



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**SCHOOL OF BUSINESS & ECONOMICS**  
**UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS**  
**ADMINISTRATION WITH IT**  
**4<sup>TH</sup> YEAR 2<sup>ND</sup> SEMESTER 2019/2020 ACADEMIC YEAR**

**COURSE CODE: ABA 444**

**COURSE TITLE: Contracts & Dispute Management**

**EXAM VENUE:**

**STREAM: (BBA SCM)**

**DATE:**

**EXAM SESSION:**

**TIME: 2 HOURS**

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**Instructions:**

- 1. Answer questions ONE from the Section A and ANY other 2 questions from Section B**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room**

## **SECTION A**

You are strongly advised to read carefully and analyse the information in the case study before attempting to answer question 1.

### **JULIE'S JUICES**

Julie's Juices, sold under the 'JJ' brand, have been a great success. From beginning just six years ago, the company has expanded rapidly. It produces a range of fruit juices, pressed from fresh fruits including apple, orange and blackcurrant, all sold as natural products, without any added artificial ingredients. This branding and marketing approach has proved very attractive to affluent and health-conscious consumers, enabling the entire product range to attract a premium price. This has led to good returns on investment for the company, and steady and increasing growth. Plans are now being made to try and sell the juices into international markets, and to continue to diversify the range of products and flavours.

#### **Fruit Supplies**

Reliable supplies of fruit for pressing are absolutely fundamental to the success of JJ –without steady supplies of fruit it has no product. Originally, JJ sourced all its supplies of fruit locally; but the ever-increasing demand for its products, and the diversification into other types of fruit juices, has meant that JJ now purchases about two-thirds of its fruits from other countries. JJ has suppliers in all of the fruit-producing areas of the world, including the United States of America, South America, Israel, Southern Europe and New Zealand.

## **Fine Fruits: an Unreliable Supplier**

With some of the blended fruit juice drinks, there is no scope for variation of the ingredients without altering the product characteristics. One JJ product, for example, is a blend of juices called 'Orchard Fruit'. This product includes 5% English apple juice for its distinctive flavour. At the present time, there is only one supplier of these particular English apples, a UK fruit grower called Fine Fruits (FF). But it is well known within JJ that FF is becoming unreliable as a supplier; FF deliveries are sometimes late, or do not arrive at all; and sometimes the quality of the fruits from FF is so low that entire boxes of apples are rejected by JJ's quality inspectors.

The managing director of JJ is becoming exasperated with FF. He calls a meeting with JJ's purchasing director to discuss the performance of FF. 'I am fed up with FF's poor performance' says the MD to the purchasing director. 'Why not just tell them: if they deliver late, or if they fail to meet our quality standards, then we will punish them through the contract where it hurts them most – in the bank balance. They need us even more than we need them. We pay them £5 per box for their English apples, and they are supposed to deliver 100 boxes of English apples to us each week. In fact, I have had an idea for what we could do about it', continues the JJ managing director to the JJ purchasing director. 'I suggest that we write a new clause into our contract with FF that says if any delivery is more than an hour late, then we will deduct £500 from FF's invoice; and for every box of apples from FF that is rejected for poor quality we will deduct £100 from FF's invoice. That should soon put an end to their un-business-like behaviours.'

## QUESTIONS

Question 1 relate to the case study and should be answered in the context of the information provided.

Q1. a) Explain FIVE different contractual areas that JJ should ensure are covered in its contracts with suppliers of fruit from other countries. (15 marks)

(b) Explain the validity of the penalty clauses being proposed by JJ's managing director, in the context of English Law. (5 marks)

(c) Explain the changes you would recommend to the contractual approach suggested by JJ's managing director, in the context of English Law. (10 marks)

## SECTION B

Answer TWO questions from section B.

You are strongly advised to read carefully all the questions in section B before selecting TWO questions to answer.

Q2 (a) Explain the differences between a 'condition' and a 'warranty' in a contract. (10 marks)

(b) Describe THREE different implied terms that derive from the Sale of Goods Act, 1979. (10 marks)

Q3 Explain FIVE different roles of the procurement function in an organisation when setting up purchase agreements. (20 marks)

Q4 (a) Explain TWO functions of a specification. (10 marks)

(b) Explain the circumstances in which use of a conformance specification might be appropriate. (10 marks)

Q5 When undertaking procurement for a public sector organisation subject to the European Union Procurement Directives:

(a) Explain when it might be appropriate to use the Open Procedure. (4 marks)

(b) Explain when it might be appropriate to use the Competitive Dialogue Procedure. (6 marks)

(c) Explain how unsuccessful bidders should be debriefed. (10 marks)