CIPS Level 2 – Certificate in Procurement and Supply Operations

Procurement and Supply Operations [L2M2]

Sample Exam Questions (Objective Response)

The correct answer will be listed below each question
Q1. A humanitarian charity is an example of ...  
   a. a private organisation  
   b. a public organisation  
   c. a third sector organisation  
   d. a small to medium enterprise  

   LO: 1  
   AC: 1.1  
   Correct answer: C

Q2. Drag and drop the correct option into the blank space.  

   is regarded as a typical organisational function.  

   Reception  
   Production  
   Canteen  
   Car parking  

   LO: 1  
   AC: 1.3  
   Correct answer: Production

Q3. Which of the following is a type of contractual agreement?  
   a. Dark purchase  
   b. Light purchase  
   c. Spot purchase  
   d. Last minute purchase  

   LO: 2  
   AC: 2.1  
   Correct answer: C

Q4. Fixed, lump sum and schedule of rates are all examples of types of ...  
   a. pricing arrangements  
   b. contract  
   c. purchases  
   d. invoice  

   LO: 2  
   AC: 2.2  
   Correct answer: A
Q5. A procurement professional might use internet based research when ...

   a. measuring a supplier’s performance
   b. sourcing the supply market
   c. agreeing the terms of a contract
   d. receiving goods from a supplier

LO: 3  
AC: 3.1  
Correct answer: B

Q6. Drag and drop the correct option into the blank space.

A __ can be used to establish financial information about suppliers.

   market research company
   credit rating agency
   chambers of commerce
   debt collection agency

LO: 3  
AC: 3.2  
Correct answer: credit rating agency

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

   __ pricing is where the selling price is determined by the addition of a specific mark-up to a product/service unit price.

   Target
   Cost plus
   Risk and reward
   Fixed

LO: 4  
AC: 4.1  
Correct answer: Cost plus
Q8. What pricing method might parties choose to adopt when inflation is relatively low and the supplier can anticipate what their cost will be without including unnecessarily large contingencies?

a. Variable  
b. Target  
c. Fixed  
d. Cost plus

LO: 4  
AC: 4.1  
Correct answer: C

Q9. Which of the following is an advantage of using a performance specification?

a. The risk is borne by the supplier  
b. The purchaser is able to give detailed measurements and dimensions  
c. All quotations from suppliers will be the same  
d. Tendering time can be reduced as there are a reduced number of suppliers able to supply

LO: 2  
AC: 2.3  
Correct answer: A

Q10. A ‘fixed price contract’ is one where the price ...

a. has been quoted in writing by the supplier  
b. may vary using an agreed formula  
c. is the same as for previous orders  
d. cannot be varied between the purchaser and seller

LO: 2  
AC: 2.2  
Correct answer: D

Q11. Jay works for a government owned organisation and has to ensure that the money spent is done so in accordance with many regulations. What sector does Jay work in?

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

LO: 1  
AC: 1.1  
Correct answer: A
Q12. Which type of organisational structure has many tiers of management and is known for having a long decision making process?

   a. Hierarchical
   b. Functional
   c. Flat
   d. Centralised

LO: 1
AC: 1.2
Correct answer: A

Q13. Paul is a decorator. He provides his clients with a price list which outlines all his prices including materials and labour. The price list shows, for example, the price to paint one wall, two walls or a full room. What type of pricing arrangement is Paul’s price list?

   a. Lump sum
   b. Schedule of rates
   c. Cost plus
   d. Cost reimbursable

LO: 2
AC: 2.2
Correct answer: B

Q14. ‘A legally binding agreement between two or more parties’ is a definition of what?

   a. A contract
   b. A tender
   c. A quotation
   d. A specification

LO: 2
AC: 2.3
Correct answer: A
Q15. Drag and drop the correct answer into the blank space.

A [ ] agreement defines the commercial conditions of procuring specific goods or service, for a predefined period of time?

   a. public  
   b. purchasing  
   c. framework  
   d. confidential

LO: 2  
AC: 2.1  
Correct answer: C

Q16. If one company supplies another company with a product or service, this is known as what kind of transaction?

   a. B2C  
   b. B2S  
   c. B2B  
   d. C2C

LO: 3  
AC: 3.1  
Correct answer: C

Q17. Rob is working on a new contract and has conducted some due diligence on a potential supplier. As part of this due diligence Rob has established that they have a poor credit rating. What should Rob do?

   a. Immediately eliminate the potential supplier from the process  
   b. Ignore the credit rating score and proceed with issuing the documentation  
   c. Conduct some more research, credit rating results should not be used in isolation  
   d. Ask the supplier to submit their own credit rating

LO: 3  
AC: 3.2  
Correct answer: C
Q18. A builder provides a quotation for a job stating “I will charge you for my materials at the same price I pay and then add on 20% for my time”. What type of pricing method is this an example of?

a. Lump sum pricing
b. Cost plus pricing
c. Schedule of rates
d. Variable pricing

LO: 2
AC: 2.2
Correct answer: B

Q19. Conformance, performance, input and output are examples of what, that could feature within a contract?

a. Pricing schedule
b. Key performance indicators
c. Service level agreements
d. Specifications

LO: 2
AC: 2.3
Correct answer: D

Q20. A company that supplies intangible offerings to its customers is referred to as what type of organisation?

a. Service
b. Production
c. Manufacturing
d. Charity

LO: 1
AC: 1.1
Correct answer: A