

D2/January 2015

Diploma in procurement and supply

Business needs in procurement and supply

Date **Tuesday 27 January 2015**

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** 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** An organisation has decided to outsource two activities: catering and facilities management.
- (a) Define the term 'outsourcing'. (5 marks)
- (b) Describe **THREE** benefits for the organisation of outsourcing these activities. (12 marks)
- (c) Describe **TWO** disadvantages for the organisation of outsourcing these activities. (8 marks)

END OF QUESTION PAPER

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