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**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**

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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