



**MASINDE MULIRO UNIVERSITY OF SCIENCE AND  
TECHNOLOGY**

**(MMUST)**

**MAIN/BUNGOMA/WEBUYE/ CAMPUS**

**UNIVERSITY EXAMINATIONS**

**2022/2023 ACADEMIC YEAR**

**MAIN EXAMS**

**FIRST YEAR SECOND SEMESTER EXAMINATIONS**

**FOR THE DEGREE**

**OF**

**BACHELOR OF COMMERCE**

**COURSE CODE: BCF 460**

**COURSE TITLE: BUSINESS MODELLING**

**DATE: Wednesday 19<sup>th</sup> April 2023**

**TIME: 3.00–5.00pm**

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**INSTRUCTIONS TO CANDIDATES**

Answer **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)**

Mr Augusto Gorabachev is an investor from Russia his interest is in hospitality industry, this investor has his major business experience in eastern Europe and United states of America with no experience in African Business environment .Due international stories touching on business possibilities in Kenya more so in Kakamega county the investor is interested in engaging you as a consultant to do for him a feasibility study and finally a business plan. You are required to :

- a) Qualify the necessity for planning for such a business (5marks)
- b) Discuss five issues to consider while looking at product or service(5marks)
- c) Outline how you will conduct the business feasibility(10marks)
- d) Discuss four specific tasks to be completed in a marketing plan(5marks)
- e) Outline key components of a business plan for the business of interest (5marks)

### **QUESTION TWO (20MARKS)**

- i) Lay out five elements of marketing and sales strategy (10marks)
- ii) Describe critical risk factors for a construction business (5marks)
- iii) Describe five factors to consider when looking at competitors (5marks)

### **QUESTION THREE (20MARKS)**

- i) Discuss five key regulation /environmental issues to be considered in feasibility and business plans for a business of your choice(10marks)
- ii) Discuss the components of sustainability plan(10marks)

### **QUESTION FOUR (20MARKS)**

BGM Kakamega has the following plan for the year 2021

Sales (100000 units @60 sh)	6,000,000
Variable cost (100,000 units@20sh)	2,000,000
Contribution (100,000@10sh)	4,000,000
Fixed cost	500,000
Net profit	3,500,000

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 22%, decrease in volume by 25%, increase in variable cost by 10% and increase in fixed costs by 5%

Plan II: decrease in price by 22%, increase in volume by 25%, decrease in variable costs by 10% and decrease in fixed cost by 5% (20marks)