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**University Examinations 2015/2016**

SECOND YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT

**BFB 3254: BUSINESS LAW II**

**DATE: AUGUST 2016 TIME: 2HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE (30MARKS)**

1. The Public Procurement and Disposal Act aims at preventing the occurrence of corrupt practices in procurement processes and at the same time enhancing transparency and accountability in the procurement systems. In view of the above, discuss the specific objectives of the Act. (10 Marks)
2. The doctrine of caveat emptor is meant to protect an ignorant buyer. Explain the meaning of the doctrine and discuss in detail any four (4) exceptions to this rule. (10 Marks)
3. Amani Limited, manufacturers and distributors of Amani mineral water was contracted by Nchiru Limited for the supply of 2000 bottles of 500 ml on or before 15th November, 2015. Nchiru Limited were to use the water for a trip to ferry staff of Vision Kesho International NGO for their end of year party. Vision Kesho had contracted Nchiru Limited for the supply of 20 luxury buses. Nchiru Limited paid half of the contract price of shs.250,000.00 to Amani Limited. On 14th November 2015 at around 8.00pm, Amani Limited informed Nchiru Limited of their inability to deliver the mineral water as contracted. Nchiru Limited have come to you as the person in charge of procurement to advise them on what they should claim from Amani Limited. Advise them. (10 Marks)

**QUESTION TWO (20 MARKS)**

1. Define the term intellectual property and explain in detail what the intellectual property rights are designed to protect. (12 Marks)
2. Describe the remedies available to a buyer against a seller in a contract of sale of goods.(8 Marks)

**QUESTION THREE (20 MARKS)**

1. Define the term arbitration and discuss the various advantages and disadvantages of arbitration in settlement of commercial disputes. (10 Marks)
2. In relation to the law of contract, describe the doctrine of privity of contract and explain any four (4) exceptions to the doctrine. (10 Marks)

**QUESTION FOUR (20 MARKS)**

1. The key purpose of Kenya’s competition law is to “encourage competition in the economy by prohibiting restrictive trade practices, controlling monopolies, concentration of economic power and prices for connected purposes. Discuss in details the reasons that make it necessary to enforce the competition law. (12 Marks)
2. What is open tendering? (2 Marks)
3. Distinguish between a contract of sale and an agreement to sell. (6 Marks)

**QUESTION FIVE (20 MARKS)**

1. Explain the various legal requirements for open tendering. (10 Marks)
2. What are the negative impacts of an unwarranted concentration of economic power? (10 Marks)