



**PUNJAB PUBLIC SERVICE COMMISSION**  
**COMBINED COMPETITIVE EXAMINATION**  
**FOR RECRUITMENT TO THE POSTS OF**  
**PROVINCIAL MANAGEMENT SERVICE, ETC -2022**  
**CASE NO. 2C2023**

**SUBJECT: BUSINESS ADMINISTRATION (PAPER-II)**

**TIME ALLOWED: THREE HOURS**

**MAXIMUM MARKS: 100**

**NOTE:**

- i. All the parts (if any) of each Question must be attempted at one place instead of at different places.
- ii. Write Q. No. in the Answer Book in accordance with Q. No. in the Q. Paper.
- iii. No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
- iv. Extra attempt of any question or any part of the question will not be considered.

**Note:** Attempt any FIVE Questions at least TWO questions from each Part including Question No. 9 which is compulsory. Calculator is allowed. (Non-Programmable). Attempt in Urdu or English.

**PART-I MARKETING**

- Q. No. 1:** Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts. **(20 Marks)**
- Q No. 2:** Explain what market segmentation is and why segmentation efforts based on attempts to divide the mass market using a few demographic dimensions may be very disappointing. **(20 Marks)**
- Q No. 3:** Is there any difference between a brand name and a trademark? List five brand names and indicate what product is associated with the brand name. Evaluate the strengths and weaknesses of the brand name. **(20 Marks)**
- Q No. 4:** The price the company charges will fall somewhere between one that is too low to produce a profit and one that is too high to produce any demand. Write a detailed note of various pricing strategies. **(20 Marks)**
- Q No. 5:** Promotion has been the target of considerable criticism. What specific types of promotion are probably the object of this criticism? Give a specific example that illustrates your thinking. **(20 Marks)**

**PART-II FINANCIAL MANAGEMENT**

- Q No. 6:** Explain the capital asset pricing model (CAPM). What are basic assumptions of the model? Support your answer with diagram. **(10+10=20 Marks)**
- Q No. 7:** A company has total annual sales (all credit) of Rs. 40,000,000 and a gross profit margin of 20 percent. Its current assets are Rs.8,000,000; current liabilities, Rs. 6,000,000; inventories, Rs. 3,000,000; and cash, Rs. 1,000,000.
- a. How much average inventory should be carried if management wants the inventory turnover to be 4?
- b. How rapidly (in how many days) must accounts receivable be collected if management wants to have an average of Rs.5,000,000 invested in receivables? (Assume a 360-day year. **(10+10=20 Marks)**

- Q No. 8:** a) A firm has actual sales of Rs 65,000 in April and Rs 60,000 in May. It expects sales of Rs 70,000 in June and Rs 100,000 in July and in August. Assuming that sales are the only source of cash inflows and that half of them are for cash and the remainder are collected evenly over the following 2 months, what are the firm's expected cash receipts for June, July, and August?
- b) How cash inflows and outflows from various sources are different from each other. Explain with reference to the statement of cash flow. **(10+10=20 Marks)**

**Q No. 9:** The Johar Trading Company has the following shareholders' equity account:

Common stock (Rs.8 par value)	Rs. 2,000,000
Additional paid-in capital	Rs. 1,600,000
Retained earnings	Rs. 8,400,000
Total shareholders' equity	Rs. 12,000,000

The current market price of the stock is Rs. 60 per share.

- a. What will happen to this account and to the number of shares outstanding with
- a 10 percent stock dividend?
  - a 2-for-1 stock split?
  - a 1-for-2 reverse stock split?
- b. In the absence of an informational or signaling effect, at what share price should the common stock sell after the 10 percent stock dividend? What might happen to stock price if there were a signaling effect? **(20 Marks)**

**OR**

Bell Manufacturing is attempting to choose the better of two mutually exclusive projects for expanding the firm's warehouse capacity. The relevant cash flows for the projects are shown in the following table. The firm's cost of capital is 15%.

	Project X (Rs)	Project Y (Rs)
Initial investment (CF <sub>0</sub> )	500,000	325,000
Years	Cash Flows	Cash Flows
1	100,000	140,000
2	120,000	120,000
3	150,000	95,000
4	190,000	70,000
5	250,000	50,000

**Requirement:** Compare two projects on the basis of four project evaluation methods and recommend which project is better. **(5+5+5+5+=20 Marks)**