



W1-2-60-1-6

JOMO KENYATTA UNIVERSITY
OF
AGRICULTURE AND TECHNOLOGY

UNIVERSITY EXAMINATIONS 2021/2022
BACHELOR OF BUSINESS COMPUTING (BBC)
BBC 2101 BUSINESS OPERATIONS

September-December 2021

DATE: DECEMBER 2021

TIME: 2 HOURS

INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS
QUESTION ONE

- a) Define the following terms as used in business operations;
- i) Business operations management. [2Marks]
 - ii) Benchmark [2Marks]
- b) Kaylan Company manufactures and sells a cordless telephone for high electromagnetic environments. The company's contribution income statement for the most recent year is given below, in kshs;

	total	per unit	percent sales
sales (20000 units)	1,200,000	60	100%
less variable expenses	900,000	45	?%
Contribution Margin	300,000	15	?%
less fixed expenses	240,000		
Net operating Income	60,000		

The management is anxious to improve the company's profit performance and has asked for the analysis of a number of items.

- i) Compute the company's contribution margin ratio and the variable expense ratio. [4Marks]
- ii) Compute the breakeven point in both units and sales in kshs. [4Marks]
- c) In an effort to increase sales and profits, management is considering the use of a high quality speaker. The speaker would increase variable costs by kshs 3 per unit and but the management could eliminate one quality inspector who is paid ksh 30,000 per year. Management estimates that the high quality speaker would increase annual sales by 20%. Assuming that these changes are effected;

- i) Compute the company's new breakeven point. [6Marks]
- ii) Would you recommend that the changes be made? [2Marks]
- d) Discuss **THREE** techniques of value analysis. [6Marks]
- e) Explain **FOUR** considerations in achieving global operations. [8Marks]

QUESTION TWO

- a) Describe **FIVE** factors that affect the mission of an organization. [10Marks]
- b) Explain the **THREE** major influences on demand and supply [6Marks]
- c) Discuss what you understand by the term cost function and show how it may affect revenues and total cost. [4Marks]

QUESTION THREE

- a) Explain the linear cost function [10Marks]
- b) Evaluate any **FIVE** characteristics of a well-designed service system. [10Marks]

QUESTION FOUR

- a) Give **FOUR** reasons for the purpose for cost allocation? [8Marks]
- b) Describe **FOUR** reasons why operations management is important to an organization. [8Marks]
- c) Discuss **TWO** advantages of using budgets in an organization [4Marks]