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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)