

# KIBABII UNIVERSITY



## UNIVERSITY EXAMINATIONS

**2019/2020 ACADEMIC YEAR  
THIRD YEAR FIRST SEMESTER  
MAIN EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF COMMERCE  
COURSE CODE: BCO 312  
COURSE TITLE: BUSINESS PLANNING  
DATE: 19/11/2020      TIME: 2.00 – 4.00PM**

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### **INSTRUCTION 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**

## SECTION A (COMPULSORY)

### QUESTION ONE

**Read the following case and answer the questions that follow.**

Baraka is in the process of setting up a contract cleaning Business. He has identified four basic types of clients who will provide the bulk of his Business and the specific characteristics of these clients in terms of their types of service, quality and price motivation, relative profit margins and percentages of the total expected business. As a result of this process he has established a combination of client- types which give him a balanced combination of regular high- value but low-profit contracts as his 'bread and butter' business, tempered with less regular but very profitable special work. His marketing plan can be set up to target the needs of each of these four segments. He knows that for large local authorities and school contracts he must be competitive on price whilst meeting prescribed standards of cleanliness. For office-based private companies price is still relevant, but reliability and quality of service are most important. Private individuals are willing to pay more for quality service coupled with flexibility, but they still expect value for money. Special deep- clean contracts are the most profitable, often resulting from pressure by local environmental Health officers, needing rapid response at inconvenient times. It would be hard to concentrate on this type of work as the core business because it is not sufficiently regular, but when it does arise it makes a very healthy contribution to profit margins and complements the less profitable but more regular core business that forms the bulk of Baraka sales turnover.

- a) Identify the option of trading status that applies to Baraka and discuss its challenges (5 marks)
- b) Name and explain three sections that would be included as part of the Body of a business plan if Baraka was to prepare one (10 marks)
- c) Discuss the elements of "marketing mix" with reference to the case (5 marks)
- d) Advise Baraka on importance of the budgetary plan now that he is in the process of setting up a business. (5 marks)
- e) Discuss factors that will influence suitable sources of finance for Baraka (5 marks)

## **SECTION B (ANSWER ANY TWO QUESTIONS)**

### **QUESTION TWO**

- a) Explain the factors which may impact on the viability of a business (10 marks)
- b) Discuss the skills that a business needs to make it successful (5 marks)
- c) Write short notes on financial controls (5 marks)

### **QUESTION THREE**

The management of an organization that you work for has approached you to carry out training to one of the potential clients. Your assignment is to talk about partnerships and limited companies and feasibility study.

- a) Discuss circumstances that you deem appropriate for a partnership (5 marks)
- d) Discuss main documents required in order for the company to operate (5 marks)
- c) Discuss the concept feasibility study and the steps followed in a feasibility study (10 marks)

### **QUESTION FOUR**

Consider a commercial business enterprise you are familiar with and develop a summarized business plan of not more than three pages for it highlighting main sections of the plan and clearly showing what each section entails (20 marks)

### **QUESTION FIVE**

- a) Explain the significance of ongoing business planning (10 marks)
- b) Define the following terms
  - i. Break even Analysis (2 marks)
  - ii. Productivity planning (2 marks)
  - iii. Responsiveness planning (2 marks)
  - iv. Creative innovation planning (2 marks)
  - v. Organization planning (2 marks)