

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL ONE

COMMERCIAL ENVIRONMENT - PAPER 4

TUESDAY, 17 JUNE 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

Question 1

COMMUNICATION

- (i) Acquisition of effective communication skills is important to Accounting Technicians except in the following ways:
 - (a) To be able to share ideas with both internal and external public.
 - (b) To be able to make explanations, illustrations and limit time wastage.
 - (c) To reduce both physical and mental strain.
 - (d) To be able to set up a non-operational business.
- (ii) Interpersonal communication is an essential part of effective communication because:
 - (a) The people involved can see each other's behavior.
 - (b) It involves a small group of people.
 - (c) Differences in background, speech, knowledge and education level might lead to misunderstanding.
 - (d) The message is constructed and transmitted so that the people involved can receive the message at the same time.
- (iii) One major characteristic of interpersonal communication is that:
 - (a) It provides little or no opportunity for the audience to interact with the person.
 - (b) It is more formal and usually the event is planned in advance.
 - (c) The participants continually provide feedback to each other.
 - (d) The individual sends and receives messages internally.
- (iv) Business firms use communication to:
 - (a) Deter would be/prospective buyers.
 - (b) Express their imaginations and stay in business.
 - (c) To perform social values such as greetings.
 - (d) To persuade others to agree to their ideal, adapt certain attitude and buy their services or products.
- (v) Aim of communication is to transfer an idea from one person to the mind of another using the following:
 - (a) Radio, television, video and newspaper.
 - (b) Verbal, non-verbal and written means.
 - (c) Serious language and expression of feelings.
 - (d) Singing, dancing and clapping.

- (vi) A letter is different from memo because:
 - (a) The receiver's name is included.
 - (b) The date is indicated.
 - (c) The subject heading states the theme.
 - (d) Salutation and complementary close.
- (vii) Meetings are organized on many occasions in order to:
 - (a) Elect new executives.
 - (b) Gather all members from different departments.
 - (c) To debate and vote.
 - (d) To persuade, solve specific problem or make decisions.
- (viii) Minutes of meetings are defined as:
 - (a) The agenda, booking of venue and confirmation of attendance.
 - (b) The written information reflective of business transacted during a specific meeting.
 - (c) Papers and items needed for the next meeting.
 - (d) Consultations and complaints record of a firm.
- (ix) Which of the following contributes most as barriers to effective communication?
 - (a) Using elaborate accent.
 - (b) Different languages, age group and educational levels.
 - (c) Assertiveness and self-esteem.
 - (d) Comprehension or good listening.
- (x) Individuals often write curriculum vitae if they:
 - (a) Want to resign from work places.
 - (b) Want to support their competencies for the job.
 - (c) Want to describe their work experience.
 - (d) Want to be self-employed.

COMMERCE

- (xi) Which of the following can effect consumer protection?
 - (a) Fixing profits traders can earn from their operations.
 - (b) Fixing profits hawkers can earn from their operations.
 - (c) Fixing minimum prices for essential goods.
 - (d) Fixing maximum prices for essential goods.

- (xii) Production where specialization is applied is called:
- (a) Indirect production
 - (b) Primary production
 - (c) Secondary production
 - (d) Direct production
- (xiii) The loss of value of local currency in terms of foreign currency is described as:
- (a) Devaluation of currency
 - (b) Inflation
 - (c) Depreciation of currency
 - (d) Deflation
- (xiv) The purpose of stock exchange in a country is to:
- (a) Buy or sell surplus goods
 - (b) Buy or sell shares and other securities
 - (c) Exchange currencies
 - (d) Carry out barter trade
- (xv) The medium of advertising that has the widest coverage in Uganda is:
- (a) Television.
 - (b) Newspapers.
 - (c) Magazines.
 - (d) Radio.
- (xvi) A wholesaler offers the following services to the manufacturer except:
- (a) Buying goods in bulk
 - (b) Giving credit facilities
 - (c) Prompt cash payment
 - (d) Advertising the goods
- (xvii) The principle of insurance that requires one to disclose all relevant information about what is to be insured is called:
- (a) Indemnity
 - (b) Proximate cause
 - (c) Insurable interest
 - (d) Utmost good faith

- (xviii) Which are of the following bank documents would help one to know the financial position of his customer before transacting a business?
- (a) Bank statement.
 - (b) Letter of credit.
 - (c) Credit status inquiry.
 - (d) Credit transfer.
- (xix) Which of the following may not cause winding up of a limited company?
- (a) Petition from a creditor.
 - (b) Company's assets fail to cover debts.
 - (c) One of the shareholders decides to sell his shares.
 - (d) Voluntary winding up by shareholders.
- (xx) One of the following is true about a bearer cheque.
- (a) Payee is not named on its face.
 - (b) Payee is named on its face.
 - (c) Payee and drawer are the same.
 - (d) Carries two parallel lines on its face.

SECTION B: COMMUNICATION

Question 2

Read the following passage and answer the questions that follow:

The provision of rural infrastructure has provided **significant positive impact** in many emerging Asian economies as indicated by increased agricultural out-put, productivity and development of farm activities.

Market-oriented incentives for agriculture and non-farm activities are found to be necessarily to **induce** and maximize supply response. To do so government should **intervene** where markets have failed, particularly in the area of infrastructure. Although infrastructure alone cannot induce economic growth its absence is likely to cause some constraints.

These are important lessons for Uganda's policy on liberalization of agricultural markets and strategy for rural investment aimed at poverty reduction and economic growth. Recent changes in agricultural markets should continue with **restructuring** of some processing industries, regulation of business and development supported by increased investment in rural infrastructure.

The poor derive indirect benefits from rural infrastructure to an extent that it **stimulates economic activities** and increases the demand for local labour. To improve their direct access requires either reducing the cost of infrastructure (i.e

standards and low cost labour intensive technology) of reducing the cost of using low cost transport services.

The poor in Uganda who reside in areas of **low agricultural potential** are largely the illiterate without basic infrastructure and social services. For the **hard-core poor** access to social services and development of human capital are considered to be of highest **priority**. Social sector investments strategies tend to have greater impact on the income of the poorer people in society.

Adopted from Uganda: The Challenge of Growth and Poverty Reduction, World Bank Country Study, Washington D.C. 1996.

- (a) Suggest a suitable title for the passage. **(2 marks)**
- (b) Write a word or phrase which would replace each of the following as used in the passage:
- (i) intervene (paragraph 1)
 - (ii) induce (paragraph 2)
 - (iii) restructuring (paragraph 3)
 - (iv) appropriate (paragraph 4)
 - (v) priority (paragraph 5)
- (5 marks)**
- (c) Explain the meaning of each of the following phrases as used in the passage.
- (i) a significant positive impact (paragraph 1)
 - (ii) market-oriented incentives (paragraph 2)
 - (iii) stimulates economic activities (paragraph 4)
 - (iv) low agricultural potential (paragraph 5)
 - (v) hard-core poor (paragraph 5)
- (10 marks)**
- (d) What important lessons can Uganda draw from Asian countries? **(3 marks)**
- (Total 20 marks)**

SECTION C: COMMUNICATION

Question 3

- (a) (i) What are the two advantages of oral communication during meetings
(2 marks)
- (ii) Briefly describe the difference between a committee meeting and a face to face interview?
(3 marks)
- (iii) Outline three reasons for having an agenda for a committee meeting.
(2 marks)
- (b) (i) Explain the meaning of interview. Give an example.
(3 marks)
- (ii) What does the interviewer seek to establish during a job interview? List three
(3 marks)
- (iii) How should an interview prepare for a job interview?
(2 marks)
- (Total 15 marks)**

Question 4

In an organization it is essential that you know how to handle telephone calls quickly and efficiently. Use of an internal telephone message pad is one such handy way.

Imagine that you have been requested to provide relief service as a Front Desk Manager/Receptionist of your organization for one day. You are expected to take messages, attend to telephone calls and attend to visitors.

The telephone rings and an outside caller is on line. She is Ms. Joan Tamale of Kolanolya Co. Ltd. P.O Box 67 Kampala, who is seeking for an appointment with Mr. Peter Owor, the Accountant in your organization. She will call again in an hour's time to confirm the date of the appointment.

Required:

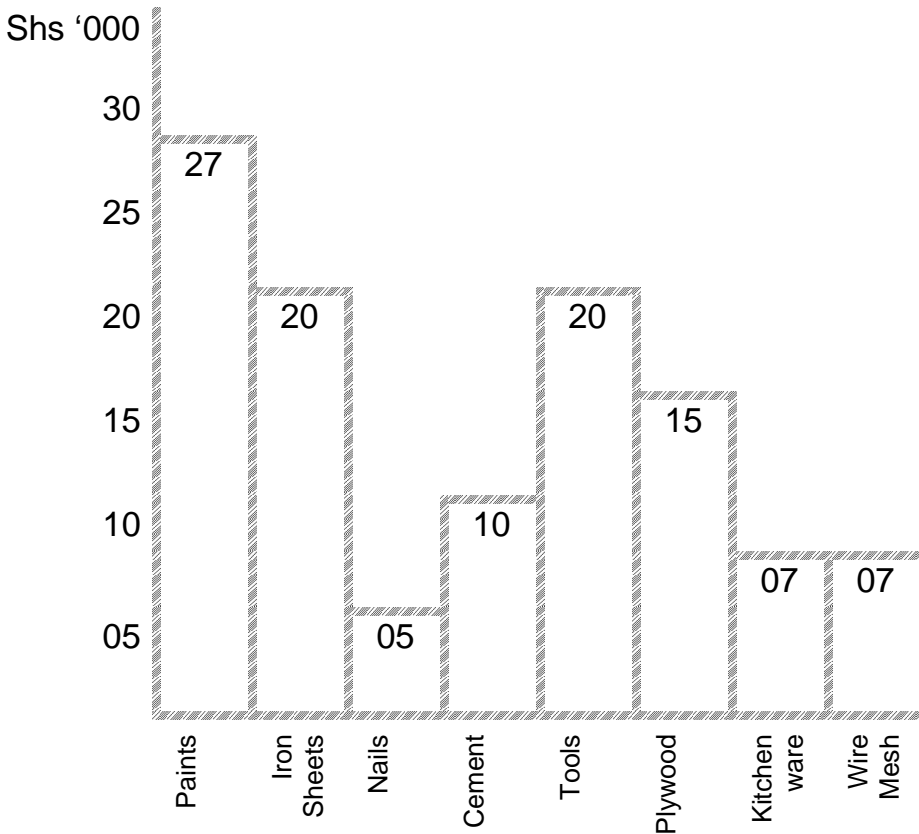
Design a telephone pad illustrating the above information.

(15 marks)

Question 5

Visual and graphic communication has increased significantly and is a good means of presenting information.

The chart below displays information on sales of different items.

**Required:**

You have been requested by the Chief Accountant to study the chart above and prepare a report on the sales for the month of May 2003.

(15 marks)

SECTION D: COMMERCE

Question 6

- (a) What is sales promotion?
(1 mark)
 - (b) Distinguish between informative advertising and persuasive advertising.
(4 marks)
 - (c) Explain the advantages of using specialized advertising agencies.
(10 marks)
- (Total 15 marks)**

Question 7

- (a) What is retail trade?
(2 marks)
 - (b) What are the functions of a retailer to consumers?
(7 marks)
 - (c) Give six qualities that a good retailer should possess to be successful in his business operations.
(6 marks)
- (Total 15 marks)**

Question 8

- (a) Define a commercial bank.
(3 marks)
 - (b) What role do commercial banks play in the development of your country?
(12 marks)
- (Total 15 marks)**