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# Question 1

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**Question Type:** MultipleChoice

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One textbook (Profex Publishing) for this course under the heading 'Right price for the supplier' re-fers to:

'A price which allows the seller to win business, in competition with other suppliers (according to how badly it needs the business, and the prices being charged by its competitors)'

Which of the following mechanisms is being referred to here?

## Options:

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- A- Face-to-face negotiation
- B- A tender exercise
- C- Cost analysis
- D- Litigation

## Answer:

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B

## **Explanation:**

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A competitive exercise is being referred to, in which the seller is under competitive pressure to try to win the business, yet not charge so much they don't win the business. This is commonly known as a 'tender', or 'tender exercise'; also 'competitive bidding' etc.

It is this desire to win profitable business, restricted by an upper limit on price because of competitor behaviour, that forces suppliers to be competitive with their prices. This tension between the bidder's desire for profit; and the need to be realistic with price, explains why the competitive approach is so highly valued in procurement.

## **Question 2**

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**Question Type: MultipleChoice**

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'Cost transparency' is the notion that:

### **Options:**

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- A-** The buyer will reveal its' actual costs to the seller
- B-** Both sides will reveal their costs to each other

**C-** The seller will reveal its' actual costs to the buyer

**D-** Cost is not an issue

**Answer:**

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B

**Explanation:**

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This is a practice associated with some very close commercial relationships, in which each party has a high level of trust with the other.

'Open book costing' would be the seller revealing its costs to the buyer, without reciprocation.

## Question 3

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**Question Type: MultipleChoice**

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Pressure groups which seek to promote a particular issue, such as human rights, the environment; or raise awareness (eg modern slavery); or lobby for legislative change on a particular issue (eg species protection) are called:

**Options:**

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- A- Casual pressure groups
- B- Sectional pressure groups
- C- Blood pressure groups
- D- Causal pressure groups

**Answer:**

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D

**Explanation:**

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Causal, not casual. They exert pressure about particular causes.

'Sectional' is an invention by me; blood pressure group is a rather weak attempt at humour.

## Question 4

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**Question Type:** MultipleChoice

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A 'firm price' and a 'fixed price' are the same thing.

True or false?

**Options:**

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A- True

B- False

**Answer:**

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B

**Explanation:**

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To the lay person, they may look the same.

However, for a procurement professional, a fixed price may be altered in some circumstances eg 'fixed price with incentive', 'fixed price with exchange rate adjustment', etc.

A firm price on the other hand cannot be altered, and is the price which will be paid under the contract.

An earlier text by Patrick Behan on government contracting refers.

## Question 5

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**Question Type:** MultipleChoice

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Which of the following could be part of STEEPLED?

Select all that apply.

**Options:**

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- A- Social
- B- Technological
- C- Democratic
- D- Ergonomic

**Answer:**

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A, B

**Explanation:**

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Social and technological are part of STEEPLED: they were also part of PEST, the forerunner to STEEPLED.

The other two words shown as possible answers are included because they sound a bit like 'econom-ic' and 'demographic', which would also be correct answers, had they been included here.

Read the QUESTION NO : carefully.

## Question 6

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**Question Type: MultipleChoice**

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Which of the following are normally not a source of funds for a third sector organisation?

### Options:

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- A- Proceeds from sales of tobacco products
- B- Proceeds from gambling  
(Correct)
- C- Grants from taxpayers
- D- Charitable contributions
- E- Merchandise sales revenue



## Answer:

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A

## Explanation:

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Third sector organisations often rely on charitable contributions. An example might be Medecins Sans Frontieres.

They also sometimes receive grants from taxpayers, sometimes in return for work done eg the charity Barnardo's receive government funding in return for advising the British government on management of some children in its care.

Finally some NFPs have, for example, retail outlets which generate income to aid the organisation. Oxfam is such an example.

Third sector can be expected to steer clear of certain areas for ethical reasons. Alcohol, gambling, tobacco, and weapons are examples.

## Question 7

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### Question Type: MultipleChoice

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An arrangement between a buyer and a supplier in which they agree to apportion benefits (such as reduced costs, or increased outputs) arising from particularly sound contract performance may be called:

### Options:

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- A- Painshare
- B- Stocks and shares
- C- Fair share
- D- Gainshare

### Answer:

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D

### Explanation:

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There is an expression 'painshare' which is an almost-ironic term referring to the opposite of the situation described in the QUESTION NO : - when something has gone wrong, and the additional cost must be shared between the parties. The other two answers are a little bit facetious.

The correct answer is 'gainshare' when the parties share benefits, according to a pre-agreed ratio or formula.

## Question 8

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**Question Type:** MultipleChoice

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Which of the following would often be subject to health and safety legislation?

**Options:**

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- A- The need for appropriate firefighting equipment in a factory
- B- The manual lifting of heavy objects
- C- Floors, passages and stairs should be properly constructed, maintained and kept clear
- D- Smoking cigarettes inside offices, factories and other buildings

**Answer:**

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A, B, C, D

**Explanation:**

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All answers are correct. Each of these areas can create safety hazards for people in the workplace, and so in many countries government legislation has been passed to make these topics subject to regulation.

For example, within the UK, it is mandatory for employers to provide compulsory training for employees who may be involved in lifting heavy items, and there are limits placed on the weight which can be handled by any one person. In many cases, mechanised lifting equipment is used to aid or replace humans.

## Question 9

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**Question Type:** MultipleChoice

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Sources of finance for a private sector entity primarily include (select all that apply):

### Options:

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- A- Taxpayers
- B- Long-term bank loans
- C- Sales revenues
- D- Shareholders' funds

### Answer:

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B, C, D

### Explanation:

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Sources of funds for private sector commonly include revenues from sales, shareholders and long-term loans. Taxpayers would not normally be thought of as a source of funds for private sector, although in recent Coronavirus times, in some countries, such as the UK,

businesses have received considerable support. But that is abnormal.

Short-term sources such as overdrafts are not to be relied upon on a regular or long-term basis.

## Question 10

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**Question Type:** MultipleChoice

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'In the not-for-profit sector, funding often comes from those who do not benefit directly from the service provision.' True or false?

**Options:**

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**A-** False

**B-** True

**Answer:**

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B

**Explanation:**

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In the not-for-profit sector, funding often comes from external sources or donors. The beneficiaries of the services are often beneficiaries of services because they don't have funds eg the homeless, the poor, the sick, etc

Thus in this sector, the 'paymaster' is often separated from the recipient of services provided, which has implications for the management of such organisations.

Which is the priority? The one providing funding; or the one receiving the services?

## Question 11

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**Question Type:** MultipleChoice

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Which of the following constitute non-tariff barriers to trade?

### Options:

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- A- Increased import duties
- B- Complex customs procedures and paperwork for any goods crossing borders
- C- Reduced import duties

**D-** Government subsidies to domestic producers

**Answer:**

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B, D

**Explanation:**

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Non-tariff barriers are restraints on international trade which are not so obvious as simple duties or tariffs. Complex procedures can slow things down, reducing the incentive to export to that country resulting in protected domestic business; subsidies to one's own producers make it more difficult for foreign firms to compete - again creating a barrier to trade.

Increased import duties would be a form of tariff (potentially in breach of GATT / WTO agreements); reduced import duties would free up / encourage trade.

## Question 12

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**Question Type:** MultipleChoice

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Which of the following are core stakeholders of a private sector organisation? Select all that apply.

### **Options:**

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- A-** The local authority / government where the headquarters building is located.
- B-** Customers
- C-** The insurers of the headquarters building
- D-** Shareholders

### **Answer:**

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B, D

### **Explanation:**

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Both customers and shareholders are core stakeholders of a private sector organisation, although this fact appears to be somewhat diluted in the minds of some modern-day academics and commentators. The shareholders are the owners of the business - it is for them that everyone is working and their objective is invariably profit. The profit is derived from religiously focusing on another core stakeholder group - the customers. If either of these two stakeholder groups is ignored, it is unlikely that happy times lie ahead.



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