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Question 1

Question Type: MultipleChoice

Which STEEPLE factor deals with issues of import taxes, rising home labour costs, regional grants, stability of governing regimes?

Options:

- A- Socio-cultural
- B- Legal
- C- Economic
- D- Political

Answer:

C

Explanation:

Political.

It's a close-run thing with economic, but the reference to 'stability of governing regimes' clinches it for 'political'.

Question 2

Question Type: MultipleChoice

'Because they are set up for a specified duration, XXX contracts are subject to expiry rather than completion, unless they are renewed or extended.'

Options:

A- Framework

B- Term

C- Spot

D- Call-off

Answer:

B

Explanation:

Term contracts are set up for a period of time, or a 'term'.

The other answer options shown here are the subject of other QUESTION NO : s within this test.

Question 3

Question Type: MultipleChoice

'When the best XXX is selected, a formal YYY ZZZ is prepared and sent to the supplier. Choose the most likely words to replace XXX, YYY and ZZZ.

Options:

- A- Specification, purchase order
- B- Specification, delivery address
- C- Quotation, purchase order
- D- Quotation, order acknowledgement

Answer:

C

Explanation:

The best quotation is selected, which would meet the specification as well as meeting the other re-quired criteria; and in order to progress things round the procurement cycle, a purchase order would be issued.

Question 4

Question Type: MultipleChoice

Which two of the following constitute part of a common risk assessment or risk evaluation formula?

Options:

- A- Contingency
- B- Likelihood
- C- Impact
- D- Prevention

Answer:

B, C

Explanation:

What is the likelihood of an event occurring?

What will be the impact of that event occurring?

This is the basis of almost all modern risk management.

CIPS has good content at Advanced Diploma level on the subject of Risk Management, and I have prepared tests for the two subjects in this area. :)

Sadgrove's book on business risk, in my view, is excellent; and NN Taleb's work (eg 'Antifragile') on risk, although difficult is, in my opinion, fascinating.

Question 5

Question Type: MultipleChoice

Where the supplier guarantees to make good any losses suffered by the buyer as a result of product defects, for example

Options:

A- Insurance

B- Indebtedness

C- Indemnity

D- Double indemnity

Answer:

C

Explanation:

Indemnity.

As in 'an indemnity clause'.

'The supplier hereby indemnifies the buyer against / in the event of...'

Question 6

Question Type: MultipleChoice

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

Options:

- A- Cost price adjustment
- B- Certified price assessor
- C- Critical path analysis
- D- Contract price adjustment

Answer:

D

Explanation:

Contract price adjustment.

A contract may contain a contract price adjustment clause if the parties feel that costs may move significantly over the contract period. For example, in respect of commodities, metals, currencies or even sometimes, labour. Normally reference would be made to an index or indices which would help determine the direction and extent of adjustment in a minimally controversial way. An example of a widely-used index / formula in the UK is the BEAMA formula.

Question 7

Question Type: MultipleChoice

Which one of the following is a trading bloc?

Options:

A- EFTA

B- EFTAT

C- EFTPOS

D- EFT

Answer:

A

Explanation:

EFTA.

The European Free Trade Agreement countries.

Question 8

Question Type: MultipleChoice

A concise structured document showing all risks for a contract / unit / organisation, including details of nature of risk, risk owner, anticipated impact, possible responses, etc

Options:

- A- Risk analysis
- B- Risk register
- C- Risk profile
- D- Risk manual

Answer:

B

Explanation:

Risk register.

A risk manual is more likely to explain risk(s), and say what should be done regarding risks.

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