**1. Attached please find the financial statements for XYZ Company, a leading semi-conducer manufacturing company. What year-end trends do you notice? In your response, please also look at the financial rations on the pages 7-8 and discuss at least 1-2 ratios that you believe are important to ascertain the financial position of the company. Do you believe the company has the means to pay its debts.**

**2. Your borrower is an LNG producer located in Qatar. Based on publicly available information, please answer the following questions (500 words or less):**

**a. What do you think are the key risk facing LNG producers in Qatar?**

The steep decline in oil prices that began in 2014, the increasing demand for energy from domestic sources as Qatar develops rapidly and the management of a new wave of investment in existing fields, necessary in order to maintain and even expand current output levels, given a continuing moratorium on some sections of the North Field.

A number of events had an impact on the energy industry in 2014 and 2015.

Firstly, the economic crisis, which created a slowdown in demand. It will probably affect the oil industry harder than the gas industry, except in Europe where coal consumption is increasingly being used as a substitute for gas to fire electric power stations.

Secondly, the geopolitical crisis that arose during the summer of 2014 between Russia and Ukraine revived Western Europe’s fears over the risks of gas shortages and security of supply. It led the industry to consider the catastrophic effects a major break in supply would have.

And thirdly, the spectacular and unexpected tumble in oil prices. The cost of oil was halved in just a few weeks before flattening out at around $60/barrel. This upset all the energy strategies, which were based on high oil prices. Gas also suffered mixed fortunes throughout this difficult and turbulent time.

Historically, the majority of LNG production has come from the Asia Pacific region. However, the progressive build-up of Qatari capacity starting in the late 1990’s allowed the Middle East to emerge as the largest exporting region in 2010. While Asia Pacific provided 31% of the world’s LNG in 2014, Middle Eastern exports met 41% of total demand.

Qatar alone exported nearly 77 MT or roughly one-third of global trade.

**b. Please describe the political/and or country risks if any that an LNG producer in Qatar might face**

**Weaknesses**

* Dependency on the hydrocarbon sector uncertainties concerning changes to the price of natural gas, particularly due to the impact of the boom in unconventional gas.
* Business climate could be better and dependency on foreign labor
* Risk of overcapacity in matters of investment
* Geopolitical challenges at the regional level

Changes in generally good but somewhat volatile political and economic environment can affect corporate payment behavior. A basically secure business environment can nonetheless give rise to occasional difficulties for companies. Corporate default probability is quite acceptable on average.

Despite rapid economic and social change, Qatar continues to attach great importance to traditional Arab and Islamic values that consider the family to be a central pillar of society.

here is a general threat from terrorism. Attacks could be indiscriminate, including in places visited by foreigners.

Terrorists continue to issue statements threatening to carry out attacks in the Gulf region. These include references to attacks on Western interests, including residential compounds, places of worship, military, oil, transport and aviation interests.

You should maintain a high level of security awareness, particularly in public places. Avoid large gatherings and demonstrations.

There is considered to be a heightened threat of terrorist attack globally against UK interests and British nationals, from groups or individuals motivated by the conflict in Iraq and Syria. You should be vigilant at this time.

As Qatar is considered a destination and transit area for human trafficking, the government opened the first shelter for victims of human trafficking in 2005. Qatar Foundation for Combating Human Trafficking was established in 2010. In 2011 an anti-trafficking law was passed but so far no one has been prosecuted under it. The US Human Trafficking report in 2016 has maintained Qatar’s rating from the previous reporting year. While the Government of Qatar does not fully meet the minimum standards for the elimination of trafficking, the report assesses that it is making significant efforts to do so.

**3. You are the manager of a retail sneaker store and you notice that sales are down since the last quarter. How would you solve this problem? (500 words or less**

a. ***Identify the main problem and figure out how to fix it***

First, it is important to identify why your sales have decreased since the last quarter. The underlying factor could be the result of an internal (employee performance or morale) or external (industry trend, time of year) influence. Solicit the sales team for feedback to determine if there is a common denominator that is affecting the results. From the employee perspective what are they noticing with their daily interaction with the customers? Also, take a hard look at the numbers and try to find patterns and figure out how you can use the information to arrive at the right solution.

b. ***Introduce an incentive program and high goals to stimulate change***

Make a plan, set the goal and tell them there is an incentive for the top producers. Employee incentive programs can be used to increase morale and performance. These types of programs are used to drive sales and increase profits. Once the program has been established it is important to create a high goal for your sales team. In addition, the manager could introduce a customer loyalty reward program as a marketing pitch to draw more customers in the store. Loyalty programs reward the customer with incentives for adhering to the program.

***c. Effective Leadership***

Leadership is essential when sales are down. Team management comes down to empowerment and focus. It’s more about understanding what helps your team do their best work. You may need to make a change, but there’s no better time to get creative than when things are downhill. Your team is looking to you for advice and encouragement. You also need to balance those efforts with a high standard of accountability. You want to be the person who recognizes the problem and fixes it. You don’t bark orders; you delegate tasks. You don’t over-pressure; you encourage. That’s how to be a good sales manager—you lead by example.