Q&A

Exam : **L4M8**

Title : Procurement and Supply in Practice

Version : DEMO

1.Which sector most frequently uses invitation to tender?

Answer:

The public sector uses tenders a lot more in the working environment than private sector.

2.What two areas of an organization do the Kraljic Portfolio matrix uses to establish the category of a product or service?

Answer:

The Kraljic Portfolio Matrix shows where a product or services fits into in an organization.

It is based on two areas

1) the risk of supply (Risk Impact).

2) Effect it has on profit (cost impact).

3.Create a list of tangible, intangible, direct and indirect needs within an organization with which you are familiar.

Answer:

Tangible costs are the cost an organization incur acquiring items that can be physically touched and or seen.

Examples includes;

1) Capital Purchase

2) Raw materials

3) Sundry items

4) Vehi-cles/transport

5) Utilities

Intangible costs are the cost an organization incurs acquiring something that cannot be physically seen or touched.

Examples include;

1) Insurance

2) Marketing

3) Research and development

4) Salaries and/pension

5) Services

6) Training.

Direct costs – These are costs that an organization incurs acquiring product and services directly attributable/traceable to its production, for example, the cost of labour and materials directly uses to produce the goods/services which the organization sells. In the case of buying and running a Lorry for transport fleet, this would be

1) total cost of acquiring the lorry,) Tooling

3) Operation.

Indirect cost - These are costs that are not directly associated to production, for example, materials and services not used in production, labour/staff cost not directly attributed to production, such as management, sales and marking, ICT support, rents. In the case of buying and running a Lorry for transport fleet.

Examples are;

1) Insurance

2) Disposal.
• Go back to the question column and study the Questions and response

4.Create a list of tangible, intangible, direct and indirect needs within an organization with which you are familiar.
Answer:
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Examples includes;
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Examples are;
1) Insurance
2) Disposal.

5.What information should be included on a purchase requisition?
Answer:
RESPONSE
A purchase requisition should contain the following information
1) Date of the requisition
2) Description of what is required
3) Supplier if known

4) The quantity
5) when the need is required
6) why the need is required
7) who identified the need
8) who approved the need
9) if it’s a re-buy