



ICM

DECEMBER 2016

THE FINANCIAL & COMMERCIAL FRAMEWORK

Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
 - b) Answer any FIVE questions
 - c) All questions carry equal marks. Marks for each question are shown in []
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1. A legally binding contract can only exist if certain factors are present. Analyse the factors that must be present for a legally binding contract to exist. [20]
 2. A company commissioning a project, and potential bidders to undertake the work, will take into account a variety of factors in determining the price of the contract. Analyse the factors that will be considered. [20]
 3. A project manager will need to plan for, and cover, a number of below-the-line costs. Explain the typical below-the-line costs that will be encountered. [20]
 4. An organisation can use a variety of approaches to making payments to a contractor. Evaluate EACH of the typical contract payment structures. [20]
 5. One approach to classifying project estimates is on the basis of the degree of confidence in their estimating. Analyse this approach. [20]
 6. Explain the concept of **profit vulnerability** and assess how it can impact on the successful delivery of a project. [20]
 7. Critically evaluate the concept of the **work breakdown structure**. Illustrate your answer with an example. [20]
 8. Coding systems play a fundamental role in effective project implementation. Project managers do not always, however, have a free choice about the system to use. Review the options available to a project manager if they are asked to use a coding system that they are not familiar with. [20]