CIPS

A8

Preparing and Managing Contracts

Answer: Pending. Please Send your suggestions to support@

QUESTION: 103
a) State TWO dangers of cost reimbursable pricing.
b) Identify THREE safeguards which may help to protect the buyer against these dangers.

Answer: Pending. Please Send your suggestions to support@

QUESTION: 104
a) Give THREE implied conditions of the Sale of Goods Act (1979) relating to sale by sample.
b) Give TWO examples of contracts that would not be subject to the Sale of Goods Act (1979).

Answer: Pending. Please Send your suggestions to support@

QUESTION: 105
Identify FIVE guidelines, laid down by the Unfair Contract Terms Act (1977), that help determine whether a contract clause is 'reasonable'.

Answer: Pending. Please Send your suggestions to support@

QUESTION: 106
a) Define the term 'fixed pricing'.
b) State THREE advantages of fixed pricing for the purchaser.

Answer: Pending. Please Send your suggestions to support@

QUESTION: 107
Briefly describe FIVE benefits of effective contract management.

Answer: Pending. Please Send your suggestions to support@

QUESTION: 108
State FIVE purposes of a contract.

Answer: Pending. Please Send your suggestions to support@

QUESTION: 109
You are the supply chain manager for a large hospital. Because of the constant need to Reduce costs and maintain high standards, it has been examining the advantages and possible pitfalls of sourcing many of its supplies from some of the emerging economies of the world, particularly those in the Far East. After a time it becomes apparent that your staff are able to negotiate such issues as the price and delivery time of the supplies, but do not know how to go about agreeing contracts with international suppliers with regard to packaging and transport, as well as customs and other duties payable. You are aware of the nature and purposes of Incoterms and you need to make your staff aware of these. You also have in mind some specific Incoterms that you believe would be useful for your organisation.
TASKS
a) Explain the purpose of Incoterms and the ways in which their use benefits both buyer and seller.
b) Outline the provisions of Ex-works (EXW).
c) Outline the provisions of Free on Board (FOB).
d) Suggest which Incoterm you would use for the hospital and provide reasons for your choice.

Answer: Pending. Please Send your suggestions to support@

QUESTION: 110
You are the purchasing manager of Merson and Oakes Ltd., a major firm of construction contractors. You realise that none of your staff understand the application of contract price adjustment formulae. You believe that it would be a good idea to use these in long-term contracts, due to increasing economic uncertainty in some parts of the world. Instead of using such formulae, members of staff are either forcing suppliers to accept fixedprice contracts or are accepting suppliers?? requests to enter into cost-plus type contracts. Also, given the long-term nature of many contracts, you are surprised that the staff in the department do not understand retention clauses. You are planning a training session for Merson and Oakes??s staff. As part of your preparation undertake the following:
TASKS
a) Describe TWO disadvantages of fixed-price contracts from the buyer??s point of view, for the long-term contracts often entered into by the company.
b) Explain ONE benefit to Merson and Oakes of using contract price adjustment formulae.

c) Describe how contract price adjustment formulae can be applied in this case.
d) Explain how Merson and Oakes can make use of retention clauses.

Answer: Pending. Please Send your suggestions to support@

QUESTION: 111
a) Explain the role and importance of each of the following essential elements of a contract:
i) Offer
ii) Acceptance
iii) Consideration
iv) Intention to create legal relations
b) Explain the difference between a condition of a contract and a warranty.

Answer: Pending. Please Send your suggestions to support@