

# Reliable and Guarantee Refund of CIPS L4M3 Exam Questions

CIPS L4M3

CIPS Commercial Contracting

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Explanation:  
ISO has about 22,000 international standards covering a vast range of aspects of product or service quality. Below are some of the most common ISO standards:

- ISO 9001: Quality management system
- ISO 27001: Information security management
- ISO 5001: Energy management
- ISO 14001: Environmental management

Reference:  
- ISO 14001:2015 Environmental management systems - Requirements with guidance for use  
- CIPS study guide page 86  
LO 2, AC 2.1

**NEW QUESTION 34**  
According to rule of contract formation, which of the following is a valid acceptance?

- A. The person orally agrees to pay the offered price
- B. The person asks for a lower price
- C. The person says that she will think about it overnight
- D. The person states that she is able to pay the offered price

**Answer: A**

Explanation:  
Once a valid acceptance takes place, a binding contract is formed. It is therefore important to know what constitutes a valid acceptance in order to establish if the parties are bound by the agreement. There are three main rules relating to acceptance:

1. The acceptance must be communicated to the offeree.
2. The terms of the acceptance must exactly match the terms of the offer.
3. The agreement must be certain.

Among the answers:  
"The person says that she will think about it overnight" does not match the terms of the offer. The offeree does not assure that she will accept the offer.  
"The person asks for a lower price": This is a counter-offer.  
"The person states that she is able to pay the offered price" is not certain. The offeree merely provides information on her financial ability.

Reference:  
- Contractual agreement - offer and acceptance  
- CIPS study guide page 33-35  
LO 1, AC 1.2

**NEW QUESTION 35**  
Transformers & Rectifiers Ltd wanted to buy some specialist gaskets. They sent a request for quotation with specification to Needs Ltd. The supplier replied with a quotation in which had its own terms and conditions. The buyer edited delivery terms on the quotation and sent the document back to Needs Ltd. Gaskets were delivered to Transformers' premise with an invoice from Needs Ltd. Which of the following is most likely to be the governing terms if the two companies must settle the dispute at court?

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CIPS L4M3 Certification Exam covers a wide range of topics related to commercial contracting, including contract formation, contract performance, contract management, contract negotiation, and contract dispute resolution. L4M3 Exam is designed to test the candidate's ability to apply their knowledge and skills to real-world situations and to demonstrate their proficiency in commercial contracting.

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CIPS L4M3 Exam is an essential qualification for procurement professionals who want to enhance their knowledge and skills in commercial contracting. By passing the exam, candidates will be equipped with the tools they need to manage contracts effectively and mitigate risks, ensuring that their organization is getting the best value from its supplier relationships.

## CIPS Commercial Contracting Sample Questions (Q109-Q114):

### NEW QUESTION # 109

A procurement professional is preparing a sale & purchase contract of a machinery. Which of the following clauses should be added to the contract? Select TWO that apply

- A. Period of hire
- B. Ratio decidendi
- C. Insurance requirements
- D. Supplier selection mechanism
- E. Guarantees

**Answer: C,E**

Explanation:

The complexity of the contract will reflect the complexity of the purchase. For simple, low-value purchases, standard terms and conditions may be all that is required, but do not assume that just because the purchase is one-off, the contract will be simple. It may still need to cover the following areas:

- Warranties and guarantees if the one-off purchase has a considerable life-span and is business-critical (e.g., a back-up generator for the office which houses the national computer servers).
- Insurance requirements: including professional indemnity, public/products liability, employer's liability, and cover for any specific risks such as pollution or working at height.
- Specification requirements on quality, timing and delivery
- Minimum quality standards on the business operation (e.g., a catering provider might only be providing sandwiches for a team meeting lunch, but you still need to know its hygiene practices).
- Built-in change process for any goods or services that are beyond very simple (e.g., works contracts always have variations procedures because of the unpredictable nature of such projects).
- Ability to extend the scope of the contract should be minimal or none, and restrained to the single requirement.
- Ability to extend the duration of the contract should be limited to the ability to accommodate unexpected time overruns (which itself should be subject to a damages/penalty provision where they are attributable to the supplier, and an extension to overheads costs where they are attributable to the purchaser).
- Data security protocols need to be considered if personal data is being shared.

Reference: CIPS study guide page 57

LO 1, AC 1.3

### NEW QUESTION # 110

Northern Province Authority (NPA) seeks to use market dialogue to improve the contract specification for a new procurement tender of a domestic waste collection contract. Which of the following topics would be appropriate for dialogue with potential suppliers?

- A. Pricing proposals
- B. Contract terms
- C. Human resourcing
- D. Service innovation

**Answer: D**

Explanation:

Early market dialogue is used to explore supplier capabilities and gather ideas, particularly in complex or innovative services. Discussing service innovation with suppliers helps the buyer shape better specifications and outcomes. Topics like pricing and contract terms should remain within formal procurement stages to ensure fairness.

Reference: CIPS L4M3 Commercial Contracting Study Guide, Chapter 2, Section 2.1.1 - Use of early market engagement and its limitations.

### NEW QUESTION # 111

Which of the following are most likely to be substantive elements of the specification of a truck? Select TWO that apply:

- A. Guarantee
- B. Foreword
- C. Ethics
- D. Abbreviation
- E. Expected lifespan

**Answer: A,E**

Explanation:

The key substantive elements to be included in a specification are:

- Characteristics of the product or service
- Time scale for delivery
- Response times for defects
- KPIs relating to performance and reliability
- Lifespan and durability expectations
- Documentary requirement for training/user manual and/or management information
- Any specific requirements regarding implementation

Reference: CIPS study guide page 90-92

LO 2, AC 2.1

### NEW QUESTION # 112

Which of the following is always automatically considered as a contract?

- A. Performance management framework
- B. Call-off
- C. Framework arrangement
- D. Framework agreement

**Answer: B**

Explanation:

- A call off or a term contract is one which exists for a fixed period of time, rather than for a specific purpose
- A formal framework agreement does have some legal standing but it is not a contract, primarily because there is no consideration involved, but it is an overarching (or umbrella) agreement under which contracts can be created (this holds true in English law but may not be right in other jurisdiction)
- A framework arrangement is a rather loose set-up, without any legal standing. It usually occurs when an organisation has decided for itself to limit the number of suppliers it is willing to work with and, through a purely internal process, sets up an approved list of such suppliers.
- A performance management framework including KPIs and targets, the assessment scheme and incentives, disincentives, bonuses and penalties. It is a schedule to a contract and only legally binding if it is referred from contract clauses.

Reference: CIPS study guide page 59-63

LO 1, AC 1.3

### NEW QUESTION # 113

Which of the following are reasons why a purchaser wants to embed a subcontracting clause into the main contract? Select TWO that apply:

- A. To condemn whole liabilities to subcontractors
- B. To induce the conflicts between the main contractor and subcontractors
- C. To keep main contractor liable
- D. To improve supply chain transparency
- E. To reduce the main contract complexity

**Answer: C**

Explanation:

There are number of reasons why the purchaser will want to control the supplier's subcontracting:

- Supply chain transparency: Normally the purchaser has invested a lot of effort into selecting the right contractor. However, the main contractor's selection of subcontractor might not be in such careful manner, which may result in poor performance. Purchaser must know who subcontractors are. Controlling the subcontracting process can help the purchaser control the outcome.
- Contract terms: the purchaser's requirements must be reflected in the subcontracts. The subcontracting clauses may require the main contractor to do this.
- Liability: the main contractor may subcontract the whole or a part of its liabilities. Subcontracting clause may bind the contractor to be liable with the work, it cannot just blame the subcontractor for any faults.

Reference:

LO 3, AC 3.2

### NEW QUESTION # 114

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