CIPS Level 3 – Advanced Certificate in Procurement and Supply Operations

Procurement and Supply Environments [L3M1]

Sample Exam Questions (Objective Response)

The correct answer will be listed below each question
Q1. Which of the below is a public sector organisation?

a. A country’s military forces  
b. A major charity  
c. A manufacturer of buses  
d. A food processor

LO: 1  
AC: 1.3  
Correct answer: A

Q2. A public sector organisation obtains its funds from ...

a. direct and indirect taxes  
b. money invested by shareholders  
c. donations made by the public  
d. sales in overseas markets

LO: 1  
AC: 1.1  
Correct answer: A

Q3. Drag and drop the correct option into the blank space.

A key characteristic of a third sector organisation is that

profits from operations are distributed to shareholders. service satisfaction is not measured in financial terms. shares in the organisation are traded on a stock market. its operations are based on efficient manufacturing.

LO: 1  
AC: 1.4  
Correct answer: service satisfaction is not measured in financial terms

Q4. Drag and drop the correct option into the blank space

is the price at which the level of supply in a market matches the level of demand.

Best price, Value added price, Equilibrium price, Minimum price

LO: 3  
AC: 3.1  
Correct answer: Equilibrium price
Q5. A PEST analysis is conducted on which of the following organisational environments?

   a. Macro  
   b. Internal  
   c. External  
   d. Historic

LO: 3  
AC: 3.1  
Correct answer: A

Q6. A key stage in the product life cycle is termed ...

   a. profitability  
   b. maturity  
   c. regeneration  
   d. abandonment

LO: 3  
AC: 3.1  
Correct answer: B

Q7. Drag and drop the correct option into the blank space.

A successful health and safety policy results in for the organisation.

   Improved stock management, Improved cash flow, Improved staff attendance, Improved warehouse capacity.

LO: 3  
AC: 3.3  
Correct answer: Improved staff attendance

Q8. An organisation’s equal opportunities policy will concern itself with ...

   a. age discrimination  
   b. opportunity costs  
   c. globalisation of supply  
   d. the balanced score card

LO: 3  
AC: 3.3  
Correct answer: A
Q9. Drag and drop the correct option into the blank space.

STEEPLED analysis concerns itself with ...

Social, Technical, Economic, Environmental, Political, Legal, Ethical and _____ factors

Deadly, Demographic, Dangerous, Diverse

LO: 3
AC: 3.1
Correct answer: Demographic

Q10. A specification document may include a ...

a. technical drawing
b. bill of sale
c. invoice
d. quotation of price

LO: 4
AC: 4.1
Correct answer: A

Q11. Archie has a business that makes dog kennels and he works on his own with nobody else having any interest in the company. Archie is able to keep all his profits after tax but does worry because he knows he is personally responsible for any losses his business makes. What type of business does Archie have?

a. Limited company
b. Partnership
c. Sole trader
d. Multi-national

LO: 1
AC: 1.1
Correct answer: C
Q12. What does SME stand for?

   a. Small medium enterprise
   b. Small medium entrepreneur
   c. Small medium environment
   d. Small medium entity

LO: 1
AC: 1.2
Correct answer: A

Q13. Which business sector is controlled by the state?

   a. Private sector
   b. Third sector
   c. Tertiary sector
   d. Public sector

LO: 1
AC: 1.3
Correct answer: D

Q14. Drag and drop the correct option into the blank space.

   such as 30 days nett are the condition under which a supplier sells goods or services to a buyer.

   Payment agreements, Payment terms, Payment contracts, Payment dates

LO: 2
AC: 2.1
Correct answer: Payment terms
Q15. In a collaborative relationship with high levels of trust, a supplier may use which type of pricing arrangement to show transparency to the buyer?

a. Open book  
b. Cost plus  
c. Fixed price  
d. Gain share

LO: 2  
AC: 2.1  
Correct answer: A

Q16. In the STEEPLED model, what factor does the “L” represent?

a. Leverage  
b. Logistic  
c. Legal  
d. Local

LO: 3  
AC: 3.1  
Correct answer: C

Q17. Which model should be used to help understand competitive forces within the marketplace?

a. Carters 10 Cs  
b. Kraljic’s Matrix  
c. Porters 5 Forces  
d. STEEPLED

LO: 3  
AC: 3.1  
Correct answer: C
Q18. Interest rates, exchange rates, economic activity and environmental issues are examples of which type of factors?

a. Micro  
b. Internal  
c. Macro  
d. Operational

LO: 3  
AC: 3.2  
Correct answer: C

Q19. Fernando raises a document for the procurement department detailing what he needs the buyer to order so he can complete the end products. What document has Fernando raised?

a. A delivery note  
b. A purchase order  
c. A requisition  
d. An invoice

LO: 4  
AC: 4.1  
Correct answer: C

Q20. A CSR policy is a document created for what purpose?

a. To show the procurement department are obtaining the best price  
b. To show how the organisation is contributing towards a sustainable future  
c. To show how the procurement department source their suppliers  
d. To show how the organisation is making a large profit

LO: 3  
AC: 3.5  
Correct answer: B