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Question 1

Question Type: MultipleChoice

Which of the following is the stipulation of the FCA Incoterm regarding costs?

Options:

- A- The supplier pays for all costs of delivery of the goods alongside ship on the quay
- B- The supplier pays for all costs and freight to the named destination port
- C- The supplier pays for all costs and freight to the named frontier place
- D- The supplier pays for all costs up to the point of delivery to a named carrier.

Answer:

A

Question 2

Question Type: MultipleChoice

In an international contract, if no choice of legal system is specified in the contract, which of the following is the general principle of international trade?

Options:

- A-** That the legal system to be used will be that of the buyer's country
- B-** That the legal system to be used will be that of the supplier's country
- C-** That the legal system to be used will be that of a country, not involved with the contract, specified by the international court
- D-** That the legal system to be used will be that of the country with which the performance of the contract is most closely associated.

Answer:

B

Question 3

Question Type: MultipleChoice

Which of the following best describes the term 'retention money'?

Options:

- A-** A contractual arrangement where the buyer withholds a sum of money as an incentive for the supplier to complete all of the required work
- B-** A contractual arrangement where the buyer agrees to pay the supplier at prescribed stages during the course of the contract
- C-** A contractual arrangement where it is agreed that the buyer can delay payment over and above the usual invoice settlement period
- D-** A contractual arrangement where it is agreed that the buyer will pay the seller in a currency other than that of its own country.

Answer:

B

Question 4

Question Type: MultipleChoice

Which of the following best describes the basic objective of contract management?

Options:

- A-** To monitor progress of the order to ensure that the seller delivers the goods at the right time

- B-** To evaluate the sellers production process to ensure that the quality of the goods ordered is satisfactory
- C-** To ensure that the delivery of the goods is recorded properly to ensure timely payment of the invoice
- D-** To ensure that the buyer achieves value for money defined as a balance of cost, risk, delivery and quality.

Answer:

C

Question 5

Question Type: MultipleChoice

Which of the following best describes one of the most likely problems of fixed pricing for the buyer?

Options:

- A-** Many sellers regard the commercial risks of fixed pricing for long-term contracts as being too great
- B-** Sellers might build high margins into the contract to cover unforeseen eventualities, leading to high prices being paid
- C-** Sellers need to be able to forecast price movements of labour and materials accurately over the life of the contract
- D-** Sellers may take advantage of the buyer if prices fall during the life of the contract.

Answer:

D

Question 6

Question Type: MultipleChoice

Which of the following is one of the recognised safeguards that might help protect the buyer against problems associated with Cost Reimbursable Pricing?

Options:

- A- The supplier presenting weekly or monthly reports of expenditure and performance
- B- The supplier presenting copies of its balance sheet before the contract is awarded
- C- The supplier presenting its profit and loss account for inspection by the buyer
- D- The supplier presenting cash flow statements for inspection by the buyer.

Answer:

B

Question 7

Question Type: MultipleChoice

Which of the following best describes 'consideration' under English law?

Options:

- A- The seller thinking about the requirements of the buyer and fulfilling them
- B- The buyer has had adequate time to consider the seller's offer
- C- Something of value given to the seller by the buyer in exchange for goods or services
- D- Buyer and seller agreeing upon terms and conditions that will look after the interests of both parties.

Answer:

A

Question 8

Question Type: MultipleChoice

Which one of the following best describes the requirement of the Sale of Goods Act 1979 regarding sale by description?

Options:

- A-** The buyer has a duty to describe their requirements clearly on the request for quotation (RFQ) and/or purchase order
- B-** The seller has a duty to ensure that any paperwork accompanying the goods contains a clear description of them
- C-** There must be a clear stipulation on the purchase order if the buyer wishes the bulk of the goods to correspond to any description used
- D-** There is an implied condition that the goods supplied must correspond to any description used.

Answer:

B

Question 9

Question Type: MultipleChoice

Which one of the following most closely illustrates how the vast majority of disputes between buyers and sellers are resolved?

Options:

- A- Most disputes are resolved by litigation in a court of law
- B- Most disputes are resolved by amicable negotiation between the parties
- C- Most disputes are resolved by the appointment of an adjudicator
- D- Most disputes are resolved by the appointment of an arbitrator.

Answer:

C

Question 10

Question Type: MultipleChoice

Which of the following best describes the term 'retrospective discount'?

Options:

- A- A special discount awarded by a seller to a buyer because the buyer's company is an old and valued customer

- B-** A discount that will be awarded if the buyer places orders totalling more than an agreed value during the year
- C-** An arrangement whereby the price of an item is reduced the more of the item is purchased
- D-** An extra discount awarded by a seller to a buyer after keen negotiation.

Answer:

D

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