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Question 1

Question Type: MultipleChoice

In this course, the acronym 'NDA' stands for:

Options:

- A- Non-delivery area
- B- Non-distribution agreement
- C- Non-dispute agreement
- D- Non-disclosure agreement

Answer:

D

Explanation:

Non-disclosure agreement, also known as a confidentiality agreement.

Question 2

Question Type: MultipleChoice

Where the buying organisation's contract manager feels that a contractor has under-performed, which one of the following actions is normally not recommended?

Options:

- A- Implementing any liquidated damages clause in the contract
- B- Issuing a termination notice
- C- Serving a deficiency notice to indicate the significance of the situation
- D- Offering a bonus payment for remedying any defects

Answer:

D

Explanation:

Rewarding poor performance is not to be encouraged.

The other three options shown are often capable of motivating suppliers.

Question 3

Question Type: MultipleChoice

Where all does not go well on a contract and there are significant increased costs of implementation, a contract clause may exist whereby both buyer and contractor share the unanticipated additional costs using a pre-agreed formul

a. What is the expression which describes such an arrangement?

Options:

A- Painshare

B- Penalty clause

C- Gainshare

D- Rightful share

Answer:

A

Explanation:

The contract clause may refer to or include both gainshare and painshare elements. If all goes well, gains to be shared; if things go badly, pain to be shared. The ratio does need to be 5050 - the parties can discuss / negotiate as they wish / agree.

One is actively discouraged from talking about penalties, which contain a notion of punishment, de-spite the rather odd fact that your syllabus contains the term 'penalty clauses'.

Question 4

Question Type: MultipleChoice

'PTN' stands for:

Options:

A- Procurement technical network

B- Post-tender negotiation

C- Procurement tender notice

D- Pre-tender negotiation

Answer:

B

Explanation:

Post-tender negotiation.

In my opinion, potentially a very rewarding activity where the rules permit.

Question 5

Question Type: MultipleChoice

Which of the following are barriers to trade?

Options:

- A- Customs duties / tariffs
- B- Exchange controls
- C- Quotas
- D- Subsidies
- E- Complex customs procedures
- F- Embargoes

Answer:

A, B, C, D, E

Explanation:

All of those shown are barriers to trade.

Quotas place a numerical limit on what may be imported; embargoes ban certain goods (for example, no goods originating in Israel may be imported); duties discourage imports; subsidies of local industries undercut foreign competitors (have a search for stories on large airlines being subsidised in various countries, commonly for reasons of prestige); complex customs procedures make importing foreign goods difficult (great examples involving France); exchange controls limit the amount of a currency which can be converted into another currency, limiting payment possibilities for imports. Etc.

Of course, most countries using any of these mechanisms repeatedly eulogise on the benefits of free trade....

Question 6

Question Type: MultipleChoice

What is the term for a situation where a seller sets a high introductory price for a new product, to attract buyers who have a strong desire to get the product early, and who can afford it? The price then gets gradually reduced over time.

Options:

- A- Price discrimination
- B- Market skimming
- C- Promotional pricing
- D- Contribution pricing

Answer:

B

Explanation:

'Market skimming' is the correct answer.

An obvious example of this type of pricing behaviour is in the field of technology, where 'early adopters' will pay significantly more for a product, even although they know the price will drop subsequently. For commercially-used products, sometimes there is an urgent need for an organisation to acquire - a topical example as I write (early 2022) is some new surveillance technology which is in the news and which some governments are desperate to have. In consumer markets, everyone's 'go-to' example is the next generation smartphone, especially Apple products.

Promotional pricing is a short-term price reduction (or 'two-4-one' type offer) to generate sales in the short-term, for example to clear stock, or because of a manufacturer financial support arrangement.

Price discrimination is where the seller sets different prices for different market segments. An example would be charging different rail fares in UK or mainland Europe based on customer age.

Contribution pricing is based on the notion that sales should cover costs, contributing to the business, without necessarily making a profit. For example, a large order may be accepted which will keep the workforce employed (retaining their skills as well as having a considerate / ethical outlook) to see the firm through a rough period.

Question 7

Question Type: MultipleChoice

Intangibility means:

Options:

- A- Handle with care -- easily broken
- B- Ability to touch something
- C- Having a short shelf life
- D- Inability to touch something

Answer:

D

Explanation:

Inability to touch something.

Services are intangible, which may present challenges when specifying / buying.

Question 8

Question Type: MultipleChoice

Which of the following is least likely to be called a 'spot' purchase?

Options:

- A- A single shipload of grain from Canada
- B- A three-year office cleaning contract
- C- Redecoration of the office over the weekend
- D- Procurement of an ergonomic office chair for a colleague who suffers from regular backache

Answer:

B

Explanation:

The three-year contract is a term contract.

The other requirements shown are of a 'one-off' nature, and could therefore be called 'spot' purchases.

Question 9

Question Type: MultipleChoice

A situation where suggestions made, often by a bidder, unnecessarily widen the scope of the requirement.

Options:

- A- Standardisation
- B- Specification creep
- C- Procurement conditioning
- D- Alternative bid

Answer:

B

Explanation:

Specification creep - where the requirement becomes more complex or sophisticated than originally thought necessary for the buying organisation's purposes. Naturally, this can be expected to increase cost to the buying organisation.

Question 10

Question Type: MultipleChoice

Which of the following is least likely to lend itself to whole life cost calculations?

Options:

- A- Crane for a construction site
- B- A single photocopier for long-term office use
- C- Contract caterer for staff restaurant
- D- Supply of fresh flowers for the reception desk

Answer:

D

Explanation:

Not only are the flowers a relatively short-term acquisition of low value, there are unlikely to be many whole life cost elements / possibilities.

The other suggestions however, contain a minefield of long-term cost possibilities.

Question 11

Question Type: MultipleChoice

The UN Guiding Principles on Business and Human Rights (UNGPR) - which recognise that business enterprises must respect human rights -- were adopted in which year?

Options:

A- 1929

B- 2011

C- 1948

D- 1977

Answer:

B

Explanation:

2011 is the correct answer.

You may wish to search for the Guiding Principles to familiarise yourself a little.

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