

D2/March 2015

Diploma in procurement and supply

Business needs in procurement and supply

Date **Monday 9 March 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) Define the term 'total lifecycle costing'. (5 marks)
- (b) Describe **FIVE** costs that should be considered when calculating the lifecycle cost of an item, apart from the purchase price of the item. (20 marks)
- Q2** (a) Outline **FIVE** characteristics of an effective specification. (10 marks)
- (b) Explain **THREE** reasons in favour of the purchasing function becoming involved in the drafting of a specification. (15 marks)
- Q3** Explain the purposes of the following clauses in contracts:
- (a) Indemnities. (5 marks)
- (b) Sub-contracting. (5 marks)
- (c) Insurances. (5 marks)
- (d) Guarantees. (5 marks)
- (e) Liquidated Damages. (5 marks)
- Q4** (a) Describe **FOUR** factors that have contributed to the growth of outsourcing. (16 marks)
- (b) Explain **THREE** reasons why outsourcing projects may fail to achieve their expected benefits. (9 marks)

END OF QUESTION PAPER

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