

D2/March 2018

Diploma in procurement and supply

Business needs in procurement and supply

Date **Monday 5 March 2018**

Time **Start 14:00 End 17:00 Duration 3 hours**

QUESTION PAPER

INSTRUCTIONS FOR CANDIDATES

This examination has **FOUR** compulsory questions worth 25 marks each.

1. Do not open this question paper until instructed by the invigilator.
2. All answers must be written in the answer booklet provided.
3. All rough work and notes should be written in the answer booklet.

QUESTIONS

You are advised to spend 45 minutes on each question.

- Q1 (a)** Explain the difference between the terms 'cost' and 'price'. **(5 marks)**
- (b)** Describe **FIVE** sources of data that a buyer might consult to obtain information about the market prices of inputs. **(20 marks)**
- Q2** Explain **FIVE** reasons why a buyer might use a performance (output-based) specification rather than a conformance specification. **(25 marks)**
- Q3 (a)** Explain **THREE** sources of contractual terms for contracts between purchasers and suppliers. **(15 marks)**
- (b)** Outline **TWO** types of insurance that a buyer might require a supplier to have as part of a commercial contract. **(10 marks)**
- Q4 (a)** Describe **FOUR** benefits for an organisation of outsourcing its procurement function to a third party. **(16 marks)**
- (b)** Outline **THREE** risks for an organisation of outsourcing its procurement function to a third party. **(9 marks)**

END OF QUESTION PAPER



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