

D2/May 2015

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)

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