



MACHAKOS UNIVERSITY

University Examinations for 2016/2017 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FOURTH YEAR FIRST SEMESTER EXAMINATION FOR BACHELOR OF
COMMERCE

BMS 422: CONTRACTS AND LEGAL ASPECTS IN PURCHASING

DATE: 27/7/2017

TIME: 8:30 – 10:30 AM

INSTRUCTIONS

Answer question ONE and any other TWO questions

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) What is a purchasing contract? (2 marks)
- b) Explain five legal elements of a valid contract (10 marks)
- c) State and explain the five types of contracts that can be entered into in purchasing (10 marks)
- d) What is Intellectual Property? Describe the terms **copyrights, patents and trademarks** (8 marks)

QUESTION TWO (20 MARKS)

- a) What are contract disputes? Using examples, Discuss the methods that can be adopted to resolve contract disputes. (12 marks)
- b) Explain reasons why both the buyer and supplier would want a long term contract. (8 marks)

QUESTION THREE (20 MARKS)

- a) Not all people are completely free to enter into a valid contract. Discuss groups of people who involve problematic consent in a contract (10 marks)
- b) Explain the general terms and conditions clauses of a contract (10 marks)

QUESTION FOUR (20 MARKS)

- a) Discuss circumstances under which The Purchasing manager may be personally liable. (10 marks)
- b) With examples, discuss the authorities of a purchasing manager (10 marks)

QUESTION FIVE (20 MARKS)

- a) Differentiate between breach of a contract and cancellation of order (4 marks)
- b) Discuss the various types of breaches of a contract giving examples (8 marks)
- c) Explain the types of damages under breach of a contract (8 marks)