

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL ONE

COMMERCIAL ENVIRONMENT - PAPER 4

THURSDAY, 24 JUNE 2004

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) Effective communication means:
 - (a) Having a clear understanding of an individual.
 - (b) Awareness of the activities and affairs of an enterprise.
 - (c) Sending a message and getting a feedback.
 - (d) Being responsible and orderly.
- (ii) Which of the following is not a tool of formal communication?
 - (a) Letters, Memo and Fax messages.
 - (b) Telephone calls.
 - (c) Meetings and seminars.
 - (d) Bypass grapevine.
- (iii) Which of the following is not a method of communication?
 - (a) Oral.
 - (b) Graphics.
 - (c) Time management.
 - (d) Body language.
- (iv) Communication cycle is a complex and dynamic process of ...
 - (a) positive and negative attitudes.
 - (b) human relationships.
 - (c) meaning interpretations.
 - (d) exchange of meaningful messages between a sender and a receiver.
- (v) Which of the following does not constitute part of the preparations for a meeting?
 - (a) Minutes of the previous meeting.
 - (b) The notice and the agenda.
 - (c) Participants or list of members.
 - (d) Resolutions and observations.
- (vi) Minutes of a meeting are important because:
 - (a) They form a true record of decisions and are future sources of reference.
 - (b) They are a formal way of conducting a meeting.
 - (c) The sequence of items is clearly stated.
 - (d) The names of participants are recorded.

- (vii) Advertisement is all about giving information except.
 - (a) On notice boards.
 - (b) On consumer goods.
 - (c) About vacancies.
 - (d) Presentation of a report.
- (viii) The notice of a meeting must state the following:
 - (a) Date, time and venue of the meeting.
 - (b) Agenda and distribution list.
 - (c) Agenda, minutes of the previous meeting and time.
 - (d) Agenda, date, time and distribution list.
- (ix) Good presentation skills are characterised by
 - (a) Effective use of listening skills and good language.
 - (b) Putting pressure on your audience to accept your ideas.
 - (c) Criticising those who do not know what you are talking about.
 - (d) Acceptance of other people's views.
- (x) The format of a memorandum has the following:-
 - (a) Terms of reference, conclusion and recommendation.
 - (b) Salutation and recipient's address.
 - (c) Memorandum, To, From, Date and Subject.
 - (d) Reference, resolutions and complimentary close.

COMMERCE

- (xi)is the production of goods for one's own consumption.
 - (a) Self service.
 - (b) Direct service.
 - (c) Direct production.
 - (d) Barter.
- (xii) Which of the following is the most important document prepared by the owners when forming a limited liability company?
 - (a) A Memorandum of Association.
 - (b) Certificate of Incorporation.
 - (c) Articles of Association.
 - (d) Certificate of trading.

- (xiii) Which of the following methods can a drawer use to make several payments using one cheque?
- (a) Money order.
 - (b) Credit transfer.
 - (c) Banker's draft.
 - (d) Standing order.
- (xiv) The production process of goods as a means of increasing utility ends when the:
- (a) Manufacturing process ends.
 - (b) Goods reach a retailer's shop.
 - (c) Goods are kept in a warehouse.
 - (d) Goods reach the final consumer.
- (xv) The principle of insurance that is defined as an exact financial compensation intended to restore the insured to the same financial position after a loss as was enjoyed immediately prior to the loss is called:
- (a) Utmost good faith.
 - (b) Insurable interest.
 - (c) Indemnity.
 - (d) Proximate cause.
- (xvi) The reward for a shareholder is:
- (a) Salary.
 - (b) Wages.
 - (c) Interest.
 - (d) Dividend.
- (xvii) Which of the following combinations correctly indicates the functions of the central bank?
- (i) It is the banker for the government.
 - (ii) It provides current accounts to members of the public.
 - (iii) It provides overdrafts to private companies.
 - (iv) It controls the currency in the country.
 - (v) It is the lender of the last resort.
- (a) (i), (iv) and (v).
 - (b) (ii), (iv) and (v).
 - (c) (i), (iii) and (iv).
 - (d) (ii), (ii) and (ii).

- (xviii) A factory can insure against the following except:
- (a) Loss of goods in transit.
 - (b) Loss of cash in transit.
 - (c) Leasehold land.
 - (d) Fire outbreak.
- (xix) Bears in relation to Jobbers means:
- (a) A jobber who buys shares when they are cheap in the hope that the price will soon rise and he sells them for a profit.
 - (b) A jobber who sells shares when the prices are high in the hope that they will soon drop and he will be able to buy them back at a lower price.
 - (c) A jobber who deals in new issues.
 - (d) People who buy and sell shares on behalf of others.
- (xx) Which of the following is least suitable for advertising a new brand of IBM Computers?
- (a) Newspaper.
 - (b) Television.
 - (c) Direct contact with probable customers.
 - (d) Radio.

SECTION B: COMMUNICATION

Question 2

Read the following passage and answer the questions that follow:

It is over two decades since Uganda started battling with the problem of HIV/AIDS. In her efforts, Uganda has been singled out as a model for **curbing** the pandemic. Yet even with her stagnant figures, there is a lot that needs to be done.

While struggling **to put the situation under control**, the Uganda Aids Commission (UAC) was formed with the main aim of coordinating HIV/AIDS activities in the country. However, with its expanding activities, it became apparent that they were **over-stretched**.

This led to the birth of the Uganda HIV/AIDS Control Project as an executive agency in 2001. The Uganda HIV/AIDS Project is a multi-sectoral project which was designed within the framework of the national strategy on HIV/AIDS. It was designed **to scale-up** the national HIV/AIDS response.

The project aims to go beyond the current actors and get more actors against HIV/AIDS in all their programmes and activities. The other idea is to **extend** the campaign against HIV/AIDS to the community level within localities.

The project has three main objectives, namely to reduce the transmission of HIV/AIDS, **mitigate the impact** of HIV/AIDS and institutionalise capacity building at community, district and national levels.

The project has supported twelve ministries at national level and integrated HIV/AIDS into their programmes and activities. Districts are implementing **integrated** HIV/AIDS work plans which cover education, health, community development and agriculture.

All districts have been given drugs for sexually transmitted diseases (STDs), opportunistic infections and tuberculosis. They have **procured** HIV testing kits and distributed them to fourteen districts. The project also provides voluntary counselling and testing (VCT).

On the other hand, at the national and district levels, there is neither enough capacity for the sectors to design nor effect interventions to respond to the pandemic. Inability to establish the needs makes the supplies **inadequate** for the period that the drugs are meant to cater for. The school curricular is not flexible because there is no provision to cover **non-examinable subjects**. There is too much workload for the volunteers at the district level.

Adopted from The New Vision of Friday, 11 July 2003.

Required:

- (a) Suggest a suitable title for the passage. (2 marks)
- (b) Provide a suitable word or phrase to replace each of the following words as used in the passage:
- | | | |
|---------------------|---------------|--|
| (i) Curbing | (paragraph 1) | |
| (ii) Over-stretched | (paragraph 2) | |
| (iii) Extend | (paragraph 4) | |
| (iv) Integrated | (paragraph 6) | |
| (v) Procured | (paragraph 7) | |
| (vi) Inadequate | (paragraph 8) | |
- (6 marks)
- (c) Explain the meaning of each of the following phrases as used in the passage:
- | | |
|--|---------------|
| (i) To put the situation under control | (paragraph 2) |
| (ii) To scale-up | (paragraph 3) |
| (iii) Mitigate the impact | (paragraph 5) |
| (iv) Non-examinable subjects | (paragraph 8) |
- (8 marks)
- (d) Give two achievements made by the project which are described in the passage. (2 marks)
- (e) Name two problems faced by the implementers of the project. (2 marks)
- (Total 20 marks)**

SECTION C: COMMUNIATION

Question 3

At the end of the ATC(U) course students are required to undertake practical training experience with a reputable organisation.

Imagine that you are have completed the ATC(U) course and have to undertake practical training for a period of eight weeks with effect from 2 July 2004.

Required:

Write an application letter to the Human Resources Manager of an organisation of your choice. The letter should be channelled through the Director of Studies and the Principal of your training institution, i.e. Hilton Training Institute. Assume that your name is Happy Birungi.

(15 marks)

Question 4

You are an Accounts Assistant attached to a Production Department of a Sugar Company.

You have just come out of a meeting and your supervisor, the Management Accountant, Mr. Jacob Onen, tells you that he is worried about the fall in the production of sugar which has been going on for two weeks. He instructs you to make an investigation and submit a report on what has gone wrong and how production of sugar can be raised within the shortest time possible. The report is to be presented in the next departmental meeting scheduled to take place in two weeks' time.

Required:

Write the report.

(15 marks)

Question 5

(a) Explain three principle functions of each of the following in a meeting:

(i) Chairman **(3 marks)**

(ii) Treasurer **(3 marks)**

(iii) Secretary **(3 marks)**

(b) Write resolution minutes for a typical Annual General Meeting for a club or an association or a Society.

(6 marks)

(Total 15 marks)

SECTION D: COMMERCE

Question 6

- (a) Define a wholesaler. (3 marks)
 - (b) What factors should be considered when setting up a wholesaler business? (12 marks)
- (Total 15 marks)**

Question 7

- (a) What is a commercial bank? (1 mark)
 - (b) Explain the services rendered by a commercial bank to its customers. (14 marks)
- (Total 15 marks)**

Question 8

- (a) Give five reasons why government owns some enterprises. (5 marks)
 - (b) Why is the government of Uganda selling off some of her enterprises? (10 marks)
- (Total 15 marks)**