

**KIBABII UNIVERSITY**



**UNIVERSITY EXAMINATIONS  
2020/2021 ACADEMIC YEAR  
THIRD YEAR FIRST SEMESTER  
SPECIAL/SUPPLEMENTARY EXAMINATION  
FOR THE DEGREE OF BACHELOR OF COMMERCE**

**COURSE CODE: BCP 345E**

**COURSE TITLE: CONTRACTS DEVELOPMENT IN PURCHASING AND  
SUPPLIES**

**DATE: 27/09/2021**

**TIME: 8.00 – 10.00AM**

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**INSTRUCTIONS TO CANDIDATES**

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory

**TIME: 2 Hours**

**KIBU observes ZERO tolerance to examination cheating**

10

## QUESTION ONE

### CASE STUDY- COMPULSARY.

MAP construction Ltd specializes in electrical works. The company won a Government contract through open tender that involved two stage process. During the implementation contact implementation it was discovered by the contract manager that at the negotiation level key aspects of contract were left out. The bids were invited through newspaper advertisement, tender was closed and opened on the same day. A tender evaluation committee submitted its report to the head of supply chain for his further necessary action. A review of the report brought to light the following issues- delivery schedule was not clearly indicated; contractor performance measure was not indicated and lastly contractors incentives were not clear owing to that fact that it was a fixed lump sum contract. As a sourcing specialist, the head of supply chain has forwarded the report to you for review.

#### Required-

- i) Explain what you understand by fixed lump sum pricing mechanism (5 Marks).
- ii) Justify the two stage tendering process (10 marks).
- iii) Discuss the concept of contract development (10 marks).
- iv) Explain the use of performance bond in contracts (5 Marks)?

## QUESTION TWO

Explore the necessity for contract management and its benefits (20 marks).

## QUESTION THREE

Contracts development for a complex project would incorporate the Iron triangle. Discuss (20 Marks).

## QUESTION FOUR

- i) Explain the concept of BOOT contracting option (10 marks).
- ii) What is meant by a standard contract and a model form contract (10 marks)?

## QUESTION FIVE

Explore the drivers behind collaborative commercial relationships in contracting (20 marks).