

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

COMMERCIAL ENVIRONMENT - PAPER 4

ATC(U) EXAMINATIONS

JUNE 2001

INSTRUCTIONS TO CANDIDATES:

1. Time allowed: **3 hours**
2. Attempt **all** questions in Sections A and B, any **two** questions in Section C and any **two** questions in Section D.
3. Section A has **twenty** compulsory multiple-choice questions, each carrying 1 mark.
4. Section B has one compulsory comprehension question carrying 20 marks
5. Section C has **three** questions and only **two** are to be attempted. Each question carries 15 marks.
6. Section D has **three** questions and only **two** are to be attempted. Each question carries 15 marks.
7. Please read further instructions on the answer booklet.

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SECTION A

Question 1:

COMMUNICATION

- (i) Communication is defined as:-
 - (a) when a receiver gets the message from the sender.
 - (b) when the sender sends the message from one person to another.
 - (c) process of transmitting messages from one person to another.
 - (d) use of the appropriate language.
- (ii) Man's primary channels of communication are:-
 - (a) dancing, reading, singing and art.
 - (b) reading, writing, speaking and listening.
 - (c) feeling, speaking, crying and music.
 - (d) laughing, listening, reading and miming.
- (iii) In the communication process, a sender encodes the message when:-
 - (a) the sender chooses an appropriate language.
 - (b) the sender interprets appropriate language.
 - (c) the sender chooses an appropriate medium.
 - (d) the sender chooses to send the message.
- (iv) The final cycle of communication is:-
 - (a) when the feedback is effected and the receiver confirms to the sender that the message has been understood.
 - (b) when the message is wrongly interpreted affecting the relationship between the sender and receiver.
 - (c) when the message received by the sender is ambiguous.
 - (d) when the receiver does not give any feedback.
- (v) Effective communication is usually the result of:-
 - (a) being able to modify messages, exchange opinions, views and attitudes.
 - (b) having additional skills of comprehensive and interpretation.
 - (c) having extra time to think things out and reach decision.
 - (d) a careful selection of the appropriate medium or combination of media available.

- (vi) Public speaking requires attention to all the following except:-
- (a) Wording of the speech.
 - (b) Analysing the audience.
 - (c) Correcting faulty listening.
 - (d) Deciding on a topic and purpose.
- (vii) When you recognise how the speakers' main points are similar to and different from each other, you are listening for:-
- (a) emphasis.
 - (b) use of symbols.
 - (c) paragraphing.
 - (d) comparison and contrast.
- (viii) The following are purposes of meetings except:
- (a) to make decisions.
 - (b) to make consultations.
 - (c) to air grievances.
 - (d) to earn sitting allowances.
- (ix) Which of the following is a form of visual communication?
- (e) Telephone.
 - (f) "Grape vine".
 - (g) Memorandum.
 - (h) Internet.
- (x) The minutes of a meeting are:-
- (a) A record of the matters discussed.
 - (b) The rules saying how it should be organised.
 - (c) A list of issues to be discussed.
 - (d) A report from another committee.

COMMERCE

- (xi) Business occupations are
- (a) Activities aimed at making profits
 - (b) Primary production activities
 - (c) Secondary production activities
 - (d) Tertiary production activities.
- (xii) Which of the following is the most appropriate form of business for firms offering professional services?
- (a) Sole proprietorship
 - (b) A partnership
 - (c) A parastatal body
 - (d) A private limited company
- (xiii) Land and capital are factors of production. Which of the following would provide a third factor?
- (a) Staff
 - (b) Premises
 - (c) Vehicles
 - (d) Machinery
- (xiv) When estimates for the cost of supplying a certain product are required, a buyer may invite a prospective supplier to submit:
- (a) contracts
 - (b) invoices
 - (c) tenders
 - (d) a proforma invoice.
- (xv) A banking policy used by a person who pays many people at a time is called:
- (a) Pay roll
 - (b) A bank loan
 - (c) An Overdraft
 - (d) Credit transfer

- (xvi) The two major kinds of insurance risks are:
- (a) Insurable and non-insurable
 - (b) Insurer and insured
 - (c) Life and general
 - (d) Marine and accident
- (xvii) Producing goods for one's own consumption is known as:
- (a) Self service
 - (b) Direct production
 - (c) Direct service
 - (d) Barter
- (xviii) A person in whose name a cheque has been drawn is described as:
- (a) a payee
 - (b) a drawee
 - (c) a drawer
 - (d) an endorsee.
- (xix) Which of the following media would be most suitable to advertise a cheap commodity, which is for general consumption in Uganda?
- (a) Newspaper
 - (b) Radio
 - (c) Television
 - (d) Posters
- (xx) Which of the following is an advantage of a retailer to a consumer?
- (a) Offering a wide variety of goods to a consumer.
 - (b) Selling of goods at low prices to consumers
 - (c) Keeping prices of goods stable for consumers.
 - (d) Buying for consumers only cheap goods from the wholesalers.

SECTION B: COMMUNICATION

Question 2

Read the following excerpt carefully and answer the questions that follow:-

No matter what kind of organization you work in; large, small, public or private, much of your time will be spent on dealing with other people. Some professions such as organization or sales, demand greater people contact than others but virtually no job allows you to **hide from the world** and its inhabitants.

Many students feel that because they are planning to become engineers or accountants, they will not need to learn how **to get along** with others. They are hoping that most of their time will be spent with machines or books and that they will not have to handle “people or problems”. However, this is only wishful thinking, because even the busiest book-keeper will sooner or later have **to look up** from the accounting sheet and deal with the other employees in the company. There is no hiding from other people in any job.

Getting along with other employees, be it their supervisors, subordinates or anyone wanting to be successful in his or her work. Studies have shown that one of the main reasons people do not get promoted on the job is that they cannot work well with others. Most organizations that no company can afford to have someone in a responsible position who creates **friction** among the staff. The cost in terms of wasted energy, bad will and decreased **productivity** would be too great.

For many employees, dealing effectively with their fellow employees is often the most difficult part of the job. They may ask themselves “How do I react to a boss who is a tough guy and loves to yell and scream at his **subordinates?**” “How do I handle a co-worker who constantly complains about everything or a Pollyanna who refuses to acknowledge a problem?”

In addition to not being able to **figure out** how to respond to the **style of others**, many people have trouble in determining how their own behaviour is interpreted by those around them. They are not certain how they are **coming across** to others and often are not even sure whether their fellow employees like them. They may think that they are being pleasant and agreeable when in fact they are **perceived** as being superfriendly.

Source: ***Communication in the Real World: Developing Communication Skills for Business and Professionals.***

Required:

- (a) Suggest a suitable title for the passage. **(2 marks)**
- (b) Give the meaning of the words below as used in the passage:-
- (i) Realise.
 - (ii) Friction.
 - (c) Productivity.
 - (iv) Subordinates.
 - (v) Perceived.
- (5 marks)**
- (c) Briefly explain each of the following phrases:-
- (i) Hide from the world.
 - (ii) Get along with others.
 - (iii) To look up from.
 - (iv) To figure out.
- (8 marks)**
- (d) In your own words, what does the author state as very important for success?
(5 marks)
(Total 20 marks)

SECTION C: COMMUNICATION

Question 3:

You are employed as an Administrative Assistant in the Administration Department of the Institute of Certified Public Accountants of Uganda (ICPAU). Your immediate boss, Mr. Ziwa is concerned that new employees seem to have little knowledge or understanding of office communications. He has requested you:

- (c) List five main methods of communication by Uganda Posts Ltd and Uganda Telecom Ltd. That ICPAU may use.
- (b) Briefly describe any external methods of communication ICPAU may use.
- (c) Briefly discuss the importance of effective communication and how it can affect the motivation of staff in an organization.

Question 4:

A prospective employer requires an Accounts Assistant in his small but expanding firm. Only candidates with the following should apply:

- Technical knowledge and skills in accounting.
- Fluency in English and Kiswahili.
- Willingness to work long hours with minimum supervision.

Required:

Write an application letter explaining why you wish to apply.
Enclose copies of certificates and name three referees.

Contact Address:

Voucher No 4

P.O. Box 412-A

Kampala.

Tel: 257494.

Enclose copies of certificates and name three referees.

(15 marks)

Question 5

The Students Committee discussed and agreed that end of Examinations' dance should be organised. An adhoc committee under the chairmanship of John Okot was assigned the responsibility of organising the end of examinations' dance.

Required:

As a Secretary of the sub-committee, draft a short formal report on the arrangements to be submitted at the next meeting.

(15 marks)

SECTION C: COMMERCE

Question 6

- (a) Mention the people involved in the normal chain of distribution. (4 marks)
 - (b) What is wholesale trade? (2 marks)
 - (c) What are the functions of a wholesaler to:
 - (i) A retailer (6 marks)
 - (ii) A consumer (3 marks)
- (Total 15 marks)

Question 7

- (a) What is advertising? (2 marks)
 - (b) Give **four** merits and **three** demerits of advertising to a consumer. (7 marks)
 - (c) Describe with examples **three** forms of sales promotion used in Uganda. (6 marks)
- (Total 15 marks)

Question 8

- (a) Distinguish between Re-insurance and Over-insurance. (4 marks)
 - (b) Briefly explain the following principles of insurance
 - (i) Utmost good faith (2 marks)
 - (ii) Indemnity (3 marks)
 - (c) Give three advantages of insurance to the business community in Uganda. (6 marks)
- (Total 15 marks)