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**SUPPLY CHAIN MANAGEMENT
AND PURCHASING PRINCIPLES**

July 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 **four** advantages to an organization of centralizing its purchasing activities. (4 marks)
2. List **three** purposes served by specifications when purchasing materials in an organization. (3 marks)
3. Highlight **four** factors that may lead to stock-outs in an organization. (4 marks)
4. State **three** methods that an organization may use to price its materials. (3 marks)
5. Highlight **three** factors that a supply chain officer should consider when determining sources of supply of materials for an organization. (3 marks)
6. List **three** types of information contained in a tender evaluation form. (3 marks)
7. State **three** ways in which a supply chain officer may expedite purchase orders. (3 marks)
8. Outline **three** types of reports that an inspection officer may prepare after checking goods delivered by a supplier. (3 marks)
9. State **three** causes of an over-charge on an invoice from a supplier of goods. (3 marks)
10. Highlight **three** uses of a Bill of Lading when transporting goods. (3 marks)

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

11. (a) Highlight **four** ways in which the purchasing function may minimise operating costs in an organization. (8 marks)
- (b) Explain **six** advantages to an organization of using the open tender method to source for its materials. (9 marks)
12. (a) Explain **four** features that a purchasing officer may refer to when describing quality of materials to be purchased. (8 marks)
- (b) Highlight **six** factors that may cause variation of lead-time in supply chain operations. (9 marks)

13. (a) Explain **four** advantages to an organization of using internet as a source of information about potential suppliers. (8 marks)
- (b) Highlight **six** methods that a supply chain officer may use to purchase low value items in an organization. (9 marks)
14. (a) You have been assigned the task of choosing inspection method for an incoming consignment. Highlight **four** factors that you will consider when choosing the method. (8 marks)
- (b) Highlight **six** documents that may be used in processing payment for goods delivered by a supplier. *Reliability, Accuracy, Transparency, Performance, Consistency, Timeliness* (9 marks)
15. (a) Explain **four** circumstances under which it may be appropriate for an organization to use the road mode when transporting its goods. (8 marks)
- (b) Highlight **six** factors that a purchasing officer should consider when determining the quality of materials to buy. (9 marks)

*If goods are perishable
if other modes of transport are expensive
if goods are bulky*

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