

1. (a) Distinguish between organising and management. (4 marks)
- (b) Pendo Electrical Works Limited is known for its good wage system. State **six** characteristics of a good wage system. (6 marks)
- (c) Explain **five** ways in which a reference group may influence the buying behaviour of an individual. (10 marks)
2. (a) State **three** factors that may determine availability of trade credit for a manufacturing firm. (3 marks)
- (b) Outline **seven** steps that a manufacturing firm should follow when conducting time study. (7 marks)
- (c) Explain **five** external factors that may influence the purchasing function in an organisation. (10 marks)
3. (a) Outline **five** objectives that production planning and control seeks to achieve in a manufacturing firm. (5 marks)
- (b) State **five** benefits that a manufacturing firm may obtain from effective inventory control. (5 marks)
- (c) Explain **five** disadvantages that may be associated with management by objectives as advocated by Peter Drucker. (10 marks)
4. (a) Outline **five** reasons that make effective management an important aspect in a manufacturing firm. (5 marks)
- (b) State **five** characteristics of continuous production. (5 marks)
- (c) Explain **five** disadvantages of conducting work study in a manufacturing firm. (10 marks)
5. (a) Highlight **six** indicators of a bad plant layout. (6 marks)
- (b) State **six** measures that the management of a manufacturing firm may take to ensure good working relations in the workplace. (6 marks)
- (c) Explain **four** reasons that make inspection an important aspect in the production process. (8 marks)

6. (a) Distinguish between a tort and a crime. (4 marks)
- (b) The management of Ukweli Electrical Works Limited often exhibits products during trade shows and exhibitions. Outline **six** benefits that the organisation may derive from this practice. (6 marks)
- (c) Explain **five** duties of a procurement officer in an organisation. (10 marks)
7. (a) With reference to the law of contract, state **three** circumstances under which specific performance may not be an option as a remedy. (6 marks)
- (b) **Table 1** shows information extracted from the books of accounts of Leeds Works Limited for the month ending 30th April 2013.

Table 1

	Ksh.
Raw materials cost	225,000
Components and other spare parts	65,000
Industry workers' salaries	45,000
Subordinate workers' salaries	15,000
Salary of production expert	20,000
Raw materials transport expenses	5,000
Machine hiring costs	3,000
Administrative costs	20,000
Selling costs	5,000
Rent	15,000

Calculate:

- (i) prime cost; (7 marks)
- (ii) production cost; (3 marks)
- (iii) total cost. (4 marks)

8. (a) Explain **three** functions of the law of tort. (6 marks)
- (b) Outline **six** factors that a manufacturer should consider when selecting a wholesaler through whom to distribute products. (6 marks)
- (c) **Table 2** shows the sources of information required for effective planning and control in an organisation. Fill in the missing information in the spaces provided.

Table 2

	Information required	Source	Department
1.	Production programme - quantity to be produced, delivery date, models, special features	The sales order	(i) _____
2.	Materials available - types, quality, quantity, stock position/ level	(ii) _____ _____	(iii) _____
3.	Toolings	Standard and special toolings	(iv) _____
4.	Standard times for operation and set up time.	(v) _____ _____	(vi) _____
5.	Wages paid to workers	(vii) _____ _____	Human resource
6.	Progress on status of work.	Production reports	(viii) _____

(8 marks)