Level 3  Advanced Certificate in Procurement and Supply Operations

AC4 - Inventory and logistics operations

EXAM EXEMPLAR QUESTIONS

MULTIPLE CHOICE QUESTIONS AND ANSWERS

The correct answer will be identified as the [KEY]
Q1  Question

Many organisations hold safety stocks as part of their inventory.

Which of the following is a reason for holding safety stocks?

Answers

(a) To improve stock holding levels
(b) To improve stock accuracy levels
(c) To cater for demand forecast errors [KEY]
(d) To cater for a large storage capacity.

Learning outcome: 1.1
CIPS study guide reference: Page 6, section 3.7

Q2  Question

Which of the following stock valuation methods is based on a cost estimate made before the part is purchased?

Answers

(a) Standard costing [KEY]
(b) FIFO
(c) Average costing
(d) LIFO.

Learning outcome: 1.2
CIPS study guide reference: Page 14, section 1.24
Q3  Question

When using the ‘ABC’ approach to stock categorisation.

Which of the following describes class ‘C’ items?

Answers

(a)  High value, high risk
(b)  High value, low risk
(c)  Low value, high risk
(d)  Low value, low risk. [KEY]

Learning outcome: 1.3
CIPS study guide reference: Page 26, section 1.6

Q4  Question

Warehouses and stockyards are two types of storage facilities.

Which of the following is the most appropriate factor to consider in the design of a stockyard?

Answers

(a)  Structure
(b)  Services
(c)  Surface [KEY]
(d)  Shelving.

Learning outcome: 2.1
CIPS study guide reference: Page 60, section 1.7
Q5  Question

Which of the following categories of materials handling equipment does a ‘counterbalanced type’ belong to?

Answers

(a)  Gravity Conveyor
(b)  **Fork lift Trucks [KEY]**
(c)  Picking Robot
(d)  Warehouse Trolley.

**Learning outcome: 2.3**
CIPS study guide reference: Page 108, section 2.6

Q6  Question

Two major approaches to structuring coding systems are ‘Significant coding systems’ and ‘Sequential coding systems’.

Which of the following is given as a benefit of a ‘sequential coding system’?

Answers

(a)  It allows the use of manufacturers’ codes
(b)  It allows errors to be detected easily
(c)  **It can easily be extended [KEY]**
(d)  It is only based on letters and not symbols.

**Learning outcome: 2.2**
CIPS study guide reference: Page 86, section 1.5
Q7  Question

Which of the following is a method for eliminating the bullwhip or ‘Forrester Effect’?

Answers

(a)  **Timely communication of sales figures throughout the supply chain [KEY]**
(b)  The stabilisation of lead times throughout the supply chain
(c)  Increased accuracy of stock levels throughout the supply chain
(d)  Ensuring realistic Bills of Materials throughout the supply chain.

**Learning outcome: 1.4**
CIPS study guide reference: Page 54, section 4.34

Q8  Question

Which of the following types of container is used to carry oversized cargo?

Answers

(a)  Bulk
(b)  **Flat rack [KEY]**
(c)  Reefer
(d)  Tank.

**Learning outcome: 3.1**
CIPS study guide reference: Page 125, section 2.11
Q9 Question
Which of the following is the name given to a bill of lading where goods have been received by a carrier free of defects?

Answers
(a) Shipped bill of lading
(b) Claused bill of lading
(c) Ordinary bill of lading
(d) Clean bill of lading. [KEY]

Learning outcome: 3.2

Q10 Question
Which of the following descriptions accurately reflects the typical services of a freight forwarder?

Answers
(a) Negotiate the purchase contract, provide transport, and make payment for goods
(b) Arrange shipment, manage customs clearance, and make payment for goods
(c) Arrange transportation of goods, manage documentation, and arrange customs clearance [KEY]
(d) Negotiate import duty payments, arrange agent’s commission, and deliver products.

Learning outcome: 3.3
CIPS study guide reference: Page 168, section 3.3