

Diploma in procurement and supply

Business needs in procurement and supply

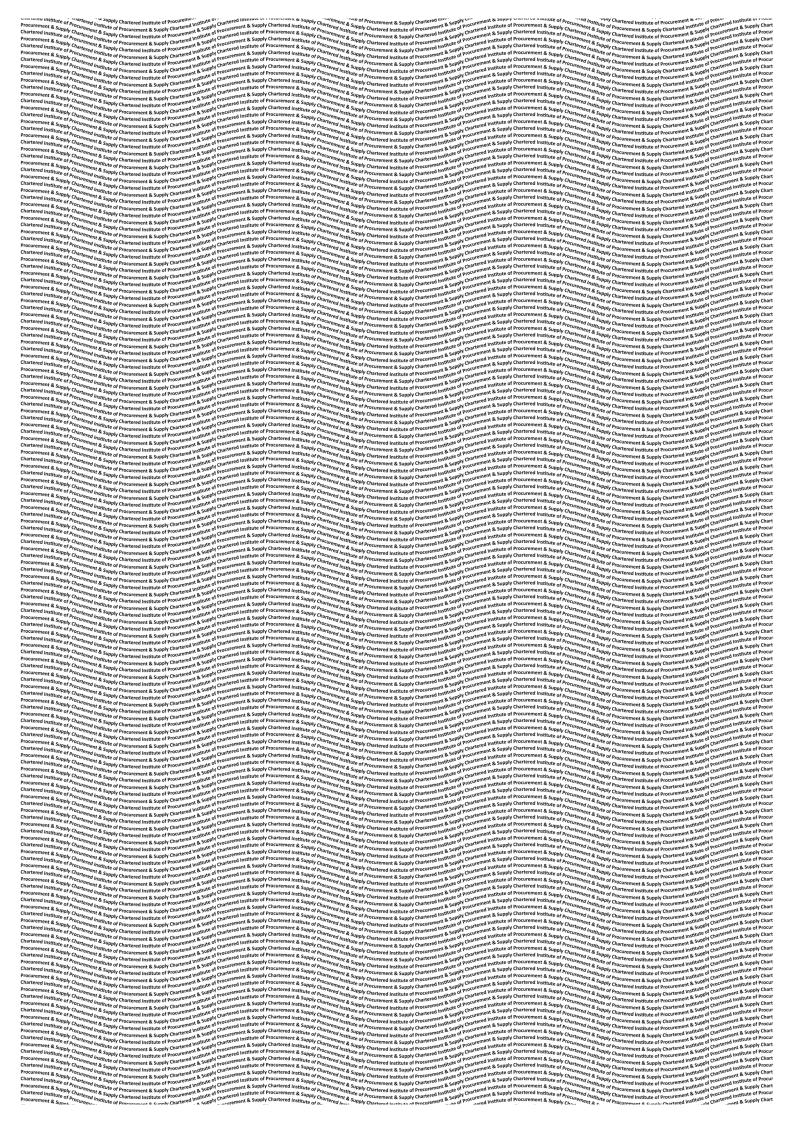
Date	Wednesday 20 May 2015			
Time	Start 14:00	End 17:00	Duration	3 hours

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 an example to illustrate, explain the term 'budget'. (5 marks)
 - (b) Describe TWO approaches to budgeting used to establish procurement targets. (8 marks)
 - (c) Explain THREE purposes of preparing a budget for a procurement function. (12 marks)
- Q2 (a) Outline FIVE social or environmental criteria which could be included in a specification. (10 marks)
 - (b) Describe FIVE typical sections, other than social or environmental, that should be included in a specification. (15 marks)
- Q3 (a) Explain TWO reasons why a 'fixed price' contractual arrangement might not be acceptable to a supplier. (10 marks)
 - (b) Explain **THREE** advantages of using bespoke (contract specific) terms in a contract, rather than using standard terms and conditions or model form contracts. (15 marks)
- Q4 Explain **FIVE** factors that a manufacturing company will take into account when deciding whether to make a component itself or whether to buy it from a supplier. (25 marks)

END OF QUESTION PAPER

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