

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL ONE

COMMERCIAL ENVIRONMENT - PAPER 4

WEDNESDAY, 17 DECEMBER 2003

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
COMMUNICATION

Question 1

- (i) An agenda is described as
 - (a) A meeting document.
 - (b) A note to an individual about a meeting.
 - (c) Schedule of items drawn for a meeting.
 - (d) Rules governing a meeting.
- (ii) Communication cycle is all about:
 - (a) Sending an idea to a receiver and getting feed back.
 - (b) Being brief and unambiguous to sender.
 - (c) Pleasing the receiver.
 - (d) Increasing concentration of the receiver.
- (iii) Vertical communication in an organization is defined as:
 - (a) A set of rules.
 - (b) Having power to act on decisions.
 - (c) Route of internal communication.
 - (d) Unofficial communication.
- (iv) The best way of writing a date on a formal letter is as follows:
 - (a) 17.12.03.
 - (b) 17 Dec, 2003.
 - (c) 17 December 2003.
 - (d) 17/12/03.
- (v) In letter writing, the complementary clause used after the salutation Dear Sir/Madam is:
 - (a) Yours sincerely.
 - (b) Yours faithfully.
 - (c) Yours truly.
 - (d) Yours affectionately.
- (vi) A memorandum has all the features of a letter except:
 - (a) Complementary clause.
 - (b) Subject heading.
 - (c) Signature.
 - (d) Date.

- (vii) The main role of a secretary during a meeting is to:
- (a) Organise refreshments and documents.
 - (b) Move a vote of thanks.
 - (c) Speak against a motion.
 - (d) Record the deliberations.
- (viii) Gestures are classified under means of communication.
- (a) Verbal.
 - (b) Written.
 - (c) Electronic.
 - (d) Non-verbal.
- (ix) The main function of reports in organisations is to:
- (a) Investigate accidents.
 - (b) Provide information.
 - (c) Enable decision-making.
 - (d) Indicate terms of reference.
- (x) Which of the following is an essential quality of a successful speaker in speech delivery?
- (a) Confidence.
 - (b) Charm.
 - (c) Clarify.
 - (d) Pride.

COMMERCE

- (xi) Profits are a form of payment made for:
- (a) Labour.
 - (b) Entrepreneur.
 - (c) Hired land.
 - (d) Capital.
- (xii) In a factory.....is expected to be found.
- (a) specialisation by territory.
 - (b) specialisation by process.
 - (c) technological specialisation.
 - (d) specialisation by skill.
- (xiii) Producing goods for sale is known as:
- (a) Self service.
 - (b) Direct production.
 - (c) Indirect production.
 - (d) Barter.

- (xiv) The main purpose of setting up public corporations is to:
- (a) Maximise profit.
 - (b) Sell shares to the public.
 - (c) Provide essential goods and services.
 - (d) Advise the public on how to conduct business.
- (xv) Subrogation means:
- (a) One insures property in which he has financial interest.
 - (b) Close relationship between cause of loss and risk insured against.
 - (c) The insured has to surrender the remains of the property that was destroyed after compensation.
 - (d) The person intending to be insured should disclose all relevant facts to the insurer about the risk to be insured.
- (xvi) A rational consumer tends to choose that good or service which:
- (a) Will ensure maximum satisfaction.
 - (b) He has not enjoyed for a long time.
 - (c) May soon become very expensive.
 - (d) He can easily keep for the future use.
- (xvii) Which of the following is not a tool of the monetary policy?
- (a) Open market operation.
 - (b) Selective credit control.
 - (c) Bank rate.
 - (d) Credit creation.
- (xviii) Which of the following is an example of secondary production?
- (a) Construction of a building.
 - (b) A herdsman rearing his cows.
 - (c) A shop attendant.
 - (d) A doctor treating a patient.
- (xix) The main advantage of specialization is that it:
- (a) provides direct employment.
 - (b) encourages barter trade.
 - (c) increases the creation of utility.
 - (d) increases the population of a country.
- (xx) Which of the following is not an aim of a cartel?
- (a) Diminishing competition among firms.
 - (b) Joint profit maximization.
 - (c) Increasing competition among firms.
 - (d) Avoidance of new entrants on the market.

SECTION B: COMMUNICATION**Question 2**

Read the passage below and answer the questions that follow:

Jams, jellies and marmalades are used in preparing sandwiches. They can be got from locally produced fruits like oranges, lemon, mangoes and passion fruits.

A plant producing jams, jellies and marmalades could be set-up anywhere in Uganda. Raw materials needed include fruits, sugar, citric acid, colours and flavours; all of which are available on the local market.

In urban markets there is a high demand for fruits, jams, jellies and marmalades but good packaging and excellent quality products are encouraged in order to compete with imports from Kenya, South Africa and Britain. Supply to restaurants, bakeries, hospitals and flight services is also recommended. The products are one of the priority areas of the Plan for Modernization of Agriculture.

Jam is made from fruit pulp boiled along with sugar. The ratio of fruit pulp is 45% while that of sugar is 55%. Jelly is prepared by boiling pure fruit extract to get clear gel form. Colours and flavours are added and the jelly sealed. Marmalade is generally prepared from oranges and lemon, it is a fruit jelly with suspended fruit peel slices.

Total capital investment needed for a plant producing jams, jellies and marmalades is US. \$ 10,750. the investment in fixed assets requires US\$ 6,490 while the working capital (wages, raw materials, utilities, other operating overheads and cash) would require US \$ 4,260.

The plant has a minimum capacity of 100 kg each day but with capacity to increase output as demand and efficiency increase. For the success of the project, Food Technologists are needed.

Adapted from an article in “The Monitor” newspaper of 6 May 2003 entitled **Business Opportunities** by the Uganda Desk, Uganda Investment Authority.

Required:

- (a) Suggest a suitable title for the passage. **(1½ marks)**
- (b) Provide a suitable word to replace each of the following words as used in the passage:
- | | | |
|-------|------------|---------------|
| (i) | Preparing | (paragraph 1) |
| (ii) | Available | (paragraph 2) |
| (iii) | Encouraged | (paragraph 3) |
| (iv) | Clear | (paragraph 4) |
| (v) | Efficiency | (paragraph 6) |

(5 marks)

(c) Explain the meaning of the following phrases as used in the passage:

- (i) locally produced (paragraph 1)
- (ii) plant producing (paragraph 2)
- (iii) good packaging (paragraph 3)
- (iv) priority areas (paragraph 4)
- (v) minimum capacity (paragraph 6)

(7½ marks)

(d) Describe how the following are processed:

- (i) Jams.
- (ii) Jellies.
- (iii) Marmalades.

(6 marks)

(Total 20 marks)

SECTION C: COMMUNICATION

Question 3: Letter Writing

Imagine that the Head of the Finance Department, Mrs Joy Mafabi, in your organisation has heard about a new computer company, “Hats Computer Tech,” located along Pece Road, P.O. Box 23000, Gulu, which sells computers of the latest make.

Required:

Write a letter to enquire about the availability, performance and cost of a computer. Provide a suitable letter heading and note that your company prefers to use the fully blocked letter format. Note that the letter is to be signed by Mrs Joy Mafabi.

(15 marks)

Question 4: Meetings

(a) List three types of written documents to be included for convention of a formal meeting.

(3 marks)

(b) Write out narrative minutes from the Annual General Meeting’s agenda for the meeting of the Association of Accounting Technicians of Uganda.

(12 marks)

Question 5: Report Writing

You are an Administrative Assistant of a large organisation. Recently your immediate supervisor expressed his dissatisfaction with the way secretaries and typists under your direct supervision treat customers and fellow employees. He thinks there can be an improvement in their conduct. He has instructed you to handle the matter.

Required:

Write a suitable report on the issues raised above and include your recommendations. Note that the report is to be presented to the Management Committee.

(15 marks)

SECTION D: COMMERCE

Question 6.

- (a) Define a stock exchange.
- (b) Distinguish between stock brokers and stock jobbers.
- (c) Explain five functions of the stock exchange.

(1 mark)

(4 marks)

(10 marks)

(Total 15 marks)

Question 7.

- (a) Briefly explain the four types of mergers.
- (b) Explain the merits of merging of firms.

(8 marks)

(7 marks)

(Total 15 marks)

Question 8.

- (a) What are the major objectives of advertising?
- (b) Give and explain five factors that influence the choice of medium of advertising?

(5 marks)

(10 marks)

(Total 15 marks)