



CIPS L5M10 Practice Questions

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Question 1

Question Type: MultipleChoice

Which of the following are types of Auto-Identification and Data Capture (AIDC) technology used in logistics? Select THREE

Options:

- A- Barcodes
- B- Biometrics
- C- Voice recognition
- D- Smartphones
- E- Electronic data interchange

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Answer:

A, B, C

Explanation:

Comprehensive and Detailed Explanation From Exact Extract:

AIDC encompasses technologies that automatically identify items and capture data with minimal human intervention. Examples include barcodes/QR, RFID, biometrics, magnetic stripes, and voice recognition. Smartphones are devices that may host AIDC apps but are not a technology class themselves; EDI is a system-to-system messaging standard, not AIDC. (Reference: CIPS L5M10 Study Guide, AIDC overview and examples, p. 83)

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Question 2

Question Type: MultipleChoice

Miranda is updating the Business Strategy for her company. It is important she aligns the Business Strategy with Which option best?

Options:

- A- Service strategy
- B- Cost strategy

- C- Corporate strategy
- D- Functional strategy

Answer:

C

Explanation:

Comprehensive and Detailed Explanation From Exact Extract:

Corporate Strategy sets the organisation's overarching mission and goals. Business Strategy derives from it, outlining how those goals will be achieved. Functional strategies (like procurement or logistics) then support the Business Strategy. Therefore, Business Strategy alignment must be upward with Corporate Strategy. (Reference: CIPS L5M10 Study Guide, Strategic alignment hierarchy, p. 52)

Question 3

Question Type: MultipleChoice

Paul, a Warehouse Manager, is using an ABC method to classify inventory. Which class would contain the most valuable products?

Options:

- A- A
- B- B
- C- C
- D- Any --- ABC does not categorise by cost

Answer:

A

Explanation:

Comprehensive and Detailed Explanation From Exact Extract:

ABC (Pareto) classification typically groups a small proportion of high-value items as "A" (often 10-20% of items accounting for a large share of value), with "B" and "C" representing

progressively lower value importance. (Reference: CIPS L5M10 Study Guide, ABC inventory categorisation, p. 9)

Question 4

Question Type: MultipleChoice

Red Lettuce Ltd is a manufacturer of screwdrivers. It uses a finite loading approach in its work centres. What does this mean?

Options:

- A- Each work centre is given a target number of items to produce
- B- The amount of work given to each work centre is limited to a specific amount
- C- Demand for work may vary from work centre to work centre
- D- Each work centre produces items to a specific budget

Answer:

B

Explanation:

Comprehensive and Detailed Explanation From Exact Extract:

Finite loading assigns work to production centres only up to their available capacity and processing time. It ensures that the workload remains realistic and prevents overloading any resource. By contrast, infinite loading ignores capacity limits and assigns all work regardless of availability, leading to backlogs or bottlenecks.

(Reference: CIPS L5M10 Study Guide, Production planning -- finite vs. infinite loading, p. 120)

Question 5

Question Type: MultipleChoice

Baby Ltd manufactures 100 prams each quarter. In Q1, it sold 78 prams. A customer phones in March to order 3 prams for the following month. Is there Availability to Promise (ATP)?

Options:

- A- Yes -- 22 prams were unsold last quarter
- B- Yes -- 100 prams will be manufactured in Q2 so the customer can order one of these
- C- Maybe -- it depends on the number of customer orders already received for Q2
- D- Maybe -- the customer must wait until Q2 to be sure

Answer:

C

Explanation:

Comprehensive and Detailed Explanation From Exact Extract:

Availability to Promise (ATP) is the portion of inventory or planned production that is not yet committed to existing customer orders. It depends on confirmed orders and forecasted production. Without knowing Q2's confirmed demand, ATP cannot be guaranteed.

(Reference: CIPS L5M10 Study Guide, ATP definition and application, p. 182)

Question 6

Question Type: MultipleChoice

Cleo Manufacturing has introduced a new Electronic Data Interchange (EDI) system. Which option best is an advantage of using this technology?

Options:

- A- It replaces emails
- B- It allows humans to check the work for accuracy
- C- It is cheap to introduce
- D- It simplifies the supply chain

Answer:

A

Explanation:

Comprehensive and Detailed Explanation From Exact Extract:

EDI automates structured, computer-to-computer exchange of business documents (e.g., POs, ASNs, invoices), replacing manual, error-prone channels such as emails and paper and reducing rekeying/latency. It typically requires investment and integration effort; it does not remove the underlying supply chain complexity, and by design reduces---not adds---manual human checking. (Reference: CIPS L5M10 Study Guide, EDI---purpose and benefits, p. 81)

Question 7

Question Type: MultipleChoice

Yolo Inc. is a low-cost manufacturer with tight margins. To remain profitable, logistics must help reduce costs. Which transportation strategy best supports this aim?

Options:

- A- Run a competitive tender annually to secure the cheapest logistics provider
- B- Manage inbound logistics to strict KPIs to reduce waste and delays
- C- Eliminate all activities that do not provide value add
- D- Brand all fleet vehicles with company logos

Answer:

B

Explanation:

Comprehensive and Detailed Explanation From Exact Extract:

Cost-leadership logistics requires efficiency in inbound and outbound flows. Managing inbound logistics using KPIs (e.g., vehicle turnaround time, delivery reliability) reduces time waste and unnecessary costs. Annual tenders or branding efforts do not guarantee cost reduction. (Reference: CIPS L5M10 Study Guide, "Cost as a business strategy," p. 53)

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