follow when sourcing materials through the tendering method. (9 marks)
- (b) Highlight **four** activities undertaken by a buying organization during a material sourcing process. (8 marks)
15. (a) Highlight **six** preparations that a supply chain officer should undertake before off-loading an incoming consignment. (9 marks)
- (b) Explain **four** negative effects to an organization of buying materials at a price lower than the market price. (8 marks)

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