

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL ONE

COMMERCIAL ENVIRONMENT - PAPER 4

THURSDAY, 15 DECEMBER 2005

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) Communication skills help an Accounting Technician to:
 - (a) get a job easily in a company.
 - (b) to pass on messages to the clients and workmates.
 - (c) keep in touch with old friends.
 - (d) report thieves to the police.
- (ii) In communication, to inform, interest and persuade is what is called:
 - (a) decoding.
 - (b) transmission.
 - (c) advertising.
 - (d) presentation.
- (iii)reassures the sender that the message has been received and understood.
 - (a) Grapevine.
 - (b) Feedback.
 - (c) Interpretation.
 - (d) Instruction.
- (iv) A Curriculum Vitae is a document that:
 - (a) describes attitudes and personality of an individual.
 - (b) gives the contents of a presentational workshop.
 - (c) gives personal data, educational and professional achievements.
 - (d) serves as an application letter.
- (v) The following are components of a memo except:
 - (a) Reference.
 - (b) Name.
 - (c) Date.
 - (d) Address.
- (vi) In an organization the major duties of the 'organizational secretary' is to:
 - (a) Dispatch organizational meetings.
 - (b) Discuss major internal issues with members of other organizations.
 - (c) Plan the activities and day to day affairs of the organization.
 - (d) Facilitate the procedure of meetings.

- (vii) When preparing for a workshop or seminar, all the following are very important for it to succeed except:
- (a) Minutes, reports, agreements, projector.
 - (b) Age-limit, experience, race, salary scale.
 - (c) Materials, time management, venue, activities.
 - (d) Agenda, references, accent, attendance lists.
- (viii) In an organization, it is important to make reports because they serve the following purposes except:
- (a) Highlight what goes on in a meeting.
 - (b) Provide a bridge between what was done and what is to be done.
 - (c) Act as an effective communication channels.
 - (d) Remind members of the previous wrangles and quarrels.
- (ix) The purpose of taking minutes in a meeting is to:
- (a) Provide points for future reference.
 - (b) Take note of issues and provide a record for reference.
 - (c) Write names of those who are absent.
 - (d) Link up members with the administration.
- (x) A written document of factual information required to make resolutions is:
- (a) the minutes.
 - (b) a report.
 - (c) the agenda.
 - (d) a notice.

COMMERCE

- (xi) In Banking a 'Standing Order' is:
- (a) a method a drawer can use to make several payments using one cheque.
 - (b) to ensure that customers are served on first come first served.
 - (c) an instruction by a customer that the bank should pay certain regular commitments from his account.
 - (d) an instruction by a banker stopping his / her bank to accept any cheques drawn from his / her account.
- (xii) A tertiary producer refers to a producer of:
- (a) a service.
 - (b) raw materials
 - (c) semi-finished goods.
 - (d) goods and services.

- (xiii) Which one of the following statements is not true of a sole trader?
- (a) He provides all the capital for the business.
 - (b) He enjoys all the profits and suffers all the losses.
 - (c) His liability is unlimited.
 - (c) He is from the business.
- (xiv) Which of the following is a reward for capital?
- (a) Rent.
 - (b) Interest.
 - (c) Profit.
 - (d) Wages.
- (xv) Which of the following is not an advantage of sole trade?
- (a) Quick decision making.
 - (b) Does not need a lot of capital.
 - (c) Close supervision.
 - (d) Unlimited liability.
- (xvi) Limited partnership is a business:
- (a) which enjoys limited liability.
 - (b) in which all partners enjoy limited liabilities.
 - (c) in which at least one partner has unlimited liability.
 - (d) in which all partners are general partners.
- (xvii) A farmer who grows food for his own consumption is engaged in:
- (a) indirect production
 - (b) direct services.
 - (c) indirect services.
 - (d) direct production.
- (xviii) In a school is expected to be found.
- (a) specialization by territory.
 - (b) specialization by process.
 - (c) technological specialization.
 - (d) specialization by skill.
- (xix) Which of the following is NOT a tool of the monetary policy?
- (a) Credit creation.
 - (b) Open market operation.
 - (c) Bank rate.
 - (d) Selective credit control.

- (xx) Which of the following is **not** a merit of merging of firms?
- (a) expansion of market.
 - (b) management efficiency.
 - (c) production of new goods.
 - (d) improvement of infrastructures.

SECTION B: COMMUNICATION

Question 2

Read the following passage and answer the questions that follow:

The choice of the programme chairperson is a **crucial** decision. If a wrong person is selected, the meeting can fail to achieve the desired objectives. Sometimes we have no choice. The elected chairman of an organization who may be excellent in that role may be wholly inadequate as a conference Chairman. **Similarly**, the managing director of the in-company event- however good he is as managing director- may be unable to perform the role of chairman of an incentive or sales conference. One senior executive regularly chaired conferences and seminars in his organization and his summaries and thanks after the speaker had **delivered** their papers were rambling, confusing and embarrassing to speakers and audience alike.

None in the organization had the courage to point out his **inadequacies** to him. In the end it took an outsider, who could afford to ignore the internal politics to suggest that he **stood down in favour** of someone else more suitable. The irony was that he was only too happy to do so. He had **secretly suffered** agonies every time he had acted as chairman but had carried on because he felt it was his duty and responsibility to do so.

Fortunately, the choice is often less restricted. A little research may be needed to find someone who has the necessary attribute. As a general rule the chairman should be comparatively senior. It is only the more senior person who has the experience and authority to handle the task. A senior person is also more likely to have the **requisite** knowledge. The chairman needs a degree of specialist knowledge of the subject in question. He should also be a person who can identify and **have sympathy with the aims of the event**. If there is **conflict** between the chairperson's beliefs or professional obligation and the aims of the conference, the chairman is not able to conduct the proceedings in a sympathetic and understanding way. When this happens, it is highly **unlikely that the objectives will be satisfied**. One would not expect a doctor of a Roman Catholic faith to chair an event calling for the use of Contraception, nor could a conservative politician chair a conference calling for abolition of private (traditional) medicine. These may be extreme examples, but they **illustrate** cases where the chairman would experience personal conflict, which would **reduce his credibility and effectiveness**.

Source: Adapted from SEEKINGS (1999), How to organize conferences and meetings, 7th Edition, Kogan page, London

Required:

- (a) Suggest a suitable title for the passage. **(2marks)**
- (b) Provide a suitable word or phrase to replace each of the following words as used in the passage:
- | | | | |
|--------|--------------|---------------|-----------------|
| (i) | crucial | (paragraph 1) | (1 mark) |
| (ii) | similarly | (paragraph 1) | (1 mark) |
| (iii) | delivered | (paragraph 2) | (1 mark) |
| (iv) | inadequacies | (paragraph 2) | (1 mark) |
| (v) | fortunately | (paragraph 3) | (1 mark) |
| (vi) | requisite | (paragraph 3) | (1 mark) |
| (vii) | conflict | (paragraph 3) | (1 mark) |
| (viii) | illustrate | (paragraph 3) | (1 mark) |
- (c) Explain the meaning of each of the following phrases as used in the passage:
- | | | |
|-------|--|------------------|
| (i) | Stood down in favour | (2 marks) |
| (ii) | Secretly suffered agonies | (2 marks) |
| (iii) | Have sympathy with the aims of the event | (2 marks) |
| (iv) | Unlikely the objective will be satisfied | (2 marks) |
| (v) | Reduce credibility and effectiveness | (2 marks) |
- (Total 20 marks)**

SECTION C: COMMUNICATION

Question 3

You are the Secretary to the Board of Directors in your Business /Company. The financial year is about to end and there is need to plan for the next financial year of your business. In the meeting you may have to discuss several financial implicationS for the company and how they will have to be implemented.

- (a) Draft a suitable agenda for the meeting. **(3marks)**
- (b) Write out three minutes of the first three items discussed in the meeting. Give them headings and subheadings. **(9marks)**
- (b) Give three duties of a Secretary for a given meeting. **(3marks)**
- (Total 15 marks)**

Question 4

An advertisement appeared in the newspaper; “*The New Vision*” of Tuesday 15th November 2005 where an accounting firm; *Data COM Uganda Limited* is looking for a qualified Ugandan to take up the job of the Accounts Clerk. Applicants should possess the following:

Qualifications: At least a certificate in any accountancy course from a recognized accountancy institution / college. A degree will be an added advantage.

Age: Should be aged between **25 - 35** years.

Experience: At least 3 years working in an accountancy firm. Knowledge of computer will be an added advantage.

Referees: Give two referees

Application should be addressed to the Personnel Officer, Data COM Uganda Ltd P.O Box 1401, Kampala and should reach the office not later than **22 December 2005**.

Required:

- (a) Write an application letter seeking for that job and give convincing reasons to show that you are the most suitable candidate.

(10 marks)

- (b) Justify your choice referees?

(3 marks)

- (c) Give **two** values of a referee.

(2 marks)

(Total 15 marks)

Question 5

You have been shortlisted for an interview for the job of Accounts Assistant that was recently advertised in The Monitor.

- (a) Give three important items that you would take along with you when going for the interview and state their importance.

(6 marks)

- (b) Give at least three communicative skills (abilities) that will enhance your chances of passing the interviews.

(6 marks)

- (c) Give three important personal attributes that you possess as an interviewee.

(3marks)

(Total 15 marks)

SECTION D: COMMERCE

Question 6

- (a) Distinguish between co-insurance and re-insurance. **(5 marks)**
- (b) Explain the following as used in insurance:
- (i) Pooling of risks.
 - (ii) Over insurance.
 - (iii) Under insurance.
 - (iv) Assignment.
 - (v) Third party insurance.
- (10 marks)**
(Total 15 marks)

Question 7

- (a) State the difference between persuasive advertising and informative advertising. **(4 marks)**
- (b) Explain the advantages of advertising to the:
- (i) producer. **(5 marks)**
 - (ii) consumer. **(6 marks)**
- (Total 15 marks)**

Question 8

- (a) What are specialized banks? **(3 marks)**
- (b) Explain the reasons for the underdevelopment of indigenous banks in developing countries. **(12 marks)**
- (Total 15 marks)**