

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL ONE

COMMERCIAL ENVIRONMENT - PAPER 4

THURSDAY, 16 DECEMBER 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: COMMUNICATION AND COMMERCE

Question 1

COMMUNICATION

- (i) A good title of a report requires the following except:
 - (a) clarity in statement of what the report is about.
 - (b) having an attractive display.
 - (c) being as brief as possible.
 - (d) confidentiality.
- (ii) The purpose of the introduction in a report is to:
 - (a) give detailed account of how the facts were got.
 - (b) say what the report is about.
 - (c) quote authority and give reasons why it is needed.
 - (d) show limitations or scope.
- (iii) The disadvantage of speech over the written word is that in a speech;
 - (a) a person's mood such as sympathy or anger can be conveyed.
 - (b) the tone and stress of words increase meaning.
 - (c) there is no permanent record.
 - (d) there is immediate feedback.
- (iv) When preparing for a job interview you should review the following except:
 - (a) personal information.
 - (b) occupational goals.
 - (c) educational background.
 - (d) personal relationships.
- (v) Which of the following is not a cause of communication breakdown in the communication cycle?
 - (a) Wrong medium.
 - (b) Disrupted route.
 - (c) Misread context.
 - (d) Positive relationship.
- (vi) In an organization the disadvantage of lateral (horizontal) communication is that people:
 - (a) operate at the same level.
 - (b) enjoy increased frankness and ease.
 - (c) rely heavily on cooperation.
 - (d) are likely to develop rivalry, negative attitude and jealousy.

- (vii) To make a conference /seminar known to the public in Uganda, the organizers can use:
 - (a) national and regional newspapers and radios.
 - (b) the internet and television.
 - (c) national, regional and European radios and television.
 - (d) exhibitions and notices.
- (viii) Diagrams, pictures and Cartoons communicate a lot of information with a touch of humour, because;
 - (a) they help people to sum up information at a glance.
 - (b) they distract and confuse the reader.
 - (c) details of information cannot be given.
 - (d) the subjects are unsuitable and pictures are illusive.
- (ix) A telex message differs from a letter in the following ways except:
 - (a) individual words and expressions are omitted.
 - (b) words are abbreviated into commonly and easily understood abbreviations.
 - (c) punctuation is simplified and verbs shortened.
 - (d) individual sender signs his name.
- (x) Advertising is a common form of communication and is expressed as;
 - (a) knowledge of varied publications at various management levels.
 - (b) what assists the customer to find what he requires and also help to sell the products.
 - (c) publicity materials for the company.
 - (d) specifications for employees in order to sell the products.

COMMERCE

- (xi) For a limited liability company to be recognized as a legal entity, it must acquire a:
 - (a) Memorandum of Association.
 - (b) Certificate of Incorporation.
 - (c) Prospectus.
 - (d) Certificate of Insurance.
- (xii) A stale cheque is one that has:
 - (a) lost its original colour.
 - (b) been forged.
 - (c) been post-dated.
 - (d) stayed for more than six months without being cashed.

- (xiii) A 'Tied Shop' is a retail outlet where the owner:
- (a) is in bond with the government to sell only goods from bonded warehouses.
 - (b) is bound to sell capital goods only.
 - (c) sells goods in bulk only.
 - (d) is in bond with a manufacturer to sell only that manufacturer's products.
- (xiv) A limited partner is:
- (a) one whose capital contribution is limited to a fixed amount.
 - (b) a business partner who is under age.
 - (c) a business partner whose liability to the partnership's debts is limited to his capital contribution.
 - (d) a business partner who does not contribute to its capital and its management but shares in its profits.
- (xv) A cash and carry wholesaler:
- (a) sells to retailers at reduced prices against cash and retailers transport their goods.
 - (b) is a wholesaler who pays cash and collects the goods himself.
 - (c) sells to retailers at reduced prices on cash and self service terms.
 - (d) operates like a Departmental Store.
- (xvi) Third Party Insurance indemnifies the insured against:
- (a) one third of any loss suffered by a group or party insured.
 - (b) the insured person's first three claims only.
 - (c) injuries to a maximum of three passengers in a car accident.
 - (d) claims by the party suffering damages but not the insured person or his vehicle causing the damage.
- (xvii) You have surplus funds which will not be required until next year's peak trade season in your business. In order to invest these funds both profitably and with maximum security, you would choose:
- (a) savings account.
 - (b) current account.
 - (c) fixed deposit account.
 - (d) stock exchange.
- (xviii) Which of the following is within the normal field of commerce?
- (a) Extractive industry.
 - (b) Home trade.
 - (c) Youth organizations.
 - (d) Home building.

- (xix) The purpose of a stock exchange is to allow people to:
- (a) barter one item for another.
 - (b) exchange slow-moving stock of goods.
 - (c) buy or sell shares and other securities.
 - (d) buy or sell farm products.
- (xx) The cost of advertising will always be met in the end by the:
- (a) producer.
 - (b) retailer.
 - (c) advertising company.
 - (d) consumer.

SECTION B: COMMUNICATION

Question 2

The term Life cycle refers to an individual's life history or 'career' from birth to death. It consists of the **various roles**, status, and relationships that the person experiences as she moves through the developmental periods of her life in the process of aging. The typical life cycle of the American woman has changed dramatically in the last few decades. Compared to their mothers and grandmothers, young women today will live longer, marry later, have fewer children and be better educated. They are also more likely to **enter the labour force** and work for a greater part of their lives.

Traditionally, the life cycle of the American woman was almost **synonymous** with the family cycle. It was assumed from her birth that she would marry in her late teens and have a family, and her socialization, education, and training prepared her for these life long roles of wife and mother. The traditional woman was rarely employed outside the home and although her work in the home was often highly productive, she received no wages and was entirely **dependent** economically upon her husband. Women who never married or who were widowed had access only to menial and low paying jobs. In a time when a woman's identity was largely derived from that of her husband their status was **unenviable** at best.

Not only were there **social sanctions** against employing women outside the home, but also opportunities were sharply restricted. Until recently, most jobs were **segregated** on the basis of sex, and women were not permitted to work in male- dominated jobs that were higher paying. Instead they were limited to traditionally female jobs such as nursing, teaching, and clerical work, until mid-nineteenth century. In as much as girls were going to grow up to be wives and mothers anyway, it was thought that they did not need much formal education beyond what was needed to prepare them for those roles. Indeed it was widely believed that **intellectual extension** was damaging to a young woman's health that it would disrupt her menstrual cycle and perhaps even make her infertile.

While the education level of both men and women has risen greatly in the past three decades, the increase has been greater for women. In the fast half of the 1970s, the number of women in college increased by 30% compared to an increase of only 12% for men. And women now **seem to be less likely** to give up the educational **endeavours** during the year of marriage and child bearing. The number of women in law and medical schools increased greatly since education is generally held to be the key to economic independence and upward **mobility** in our society. The increase into colleges suggested that women's goals shifted dramatically in the direction of acquiring skills that made it possible for them to take care of themselves and to live richer and more interesting lives.

(Adapted from: Woman's Health and Medical Guide, (page 30), edited by Patricia J Cooper, Ph.d, Meredith Corporation, 1984.)

Required:

- (a) Suggest a suitable title for the passage. **(2marks)**
- (b) Give the meaning of the words below as used in the extract:
- | | |
|------------------|---------------|
| (i) synonymous | (paragraph 2) |
| (ii) dependent | (paragraph 2) |
| (iii) unenviable | (paragraph 2) |
| (iv) segregated | (paragraph 3) |
| (v) endeavours | (paragraph 4) |
| (vi) mobility | (paragraph 4) |
- (6marks)**
- (c) Briefly explain the meaning of the following phrases as used in the extract:
- | | |
|-----------------------------|---------------|
| (i) various roles | (paragraph 1) |
| (ii) enter the labour force | (paragraph 1) |
| (iii) social sanctions | (paragraph 3) |
| (iv) intellectual extension | (paragraph 3) |
| (v) seem to be less likely | (paragraph 4) |
- (10marks)**
- (d) What helped the American women to dramatically shift their goals as per the extract? **(2marks)**
- (Total 20 marks)**

SECTION C: COMMUNICATION**Question 3**

- (a) You are employed as a Procurement Officer in a company called: Supplier of General Office Equipment Ltd. P.O. Box 1133, Kampala.

On 24 September 2004, your company ordered for stationery from KENI Enterprise Ltd. P.O. Box 612, Jinja. The company agreed to supply the stationery under the following terms:

- Delivery date not later than 30 October 2004.
- To supply 20,000 reams of ruled paper at Shs 5,000 per ream.
- To give a discount of 5% since this is a big order.
- Payment to be made within one month after delivery of the stationery otherwise the 5% discount will be cancelled.

On 5 November 2004, you received 2,000 reams of ruled paper instead of 20,000. Accompanying the stationery was an invoice of Shs 12 million for 20,000 reams of photocopying paper.

Required:

Write a letter to Mr. M.M Kumar, the Sales Manager of KENI Enterprises Ltd. drawing his attention to the mistakes made in your order and request him to rectify all the anomalies without further delay.

(10 marks)

- (b) Under what circumstances might each of the following be used in business letters?

- (i). c.c.
- (ii). Enc...
- (iii). RE:
- (iv). Ref:
- (v). Yours faithfully

(5 marks)**(Total 15 marks)****Question 4**

- (a) Assume that you are the Assistant Examinations Officer of ICPAU. It has been observed that some students neglect or forget to pay their renewal fees in the stipulated time.

Required:

Write a notice for the Notice Board informing ATC students that in future all the renewal fees are due on 1 January and payable by 31 March of every year. And they are warned that no student will be allowed to register for examinations without clearing the renewal fees.

(10 marks)

- (b) Memos count for the most common forms of internal business communication.

(i) What is a memo?

(2 marks)

(ii) Name three components of a memo.

(3 marks)

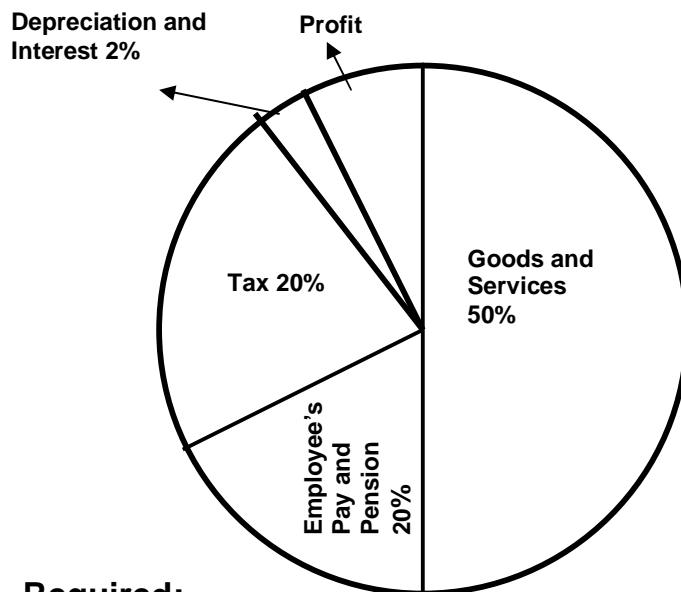
(Total 15 marks)

Question 5

- (a) What is time management?

(2 marks)

- (b) Visual aids such as charts, tables etc are probably the most efficient methods for communicating information. Munaku Trading Company provided the following pie chart for the month of October 2004:



Required:

Write down the information provided by the Pie Chart above.

(8 marks)

- (c) From time to time an executive of a business or institution may receive or make complaints to suppliers or other service providers about incorrect service or incomplete delivery or damage. Every letter written concerning a complaint must have definite objectives depending on the circumstances.

Required:

Identify **four** such circumstances and give their corresponding objectives.

(5 marks)

(Total 15 marks)

SECTION D: COMMERCE

Question 6

- (a) Define the term Insurance. (1 mark)
 - (b) Distinguish between the terms insured and insurer. (4 marks)
 - (c) Explain the principles of insurance. (10 marks)
- (Total 15 marks)**

Question 7

- (a) With examples, explain the forms of Sales promotion used by manufacturers in your country. (10 marks)
 - (b) What are the services offered by advertising firms? (5 marks)
- (Total 15 marks)**

Question 8

- (a) Distinguish between quoted companies and unquoted companies. (4 marks)
 - (b) Briefly explain the meaning of the following in relation to the stock exchange:
 - (i) Bears.
 - (ii) Bull.
 - (iii) Broker.(6 marks)
 - (c) What steps are followed in the purchase of shares? (5 marks)
- (Total 15 marks)**