

# Latest L4M3 Exam Guide | L4M3 Reliable Test Syllabus

**CIPS L4M3 LO1 UPDATED ACTUAL Exam Questions and CORRECT Answers**

what is an estimate? - CORRECT ANSWER   - a supplier best guess at what the price will be; it has no legal standing

what is a tender? - CORRECT ANSWER   - a bid obtained via a formal process

what is a quotation? - CORRECT ANSWER   - sometimes called a quote, this is a firm price offer obtained via a formal or informal process; normally it only relates to price on the basis of indicated quality

what is a framework agreement? - CORRECT ANSWER   - a formal agreement between two organisations that is intended to become legally binding in the event that a contract is created

what situations should you use a quotation? - CORRECT ANSWER   - low value, low risk purchases  
- the spec and delivery times are fixed  
- suppliers are pre-qualified  
- a framework or dynamic purchasing system has locked down the contract terms and price is the only variable

what situations should you use a tender? - CORRECT ANSWER   - complex projects  
- high-value or high-risk purchases  
- projects where quality and price need to be assessed  
- access to unknown suppliers is required, and there is no need to either pre-qualify them or to assess their suitability as part of a single-stage open tender process

what is bribery? - CORRECT ANSWER   - the promise, offer or giving of financial advantage to someone in the expectation that they will improperly perform their functions, or to reward them for having done so; also accepting such a promise, offer or advantage

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Passing the CIPS L4M3 certification exam is not a tough thing to do but we make it so. The main reason is that we don't know how to study from the L4M3 exam questions we have. We assume that we can study one night and can easily take the CIPS Commercial Contracting L4M3 Exam the next morning. This was possible only when we were the school. Now, it is not possible.

CIPS L4M3 Exam is divided into three parts. The first part focuses on the principles of commercial contracting. This includes understanding the different types of contracts, the legal and regulatory framework for contracts, and the key elements of a contract. Candidates will also learn about the different methods of contract pricing and the various types of contracts used in procurement.

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The CIPS L4M3 Exam is delivered in a computer-based format, with 60 multiple-choice questions to be answered within two

hours. The questions are designed to test the candidate's understanding of the concepts and principles of commercial contracting, as well as their ability to analyze and solve complex problems related to contracting.

## CIPS Commercial Contracting Sample Questions (Q74-Q79):

### NEW QUESTION # 74

Which of the following regulates barriers to the trade of goods between Member States of WTO?

- A. CISG
- B. GATT
- C. TRIPS
- D. NAFTA

**Answer: B**

Explanation:

- The General Agreement on Tariffs and Trade (GATT) is a legal agreement between many countries, whose overall purpose was to promote international trade by reducing or eliminating trade barriers such as tariffs or quotas. According to its preamble, its purpose was the "substantial reduction of tariffs and other trade barriers and the elimination of preferences, on a reciprocal and mutually advantageous basis."
- CISG is the Vienna Convention on Contracts for the International Sale of Goods. This is a voluntary treaty under United Nations Commission on International Trade Law (UNCITRAL). The purpose of the Vienna Convention is to set out a framework for international transactions based on a uniform approach. It establishes substantive rules that regulate the duties and obligations of both parties, including the delivery of goods, contract formation, and remedies for breach of contract.
- The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is an international legal agreement between all the member nations of the World Trade Organization (WTO). It sets down minimum standards for the regulation by national governments of many forms of intellectual property (IP) as applied to nationals of other WTO member nations.
- The North American Free Trade Agreement (NAFTA; Spanish: Tratado de Libre Comercio de América del Norte, TLCAN; French: Accord de libre-échange nord-américain, ALéNA) is an agreement signed by Canada, Mexico, and the United States, creating a trilateral trade bloc in North America.

Reference:

LO 1, AC 1.3

### NEW QUESTION # 75

A retailer prefers to display its best selling products and promotion programme on the building windows. According to rule of contract formation, this act will generally constitute...?

- A. An invitation to treat
- B. A legal capacity
- C. A mailbox rule
- D. An offer

**Answer: A**

Explanation:

Fisher v Bell [1960] and Pharmaceutical Society of Great Britain v Boots Cash Chemists [1953] identified that the courts will generally consider goods advertised in shop windows or those with a price tag attached to constitute an invitation to treat. An invitation to treat is a concept in contract law. It refers to an invitation for a party to make an offer enter into contractual negotiations. Invitations to treat can be anything displayed to a large number of people, as long as there is no defined way to choose who can accept. Items on display in a shop, advertisements, and catalogues are all common examples of invitations to treat. However, there are cases in the US shows that under some circumstances an advertisement can become an offer (see Leftkowitz v Great Minneapolis Surplus Stores [1957]).

Reference:

- What is an Invitation to Treat in Contract Law?

- CIPS study guide page 29

LO 1, AC 1.2

### NEW QUESTION # 76

Which of the following are likely to be advantages of using request for quotation? Select TWO that apply:

- A. Encouraging suppliers to submit creative solutions
- B. Lower administration costs
- C. Helping the buying organisation assess both price and quality
- D. No specification required
- E. Short turnaround times

**Answer: B,E**

Explanation:

One of the advantages of using the RFQ method to procure pricing is that the company making the solicitation does not need to prepare any documentation, as requests are sent out privately. With less paperwork to prepare, turnaround times for quotes are reduced. Administration cost is also lower in compare with other procurement method like ITT or RFP. RFQ is usually used in low value purchase, where buyer knows the detailed specification and the price is the only variable that need to consider.

To use RFQ effectively, the buyer should attach the detailed specification and standard terms & conditions.

The RFQ should only be sent to verified suppliers.

Reference:

- What is an RFQ?
- CIPS study guide page 3-4

LO 1, AC 1.1

#### NEW QUESTION # 77

Is a verbal contract legally enforceable?

- A. No, only contracts in writing will be legally enforceable
- B. Yes, a verbal agreement is just as legally enforceable as a written one
- C. Yes, but only if you have a witness at the time the verbal agreement was made
- D. No, verbal contracts are never legally enforceable

**Answer: B**

Explanation:

A verbal contract is generally enforceable in law, provided that it contains all the necessary elements of a valid contract: offer, acceptance, consideration, intention to create legal relations, and capacity. However, certain types of contracts (e.g., for land) may require written form under the Statute of Frauds. Evidence and clarity are the challenges, not enforceability.

Reference:CIPS L4M3 Commercial Contracting Study Guide, Chapter 1, Section 1.1.2 - Types of contracts:  
verbal and written.

#### NEW QUESTION # 78

As part of a long-term contract, a buyer may wish to use separate service level agreements (SLAs). If the targets are not met, which of the following options would compensate the purchaser?

- A. Service schedules
- B. Service guarantees
- C. Service standards
- D. Service credits

**Answer: D**

Explanation:

Service credits are financial compensations provided to the buyer when the supplier fails to meet the agreed- upon service levels outlined in the SLA. They serve as a remedy for underperformance. Service guarantees are commitments to meet certain standards, service standards define the expected level of service, and service schedules outline the timing of service delivery, but none directly compensate the buyer for service failures.

Reference:CIPS L4M3 Commercial Contracting Study Guide, Chapter 2, Section 2.2.2 - The use of service level agreements (SLAs).

## NEW QUESTION # 79

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