

# THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

*A Committee of the Council of ICPAU*

## ATC(U) EXAMINATIONS

### LEVEL ONE

#### COMMERCIAL ENVIRONMENT - PAPER 4

TUESDAY, 18 JUNE 2002

#### 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.

**SECTION A**

**Question 1**

**COMMUNICATION**

- (i) Minutes of a meeting must be
  - (a) Effective notes of what all members said.
  - (b) Accurate, clear, brief and unambiguous.
  - (c) Vital answers to the Chairman's questions.
  - (d) Exciting items.
- (ii) Which of the following are necessary for holding a formal meeting?
  - (a) Minutes, refreshments and venue.
  - (b) Interested people, apologies for absence, any other business.
  - (c) Chairman, secretary, participants and the agenda.
  - (d) Debate, resolutions and date of the next meeting.
- (iii) The non-verbal aspects of speech delivery are:
  - (a) Pitched voice, pause and articulation.
  - (b) Video, handouts, parcel and lighting.
  - (c) Bright dressing, visual aids and audience.
  - (d) Gestures, facial expressions, eye contact and movement.
- (iv) The key point in time management is
  - (a) Allocating the appropriate time to a task in the right sequence.
  - (b) Increasing time to accomplish a given task.
  - (c) Distribution of time over a year.
  - (d) Working and not resting or changing to something else.
- (v) When closing a conference, the chairman should
  - (a) Review the speakers' strengths and weaknesses.
  - (b) Introduce the speakers, their status, expertise and contribution.
  - (c) Invite questions.
  - (d) Thank speakers, the audience and support staff.

- (vi) When does effective communication take place?
- (a) When both the sender and the receiver perceive identical meaning of the message.
  - (b) When the medium used is appropriate.
  - (c) When the sender sends a message to the receiver.
  - (d) When the receiver interprets the message.
- (vii) Why is feedback essential in any form of communication?
- (a) It provides obstructions to clear flow of communication.
  - (b) It maintains relationships.
  - (c) It provides clear response to communication.
  - (d) It reduces loss of time and profits.
- (viii) What type of effective communication is required for a job interview?
- (a) Intra-personal.
  - (b) Interpersonal.
  - (c) Public address.
  - (d) Telephone conversation.
- (ix) Oral communication can be expressed as
- (a) Physical proximity and body language.
  - (b) Communication for unbiased decision-making.
  - (c) Direct verbal medium of communication.
  - (d) Difficult, inappropriate medium of instruction.
- (x) A listener who is taking notes from a speech should
- (a) Copy notes of other listeners.
  - (b) Anticipate and write what the speaker should say next.
  - (c) Take note of important points the speaker mentions.
  - (d) Concentrate entirely on the speaker's actual words.

**COMMERCE**

- (xi) A document that empowers a public limited company to commence business is called:
- (a) A certificate of incorporation.
  - (b) A memorandum of association.
  - (c) Articles of association.
  - (d) A certificate of trading.
- (xii) The interest charged by a central bank on any short term loans is called
- (a) Bank overdraft.
  - (b) Bank rate.
  - (c) Bank draft.
  - (d) Interest rate.
- (xiii) Which of the following are correct?
- (i) If an insured's car knocks another car, the insurer will compensate only the insured.
  - (ii) Road licences are only issued to vehicles with third party insurance cover in Uganda.
  - (iii) Third party insurance does not cover government vehicles in Uganda.
- (a) (i) and (ii).
  - (b) (i) and (iii).
  - (c) (ii) and (iii).
  - (d) (i), (ii) and (iii).
- (xiv) Which of the following functions of a wholesaler benefits consumers?
- (a) Helping in keeping prices of goods stable.
  - (b) Extending credit facilities to consumers.
  - (c) Buying goods in large quantities and selling them in small quantities to consumers.
  - (d) Transporting goods to the consumers' premises.

- (xv) Which insurance principle refers to a financial compensation which restores the insured to the original financial position?
- (a) Insurable interest.
  - (b) Proximate cause.
  - (c) Subrogation.
  - (d) Indemnity.
- (xvi) What form of integration is involved when Mukwano Soap Industries Ltd., joins Mbale Soap Works and Nakasero Soap Works to form one Soap Industry?
- (a) Forward integration.
  - (b) Horizontal integration.
  - (c) Backward integration.
  - (d) Vertical integration.
- (xvii) Which of the following best explains why government establishes state enterprises?
- (a) Reduce exploitation of the producers.
  - (b) Minimise competition.
  - (c) Provide unprofitable but desirable services.
  - (d) Generate profits.
- (xviii) A cheque is drawn in favour of Peter. How is Peter described?
- (a) A payee.
  - (b) A drawee.
  - (c) A drawer.
  - (d) An endorsee.
- (xix) Legal tender is a term used to mean
- (a) Currency.
  - (b) Money.
  - (c) A country's earnings from her exports.
  - (d) A country's bank notes and coins.
- (xx) "Direct production" means that
- (a) Everyone sells the goods and services one produces.
  - (b) One produces goods and services for one's own use.
  - (c) Goods and services must be produced directly.
  - (d) Every household produces goods for other households.

## SECTION B: COMMUNICATION:

### Question 2

Read the passage below and answer the questions which follow:-

Retaining and motivating “**knowledge workers**” has become a **primary** aim for many employers. The individuals are assets who **appreciate in value** through the skills, knowledge and experience acquired during their time in the organization.

When they leave, the business loses an essential element of its **intellectual capital**. Often the loss is compounded when they join a competitor organization. The company faces the challenge and cost of replacement.

While there are many reasons for **mobility**, there is clear evidence of key influences on staff turnover. To put it simply, exit interviews over the years have shown that employees leave managers and not companies. Unfortunately most employers have taken little notice and done less in response. But the increasing financial importance of retaining knowledge workers has brought the question of managerial competence to the fore.

A key employees’ expectation is that managers should care about them as individuals. If this is the case, Human Resource practitioners need to **reappraise** their policies and the concepts on which they are based. Further more they need to consider how to implement such policies because a top-down approach seems to be unsuccessful in achieving **consistent standards** of good management practice.

From the employees point of view, there is clear evidence that good management rests squarely in having a Manager who shows care and concern for each of them; having a **role** that fits their abilities, receiving positive feedback and recognising their abilities.

The **organisation’s expectations** are sharpened by an emphasis on process **conformity** rather than on clearly defined objective results. In recruitment and career planning, employees’ skills and experience are given priority when making appointments, rather than natural talents and personal qualities. Recognition and reward is left to individual managers.

*Adapted from an article entitled “Feature Managerial Competence” by Gracme Buckingham in People Management, Chartered Institute of Personnel Development, February 2000.*

**Required:**

- (a) Provide a suitable title for the passage. **(2 marks)**
- (b) Write down a phrase or word which would best replace each of the following as used in the passage:
- |       |            |              |
|-------|------------|--------------|
| (i)   | Primary    | paragraph 1. |
| (ii)  | Mobility   | paragraph 3. |
| (iii) | Reappraise | paragraph 4. |
| (iv)  | Role       | paragraph 5. |
| (v)   | Conformity | paragraph 6. |
- (5 marks)**
- (c) Explain what the author means by the following phrases
- |       |                             |              |
|-------|-----------------------------|--------------|
| (i)   | Knowledge workers           | paragraph 1. |
| (ii)  | Appreciate in value         | paragraph 1. |
| (iii) | Intellectual capital        | paragraph 2. |
| (iv)  | Consistent standards        | paragraph 4. |
| (v)   | Organisation's expectations | paragraph 6. |
- (10 marks)**
- (d)
- |       |  |
|-------|--|
| (i)   | What do employees expect from managers?  |
| (ii)  | State the considerations that a manager should have in mind when recruiting employees.                     |
| (iii) | Mention two other points that the author recognizes as important considerations when recruiting employees. |
- (3 marks)**  
**(Total 20 marks)**

**SECTION C: COMMUNICATION**

**Question 3**

Assume that you are the Examinations Officer of the Institute of Certified Public Accountants of Uganda. ICPAU is organizing a function to release the June 2002 Examinations Results on Monday, 5 August 2002 at the Grand Imperial Hotel, Kampala.

**Required:**

Write a letter inviting the Minister of Education and Sports to be the Guest of Honour at the function. The letter should be channelled through the President of the Institute.

**(15 marks)**

**Question 4**

(a) Give three reasons for the importance of report writing to Accounting Technicians.

**(3 marks)**

(b) The Training Officer of your organization has commissioned you to write a report on the status of ATC(U) examination rooms during the June 2002 Examinations.

**Required:**

Write a brief report of your observations. Ensure that you include recommendations on an ideal examinations room.

**(12 marks)**

**(Total 15 marks)**

**Question 5**

(a) Give three important sections of minutes of a formal meeting.

**(2 marks)**

(b) Give and explain three types of meetings.

**(3 marks)**

(c) Give two roles of each of the following officials in a meeting:

(i) Chairman.

(ii) Secretary.

(iii) Co-opted member.

**(6 marks)**

(d) Explain why some meetings have a poor reputation for being time consuming. Advise on how to overcome these problems.

**(4 marks)**

**(Total 15 marks)**



**SECTION D: COMMERCE**

**Question. 6**

Luta and Sema are two competing retail traders operating in the same town.

- (a) Define the term 'trade'. **(1 mark)**
  - (b) Distinguish between retail trade and wholesale trade. **(4 marks)**
  - (c) Explain to Luta and Sema the advantages and disadvantages of trading as a partnership. **(10 marks)**
- (Total 15 marks)**

**Question 7**

A new Golf Club is to open shortly. The recently appointed Club Secretary decided to open both a current account and a deposit account with a local bank.

- (a) What benefits would accrue to the Club from the Secretary's decision. **(10 marks)**
  - (b) Explain any five functions of commercial banks to traders. **(5 marks)**
- (Total 15 marks)**

**Question 8**

- (a) Define the term 'advertising'. **(2 marks)**
  - (b) Differentiate between informative and competitive advertising. **(4 marks)**
  - (c) Explain four objectives of advertising. **(4 marks)**
  - (d) Describe five ways used by firms to promote their sales in your country. **(5 marks)**
- (Total 15 marks)**