



CIPS L4M7 Practice Questions

Shared by Britt on 18-08-2026

For More Free Questions and Preparation Resources

Check the Links on Last Page



Question 1

Question Type: MultipleChoice

Which of the following are recognised hidden costs associated with global sourcing?

Quality control and nonconformance costs

Increased lead times and inventory carrying costs

Lower labour and wage costs

Cost of tariffs and duties in supply chains

Options:

A- 1 and 2

B- 2 and 3

C- 3 and 4

D- 1 and 4

Answer:

A

Question 2

Question Type: MultipleChoice

The Four Counties hospital in Norway is experiencing financial pressures. The procurement team is looking for the best approach to procure patient equipment that is critical and is often required at very short notice. Which option best techniques would allow the hospital to access the stock at short notice, but without paying for it until it is used?

Options:

A- Discounted stocking

B- Volume-based pricing

C- Consignment stocking

D- Reference indices pricing

Answer:

C

Question 3

Question Type: MultipleChoice

Which of the following best describe the function of MRP?

Options:

- A- Planning and controlling of production and finance
- B- Planning and monitoring of inventory resources
- C- Planning and monitoring of production resources only
- D- Planning and controlling of production and inventory

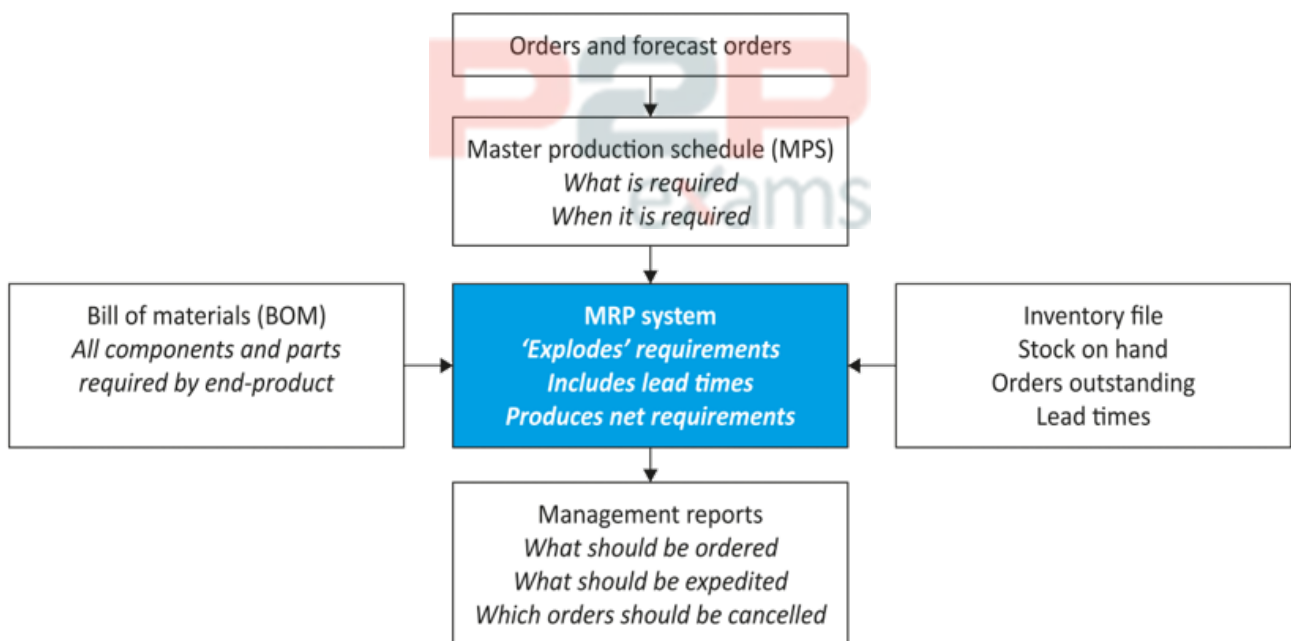
Answer:

D

Explanation:

Material requirement planning (MRP) is a production planning and material (inventory) control system used in manufacturing. Objectives of MRP are to ensure materials are available for production while minimising inventory and to plan production and procurement activities.

MRP process is described in the graph below:



LO 2, AC 2.3

Question 4

Question Type: MultipleChoice

To make loading/unloading more effective and efficient, which feature should be included in vehicle dock design?

Options:

- A- Steeper slope will reduce the chance of errors and accidents
- B- 'Dual-use' docks are always the most efficient
- C- Vehicle docks only require a small area to ensure faster goods flow
- D- The dock platform is almost at the same level as the height of the trailer's rear platform

Answer:

D

Explanation:

Warehouse dock is a feature of warehouse design - used for unloading and loading vehicles. It is crucial to carefully design where they are externally located in a facility and choose the best type of dock depending on the available space.

In many cases efficient and effective loading and unloading is achieved by a dock design that places the loading and unloading vehicle's rear platform at the same height as the warehouse floor.

Slopes in docking areas must always be as small as possible: the gentler the slope, the less chance of errors and accidents. If a warehouse is going to be used by large volume vehicles, such as high cubes, it may be necessary to install special devices, such as hydraulically adjustable docks or ground level lift platforms.

Current trends indicate that vehicles that are longer and wider and have a greater volume will be increasingly common. Therefore, when planning the location of the docks, it would be useful to ensure that there is a large area for the approach, manoeuvring and build-up of large vehicles.

One option to increase the efficiency of the docks is to combine reception and dispatch into a single area (dual use). This solution drastically reduces costs and, above all, increases the use of handling equipment and personnel. However, if this is justified by the volume of material flows, there can also be separate access points for each function (some for reception and others for

dispatch - 'sole use').

- Warehouse docking areas - Interlake

- CIPS study guide page 13

LO 1, AC 1.1

Question 5

Question Type: MultipleChoice

Which of the following represents the end-of-life cost of an asset?

Options:

- A- Payment of the suppliers' final invoice after the asset is commissioned
- B- The cost of replacing the asset if it is damaged in an accident
- C- The cost of decommissioning and scrapping the asset
- D- Disposal of waste generated from use

Answer:

C

Question 6

Question Type: MultipleChoice

"Open stock plus purchases minus closing stock" is the formula of which of the following?

Options:

- A- Inventory
- B- Revenue
- C- Cost of goods sold
- D- Liability

Answer:

C

Explanation:

The amount of closing stock (properly valued) is used to arrive at the cost of goods sold in a periodic inventory system with the following calculation:

Opening stock + Purchases - Closing stock = Cost of goods sold

- CIPS study guide page 130-131

- Closing stock definition

LO 2, AC 2.3

Question 7

Question Type: MultipleChoice

Which of the following allow an organisation to have more flexible space for storage by leveraging the facilities of other parties? Select TWO that apply.

Options:

- A- Eliminating dead stock or inventory
- B- Temporary warehousing
- C- Installing double-deep pallet racking
- D- Consignment stocking
- E- Adopting carousel-type storage

Answer:

B, D

Explanation:

Temporary warehousing (or 'Very short-term warehousing') is offered in the market where organisation makes their requirements for space open online to offers or bids for available space. This appears to be an emerging market and service providers in the UK and USA

typically quote a price per pallet per week with some also requiring a 'transaction fee' for movements of each pallet in and out.

Consignment stocking is a facility offered by a supplier to a buyer to allow a delivery of stock to the buyer with payment only after it is used or sold to a customer.

Double-deep pallet racking and carousel-style storage are two tools that leverage space within a warehouse:

Double-deep pallet rack

8000 L x 1200 W



Carousel style storage

LO 1, AC 1.1

Question 8

Question Type: MultipleChoice

A brewery sells its beer in aluminum cans. It recycles the cans by using contractors to collect and mold the used cans. This is an example of...?

Options:

A- Closed-loop recycling

B- Carbon recycling

C- Open-loop recycling

D- Reuse

Answer:

A

Explanation:

There are two main processes of recycling -- open loop recycling and closed loop recycling.

Open Loop Recycling

Open loop recycling is a method that delays disposal by converting manufactured goods and spent materials into both new raw materials, which can be used for a manufacturing purpose, as a fuel source for a different manufacturing process and waste products.

Typically, materials recycled through open-loop recycling will be used for purposes different from their original purpose.

This means that the input into the recycling process is converted to a new raw material, which can be used as an input into another manufacturing process.

Materials in an open loop recycling process are treated using various forms of treatment including heat, chemical reactions, or physical crushing.

Closed Loop Recycling

Closed loop recycling is a process where waste is collected, recycled and then used again to make the same product it came from. This process is restorative and regenerative by design and aims to keep materials at their highest utility and value always.

Closed loop recycling is focused on resource sustainability, which means that recycling of a material can be done indefinitely without degradation of properties. In this case, conversion of the used product back to raw material allows repeated making of the same product, which helps hazardous waste generators reduce carbon footprint and achieve corporate sustainability initiatives.

Closed-loop recycling is common in specialized industries, such as the computer and battery industries, which use expensive or complex goods that cannot easily be broken down post-consumption into constituent materials.

A prime example of a closed-loop recycling process is the recycling of aluminum cans. Aluminum can be recycled to form new cans with little material degradation or waste creation.

- Open Loop Vs Closed Loop Recycling

- CIPS study guide page 203

LO 3, AC 3.3

Question 9

Question Type: MultipleChoice

XYZ Inc opens a tender to purchase new forklift trucks for their new established warehouse. In the final round, there are two suppliers remain who offer two different bids. Supplier A's bid has high initial investment. After calculating the net present value, the NPV in year five is positive. On the other hand, supplier B's bid has low purchase price, with the NPV in year five is negative. If the NPV is the sole selection criterion, XYZ Inc should Choose the bid which has...?

Options:

- A- Positive NPV
- B- The lowest NPV
- C- Zero NPV
- D- Negative NPV

Answer:

A

Explanation:

Net present value (NPV) is the 'today' net value that deprives from 'future' cash flow of an investment or a capital purchase. Net Present Value is a helpful tool for assessing the total lifetime value of an investment. Procurement professionals or investors can base on this value to make decision to achieve value for money. Generally, an organisation should select the offer which has the highest NPV among their options. Preferably, the NPV of an capital investment should be positive, which means the investment eventually adds value to the business.

LO 3, AC 3.2

Question 10

Question Type: MultipleChoice

Multiple approval levels for a small purchase request is an example of which type of waste?

Options:

- A- Over-processing
- B- Not using talent
- C- Over-production
- D- Inventory

Answer:

A

Explanation:

Lean thinking aims to remove wastes from work processes. Before diving into the 8 wastes, it is important to understand what waste is. Waste is any action or step in a process that does not add value to the customer. In other words, waste is any process that the customer does not want to pay for.

The original seven wastes (Muda) was developed by Taiichi Ohno, the Chief Engineer at Toyota, as part of the Toyota Production System (TPS). The seven wastes are Transportation, Inventory, Motion, Waiting, Overproduction, Overprocessing and Defects. They are often referred to by the acronym 'TIMWOOD'. The 8th waste of non-utilized talent or 'Skills' of workers was later introduced in the 1990s when the Toyota Production System was adopted in the Western world. As a result, the 8 wastes are commonly referred to as 'TIMWOODS'.

Source: The lean way

Multiple approval levels for a small purchase request is an example of over-processing since this adds more unnecessary work to users and procurement professionals.

LO 2, AC 2.3

Question 11

Question Type: MultipleChoice

Which of the following allow the operators to access higher levels in warehouse facility? Choose TWO that apply:

Options:

- A- Carousel

- B- Grab
- C- Order picker
- D- Scissor platform
- E- Stacker crane

Answer:

C, D

Explanation:

It is important to ensure safe working in storage facilities, and access to higher shelves or racking presents a challenge. Lifting at full reach becomes a problem at relative low weight. There can also be danger for other workers who are around someone working at height, from the movement of equipment or dropping stock from a height.

Scissor platforms are used in high-roof warehouses to gain access to lighting, high-racking units and sections of wall and roof.

ORDER PICKER is manual or powered device - some with ride-on capability and some without. This allow for low-level, medium-level and high-level picking of various items. Many are equipped with forks to allow transfer capability of larger picked boxes. Higher-level and narrow or very narrow -aisle versions have the ability to elevate operators on the front platform to higher racking to pick items.

Grabs are designed to hold stock either width-wise or from above. These are either specific devices designed for grabbing materials or are available as an accessory to forklift trucks.



Carousels are space-efficient, rotating devices which allow access to a large range of product from a single location. Designs are variable, with carousels rotating horizontally or vertically until the required items can be retrieved.

Stacker-cranes are designed for the automated storage and retrieval of unit loads, in high-bay warehouses. They travel in aisles equipped with guide rails, electrical supply, data transmission and control systems. To ensure the storage and retrieval functions, the stacker-crane carries out three types of movement : long-travel, lifting and picking.

LO 1, AC 1.3



To Get Premium Files for L4M7 Visit

<https://www.p2pexams.com/products/l4m7>

For More Free Questions Visit

<https://www.p2pexams.com/cips/pdf/l4m7>

20%
DISCOUNT

P2P
exams