



# MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR THIRD SEMESTER EXAMINATION FOR

DIPLOMA IN SUPPLY CHAIN MANAGEMENT

**2903/101 SUPPLY CHAIN MANAGEMENT AND PURCHASING PRINCIPLES**

**DATE: 15/12/2020**

**TIME: 8.30-11.30 AM**

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**INSTRUCTIONS: Attempt any five questions**

1. a) Explain the factors considered when selecting the mode of transportation of materials in physical distribution. (10 marks)
  - b) Highlight **five** factors that may cause longer lead time in the procurement process. (10 marks)
  2. a) Outline four circumstances that may favor the use of local supplier in the purchasing process. (8 marks)
  - b) Many organizations are increasingly automating their purchasing operations. Explain six reasons that may account for the trend. (12 marks)
  3. a) An audit report has shown that the purchasing officer of Ally Enterprises has not been conforming to procurement procedure in his operations. Highlight four measures that the Enterprise should institute to curb the practice. (8 marks)
  - b) Highlight six factors that an inspection and acceptance officer may consider when selecting a method to use in inspecting delivered goods. (12 marks)
  4. a) Lesheni Enterprises has decided to centralize its purchasing function. Explain six reasons that may have influenced the firm to make the decision. (12 marks)
  - b) Highlight four disadvantages to an organization of using pipeline as a method of transportation. (8 marks)
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5. a) Explain five types of orders that may be used in the procurement process. (10 marks)
- b) Describe the options of treating rejected goods in the receiving and inspection of goods. (10 marks)
6. a) Outline four disadvantages to a buyer of using cash method when paying suppliers. (8 marks)
- b) Describe the documents involved in ordering of materials as used in purchasing procedure in a purchasing department. (12 marks)
7. a) Explain the components of physical distribution of materials in a company operations. (10 marks)
- b) Highlight five methods used to pay for purchased goods and services in an organization. (10 marks)