



FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION FOR
RECRUITMENT TO POSTS IN BS-17
UNDER THE FEDERAL GOVERNMENT, 2014
BUSINESS ADMINISTRATION

Roll Number

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TIME ALLOWED:	(PART-I MCQs) 30 MINUTES	MAXIMUM MARKS: 20
THREE HOURS	(PART-II) 2 HOURS & 30 MINUTES	MAXIMUM MARKS: 80
NOTE: (i) Part-II is to be attempted on the separate Answer Book . (ii) Attempt ONLY FOUR questions from PART-II , selecting AT LEAST ONE question from EACH SECTION. ALL questions carry EQUAL marks. (iii) Candidate must write Q. No. in the Answer Book in accordance with Q. No. in the Q. Paper . (iv) No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed. (v) Extra attempt of any question or any part of the attempted question will not be considered. (vi) Use of Simple Calculator is allowed.		

PART-II
SECTION-A (MANAGEMENT)

- Q. No. 2.** Discuss the contingency factors that effect planning. Describe how managers can effectively plan in today's environment. (20)
- Q. No. 3.** What issues do today's leaders face? Do you think that most managers in real life use a contingency approach to increase their leadership effectiveness? Explain. (20)

SECTION-B (PRINCIPLES OF MARKETING)

- Q. No. 4.** What constitutes good marketing research? How can company correctly measure and forecast demand? (20)
- Q. No. 5.** How can companies evaluate and select specific foreign markets to enter? What are the differences between marketing in a developing and developed market? (20)

SECTION-C (FINANCIAL MANAGEMENT)

- Q. No. 6.** How is a net present value profile used to complete projects? What causes conflicts in making of projects via net present value and internal note of return? (20)
- Q. No. 7.** How are total risk, non-diversifiable risk, and diversifiable risk selected? Why is non-diversifiable risk the only relevant risk? (20)
- Q.No. 8.** The financial statements of Remington Pharmaceuticals for the year ended December 31, 2012, follow: (20)

Remington Pharmaceuticals Income Statement
for the Year Ended December 31,2012

Sales revenue	\$ 160000
Less: Cost of goods sold	<u>106000</u>
Gross profits	<u>\$ 54000</u>
Less Operating expenses	
Selling expense	\$ 16000
General and administrative expenses	10000
Lease expense	1000
Depreciation expense	<u>10000</u>
Total operating expense	<u>\$ 37000</u>
Operating profits	\$ 17000
Less: Interest expense	<u>6100</u>
Net profits before taxes	\$ 10900
Less: Taxes	<u>4360</u>
Net Profits after taxes	<u>\$ 6540</u>

BUSINESS ADMINISTRATION

Remington Pharmaceuticals Balance Sheet December 31, 2012

<u>Assets</u>	
Cash	\$ 500
Marketable Securities	1000
Accounts receivable	25000
Inventories	45500
Total Current Assets	<u>\$ 72000</u>
Land	\$ 26000
Building and equipment	\$ 90000
Less: Accumulative depreciation	<u>\$ 38000</u>
Net fixed Assets	<u>\$ 78000</u>
Total Assets	<u>\$ 150000</u>
<u>Liabilities and Stockholder's Equity</u>	
Accounts payable	\$ 22000
Notes payable	47000
Total Current Liabilities	<u>\$ 69000</u>
Long term debt	22950
Common stock equity	\$ 31500
Retained earnings	26550
Total Liabilities and Stockholders Equity	<u>\$ 150000</u>

The firm's 3000 outstanding shares of common stock closed 2012 at a price of \$ 25 per share.

- a. Use the preceding financial statements to complete the following table. Assume the industry average given in the table are applicable for both 2011 and 2012.

<u>Ratio</u>	<u>Industry average</u>	<u>Actual 2011</u>	<u>Actual 2012</u>
Current ratio	1.80	1.84	----
Quick ratio	0.70	0.78	----
Inventory turnover*	2.50	2.59	----
Average collection period*	37.5 days	36.5 days	----
Debt ratio	65%	67%	----
Times interest earned ratio	3.8	4.0	----
Gross profit margin	38%	40%	----
Net profit margin	3.5%	3.6%	----
Return on total assets	4.0%	4.0%	----
Return on common equity	9.5%	8.0%	----
Market/Book ratio	1.1	1.2	----

* Bases on a 365 days year and on end of year figures.

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