

**MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**P.O. Box 972-60200 – Meru-Kenya.**

**Tel: 020-2069349, 061-2309217. 064-30320 Cell phone: +254 712524293, +254 789151411**

**Fax: 064-30321**

**Website:** [**www.must.ac.ke**](http://www.must.ac.ke) **Email:** [**info@must.ac.ke**](mailto:info@must.ac.ke)

**University Examinations 2014/2015**

THIRD YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT

**BBS 3380: CLEARING AND FORWARDING**

**DATE: AUGUST 2015 TIME: 2HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE (30 MARKS)**

1. Kwanza is a consortium which specializes in export business, particularly flowers. Discuss safety measures it should take to ensure it meets delivery demand (10 Marks)
2. Global sourcing many a times involves use of intermodal transport. This is however a concern to most manufacturers as it adds to the cost of manufactured goods. Explain ways of minimizing this cost (10 Marks)
3. Most recently a consignment of elephant tasks disguised as tea package was cleared for export at Kilindini Port. When it was unveiled at the port of destination, the Kenya Government fired all officers involved in the saga and arraigned them in court. Discuss measures you would take to ensure such mistake is not repeated if you are clearing and forwarding agent (10 Marks)

**QUESTION TWO (20 MARKS)**

1. Second hand cars are most affordable to most middle level income earners in Kenya. Pendeza Ltd wants to tap into this market segment. Discuss the documents this company should be armed with to roll out this business (12 Marks)
2. Explain the following terms:
3. F.O.B (2 Marks)
4. Mates receipt (2 Marks)
5. Certificate of Origin (2 Marks)
6. Proforma Invoice (2 Marks)

**QUESTION THREE (20 MARKS)**

1. International sourcing involves many bureaucratic activities and exporters and importers cannot handle this alone. They need the assistance of clearing and forwarding agents. Discuss their important role (12 Marks)
2. Explain various modes of intermodal transportation. (8 Marks)

**QUESTION FOUR (20 MARKS)**

1. Insurance of goods board a mode transport vessel ensures that exporters and importers mitigate loss. Discuss the factors you would consider when choosing an insurer (10 Marks)
2. Discuss the factors you would take into account computing the cost of freight of imported goods (10 Marks)

**QUESTION FIVE (20 MARKS)**

1. Discuss the factors you would take into cushion against currency fluctuation (10 Marks)
2. Which factors would you take into account when choosing a mode of transport (10 Marks)