

**LEVEL 4 MCQS JUNE 2020**

Below is a selection of multiple choice questions, one each from modules L4M5 to L4M7. You should attempt to answer them before looking at our own solutions. The references in our solutions are to the relevant chapter of the Profex Study Text for the module concerned.

**Q1 L4M5 Learning Outcome 1.1**

In which of the following situations or circumstances is negotiation with a supplier most likely to occur?

- A When there is a framework agreement in place with the supplier
- B When price is the most important criterion in awarding the contract
- C In the purchase of standard product items
- D When changes to the buyer's specifications are likely as the contract progresses

**Q2 L4M6 Learning Outcome 1.1**

A commercial arrangement between an organisation and a regular supplier, where each purchase aims at securing the optimum price and quality from the supplier, is best described as:

- A single source
- B arm's length
- C transactional
- D adversarial.

**Q3 L4M7 Learning Outcome 1.1**

Which of the following should be objectives of warehouse design? Select TWO that apply.

- A Workforce availability
- B Minimising throughput
- C Ease of access to stored items
- D Maximising stock movement
- E Avoiding congestion in the warehouse



**A1 L4M5 Learning Outcome 1.1**

*Answer D*

When changes to the buyer's specifications are likely as the contract progresses, the buyer and supplier need to negotiate arrangements for changes to specifications, when they occur. In purchasing standard items, or when price is the most important consideration, there is relatively little reason to negotiate. When a framework agreement is already in place, further negotiation has no purpose.

*Reference Chapter 1 Section 2.3*

**A2 L4M6 Learning Outcome 1.1**

*Answer C*

In the relationship spectrum, dealings between a buyer and supplier where the buyer makes regular purchases from the supplier, but each purchase transaction is aimed at achieving a competitive price and transaction efficiency, are best described as 'transactional' – closer than adversarial and arm's length, but not usually 'single source'.

*Reference Chapter 1 Section 3.1*

**A3 L4M7 Learning Outcome 1.1**

*Answer C and E*

To improve the flow of materials in a warehouse, objectives should include ease of access to stored items and avoiding holdups and congestion. Other objectives may be speed of throughput, minimising stock movement and safe working conditions.

*Reference Chapter 1 Sections 3.2–3.3*