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Exam : **L5M10**

Title : Logistics Management

Version : DEMO

1.Which of the following items can be classed as inventory? Select THREE
A. Components
B. Finished goods
C. Warehouses
D. Transport vehicles
E. Work in progress
Answer: A, B, E
Explanation:
Comprehensive and Detailed Explanation From Exact Extract:
Inventory in logistics and supply chain management refers to goods held for sale or for use in producing goods for sale, at any stage of completion. This includes raw materials/components, work-in-progress (WIP), and finished goods. Physical assets such as warehouses or vehicles are not inventory; they are resources/capacity assets. (Reference: CIPS L5M10 Study Guide, Section on “The role of logistics and inventory,” p. 3)

2.Which of the following statements about Sales and Operations Planning (S&OP) are TRUE? Select TWO
A. It is a process of planning future aggregate resource levels so that supply will balance with demand
B. It is a fundamental financial plan to ensure business profitability in relation to supply and demand
C. It is a cross-functional activity
D. Competitors’ behaviour is not accounted for in Sales and Operations Planning
Answer: A, C
Explanation:
Comprehensive and Detailed Explanation From Exact Extract:
S&OP aligns aggregate demand and supply by planning future resource levels, typically on a rolling monthly cycle. It is explicitly cross-functional, involving operations/logistics, marketing/sales, finance, and HR to reconcile a single plan. While finance input is important, S&OP is not merely a financial plan, and external factors—including competitor actions—are considered in demand assumptions. (Reference: CIPS L5M10 Study Guide, S&OP overview, p. 112)

3.Various business functions complete different controlling activities.
Which control activity would be completed by the Distribution function?
A. Purchasing contract analysis
B. Quality control
C. Developing warehouse budgets
D. Monitoring and controlling deliveries
Answer: D
Explanation:
Comprehensive and Detailed Explanation From Exact Extract:
Distribution control focuses on transport execution and delivery performance—monitoring, expediting, and controlling outbound deliveries. Purchasing contract analysis belongs to supply/procurement control; quality control to production/quality; and warehouse budgets to warehousing control. (Reference: CIPS L5M10 Study Guide, “Controlling activities by function,” p. 109)

4.Which of the following is a commonly used indicator for measuring capacity and manufacturing productivity and is usually expressed as the percentage of time a machine is truly productive?
A. Effective Operational Measure
B. Overall Equipment Effectiveness
C. Machine downtime
D. Actual output
Answer: B
Explanation:
Comprehensive and Detailed Explanation From Exact Extract:
Overall Equipment Effectiveness (OEE) combines availability, performance, and quality to indicate how much of scheduled time a resource is genuinely productive. Downtime is a component that reduces OEE; “actual output” is an absolute measure, not an effectiveness percentage. (Reference: CIPS L5M10 Study Guide, OEE definition, p. 109)

5.Strategic planning is long-term planning, usually over 5–10 years in the future. Is this sentence correct?
A. Yes — the longer the strategic plan, the less detail it will include
B. Yes — strategic plans have more detail than short-term plans
C. No — long-term plans are tactical rather than strategic
D. No — strategic plans detail the objectives of the organisation over the upcoming year
Answer: A
Explanation:
Comprehensive and Detailed Explanation From Exact Extract:
Strategy deals with long-term direction and typically contains broad objectives with lower detail; tactical (mid-term) and operational (short-term) plans add specificity and detail. Therefore, longer-horizon strategic plans contain less operational detail than short-term plans. (Reference: CIPS L5M10 Study Guide, Planning horizons—strategic/tactical/operational, pp. 99–100)