



MURANG'A UNIVERSITY COLLEGE

A Constituency College of Jomo Kenyatta University of Agriculture and Technology

School of Business and Commerce

SUPPLEMENTARY UNIVERSITY EXAMINATIONS

Bachelor of Purchasing and Supplies Management

YEAR OF STUDY: THIRD YEAR

COURSE CODE: HPS 2314 CLEARING AND FORWARDING

DATE: 1ST JUNE, 2016

TIME: 2 HRS

INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

QUESTION ONE

Discuss the rights and duties of freight forwarder when acting as an agent and as a principal

International sourcing enables firms to utilize worldwide resources more efficiently by allowing them to decouple regional economic (comparative advantage) factors from their countries' of origin. In right of the above write brief explanatory notes on the following clearing and forwarding terminology

- i) Indent (3mks)
- ii) Manifest (3mks)

- iii) Anti-dumping Duty (3mks)
- iv) Certificate of Origin (3mks)
- v) Commercial Attaché (3mks)
- vi) Bonded warehouse (3mks)

When things go wrong in commercial transactions, e.g. the buyer refuses to pay, the product is inferior, shipment arrives late, the international purchaser have various resolution action. Discuss the following resolution actions

- i. Litigation (6 Marks)
- ii. Arbitration (6 Marks)

QUESTION TWO

Foreign exchange risk occurs when the purchaser of an overseas product will be required to pay more or less than expected owing to fluctuations in the exchange rates between the purchaser's currency and that of the supplier in which payment may be made. Companies buying overseas can minimize foreign currency risk exposure through several ways:

Discuss those various ways supporting your argument with relevant examples (10 Marks)

There are three heritages that form the legal system of the world. Using well articulated examples discuss the following heritages

1. Marxist law of tenets (5 Marks)
2. Islamic law (5 marks)

QUESTION THREE

International trade terms often sound similar to those used in domestic business but generally bear different meanings. They indicate how buyers and sellers define risk and obligations. briefly describe the following

- i. Bill of lading. (4 Marks)
- ii. Consular invoice. (6Marks)
- iii. Certificate of origin.

QUESTION FOUR

- a) Financial arrangements for imports or exports are normally more complex than those for domestic trade. How would one prepare for import payments (10 mks)
- b) Discuss five factors to consider while selecting a Clearing and Forwarding Agent. (10mks)

QUESTION FIVE

- a) The movement of goods from one place to another increases the risk of damage and loss of the goods. Cargo insurance covers the risk of physical damage to your goods or their loss in transit by any of the modes of transport mentioned previously. Discuss any four basic principles of insurance. (8 marks)
- b) Briefly explain the role of Kenya International Freight & Warehousing Association (KIFWA) (4 marks)
- c) Write brief explanatory notes on the classification of ports based on the bases of ownership (8 marks)