



Free Questions for L4M4

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Question 1

Question Type: MultipleChoice

What is a risk of pre-warning a supplier that you will conduct an audit of their facilities?

Options:

- A- they will not be able to make that time and date
- B- they will not perform regular duties that day
- C- they will not achieve KPIs
- D- they may coach staff in what to say

Answer:

D

Explanation:

A risk of pre-planning an audit is the supplier has time to prepare for it. It's a good thing in that they can get their paperwork in order but the downside is they can overprepare so you don't get a realistic representation of what they're doing. One way they can do this is coaching staff in what to say to the auditors.

Question 2

Question Type: MultipleChoice

Which of the following is not an index that measures economic data?

Options:

- A- PPI
- B- CPI
- C- GDP
- D- ISO

Answer:

D

Explanation:

ISO isn't an indices- it stands for 'International Labour Association'.

The others are all indices that measure economic data; consumer price index, producer price index and gross domestic product.

Question 3

Question Type: MultipleChoice

A Request for Quotation asks a supplier to submit a price only, with no other details provided. Is this TRUE?

Options:

- A- Yes- price is the only factor considered
- B- Yes- this ensures the cheapest supplier is appointed
- C- No - specifications, technical details and quantities can also be provided
- D- No - quotations provide samples too

Answer:

C

Explanation:

Request for Quotations can include more details than just prices. They can include specs and technical drawings and samples. It's like saying 'we can give you this price with these conditions'.

The other no answer is wrong because RfQ don't always include samples. A sample wouldn't be possible for a quote for an IT consultancy piece of work.

Question 4

Question Type: MultipleChoice

Which of the following incoterms relate specifically to transporting items over water?

Options:

- A- ex works
- B- delivered duty paid
- C- cost and freight
- D- delivered at place

Answer:

C



Explanation:

cost and freight is specific to transport over water. The others relate to all types of transportation. Incoterms_2020_chart | Intersped

Some students report a lot of questions on Incoterms in the exam, some say they only had 1. It real-ly is luck of the draw.

Question 5

Question Type: MultipleChoice

According to the CIPS code of conduct, which laws should a procurement professional adhere to?

Options:

- A- all laws within the country they work in
- B- all international procurement legislation
- C- all laws published by international organisations such as ILO
- D- all laws within countries they have business and contracts in

Answer:

D



Explanation:

The CIPS Code of Conduct says to adhere to all laws of countries in which I practice. So if you're in the UK and procure stuff from China, you need to abide by both UK and Chinese laws, not just UK laws.

There's no international procurement laws- these are all different for different countries.

ILO doesn't publish laws.

Question 6

Question Type: MultipleChoice

Added value can be objectively defined. Is this sentence TRUE?

Options:

- A- Yes- added value should be assessed along with price
- B- Yes- added value is the same for all organisations
- C- no - added value may change from one company to another
- D- no- added value is always intangible

Answer:

C

Explanation:

The correct answer is 'no - added value may change from one company to another'.

Added value is very subjective. What one person thinks is excellent added value, another may not rate highly. For example one buyer may consider a supplier having good brand reputation as added value, but another might not care.

The other no answer is incorrect because added value can be tangible or intangible. Tangible means you can touch and see it and intangible means you can't.

Question 7

Question Type: MultipleChoice

Steff is a procurement manager at Giant Buttons Ltd who are considering offshoring a small section of their manufacturing operations. Which of the following is a risk of offshoring that Steff should consider.

Options:

- A- importation rules and tariffs
- B- exportation rules and tariffs
- C- payments by electronic bank transfer
- D- lower operating costs

Answer:

A

Explanation:

The correct answer is importation rules and tariffs. This is because in offshoring some of the manufacturing will be done in another country then shipped back to the UK. The products will have to go through customs so may be subject to tariffs and duties.

Steff's not exporting anything in the scenario and paying electronically and getting lower costs are not RISKS.

Question 8

Question Type: MultipleChoice

Ivan is an investor who is looking to invest in new businesses. He is reviewing several companies and working out what his equity would be. Which of the following does Ivan need to know to calculate shareholder equity? Select TWO.

Options:

- A- net profit

- B- net income
- C- total liabilities
- D- total assets

Answer:

C, D

Explanation:

Shareholder Equity = Total Assets - Total Liabilities



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