



**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

MAIN CAMPUS/BUNGOMA CAMPUS/WEBUYE CAMPUS

**UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR**

FOURTH YEAR SPECIAL/SUPPLIMENTARY EXAMINATIONS

**FOR THE DEGREE
OF
BACHELOR OF COMMERCE**

COURSE CODE: BCF 460

COURSE TITLE: BUSINESS MODELLING

DATE: Friday, 5TH AUGUST 2022

TIME: 8-10AM

INSTRUCTIONS TO CANDIDATES

Attempt QUESTION ONE and any other two questions

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over. ►

QUESTION ONE (30 MARKS)

- a) *“Planning is the substitution of error for chaos!”* discuss the elements of planning to consider when starting a business(10marks)
- b) Discuss the characteristics of a business objective(5marks)
- c) Explain four dimensions of business viability in a business feasibility study(10marks)
- d) Discuss four specific tasks to be completed in a marketing plan(5marks)

QUESTION TWO (20MARKS)

- i) Explain intended market environment with regard to target market and for business to business market.(5marks)
- ii) Think about the 20% of you customer who generate or will generate 80% of your business. Write one-paragraph description of this typical customer(5marks)
- iii) Describe what you will include in a general company description(10marks)

QUESTION THREE (20MARKS)

- i) Discuss major issues to consider to come up with a successful business plan(10marks)
- ii) Elucidate on decisions that you will have to make in case of deficit cashflow and a projected loss in a business plan (10marks)

QUESTION FOUR(20MARKS)

Suppose a business has the following plan for the year 2017

Sales (100000 units @20 sh)	2,000,000
Variable cost (100,000 units@10sh)	1,000,000
Contribution (100,000@10sh)	1,000,000
Fixed cost	400,000
Net profit	600,000

What shall be the impact on the firms profit if the following sets of changes were incorporated in the plan

Plan I: increase in price by 20%, decrease in volume by 25%, increase in variable cost by 10% and increase in fixed costs by 5%

Plan II: decrease in price by 20%, increase in volume by 25%, decrease in variable costs by 10% and decrease in fixed cost by 5% (20marks)