

KIBABII UNIVERSITY



**UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR
THIRD YEAR FIRST SEMESTER**

MAIN EXAMINATION

**FOR THE DEGREE OF BACHELOR OF BUSINESS
MANAGEMENT**

COURSE CODE: BBL 312

COURSE TITLE: LOGISTICS COSTING AND BUDGETING

DATE: 20 DEC 2022 TIME: 2:00-4:00 P.M

INSTRUCTION TO CANDIDATES

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory

KIBU observes **ZERO** tolerance to examination cheating

QUESTION ONE - CASE STUDY.

Christopher Martin wants to set up a Logistics company. He intends to borrow from the bank shs. 2m to support his set his business. The bank will charge 8% rate of interest per year. The repayment period will be 6 years. The expected cash inflows are as follows- 200000,200000,200000, 800000,800000 and 800000 for year one to sixth year period respectively. Required

QUESTION ONE

- i) Define logistics and explain its relationship with supply chain management **(5 marks)**
- ii) Explain why it is important to appraise an investment project **(5 marks)**
- iii). Calculated the NPV of the project and comment on the results **(10 marks)**
- iv). Examine some of the major logistics costs that will be incurred in the initial set up **(10 marks)**

QUESTION TWO

- i) Evaluate how the systems theory perspective is relevant in the adoption of an integrated logistics system approach **(10 marks)**
- ii) The scope of logistics is wide. Examine this statement using five activities of logistics **(10 marks)**

QUESTION THREE

- i) Demonstrate how logistics is responsible in achieving competitive advantage in the market place **(10 marks)**
- ii) Define standard costing and explain causes of material price variances **(10 marks).**

QUESTION FOUR

- i) A warehouse plays an important role in logistics system. Examine this statement in to logistics ability to serve the customer by creating various utilities **(10 marks)**
- ii) Explore how concept of logistic cost tradeoff influences total profit **(10 marks)**

QUESTION FIVE

- i) Reverse logistics is an important component of total logistics operations. Examine the statement in light of logistics efficiency and success **(10 marks)**
- ii) Inventory control is at the heart of logistics. Using relevant examples, discuss the various costs associated with inventory **(10 marks)**