

**CIPS Level 4 – Diploma in Procurement and  
Supply**

**Module 7 – Whole Life Asset Management**

**SAMPLE EXAM QUESTIONS**

**OBJECTIVE RESPONSE QUESTIONS AND ANSWERS**

The correct answer will be identified as [key]

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Q1. Which of the following is the best example of 'lean' in the context of inventory control?

- a. Advance ordering
- b. Buffer stocks
- c. Timescale reduction
- d. Waste minimisation**

LO: 2

AC: 2.3

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Q2. Which of the following is the most effective inventory performance measure?

- a. Lead time**
- b. Profit margin
- c. Revenue generated
- d. Value of stock

LO: 2

AC: 2.3

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Q3. Which of the following can be described as resources used in the production process that cannot be easily attributed to the actual products being manufactured?

- a. Indirect supplies**
- b. Variable units
- c. Fixed costs
- d. Marginal overheads

LO: 2

AC: 2.1

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Q4. Construct Group (CG) is a major construction company. It buys an extensive range of goods and services and is in the process of adopting a category management approach. As an initial step CG has applied ABC stock classification to identify its most important items. Which of the following is a disadvantage of using this approach alone?

- a. It is very complex to apply across a large organisation with many products
- b. It assumes that financial value is the only driver of importance**
- c. The information required to conduct the analysis is generally not available
- d. The approach is not suitable for goods used in the construction industry

LO: 2

AC: 2.1

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Q5. Heavy Duty Engineering Group (HDEG) manufactures a wide range of diesel engines, mostly used in the agricultural sector. Forecasting future volumes is not easy as sales are unpredictable, in particular in respect of items such as gaskets, filters and pumps. These items are known as which of the following?

- a. Dependent demand items**
- b. Indirect items
- c. Overhead items
- d. Independent product lines

LO: 2

AC: 2.1

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Q6. EatWell (EW) is a medium-sized regional retailer. In recent years EW has been experiencing financial difficulties as a result of changing consumer habits and increasing pressure from the major stores. Its financial controller has been concerned about its increasing expenditure on inventories, whilst overall EW's revenues and sales volumes have both been declining steadily. Which of the following measures should have highlighted this deteriorating trend?

- a. Lead times
- b. Service levels
- c. Stock turn**
- d. Disposal costs

LO: 2

AC: 2.3

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Q7. The use of RFID technologies have directly driven which of the following benefits in procurement and supply?

- 1. Easier stock identification
- 2. Improved inventory tracking
- 3. Fewer returned items
- 4. Less individual deliveries

**a) 1 and 2 only**

- b) 1 and 3 only
- c) 2 and 4 only
- d) 3 and 4 only

LO: 1

AC: 1.2

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Q8. Which of the following directly relate to triple bottom line concepts?

1. What is the environmental impact?
2. Does this machine have the best output?
3. Are our supply chain practices good for communities?
4. Is our warehouse big enough?

a. 1 and 2 only

b. 3 and 4 only

c. 2 and 4 only

d. 1 and 3 only

LO: 3

AC: 3.3

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Q9. Which of the following are related to end-of-life costs of an asset? Select the **TWO** that apply

a. Disposal costs

b. Servicing costs

c. Depreciation costs

d. Decommissioning costs

e. Opportunity costs

f. Maintenance costs

LO: 3

AC: 3.1

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Q10. Which of the following are crucial and primary considerations when designing a new warehouse? Select **THREE** that apply

- a. Stakeholder mapping
- b. Competitive activities
- c. Flow**
- d. Product pricing
- e. Space utilisation**
- f. Flexibility**

LO: 1

AC: 1.1

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SAMPLE QUESTIONS