

The
Management
University
of Africa



Sponsored by the Kenya Institute of Management

DIPLOMA UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DIPLOMA IN SUPPLY CHAIN MANAGEMENT

**DSM 106: LEGAL ASPECTS OF SUPPLY CHAIN
MANAGEMENT.**

DATE: 7TH APRIL 2026

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **FOUR** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **10 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Read the case study below and answer the questions that follow:

SAFARIS & TOURS LIMITED

Blaze garage limited advertised for sale of a tours vehicle which was at their workshop and the selling price was given as Kshs 1.5 million because it was in very good condition and was still in operation. Blaze garage in their advertisement added some details where prospective buyers would view the vehicle at their workshop. Safaris & Tours wrote to Blaze garage limited indicating their intention to buy the vehicle for use in their tours and travel business that involved taking tourists to various game reserves. After evaluation of all bidders, Blaze garage limited had the best responsive bid at Kshs 1.2 million. On 30th August 2022, Blaze garage limited, through its procurement manager one Mr. Kunai wrote back to Safaris & Tours Management informing them that their bid of Ksh.1.2 million had been accepted and they were requested to come and formalize the contract award process at Blaze garage limited.

At the time of viewing of the vehicle by the procurement manager of Safaris & Tours, the vehicle was in good condition even though the vehicle was still stationery at the Blaze garage limited. It was agreed between Blaze garage limited management and Safaris & Tours Procurement Manager that since the car had been stationery for some time it would be serviced and delivered by Blaze garage limited to Safaris & Tours at their industrial Area warehouse on Enterprise road in Nairobi County.

On 5th September 2022 Safaris & Tours signed the Sale agreement and they agreed that the vehicle would be delivered to Safaris & Tours within ten working days after payment of the 60% deposit as per the terms and conditions contained in the Sale agreement. The balance of the agreed sale price was payable within thirty days after the delivery. While the vehicle was been delivered to Safaris & Tours by Blaze garage limited employee, it rolled down over a cliff and it was damaged. It also occurred

to Safaris & Tours management that they had been misled on the year of manufacture of the vehicle.

When the vehicle was eventually delivered to Tours & Safaris, they refused to accept it because it was damaged and Safaris & Tours felt they had been misled about the year of manufacture and thus refused to pay for the balance and demanded refund of their down payment deposit. Safaris & Tours intends to sue Blaze garage limited for breach of contract. Safaris & Tour's argument is the property in the vehicle had not passed to them and they would wish to invalidate the contract.

Required:

- a) In reference to the case study discuss five ways a contract may be discharged or terminate
(10 marks)
- b) Explain to Safaris & Tours four factors that can vitiate a contract
(10 marks)
- c) According to the case study advise both companies the main points of distinction between "Sale" and "Agreement to Sell"
(10 marks)

QUESTION TWO

- a) Explain four reasons why companies embrace protection of intellectual property
(5 marks)
- b) Define the following contract terms:
 - i. A Void Agreement **(2.5 marks)**
 - ii. A Voidable contract **(2.5 marks)**

QUESTION THREE

a) Discuss five procedures for Termination of an offer

(5 marks)

b) Evaluate five types of agents in accordance to the law of agency.

(5 marks)

QUESTION FOUR

a) Discuss five implied conditions regulated in Kenya by sale of goods act 1962.

**(5
marks)**

b) Explain reasons for purchasing professionals to have a working knowledge of commercial law.

(5 marks)

QUESTION FIVE

a) Explain five reasons why intellectual property law is necessary **(5 marks)**

b) Assess two requirements that must be satisfied before a court of law will award damages due to negligence.

(5 marks)

QUESTION SIX

a) Examine five duties of an agent employed to represent the principle

**(5
marks)**

b) Elaborate common types of intellectual property that comprises industrial designs

(5 marks)