

# EAST AFRICAN SCHOOL OF AVIATION 

FINAL EXAMINATION
ACM 03

## SUBJECT: TOTAL DISTRIBUTION COST

Duration: 2 HRS

DATE:
TIME: 0900hrs - 11000 hrs

INSTRUCTIONS TO ALL CANDIDATES

1. Answer all questions.
2. $P$ in the TDC formula means?
A. Price of transport
C. Price of goods
B. Number of pieces shipped
D. Interest rate
3. Additional costs will vary based on the transportation mode used. Which is not a mode of transportation?
A. Rail
C. Air
B. Water
D. Road
4. Which is an example of an additional cost?
A. Warehousing
C. Customs clearance
B. Terminal charges
D. Clearance charges

Use the table herein and answer questions 15-16

| ADMINISTRATION |  | $\mathbf{1 0 \%}$ |
| :--- | :--- | :--- |
| TRANSPORTATION |  |  |
| Inbound | $10 \%$ | $\mathbf{3 0 \%}$ |
| Outbound | $20 \%$ | $\mathbf{8 \%}$ |
| RECEIVING and SHIPPING |  |  |
| WAREHOUSING |  | $\mathbf{1 7 \%}$ |
| INVENTORY CARRYING | COSTS |  |
| Interest | $10 \%$ |  |
| Taxes, Insurance |  | $7 \%$ |

ORDER PROCESSING
4. Transportation cost represents what percentage of the total distribution costs?
A. $40 \%$
B. $30 \%$
C. $35 \%$
D. $25 \%$
5. Inventory carrying costs - Taxes, Insurance represents what percentage of the total distribution costs?
A. $10 \%$
B. $7 \%$
C. $17 \%$
D. $18 \%$
6. Which mode of transportation has lower cost in total distribution cost?
A. Sea
C. Both
B. Air
D. None of the above
7. Which of the following information is not necessary in a total distribution calculation?
A. Door-to-Door transportation time
C. Loading costs
B. Packing costs
D. Mark-up
8. According to the TDC formula, LD means?
A. Price of goods
C. Transport costs
B. Interest rate
D. Number of days' goods are stored
9. The cost of any article available for purchase in a shop basically comprises of the following elements except?
A. Production cost
C. Make-up
B. Total distribution cost
D. Profit
10. TDC $=$ P $^{*} \mathrm{~A}^{*}(\text { ? })^{*}$ _LD_+_? _ + ?

360
A. K, TO, TTT
C. OK, TO, TTT
B. $\mathrm{KO}, \mathrm{TTT}, \mathrm{TO}$
D. O.K, TTT, TO
11. Which mode of transportation has higher rates?
A. Sea
C. Both
B. Air
D. None of the above
12. The interest on goods in store and transport offsets the difference and total distribution costs are lower when using airfreight.
A. True
B. False
13. Once the most economical solution has been found, consideration must be given to the following but one?
A. Consumer Experience
C. Total Transportation Time
B. Precision in Deliveries
D. Risk Management
14. If the frequencies of shipments from the store are increased, then smaller inventories and safety stocks can meet demands.
A. True
B. False
15. A TDC-analysis is recommended if the product has?
A. High Value
C. High Mark-up
B. Long Transportation Time
D. All of the above
16. $\qquad$ will clearly be the strongest marketing point in favor of airfreight.
A. Speed
C. Price
B. Air
D. Profit
17. The following shipment of consumer electronics is planned:
$P=\$ 116$
$\mathrm{A}=51$
$\mathrm{K}=19 \%$
LD $=7+47$
$\mathrm{TTT}=53$
$\mathrm{TO}=382$
a) What is the total number of days the goods will be in storage and in transit?
A. 47
B. 54
C. 107
D. 53
b) What is the TDC for the shipment?
A. $\$ 1124$
B. $\$ 2972$
C. $\$ 334$
D. $\$ 716$
18.

| SEA | AIR |  |
| :--- | :--- | :---: |
| $\mathrm{P}=157$ | $\mathrm{P}=157$ |  |
| $\mathrm{~A}=39$ | $\mathrm{~A}=39$ |  |
| $\mathrm{~K}=19 \%$ | $\mathrm{~K}=19 \%$ |  |
| $\mathrm{LD}=8+49$ | $\mathrm{LD}=3+5$ |  |
| $\mathrm{~T}=53$ | $\mathrm{TTT}=13$ |  |
| $\mathrm{TO}=333$ | $\mathrm{TO}=553$ |  |

a) What is 553 ?
A. Transportation time for air
B. Transportation time for sea
C. Transport costs for air
D. Transport cost for sea
b) What is the total of price of goods, number of pieces shipped and interest rate?
A. $\$ 1163.37$
B. $\$ 1163.00$
C. $\$ 358.72$
D. $\$ 692.00$
C) What is the TDC for air transport?
A. $\$ 692$
B. $\$ 358$
C. $\$ 621$
D. $\$ 612$
d) What is the total number of days the goods will be in storage for sea transport?
A. 49
B. 8
C. 21
D. 57
e) What is total number of days the goods will be in storage and in transit for sea transport?
A. 53
C. 106
B. 57
D. 110
f) What is the TDC for sea transport?
A. $\$ 612$
B. $\$ 621$
C. $\$ 692$
D. $\$ 358$
19. Today, the cost of distribution tends to be lesser than that of production.
A. True
B. False
20. There are three ways in which profit can be increased if taxes were fixed. Which one is not?
A. Lower the distribution cost
C. Increase the sales price
B. Increase the sales profit
D. Lower the production cost
21. In the $19^{\text {th }}$ century, the huge costs involved?
A. Taxes
C. Pricing
B. Production
D. Distribution
22. The cost of producing and distributing a textile shirt when divided as Taxes $\mathbf{2 0 \%}$ \& profit $\mathbf{3 5 \%}$, what percentage is the distribution and the production respectively?
A. $30 \% / 15 \%$
B. $15 \% / 30 \%$
C. $20 \% / 25 \%$
D. $10 \% / 35 \%$
23. Which is not a major component of physical distribution costs?
A. Cost inventory related
C. Warehousing
B. Receiving and shipping
D. Order processing
24. What is TDC?
A. Transport Disturbance Cost
C. Total Distribution Cost
B. Transport Distribution Cost
D. Total Distributing Cost
25. Costs must be distributed for each of the main components in the total distribution costs.
A. True
B. False
26. $\qquad$ has an invisible cost die to high interest paid on capital tied up in goods under production, in warehouses and during transportation.
A. Time
C. Profit
B. Space
D. Price
27. The rate of $\qquad$ _of goods in storage and during transport must always be calculated.
A. Interest and value
C. Value and space
B. Interest and safety
D. Interest and space
28. When thinking of transportation costs, we tend to think only of?
A. Transport rates
C. Freight rates
B. Terminal charges
D. Customs clearance
29. One of the following is not among the major components of physical distribution costs are as follows:
A. Administration
B. Transportation
C. Receiving and Shipping
D. Warehousing
30. Which is not a component of transportation costs?
A. Warehousing
C. Large load costs
B. Packing costs
D. Delivery charges

## END OF PAPER

