

CIPS Level 4 Diploma in Procurement and Supply - Module 4

1. Which of the following should be considered when calculating ratios relating to a supplier's liquidity?

A. inventory

B. reserves

C. receivables

D. profit

Answer(s): A

2. A buyer in the public sector has put an advert out asking for interested suppliers to express an interest in a potential tender activity to provide a facilities management contract to a hospital trust. The suppliers who have met that criteria are then sent a document detailing how they should submit their tender, how to price the opportunity, asks Questions relating to how they will deliver the service and gives a deadline for bids to be submitted.

Which document have the suppliers been sent?

A. Request for Quotation

B. Invitation to Tender

C. Invitation to Quote

D. Request for Tender

Answer(s): B

3. Which of the following would you expect to find in an Invitation to Tender? Select THREE

A. awarding body

B. deadline(Correct)

C. pricing schedule

D. qualifications required

E. risk assessments

Answer(s): A D

4. Luke has sent out a Request for Information to test the waters of the supply market for a new product he is sourcing. He has received a high number of detailed documents back from suppliers.

Which of the following is Luke now likely to know about the marketplace? Select THREE

A. acceptable lead times

B. amount of product competition

C. expected changes in the marketplace

D. exact costs of the item he's procuring

E. samples of the product

Answer(s): A B C

5. Achieving the 'five rights of procurement' is one of the key objectives of procurement managers.

Which of the following are not considered one of the 5 rights? Select TWO.

A. time

B. ethics

C. environment

D. quantity

E. quality

Answer(s): B C

6. Tendering is a more formal and regimented process than sending out requests for quotations. Which of the following are services that are often put out to tender? Select THREE.

A. security

B. consultancy

C. provision of raw materials

D. office supplies

E. cleaning

Answer(s): B C E

7. In the Public Sector, what is the evaluation criteria most often used when evaluating bids from suppliers?

A. Most Economically Advantageous Tender

B. Best Value for Money

C. Cheapest Overall Tender

D. Best Business Fit

Answer(s): A

8. Pierre is constructing a tender for a security contract. As well as cost, he would like to ask the security companies some questions about their health and safety processes and staff qualifications. He has created several questions and weighted these so that they add up to 25. is this the correct thing to do?

A. yes- point systems can be weighted any way a buyer choses so long as this is explained in the ITT

B. yes- 25 is the correct weighting for quality question

C. no- the weighting should total 10

D. no- the weighting should total 100

Answer(s): D

9. The procurement team at Grape Juice Limited often use a weighted point system when appraising potential suppliers.

What is a disadvantage of using a weighted point system?

A. it allows transparency

B. it is time-consuming to create

C. it is easy to manipulate

D. it is hard to be objective

Answer(s): A

10. The gross profit of a company can be calculated by using a simple formul

A. What is this?

B. total revenue - cost of sales

C. assets - liabilities

D. cost of sales - fixed assets

E. debt owed - total sales

Answer(s): A

11. A balance sheet will show a company's assets, liabilities and shareholder equity. What is share- holder equity?

A. the profit from sales once tax has been deducted

B. the amount of money held in the company's bank account

C. the owners' residual claim once all debt has been paid

D. the amount of money from retained earnings

Answer(s): C

12. If a company is described as 'liquid' what does this mean?

A. the company is funded on equity rather than debt

B. the company spends a lot of money

C. the company is highly profitable

D. the company has enough money to pay short-term liabilities

Answer(s): D

13. Which of the following would be considered a strategic sourcing activity?

A. an office ordering copier paper

B. a bakery ordering eggs

C. a factory ordering a new machine

D. a restaurant ordering plastic cups

Answer(s): C

14. What type of relationship should a buyer seek when making strategic sourcing for their business?

A. transactional

B. collaborative

C. arms-length

D. partnership

Answer(s): B

15. Curly Cake Incorporated makes lots of different types of confectionary items. Although they are most famous for their cakes, they also have a smaller line of cereal bars and biscuits. Which of the following would be the most appropriate items for Curly Cake Incorporated to outsource? Select TWO

A. cakes

B. cereal bars and biscuits

C. cleaning

D. facilities management

Answer(s): C D

16. Which of the following would be a valid reason to make a product inhouse, rather than buy it from a supplier?

A. improved quality control

B. less inventory

C. killset of supplier is higher

D. threat of substitutions

Answer(s): A

17. Ramesh is a procurement manager who is looking at his supplier base. He is pursuing a sourcing strategy with the aim of enabling logistical cost reductions. He has made the decision to scale-down his supplier base and purchase from one supplier.

Which type of sourcing arrangement has Ramesh began?

A. dual

B. multiple

C. single

D. sole

Answer(s): C

18. Brooklyn Ltd is a manufacturer of windows and has a single sourcing relationship with their supplier of glass.

What relationship style would be best suited?

A. collaborative

B. transactional

C. adversarial

D. non-critical

Answer(s): A

19. In a negotiation, a supplier does not want to upset or offend the buyer, so concedes their own requirement in order to ensure harmony.

Which negotiation tactic is the supplier using?

A. competitive

B. collaborative

C. compromising

D. accommodating

Answer(s): D

20. Liquidity is a solvency measure which determines whether an organisation is able to pay its debt.

Which of the following would you use to assess a supplier's liquidity? Select TWO.

A. current assets

B. current liabilities

C. long-term debt

D. shareholder's equity

Answer(s): A B
