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**SUPPLY CHAIN MANAGEMENT  
AND PURCHASING PRINCIPLES**

July 2019

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 TWO Sections; A and B.*

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

*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 questions in this section.*

1. Highlight **three** benefits that an organisation may realise from a well managed purchasing function. (3 marks)
2. State **three** indicators of an efficient distribution system in an organisation. (3 marks)
3. Outline **four** features of a good specification. (4 marks)
4. List **three** aspects of terms of payment that should be agreed upon between a buyer and a seller. (3 marks)
5. State **three** methods that an organisation may use when pricing its materials. (3 marks)
6. The supplies officer in Kizito Limited has received less materials than what was expected from a supplier. Highlight **three** reasons that might have contributed to this situation. (3 marks)
7. State **four** types of tenders which an organisation may use when sourcing materials. (4 marks)
8. Outline **three** activities that should be undertaken before supplier identification in the purchasing procedure. (3 marks)
9. Highlight **three** factors that determine the amount of goods to order in a dependent demand situation. (3 marks)
10. List **three** human resource aspects that a buying organisation should consider when identifying a supplier. (3 marks)

**SECTION B (68 marks)***Answer any FOUR questions from this section.*

11. (a) Highlight **four** ways in which a supply chain officer may ensure that goods are delivered at the right place. (8 marks)
- (b) Outline **six** technological measures that a supply chain officer should take to ensure efficiency of information flow in distribution channels. (9 marks)
12. (a) Outline **six** factors that a supply chain officer may consider when determining the quantity of materials to buy for an organisational operations. (9 marks)

- (b) Some organisations prefer to use Electronic Funds Transfer (EFT) when paying their suppliers. Explain **four** reasons for this preference. (8 marks)
13. (a) Highlight **six** causes of lead time variability when buying materials. (9 marks)
- (b) Explain **four** consequences to a buying organisation as a result of unjustified rejection of goods delivered by a supplier. (8 marks)
14. (a) Explain **four** reasons why the Government of Kenya may ban importation of goods from a given country. (8 marks)
- (b) Highlight **six** ways that a supply chain officer may reduce the cost associated with small orders in an organisation. (9 marks)
15. (a) Outline **six** advantages of the sampling method of inspection for delivered goods. (9 marks)
- (b) Explain **four** consequences that a buying organisation may face for placing a purchase order with no specified delivery time. (8 marks)

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