

## 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

CIPS study guide reference: Page 148, section 3.13

---

### 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

---