

D2/May 2018

Diploma in procurement and supply

Business needs in procurement and supply

Date **Wednesday 16 May 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) Using examples, explain the difference between direct and indirect costs. (5 marks)
- (b) Describe **FIVE** factors that a buyer might expect a supplier to take into account when setting the selling price of their product. (20 marks)
- Q2** (a) Explain **THREE** advantages of using key performance indicators (KPIs) in a contract. (15 marks)
- (b) Explain **TWO** potential information security risks that should be addressed in the specification for a new computer system. (10 marks)
- Q3** (a) Explain **THREE** areas where a supplier's and a buyer's terms may differ prior to the agreement of a contract. (15 marks)
- (b) Explain the difference between 'liquidated damages clauses' and 'penalty clauses' in contracts. (10 marks)
- Q4** Describe **FIVE** risks for an organisation of outsourcing a strategic function, such as information technology management. (25 marks)

END OF QUESTION PAPER

BLANK PAGE

BLANK PAGE

BLANK PAGE



PLEASE RETURN TO:

CIPS ASSESSMENT MANAGEMENT CENTRE

c/o LINNEY ACTIVATE, A2 GOODS IN

BELLAMY ROAD, MANSFIELD

NOTTINGHAMSHIRE NG18 4LN

UNITED KINGDOM

TEL: +44(0) 845 880 1188

FAX: +44(0) 845 880 1187

www.cips.org