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Exam : **L4M2**

Title : **Defining Business Needs**

Vendor : **CIPS**

Version : **DEMO**

NO.1 Which of the following technology is likely to be an innovation in financial sector?

- A. E-commerce
- B. Robotics
- C. E-auction
- D. Blockchain

Answer: D

Explanation:

Traditional financial systems operate with a centralised database, usually with a single point of authority.

Blockchain technology, on the other hand, allows for a distributed database that holds a growing number of records. Instead of existing in one place, the ledger is continually updated and synchronised across multiple computers in a network. Therefore, any participant in the network with the proper authorisation can view the entire ledger - without relying on an intermediary or any one authority.

Another key feature of blockchain technology is a "smart contract," which is a self-executing protocol that enforces a previously agreed arrangement. For example, a smart contract could trigger an automatic refund under certain conditions or the automatic payment of an agreed commission after a sale. These smart contracts can eliminate delays in traditional Finance processes, while increasing transparency and reducing reliance on middlemen to follow through on their commitments.

Moreover, like other parts of a blockchain, smart contracts are immutable, so they can enhance accuracy in the financial statements.

LO 2, AC 2.1

NO.2 What would provide the best method to ensure a car manufacturer can make adjustments to vehicle production to meet future market demands, such as the inclusion of an additional battery to make a hybrid model?

- A. Correct product specification in place to allow variations
- B. Investment in innovation to predict future trends
- C. Investment in versatile robotics to meet changing demand
- D. Adequate labour contracts in place to meet changing demand

Answer: C

NO.3 Which of the following are primary sources of market data for costs and prices? Select TWO that apply.

- A. Published economic indices
- B. Industry press
- C. Supplier marketing communications
- D. Price comparison website
- E. Trade fairs

Answer: C E

NO.4 XYZ Ltd is the largest consumer of brass in the country. It consumes 48% of all brass manufactured, while the second-largest consumes less than 10% of brass manufactured. Which force or power does XYZ Ltd possess?

- A. Market rivalry force
- B. Threat of substitute force
- C. Buyer bargaining power
- D. Supplier bargaining power

Answer: C

NO.5 What are the main purposes of a cash flow budget?

1. It is a time-phased income and expenditure budget
2. It projects the future cash position of an organisation
3. It is a statement of a company's financial position

A. It indicates organisational profitability

B. 1 and 2 only

C. 3 and 4 only

D. 1 and 4 only

E. 2 and 3 only

Answer: A

NO.6 Which of the following is an advantage of competitive benchmarking over other types of bench-marking?

A. Limited access to competitor's data

B. Similarity among processes

C. Different corporate culture

D. Cost effectiveness

Answer: B

Explanation:

Competitive benchmarking

Competitive benchmarking is a direct competitor-to-competitor comparison of a product, service, process, or method. This form of benchmarking provides an opportunity to know yourself and your competition better; combine forces against another common competitor. An example of competitive benchmarking within the Department of Defense, might include contrasting Army and Air Force supply systems for Joint initiatives.

Within the private sector, two or more American car companies might benchmark for mutual benefit against common international competitor; or, rival chemical companies benchmark for environmental compliance.

Benefits

- Comparing like processes
- Know your competition better
- Possible partnership
- Useful for planning and setting goals
- Similar regulatory issues

Challenges

- Difficult legal issues
- Relatively low performance improvement
- Threatening

- Limited by trade secrets
- May provide misleading information
- May not get best-in-class comparisons
- Competitors could capitalize on your weaknesses

Source: USN Benchmarking Handbook

Reference: CIPS study guide page 50

LO 1, AC 1.3

NO.7 What is the output of regression analysis?

- A.** Forecasting process
- B.** Dependent variables
- C.** Line of best fit
- D.** Independent variables

Answer: C

Explanation:

Regression refers to a quantitative measure of the relationship between one or more independent variables and a resulting dependent variable. Regression is of use to professionals in a wide range of fields from science and public service to financial analysis.

To perform a regression analysis, a statistician collects a set of data points, each including a complete set of dependent and independent variables. For example, the dependent variable could be a firm's stock price and the independent variables could be the Standard and Poor's 500 index and the national unemployment rate, assuming that the stock is not listed in the S&P 500. The sample set could be each of these three data sets for the past 20 years.

On a chart, these data points would appear as scatter plot, a set of points that may or may not appear to be organized along any line. If a linear pattern is apparent, it may be possible to sketch a line of best fit that minimizes the distance of those points from that line. If no organizing axis is visually apparent, regression analysis can generate a line based on the least squares method. This method builds the line which minimizes the squared distance of each point from the line of best fit. Line of best fit is one of the most important outputs of regression analysis.

Reference:

- CIPS study guide page 99-100
- Line Of Best Fit (investopedia.com)

LO 2, AC 2.3

NO.8 Which of the following factors is most likely to be a barrier to new entrant in agriculture?

- A.** High margins
- B.** Capital requirement
- C.** Reputation within the industry
- D.** Brand recognition

Answer: B

Explanation:

Barriers to Entry to Agriculture: If stakeholders are going to address the need for new, conservation-minded farmers, they must understand the barriers these farmers encounter when transitioning into the profession. A review of the literature revealed a number of barriers-most of them structural-to entry to agriculture. While each barrier is distinct, they are all interconnected. Though not an

exhaustive list, the following barriers are ones that were most frequently mentioned in the literature:

- Access to Affordable Land
- Startup Capital
- Lack of Agricultural Knowledge and Experience
- Lack of Knowledge about Farm Business Planning
- Discrimination
- Student Loans
- Limited Access to Markets
- Affordable Housing and Affordable Healthcare

Source: Exploring the Barriers to Entry to Agriculture: Challenges Facing Beginning Farmers in North Carolina - Kelley Robbins-Thompson Reference: CIPS study guide page 80-81 LO 2, AC 2.2

NO.9 A company is building a new two-storey office block and will need to purchase new desks and chairs. There will not be much space available. What should be included in the specification for these desks and chairs?

- A.** Technical drawings
- B.** A brand name
- C.** A list of inputs
- D.** Key performance indicators

Answer: A

NO.10 At which stage of through-life contract management, procurement team needs to identify sources of risk and the ways to mitigate them?

- A.** Specification stage
- B.** Supplier relationship stage
- C.** Tendering stage
- D.** Contracting stage

Answer: B

Explanation:

Risk management has become incredibly complex, especially for capital purchase which requires through-life contract. Any source of risks should be identified and closely managed from the specification stage.

There should be sufficient information in the specification to minimise risks later in the through-life contract.

Here is something to consider:

- Make sure the parties to the contract are clearly identified. This is particularly important if a prime contractor is being used. Allow them to subcontract elements of the specification.
- Clearly identify any testing and quality assurance procedures and who will perform them.
- Document every important aspect of the specification including a project plan
- Include a reasonable limitation of liability clause in the contract and reference it in the specification
- Identify any guarantees that are needed
- Be clear on what insurance will and will not cover
- Make sure there is clear audit trail of any changes to the specification together with approvals LO 3, AC 3.2

NO.11 Which of the following problems may be identified as closed problems? Select TWO that apply:

- A. A cyber attack takes down whole company's IT system
- B. Shortage of key medicines in healthcare industry
- C. There are not enough data for procurement analytics
- D. Logistics costs incur a large portion in wholesale prices
- E. The suppliers don't comply with the company's policy on underage labour.

Answer: A B

Explanation:

Closed problem is something happens that should not have happened. To solve this type of problem, procurement professional should find a way to correct the situation or try to adapt to it. On the other hand, open ended problem is a obstacle to your short-term objective. You will need to overcome this obstacle.

Shortage of key medicines is a situation in which procurement must find a substitution or try to save the current stock.

In case of cyber attack, procurement should find a way to recover the IT system as soon as possible. Otherwise, 'There are not enough data for procurement analytics' is an open-ended problem because it prevents company to conduct procurement analytics (an objective).

'Logistics costs incur a large portion in wholesale prices': In this situation, logistics costs are hurdles that prevent companies to reach lower wholesale.

'The suppliers don't comply with the company's policy on underage labour': In this situation, procurement should seek ways to help supplier comply with the company's labour policy.

LO 1, AC 1.1

NO.12 Due to the growth of consumer electronics market, semiconductor industry develops exponentially. However, the industry is dominated by a dozens of manufacturer. Chipset need to be built in factories with highly controlled environments. New chip factories cost billions of dollars and can take two years to build. Right now, factories are running at full capacity, which produce almost perfect yields, meaning basic chipset can be made for less than a dollar and more advanced versions for not much more. What are the barriers to new entrants in the semiconductor industry?

1. Poor industry growth
2. High set-up costs
3. Economies of scale
4. Low switching costs

- A. 2 and 4 only
- B. 3 and 4 only
- C. 2 and 3 only
- D. 1 and 4 only

Answer: C

Explanation:

Barriers to entry is an economics and business term describing factors that can prevent or impede newcomers into a market or industry sector, and so limit competition. The most obvious barriers to entry are high start-up costs and regulatory hurdles which include the need for new companies to obtain licenses or regulatory clearance before operation. Also, industries heavily regulated by the government are usually the most difficult to penetrate. Other forms of barrier to entry that prevent

new competitors from easily entering a business sector include special tax benefits to existing firms, patent protections, strong brand identity, customer loyalty, and high customer switching costs. In the scenario, the new factory for chipset manufacturing costs billions of dollars, which indicates high set-up costs. Also, the incumbent manufacturers have reached economies of scale, allowing them to produce the components at optimal price.

The above descriptions are compiled from recent reports on current chip shortage (2021).

Reference:

- Barriers to Entry Definition (investopedia.com)

- CIPS study guide page 96-97

LO 2, AC 2.2

NO.13 What is the document that defines the activities, deliverables and timelines a supplier must carry out during contract performance?

- A. Statement of work
- B. Project initial document
- C. Framework agreement
- D. Work instruction

Answer: A

Explanation:

Statement of Work (SoW) is the document that captures and defines all aspects of your project. You'll note the activities, deliverables and the timetable for the project. It's an extremely detailed document as it will lay the groundwork for the project plan.

Project Initial Document is an important document and should precede any specification writing project. It sets out the scope of the project and it is the team's mandate from senior management. Work instructions are also called work guides, Standard Operating Procedures (SOPs), job aids or user manuals, depending on the situation. In any case, the purpose of work instructions is to clearly explain how a particular work task is performed.

Framework agreements are arrangements between one or more buyers and one or more suppliers that provide the terms governing contracts to be established for a certain period of time, in particular with regard to price and, where necessary, the quantity envisaged.

Reference: CIPS study guide page 124

LO 3, AC 3.1

NO.14 Homecare Direct is a supplier of healthcare devices that has developed a new innovative product. Three buying organisations want to place orders, but feel the price is too high as the product is new. What action could the buying organisations take to increase their bargaining power?

- A. Each buyer should negotiate and purchase their requirements separately
- B. The buyers should request a special discount for the first purchaser
- C. The buyers should consolidate their requirements negotiate and purchase together
- D. The buyers should ask the supplier for exclusivity to one of the buying organisations

Answer: C

NO.15 Royal Navy is preparing a through-life contract. They put to the contract a term on rectification of operational defects and planning and delivery of Fleet Time Support Periods. Which part of through-life requirement does this term belong to?

- A. Installation
- B. In-service support
- C. Manufacture
- D. Customer support

Answer: B

Explanation:

There are 6 main components of the through-life requirements of an asset: Design, Manufacture, Installation, In-service support, Decommission and disposal and Customer support.

Rectification of operational defects and planning and delivery of Fleet Time Support Periods are maintenance activities which belong to in-service support. You may have chosen Customer support. However, in through-life asset management context, customer support does not include maintenance services. Instead, it is the services that go along the stages of asset life. It may include consulting, communication and information exchange.

Diagram, table Description automatically generated

Source: Andrew Graves

Reference: CIPS page 130-131

LO 3, AC 3.2

NO.16 Buyers in the same industry with the same understanding of relative value and price may still make different decisions about whether to switch. Which of the following factors may prompt a buying organization to incline toward substitute products?

1. There is potential for backward integration
2. Access to financial resources
3. The switching cost is high
4. The substitute fits organisation's strategy

- A. 1 and 4 only
- B. 3 and 4 only
- C. 1 and 2 only
- D. 2 and 4 only

Answer: D

Explanation:

The threat of substitution is a function of three factors:

- * The relative value/ price of a substitute compared to an industry's product
- * The cost of switching to the substitute
- * The buyer's propensity to switch

Buyers with different circumstances and in different industries do not all have equal propensities to substitute when faced with a comparable economic motivation. Differences in their circumstances lead buyers to respond to a given relative value to price (RVP) and switching cost differently. While such differences might be treated as factors that modify RVP or switching costs, it is more helpful in practice to isolate them.

Resources. Substitution often involves up-front investments of capital and other resources. Access to such resources will differ from one buyer to another.

Risk Profile. Buyers often have very different risk profiles, the result of such things as their past history, age and income, ownership structure, background and orientation of management, and nature of competition in their industry. Buyers prone to risk taking are more likely to substitute than

buyers that are risk-averse.

Technological Orientation. Buyers experienced with technological change may be less concerned with some kinds of substitution risks, while extremely aware of others that a less technologically sophisticated buyer would be oblivious to.

Previous Substitutions. The second substitution may be easier for a buyer than the first, unless the first substitution has been a failure. The buyer's uncertainties over undertaking a substitution may have diminished if a past substitution has been successful, or risen if a past substitution has led to difficulties. In the soft drink industry, this seems to have worked to the benefit of aspartame.

Intensity of Rivalry. Buyers under intense competitive pressure and searching for competitive advantage will tend to substitute more quickly to gain a given advantage than those that are not.

Generic Strategy. The RVP of a substitute will have different significance depending on the competitive advantage that industrial, commercial, or institutional buyers are seeking or the value of time and particular performance needs of the household buyer. A substitute that offers a cost saving will tend to be of more interest to a cost leader than a differentiator, for example.

Many of these factors that shape the buyer's propensity to substitute will be a function of the particular decision maker who is involved in the purchase decision.

Porter, Michael E.. Competitive Advantage: Creating and Sustaining Superior Performance (p. 278-289). Free Press. Kindle Edition.

Reference: CIPS study guide page 95-96

LO 2, AC 2.2

NO.17 Which of the following are advantages of zero-based financial budgeting?

Use of previous year figures

Emphasis on short-term planning

Budget treated as flexible

Focus on operational issues

A. 1 and 4 only

B. 2 and 4 only

C. 3 and 4 only

D. 1 and 2 only

Answer: C

Explanation:

Detailed Explanation:

Zero-based budgeting emphasizes starting from scratch and justifying all expenses.

3 (Budget flexibility): Ensures resources are allocated dynamically based on needs.

4 (Focus on operational issues): Encourages alignment with operational priorities rather than historical trends.

Using prior figures (1) is contrary to zero-based budgeting principles. Reference: CIPS Level 4, Financial Planning and Budgeting.

NO.18 Which of the following methods will enable a company to eliminate waste, lost time and lost material from its processes?

A. Lean principles

B. Over specification

C. Agile principles

D. Tendering process for routine items

Answer: A

Explanation:

Lean design is about maximising the value that a customer receives and at the same time minimising waste in delivering that value.

For an organisation to be 'lean' it must have had all non-essential resources removed (ie. anything that does not add value, see below). This is efficient and cost effective, in that the value/supply chain can theoretically do exactly what is needed of it and no more, but requires sound forecasting and planning of demand and supply. It is most suitable for industries with stable product specifications, long lead times and few impulse purchases.

Organisations which are 'agile' react as quickly as is practicable to provide a cost effective response to customer demand. This is based on flexibility in design, supply, production and distribution. It is most appropriate for products such as fast fashion and foodstuffs which must be on display and available when wanted by the customer.

Reference:

- CIPS study guide page 153-156

- Agile Supply (cips.org)

LO 3, AC 3.3

NO.19 Which of the following statements describes a correct example of an indirect cost?

- A.** The wages of an automotive electrician responsible for testing vehicle lights during a night shift at a car assembly plant
- B.** The cost of alloy rims fitted on new cars during the night shift at a car assembly plant
- C.** The salary of the manager in charge of the night shift in the car assembly plant
- D.** The cost of paint used in the manufacture of new cars during the night shift at a car assembly plant

Answer: C

NO.20 Which of these are variable costs?

Staff overtime

Premises costs

Insurance costs

Material costs

A. 1 and 4

B. 2 and 3

C. 1 and 2

D. 3 and 4

Answer: A

NO.21 Which of the following is an environmental criterion that can be included when drafting a specification for new machinery?

- A.** The brand name of the preferred machinery
- B.** The emissions produced by the equipment
- C.** The location of the manufacturing plant

D. The home country of the supplier

Answer: B

Explanation:

Comprehensive and Detailed Explanation (from CIPS L4M2 - Sustainable Specification Writing)

Environmental criteria address resource use, pollution, waste, and emissions.

For machinery, specifying maximum emission limits or energy efficiency ratings ensures sustainability compliance.

Brand, location, or supplier nationality are not environmental factors.

Relevant L4M2 references:

* "Environmental sustainability criteria in technical specifications"

* "Life cycle environmental performance"

NO.22 A procurement manager is seeking to control costs for his organisation. His predecessor constantly spent more money than budgeted, so he has decided to start this budget from scratch and ignore the previous periods.

Which type of budget is this?

A. Zero-based budget

B. Rolling budget

C. Incremental budget

D. Fixed budget

Answer: A

NO.23 XYZ Ltd is producing an engine which consists of many components. The procurement manager wants to find cost reduction opportunities and minimise part varieties. Which of the following may help her to achieve these objectives?

1. Value analysis

2. Segment analysis

3. Variety reduction

4. Standardisation

A. 2 and 3 only

B. 1 and 3 only

C. 3 and 4 only

D. 1 and 4 only

Answer: D

Explanation:

Value analysis is often defined as a systematic process for improving the value of a product, service or project. It is typically used in the following ways:

- To determine the value of each component used

- To find cost reduction opportunities by optimising the components used Segment analysis helps procurement and supply to shape and manage the supply markets.

There is no concept known as Variety reduction.

Standardisation is the process which is used to reduce varieties of products or parts.

In this scenario, the company's objective is cost reduction, then value analysis or value engineering is more likely to be applied. Also the company aims at reducing variety, standardisation can be combined with value analysis to produce the best results.

LO 3, AC 3.4

NO.24 Which of the following always impact negatively on a company's cash flow? Select TWO that apply

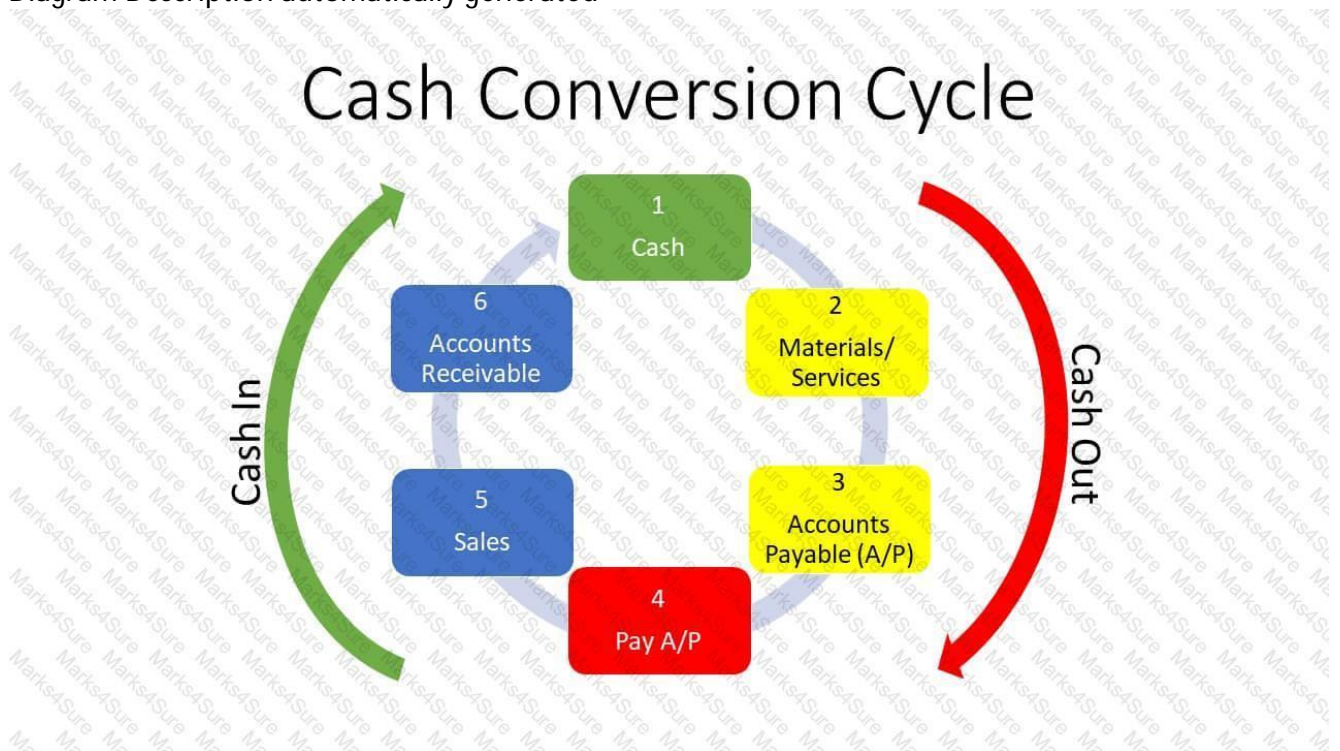
- A. Increasing revenue
- B. More inventory
- C. Depreciation of fixed asset
- D. Supplier shortens their payment period
- E. Customers agree to pay immediately

Answer: B D

Explanation:

To answer this question, candidates are required to remember the cash flow cycle and cost entries as well as the impact of their timing on a business.

Diagram Description automatically generated



Source: <https://cfoperspective.com/free-your-cash-trapped-in-the-cash-conversion-cycle/> Shorter payment term and more inventory are likely to have negative impact on the cash flow because the buyer has to pay sooner and greater.

"Customers agree to pay immediately" will increase the organisation's bank account sooner.

Depreciation has no impact on cash flow as it is only listed in Profit and Loss statement.

Increasing revenue may have negative or positive impact on cash flow, depending on the real situation.

Reference: CIPS study guide page 54

LO 1, AC 1.4

NO.25 The buyer's database is regarded as a primary data source. Which of the following is also a source of primary data?

- A. Price lists collected from suppliers' representatives at trade fairs

- B. Price listings on comparison websites and market exchanges
- C. Published economic indices such as the retail price index (RPI)
- D. Financial and trade press, including journals published by professional bodies

Answer: A

NO.26 How can a procurement department meet the business needs when purchasing leverage items?

- A. Developing long-term relationships such as partnerships
- B. Developing efficient order processes such as e-procurement
- C. Developing effective contracts such as call-off contracts
- D. Developing buying power such as competitive tendering

Answer: D

NO.27 Robert is a senior buyer at MMC Construction Ltd. His company is doing multiple development projects in the country, which increases procurement workload significantly. Meanwhile, most of the tasks are handled manually, which causes bottlenecks in the workflows. The procurement team is overwhelmed by the workload and complains from other departments. From previous experience, Robert knows that electronic system may help his procurement team. He writes a business case to submit to the senior management, in which he insists on the possible productivity improvement by adopting e-system in procurement. Is Robert's action reasonable?

- A. Yes, his reason may appeal the senior management
- B. Yes, productivity improvement is a mandatory element in every business case
- C. No, adopting e-system may make procurement department jobless
- D. No, there's no need to make a business case for new purchase

Answer: A

Explanation:

Composing a compelling business case requires the proposer to write in the language of the approvers.

Generally, approvers are business executives or important shareholders whose major interest is the profitability of the firm. Business case proposer may embed the following contents:

- Return on investment: according to Investopedia, Return on Investment (ROI) is a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment, relative to the investment's cost. A business case would seem more attractive if the proposal is expected to have high ROI.
- Time to market: Time-to-market (TTM) refers to the time from which a company initially conceives a product or service idea to the point when the actual product or service is accessible to buyers in the market (Afonso et al., 2008). The speed at which companies can introduce products into the market is critical for sustaining competitive advantage, and the reduction of product development cycle time has become a strategic objective for many technology-driven firms.
- Customer satisfaction: Keeping existing customer to stay in the business can affect greatly on the profit margin of a firm. A new proposal that finds the way to innovate while keeping the current customers satisfied may gain the interest of senior management.
- Improving productivity: Productivity is the measure of how efficient and effective a firm is. Im

-proving the productivity means that with the same or lesser input, better output is generated. Increasing productivity also improves the profitability of a company.

- Risk management: Any business activity contains inherent risks. For example, for a mining company to be truly responsible, it must keep all of its workers safe, healthy and motivated, meet the expectations of the local community and government for the region in which it is operating, ensure it impacts on the environment positively if at all, as well as achieve the financial objectives set by its investors for both the short and long term. Managing risks well improves the production throughput and maintains customer satisfaction.

In the scenario, Robert is trying to convince the senior management to adopt e-procurement system by insisting on potential productivity improvement. This is the right approach. A business plan should engage and please senior management and directors. An appealing business case tells them how important things to the business (such as productivity, return on investment, customer satisfaction or costs) are affected by the plan.

Reference: CIPS study guide page 19-21

LO 1, AC 1.1

NO.28 Synergy Ltd is a fast-growing tool and hardware retailer. The company's customer services team has been using Excel worksheets to manage customer relationships. When the company is expanding its market presence, this way of working leads to poorer customer services as the database is scattered around in spreadsheet, leading to patchy and inconsistent conversations with customers. The company decides to purchase a CRM system. What requirement should Synergy's procurement team take into account in the specification for CRM system?

- A. Total number of the supplier's employees
- B. The ability to import bulk data from Excel spreadsheets
- C. The relative size of the potential suppliers to Synergy
- D. The form and reference number of the purchase order

Answer: B

Explanation:

The purpose of this question is to test the student's ability to identify the problems and translate those problems to actionable requirements before communicating with the suppliers. The scenario suggests that Synergy Ltd's customer services team is using Excel spreadsheets, they lack a centralised customer database.

This leads to problems in communications with customers.

A CRM system can solve the communication problem. But a question arises: If a CRM system is employed, how will the previous data be imported? If the CRM system can support bulk import from Excel tables, it will save a lot of time.

Reference: CIPS study guide page 10-18

LO 1, AC 1.1

NO.29 When making a business case, the proposal has to consider financial costs, non-financial costs and opportunity costs. What is an opportunity cost?

- A. Opportunistic expenditure incurred in speculative Activities such as auctions
- B. Opportunity foregone by choosing to spend on one option instead of the other
- C. The cost of lost opportunities because of operational disruption or reputational damage
- D. The expenditure incurred by investing in costly and opportunistic ventures such as mergers

Answer: B

NO.30 A company is evaluating two investment projects: Project A and Project B. Project A has a high initial cost but generates substantial cash flows over time. Project B has a lower initial cost but generates modest cash flows consistently. The company's cost model indicates a payback period of three years for Project A and a payback of four years for Project B. Which of the following statements is correct regarding the cost models and cash flow profiling for these projects?

- A.** Project A has a shorter payback period, making it a quicker return on investment compared to Project B
- B.** Project A's higher initial cost is a disadvantage, and its payback period should be extended for better profitability
- C.** Project B's lower initial cost allows for faster profit realisation, making it the better investment choice
- D.** Project B's modest and consistent cash flows make it a risky investment option due to a longer payback period

Answer: A

Explanation:

Detailed Explanation:

Project A's shorter payback period means the initial investment is recovered more quickly, which is often preferred in cost models. The higher initial cost is offset by substantial cash flows, making it the more viable option based on ROI. Reference: CIPS Level 4, Investment Appraisal Techniques.

NO.31 Procurement should work closely with colleagues in accounts when creating an annual budget. This is because the budget will help the company ...

- A.** Define terms and conditions of the contract
- B.** Plan its finances for the next year
- C.** Process supplier invoices quicker
- D.** Plan its functional strategy for the next year

Answer: B