Level 2 Certificate in Procurement and Supply Operations

NC2 - Procurement and supply functions

EXAM EXEMPLAR QUESTIONS

MULTIPLE CHOICE QUESTIONS AND ANSWERS

The correct answer will be identified as the [KEY]
Q1  Question

The charity ‘Oxfam’ is an organisation in which sector?

Answers

(a) The private sector
(b) The voluntary sector [KEY]
(c) The financial sector
(d) The public sector.

Learning outcome: 1.1
CIPS study guide reference: Chapter 1, section 2.1

Q2  Question

Which of the following is an argument in favour of a WIDE span of control in an organisation?

Answers

(a) Tighter control of activities
(b) Reduced need for delegation
(c) More discretion for subordinates [KEY]
(d) Less need for supervisory activities.

Learning outcome: 1.2
CIPS study guide reference: Chapter 2, section 2.11 and 2.12
Q3  Question

Which of the following is a role for the ‘Human Resource Management’ (or ‘Personnel’) function in an organisation?

Answers

(a) Analysis of manufacturing costs
(b) Sorting out problems with IT
(c) Checking and processing invoices
(d) Recruitment and training. [KEY]

Learning outcome: 1.3
CIPS study guide reference: Chapter 3, section 2.1 to 2.29

Q4  Question

A Purchasing Assistant is set a target of processing 1,200 Purchase Requisitions per month with a maximum error rate of 3%.

How many Purchase Requisitions must they process correctly each month in order to meet this target?

Answers

(a) 1,100
(b) 1,160
(c) 1,080
(d) 1,164. [KEY]

Learning outcome: 2.1
CIPS study guide reference: Chapter 4, section 3.3 and 3.5
Q5  Question

Which of the following is an argument for decentralisation of the procurement and supply function?

Answers

(a) Rapid response to users’ needs [KEY]
(b) Standardisation of processes
(c) Consolidation of users’ needs
(d) Specialisation of purchasing staff.

Learning outcome: 2.2
CIPS study guide reference: Chapter 5, section 5.1 to 5.19

Q6  Question

A middle manager is permitted to authorise purchase expenditure of up to $5,000 per item and up to $25,000 in any one day.

This is known as a ...

Answers

(a) Relegated authority
(b) Maverick spend
(c) Regulated authority
(d) Delegated authority. [KEY]

Learning outcome: 2.3
CIPS study guide reference: Chapter 6, section 1.7 to 1.12
Q7  Question

The primary sector of the economy includes:

Answers

(a) Forestry, mining, and manufacturing
(b) **Forestry, mining, and agriculture [KEY]**
(c) Training, consultancy, and manufacturing
(d) Extractive industries and mechanics.

**Learning outcome: 3.1**
CIPS study guide reference: Chapter 7, section 1.1

Q8  Question

When line ‘D’ moves to position ‘D1’ what has occurred?

Answers

(a) A reduction in demand
(b) A reduction in price
(c) **An increase in demand [KEY]**
(d) A reduction in supply.

**Learning outcome: 3.2**
CIPS study guide reference: Chapter 8, section 2.3
Q9

**Question**

What is the price of £0.35 on this graph called?

**Answers**

(a) The interference price
(b) **The equilibrium price [KEY]**
(c) The fair price
(d) The firm price.

**Learning outcome: 3.2**
CIPS study guide reference: Chapter 8, section 2.8

Q10 **Question**

A market dominated by a few large competing suppliers is called ...?

**Answers**

(a) Oligopsony
(b) Totopoly
(c) **Oligopoly [KEY]**
(d) Monopoly.

**Learning outcome: 3.3**
CIPS study guide reference: Chapter 9, section 1.2