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Question 1

Question Type: MultipleChoice

The legal lessons included in this course are based on:

Options:

- A- Scots law
- B- English law
- C- British law
- D- European law

Answer:

B

Explanation:

English law, with Scots and European law being different.

In many Commonwealth countries, the legal system used is based on historic English law, thus many lawyers around the world are familiar with many of the fundamental concepts of English law, including the law of contract.

Contracts should state which legal system applies.

Question 2

Question Type: MultipleChoice

A sum of money credited to a buyer by a seller in recognition of a large volume of purchases bought throughout the previous year might be called a:

Options:

- A- Retrospective rebate
- B- Vendor debit
- C- Historic refund
- D- Retrospective reward

Answer:

A

Explanation:

It's a retrospective rebate, and can be a highly significant way of (often hidden) discounting for many businesses - sometimes a 'life-saver'. Something to think about in an open book costing situation - are there rebates to suppliers which are 'forgotten' in discussions?

Question 3

Question Type: MultipleChoice

What do we call a contract term which is part of the contract, but which is not written into the contract documents?

Options:

A- Implied

B- Express

C- Hidden

D- Vague

Answer:

A

Explanation:

In English law, implied terms exist, even if you can't see them in the contract documents. They commonly derive from statute. An example is the Sale of Goods Act.

Question 4

Question Type: MultipleChoice

The price at which suppliers wish to sell and buyers wish to buy; and the market clears, is called the

Options:

A- Equilibrium price

B- Opprobrium price

C- Closing price

D- Polyvalent price

Answer:

B

Explanation:

Equilibrium price.

The closing price is the price at the end of the day when the market closes.

The other 'prices' shown are nonsense.

Question 5

Question Type: MultipleChoice

What is the name given to costs which do not vary as activity levels in a business increase or de-crease?

Options:

- A- Variable costs
- B- Indirect costs
- C- Direct costs
- D- Fixed costs

Answer:

D

Explanation:

The answer is fixed costs. Their counterpart are variable costs, which do vary as business activity increases or decreases.

Direct and indirect costs are a different method of categorizing costs within an organisation.

Question 6

Question Type: MultipleChoice

Which of the following would not normally be included in a whole life cost calculation?

Options:

- A- Purchase price
- B- Cost of setting up the tender
- C- Defective work, which needs to be rectified.
- D- Inventory costs

Answer:

B

Explanation:

Cost of setting up the tender which is not a cost of the item itself.

All the other costs are related to the item itself.

Question 7

Question Type: MultipleChoice

Which STEEPLE factor deals with issues of foreign exchange rates, inflation, consumer spending, labour costs and unemployment levels?

Options:

A- Economic

B- Political

C- Socio-cultural

D- Environmental

Answer:

A

Explanation:

Economic.

I think foreign exchange at least couldn't fit into any other STEEPLE factor, so that's a clincher and it has to be 'economic'.

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