



Free Questions for L4M7 by vceexamstest

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Question 1

Question Type: MultipleChoice

Which of the following statements holds true about inventory holding costs?

Options:

- A- They decline as the cost of the inventory item rises
- B- They always exceed total ordering costs
- C- They depend upon the opportunity cost of tying up funds and the average value of the stock holding
- D- They are independent of the average stock level

Answer:

C

Explanation:

Holding costs (carrying costs) are the costs associated with the storage and handling of physical stock. There are two different types of holding costs:

- Costs related to the value of the goods: financial costs (i.e. the interest on the working capital tied up in inventory, which may be the bank borrowing rate or the company's target for return on capital); cost of insurance; losses due to product deterioration; losses due to obsolescence and redundancy of inventory; losses due to theft, accidental damage etc.
- Costs related to the physical characteristics of the inventory include the following: storage space; power, heat and lighting of the store; movement equipment; labour costs; administration costs.

LO 2, AC 2.2

Question 2

Question Type: MultipleChoice

Which of the following is the most suitable container of fasteners (screws, nails, nuts and bolts,...)?

Options:

- A- Bar rack
- B- Pallet
- C- Tote box

D- Stock cage

Answer:

C

Explanation:

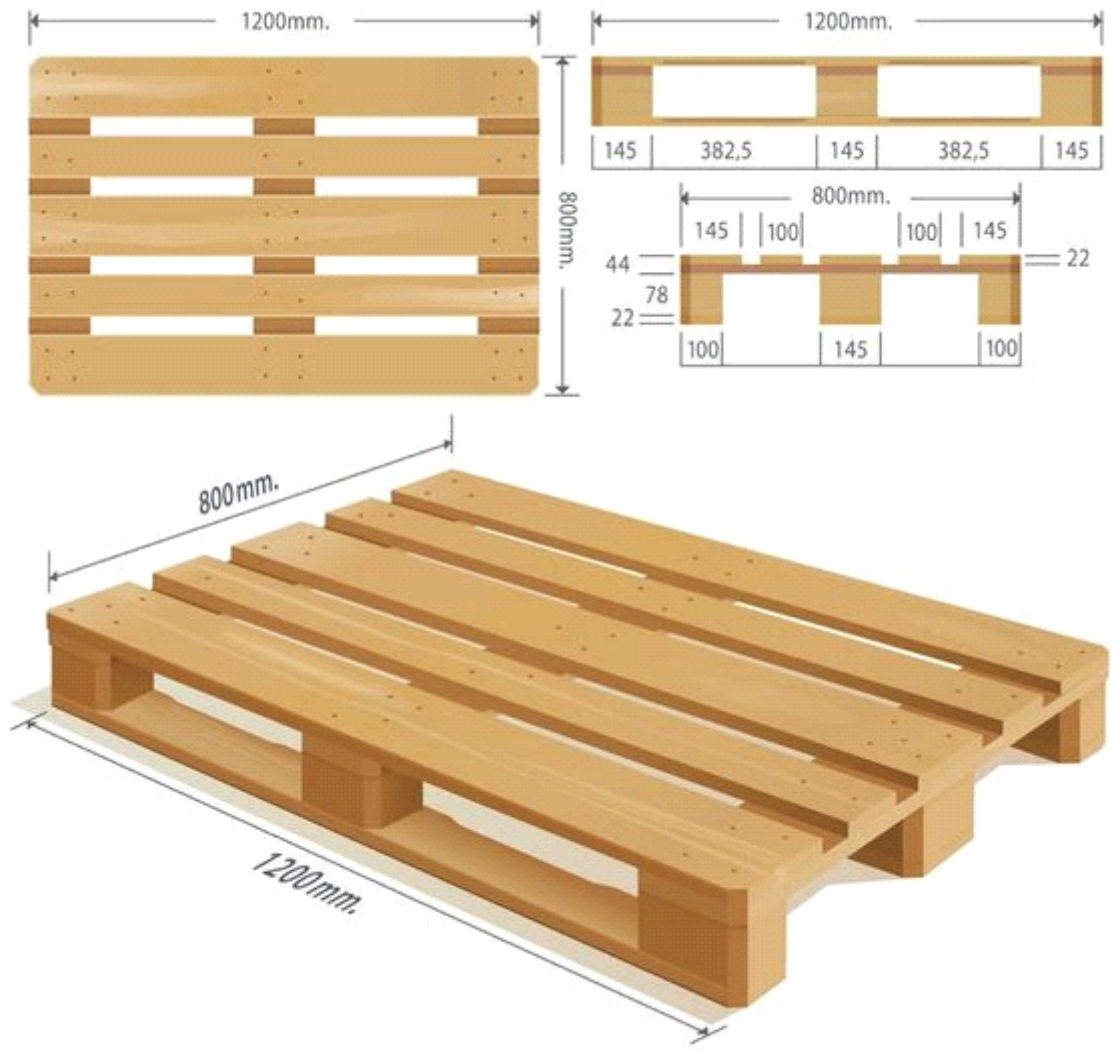
Tote box is the reusable storage box. These can be open or have lids or flaps to close them and come in a large variety of sizes and weight loadings.

With their plastic surfaces, totes are **easy to clean and can be used time and time again.**



A tote is ideal for holding and hauling items such as: tools, fasteners, bark dust, dry cement, cords, wires, smaller boxes,...

Pallets are the platform structures designed to support a load and be lifted using the forks (typically seen on forklift trucks and other equipment). These are in a variety of standard sizes and can be made of many materials including plastics, resin, board or timber. Pallets are not containers, but support platforms.



Bar racks are designed to store bars and pipes



Stock cages are available in many sizes and can hold single items or groups of items



LO 1, AC 1.1

Question 3

Question Type: MultipleChoice

Which of the following best describes category 'A' in ABC analysis in inventory management?

Options:

A- Items that represent approximately 15% of total value

B- Items with low uncertainty

C- Items with high values

D- Items with high uncertainty

Answer:

C

Explanation:

ABC classifications are applied to stock and its management is based loosely on the Pareto principle, better known as the 80/20 rule.

The likely outcome of analysis of inventory (value importance):

- Category A - about 20% of the stock items account for about 80% of the total inventory value. Items in category A have the highest value.
- Category B - about 30% of items account for about 15% of total inventory value
- Category C - the remaining 50% of items account for 5% of the total inventory value

LO 2, AC 2.1

Question 4

Question Type: MultipleChoice

Which of the following allow the operators to access higher levels in warehouse facility? Select 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.



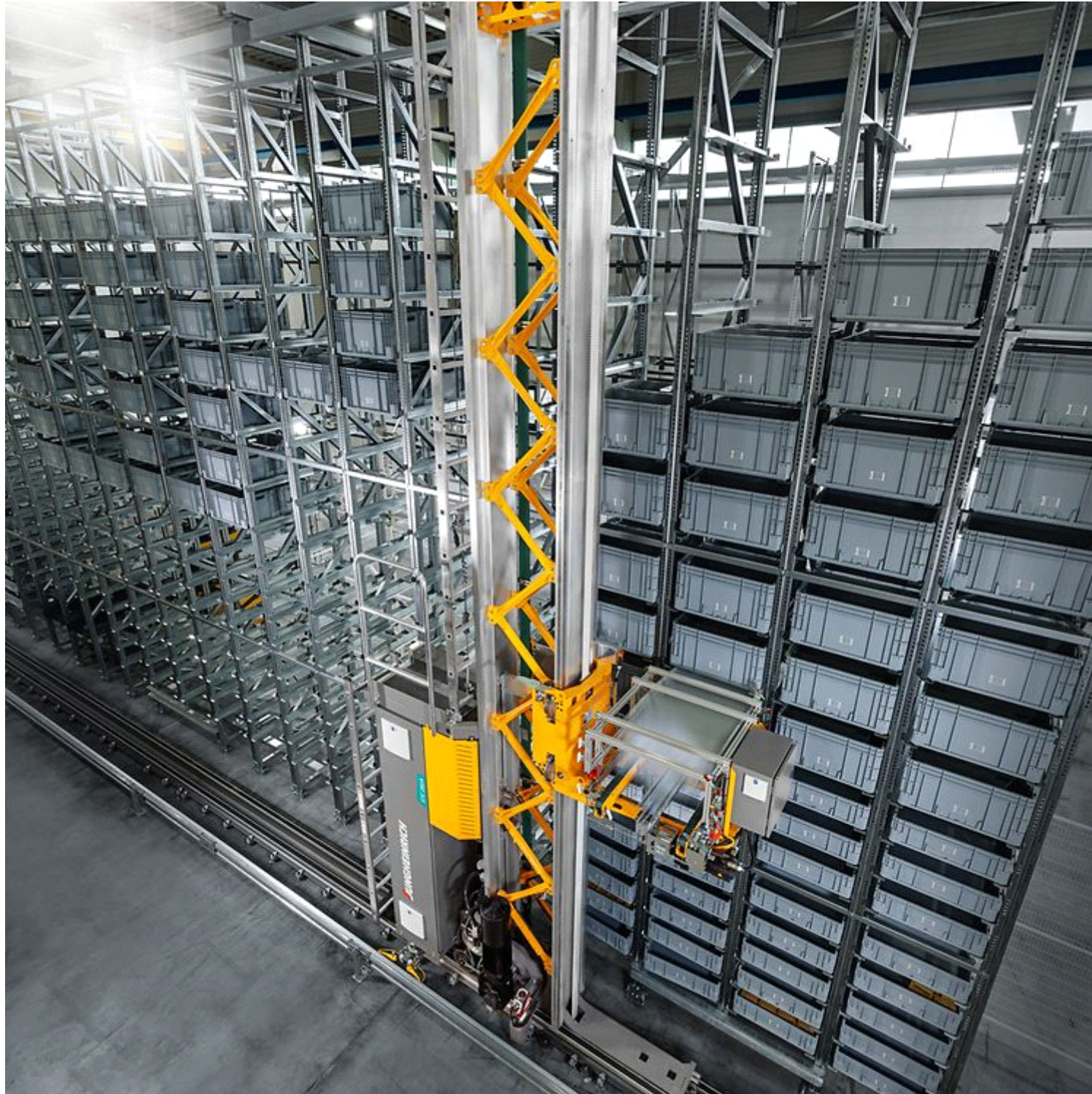
Grabs are designed to hold stock either width-wise or from above. These are either specific devices designed for grabbing materials or are available as an accessory to forklift trucks.



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.



Question 5

Question Type: MultipleChoice

In the Appendix A of a long-term supply contract of Bulk Drug Substance, both parties agree that "The reference price for Bulk Product at the specification, per gram, shall be US\$10. The unit price for Bulk Product for a specific Purchase Order shall be computed by multiplying the above- specified reference price by two corrective factors, namely inflation correction factor and exchange rate correction factor". This pricing appendix is an example of...?

Options:

- A- Discounted pricing
- B- Fixed pricing
- C- Volume-based pricing
- D- Adjustable pricing

Answer:

D

Explanation:

Price setting mechanisms fall into two main categories: fixed and variable. A fixed price mechanism is a straightforward concept which typically results in a relatively stable budget that can be forecast. Variable mechanisms have an element of variable pricing per unit bought.

Setting a fixed price mechanism is in theory a relatively simple and straightforward concept, where the collector and the buyer agree on a fixed price for a specific material or mix of materials, for a certain length of time.

All other pricing mechanisms that are not fixed have an element of variable pricing per unit bought.

The most common variable pricing mechanisms can be divided into two groups:

1. Where the benefit accruing to the buyer from acquiring the material is used to calculate what the payment to the seller should be; or
Approaches to Materials Sales: A guide for local authorities
2. Where the price paid is indexed to a published source of market price information. The above scenario demonstrates variable pricing mechanism using published sources on inflation rate and exchange rate. CIPS also refers this mechanism as adjustable prices.

- CIPS study guide page 138-139

- 10.0 Price setting mechanisms

LO 3, AC 3.1

Question 6

Question Type: MultipleChoice

Decommissioning, removal and disposal of assets may have impact on the environment. An organisation should have policies and procedures in place to enhance its environmental performance. Which standard family provides the guidance on environmental policies and procedures?

Options:

- A- ISO 22000 family
- B- ISO 9000 family
- C- ISO 14000 family
- D- ISO 27000 family

Answer:

C

Explanation:

The ISO 14000 family of standards are developed by ISO Technical Committee ISO/TC 207 and its various subcommittees. For a full list of published standards in the series see their standards catalogue. ISO 14001 provides requirements with guidance for use that relate to environmental systems. Other standards in the family focus on specific approaches such as audits, communications, labelling and life cycle analysis, as well as environmental challenges such as climate change.

ISO 27000 family of standards concerns information technology, with the goal of improving security and protecting company assets. Started in 2005, the two most popular standards are ISO 27001:2013 and 27002:2013. 27001 is management-based system, whereas 27002 is a technical document, focused on the individual and putting a code of conduct in place. Organizations can choose either standard; ISO 27001 has over 22,000 certifications worldwide. It is a broad standard, and for this reason the certification can be customized to fit the needs of the organization, and is not mandatory.

ISO 22000 sets out the requirements for a food safety management system and can be certified to it. It maps out what an organization needs to do to demonstrate its ability to control food safety hazards in order to ensure that food is safe. It can be used by any organization regardless of its size or position in the food chain.

ISO 9001 is a family of quality management standards, there are fourteen in total. Of these, ISO 9001:2015 is the only one that can be certified to. It was first published in 1987, and has since been updated about every 7 years. The standard details how to put a Quality Management System (QMS) in place to better prepare your organization to produce quality products and services. It is customer focused, and places an emphasis on continuous improvement and top management processes that extended throughout the organization.

- ISO website

- Top 10 Most Popular ISO Standards

- CIPS study guide page 193

Question 7

Question Type: MultipleChoice

Which of the following are typical characteristics of 2D barcodes? Select TWO that apply.

Options:

- A- Every 2D barcodes must conform international standards
- B- The 2D barcodes are machine-readable
- C- 2D barcodes are exclusively used for marketing purpose
- D- 2D barcodes can be read by linear scanners
- E- 2D barcodes can contain more data than 1D barcodes

Answer:

B, E

Explanation:

Two-dimensional (2D) barcodes look like squares or rectangles that contain many small, individual dots. This has many different types (i.e. Data matrix, QR codes, Aztec code,...) and several different standards in use (i.e. GS1 standards, ISO/IEC 18004:2015). It can be substituted for 1D barcode, but it has the capability to hold a larger amount of data. For examples, GS1 Data Matrix can contain 3116 Numeric characters or 2335 Alphanumeric characters while GS1-128 barcode has maximum capacity of 48 characters.

Like 1D barcodes, 2D barcodes are also machine-readable with dots/squares and spaces. They have symbology like this:



(01) 0 9501101 53000 3

(17) 140704

(10) AB-123

Since the code is two dimensional, conventional laser scanner can't read it. 2D barcodes require imaging scanner to read.

2D barcodes can be also used for different purposes throughout the supply chain: identifying products/SKU (single unit, packaged or pallet), identifying content of a purchase order or delivery, identifying the batch number from which the item originates, identifying the manufacturer, country of origin etc, tracking status of an order, shipment or delivery

LO 1, AC 1.2

Question 8

Question Type: MultipleChoice

Which costs in the following list are categorised as operation costs in the total cost of ownership model? Select TWO that apply.

Options:

- A- Decommissioning costs
- B- Costs of any person who operates the equipment
- C- Installation and configuration costs

D- Delivery costs

E- Costs of consumables

Answer:

B, E

Explanation:

Costs of operating an asset can widely vary. The following table is an example from Guide to Total Cost of Ownership, New Zealand Government:

Purchasing	Operating	Disposal
<ul style="list-style-type: none"> • market research • specialist advice in assessing business needs and options • developing the business case • the tender process • purchase price of the equipment • other accessories or attachments • delivery costs (freight) and insurance • installation and configuration costs • staff training • initial licenses • warranties • annual insurance • cost of change. 	<ul style="list-style-type: none"> • consumables such as ink cartridges, paper • self- maintenance kits • technical support for users • regular maintenance or servicing • spare parts • energy such as electricity or fuel usage • upgrades • breakdowns and repair costs • cost of replacement service during a breakdown such as hiring another machine or outsourcing the work • IT costs such as hosting • annual insurance • extended warranties • costs of any person who operates or supports the equipment. 	<ul style="list-style-type: none"> • decommissioning costs, possibly involving technical specialists • transportation of the machine away from the work site • fees for disposal of parts, particularly if any are dangerous, for example, cathode vacuum tubes or chemicals • migrating data or removing confidential data • costs of any interim arrangements between different providers • cost of change • site clean-up. <p>Remember to add back any money received on the resale of the equipment!</p>

LO 3, AC 3.1

Question 9

Question Type: MultipleChoice

Among different types of costs associated with inventory, the opportunity cost of the investment tied up in inventory belongs to which of the following?

Options:

- A- Acquisition costs
- B- Purchase price
- C- Holding costs
- D- Costs of stockouts

Answer:

C

Explanation:

Direct and indirect costs of holding inventory include the following:

- Acquisition costs
- Holding costs: There are 2 different types of holding costs: costs related to the value of the goods (including opportunity costs, costs of insurance, losses due to product deterioration, etc) and costs related to the physical characteristics of this inventory.
- Costs of stockouts

LO 2, AC 2.2

Question 10

Question Type: MultipleChoice

Which of the following best defines 'exponential moving average'?

Options:

- A-** A forecasting technique where the average is calculated by dividing the sum of the values by the number of values
- B-** A process by which the reorder of an item is triggered by the inventory level dropping to a predetermined level
- C-** A process by which a decision is taken at a period end or review point to determine how much to reorder

D- A forecasting technique where each demand is multiplied by a weighting factor

Answer:

D

Explanation:

An exponential moving average (EMA) is a type of moving average (MA) that places a greater weight and significance on the most recent data points. The exponential moving average is also referred to as the exponentially weighted moving average. An exponentially weighted moving average reacts more significantly to recent price changes than a simple moving average (SMA), which applies an equal weight to all observations in the period.

LO 2, AC 2.3

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