



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

MAIN/BUNGOMA/WEBUYE / NAIROBI CAMPUS

UNIVERSITY EXAMINATIONS

2021 / 2022 ACADEMIC YEAR

**FOURTH YEAR SECOND SEMESTER EXAMINATIONS
FOR THE DEGREE
OF
BACHELOR OF COMMERCE**

COURSE CODE: BCF 460

COURSE TITLE: BUSINESS MODELS

DATE: Monday 22nd APRIL 2022 TIME: 3-5pm

INSTRUCTIONS TO CANDIDATES

Answer **QUESTION ONE** and **ANY OTHER TWO** questions.

TIME: 2 HOURS

MMUST observes **ZERO** tolerance to examination cheating ▲

Question One (Total 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 why its important for a business start up to carry out a feasibility study in business(5marks)
- c) Explain four dimensions of business viability in a business feasibility study(10marks)
- d) Illustrate financial planning for a hard ware(5marks)

Question Two (Total 20marks)

There is no single "right" way to approach a marketing plan.your marketing plan should be part of ongoing self-evaluation process and unique to your business. Evaluate this statement in line with components of marketing plan (20marks)

Question Three (Total 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(Total 20marks)

Suppose a business has the following plan for the year 2022

| | | |
|---------------|-----------------------|---------|
| Sales | (100000 units @20 sh) | |
| Variable cost | (100,000 units@10sh) | |
| Contribution | (100,000@10sh) | |
| Fixed cost | | 400,000 |

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 by20%,increase in volume by 25%,decrease in variable costs by 10% and decrease in fixed cost by 5% (20marks)