



UNIVERSITI KUALA LUMPUR
Malaysian Institute of Marine Engineering Technology

FINAL EXAMINATION
MARCH 2025 SEMESTER SESSION

SUBJECT CODE : LOD21003
SUBJECT TITLE : FREIGHT FORWARDING
PROGRAMME NAME : DIPLOMA IN MARITIME MANAGEMENT
(FOR MPU: PROGRAMME LEVEL)
TIME / DURATION : 09.00 AM - 12.00 PM
(3 HOURS)
DATE : 26 JUNE 2025

INSTRUCTIONS TO CANDIDATES

1. Please read **CAREFULLY** the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of **TWO (2)** sections; Section A and Section B.
4. Answer **ALL** question in Section A, and **THREE (3)** questions **ONLY** in Section B.
5. Please write your answers on the OMR for Section A and on answer booklet provided for Section B.
6. Please write your answers on this answer booklet provided.
7. Answer **ALL** questions in English language **ONLY**.

THERE ARE 10 PAGES OF QUESTIONS, INCLUDING THIS PAGE.

SECTION A (TOTAL: 25 MARKS)

INSTRUCTION: ANSWER ALL QUESTIONS.

Please use the OMR sheet provided.

1. What is the primary role of a freight forwarder?
 - A. Manufacturing goods for export.
 - B. Regulating international trade laws.
 - C. Arranging the shipment of goods and managing logistics.
 - D. Inspecting goods at customs.

2. What is one of the main responsibilities in evaluating facilities and incentives related to customs?
 - A. Calculating shipping costs for exporters.
 - B. Evaluating procedures and policies for duty/tax exemptions granted by the Minister of Finance.
 - C. Managing airline freight schedules.
 - D. Monitoring exchange rates.

3. Under which legal provision can businesses apply for duty/tax remissions?
 - A. Customs Regulation 2010.
 - B. Excise Act 1976.
 - C. Section 14A of the Customs Act 1967.
 - D. Sales Tax Act 2018.

4. Why are freight forwarders valuable for end-to-end shipping solutions?
 - A. They handle final product quality inspections.
 - B. They manage the full shipping process from origin to delivery.
 - C. They create demand forecasts for retailers.
 - D. They operate customs border checkpoints.

5. How do freight forwarders collaborate with carriers?
 - A. By preparing meals for crew members.
 - B. By providing on-board inspection services.
 - C. By negotiating rates, booking cargo space, and coordinating transportation.
 - D. By inspecting goods for quality control.

6. How do freight forwarders help with insurance coverage?
 - A. By issuing medical insurance to cargo handlers.
 - B. By advising on and arranging shipment insurance policies.
 - C. By inspecting goods upon arrival.
 - D. By setting prices for insurance companies.

7. What is a commercial invoice primarily used for in international trade?
 - A. To calculate warehouse rental fees.
 - B. To track employee performance.
 - C. To book cargo space with carriers.
 - D. To record the value of goods for customs clearance and duties.

8. Who is usually responsible for issuing the commercial invoice?
 - A. Freight forwarder.
 - B. Customs officer.
 - C. Exporter or seller.
 - D. Shipping line.

9. What does "movement" refer to in the context of customs procedures?
- A. Exporting goods to another country.
 - B. Transferring duty-paid goods between retail outlets.
 - C. Transferring duty-unpaid goods within the Principal Customs Area (PCA).
 - D. Transporting passengers between customs checkpoints.
10. What role does RMC play in consumer protection?
- A. Enforcing regulations against unsafe or dangerous imported products.
 - B. Banning all imports during peak seasons.
 - C. Ensuring process of import and export.
 - D. Managing customer complaint centers.
11. What is the purpose of the K8 form in customs procedures?
- A. To declare imported goods for sale in Malaysia.
 - B. To document goods passing through Malaysia to another country.
 - C. To apply for tax exemption on local purchases.
 - D. To register for a new bonded warehouse.
12. Which Malaysian legislation governs the prohibition of import and export?
- A. Customs Act 1967.
 - B. Sales Tax Act 2018.
 - C. Companies Act 2016.
 - D. Employment Act 1955.
13. In which situation should a K2 form be used?
- A. Importing electronics from Korea to Malaysia.
 - B. Exporting furniture from an FCZ in Port Klang to the USA.
 - C. Moving goods between warehouses in Malaysia.
 - D. Selling local goods to domestic retailers.

14. On what types of goods is excise duty imposed?
- A. Only on exported goods.
 - B. Only on services provided in Malaysia.
 - C. On dutiable goods manufactured locally or imported.
 - D. On all food and beverages sold in Malaysia.
15. What is required for a company to manufacture excisable goods legally in Malaysia?
- A. Registration with the Ministry of Finance.
 - B. A license under Section 20 of the Excise Act 1976.
 - C. Approval from the Department of Statistics.
 - D. An import license.
16. In which situation would a company most likely apply for a customs duty drawback?
- A. When goods are imported and sold locally.
 - B. When goods are imported for government use.
 - C. When importing personal belongings.
 - D. When imported goods are later exported after processing.
17. What is a customs duty drawback?
- A. A penalty charged on imported goods.
 - B. A license for tax-free imports.
 - C. A refund of duties paid on imported goods that are later exported.
 - D. An increase in import duties for luxury goods.
18. Can an IPC be owned by foreign companies?
- A. No, it must be locally owned only.
 - B. Yes, it can be either local or foreign owned.
 - C. Only foreign government-owned companies qualify.
 - D. Only joint ventures are allowed.

19. What is one condition related to expatriate posts for companies granted IPC status?
- A. They are automatically given unlimited expatriate posts.
 - B. Expatriate posts will be approved based on the IPC's requirements.
 - C. Expatriates are not allowed in IPC companies.
 - D. Only local staff are permitted to hold management positions.
20. What is a common challenge faced by freight forwarders when managing documents and messages?
- A. High storage costs for goods.
 - B. Overdependence on digital communication.
 - C. Difficulty tracking multiple pieces of information.
 - D. Lack of training on customer service.
21. How does EDI help freight forwarders and logistics companies?
- A. By increasing the number of face-to-face meetings.
 - B. By improving real-time data exchange and reducing manual entry.
 - C. By eliminating the need for customs clearance.
 - D. By printing shipping labels automatically.
22. Which of the following is now a common expectation among shippers due to changing consumer demands?
- A. Manual documentation.
 - B. Expensive and delayed delivery.
 - C. Full shipment visibility and tracking.
 - D. Minimal communication with customers.
23. Even if information is not lost, what is one hidden cost of a disorganized communication system?
- A. Increased staff turnover.
 - B. Extra tax penalties.

- C. Loss of market access.
- D. Time wasted in sorting through the system.

24. What does the term "granular status updates" refer to in logistics?

- A. Regular staff performance reviews.
- B. Frequent and detailed updates on shipment location and status.
- C. Daily inventory checks.
- D. Tax invoice breakdowns.

25. What is the goal of international logistics network optimization?

- A. To reduce the number of warehouses globally.
- B. To increase the complexity of the logistics system.
- C. To enhance efficiency and reduce costs in international shipping.
- D. To eliminate the need for documentation.

SECTION A (TOTAL: 75 MARKS)

INSTRUCTION: ANSWER ONLY THREE (3) QUESTIONS.

Question 1

In freight forwarding, an International Procurement Centre (IPC) plays a key role in global sourcing and combining shipments to optimize export operations, while an Inland Clearance Depot (ICD) manages customs procedures and cargo processing closer to the source of shipment. When linked with Electronic Data Interchange (EDI), these centres improve coordination, minimize delays, and enhance overall logistics efficiency through smooth digital information exchange.

- a) Identify FIVE (5) Eligibility for International Procurement Centre (IPC).
(5 marks)
- b) Discuss FIVE (5) Importance of Inland Clearance Depot (ICD).
(10 marks)
- c) Examine FIVE (5) Benefits of using Electronic Data Interchange (EDI) in freight forwarding operations.
(10 marks)

Question 2

Freight forwarding faces several challenges, including managing various stakeholders and keeping up with constantly changing regulations. In response to these complexities and to enhance operational efficiency, globalization plays a significant role. Through global networks and international collaboration, freight forwarders can streamline processes, access broader markets, and improve service delivery across borders.

- a. Discuss FIVE (5) challenges faced in freight forwarding and provide examples for each challenge. (15 marks)
- b. Assess FIVE (5) effects of globalization in freight forwarding. (10 marks)

QUESTION 3

Freight forwarding involves coordinating and overseeing the movement of goods from the seller to the buyer, ensuring delivery is both timely and efficient. Supporting documents are essential for completing all necessary legal requirements, helping to facilitate smooth import and export procedures. Additionally, prohibited items—goods restricted from international trade due to legal, safety, or ethical concerns—must be strictly monitored to ensure full regulatory compliance.

- a) Identify FIVE (5) supporting documentation for customs clearance. (5 marks)
- b) Determine FIVE (5) responsibilities for freight forwarding. (10 marks)
- c) Examine FIVE (5) purposes behind prohibiting certain goods from importation. (10 marks)

Question 4

Taxes are important in freight forwarding because they can affect how much money you spend and make on shipments going between countries. Freight forwarders need to understand different taxes and duties so they can handle international trade smoothly and accurately.

a) Explain the following taxes and duties that a freight forwarder needs to know:

i. Payment Under Protest

(5 marks)

ii. Duty Drawback

(5 marks)

iii. Excise Duty

(5 marks)

b) Examine FIVE (5) importance of taxation and duties in freight forwarding.

(10 marks)

END OF FINAL EXAMINATION PAPER

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