

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL ONE

COMMERCIAL ENVIRONMENT - PAPER 4

WEDNESDAY, 12 DECEMBER 2007

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) In the process of administration and management, it is vital to have the following in place:
 - (a) the details of the organization's structure.
 - (b) proper channels of communication and feedback.
 - (c) overall supervision by the chief executive officer.
 - (d) general rules governing the organisation.
- (ii) Which of the following is **NOT** a role of a secretary in a meeting?
 - (a) Taking record of matters resolved on.
 - (b) Advising the chairman on past records.
 - (c) Ensuring that there is calm and silence in the meeting.
 - (d) Providing necessary documents to the members.
- (iii) While looking for a receptionist for your organisation, the following should be given priority:
 - (a) smartness, audibility and humility.
 - (b) audibility, punctuality and smartness.
 - (c) humility, fluency and punctuality.
 - (d) humility, punctuality and audibility.
- (iv) A good communicator must have the following attributes:
 - (a) a good listener and an eloquent speaker.
 - (b) able to provide feed back, a listener and argumentative.
 - (c) argumentative, eloquent and audible.
 - (d) a good listener, provides feed back and audible.
- (v) When answering a telephone call, it is important that the receiver is:
 - (a) humble and audible.
 - (b) loud and fast.
 - (c) patient and clear.
 - (d) courteous and audible.
- (vi) In a written report, the most important item to look out for is the:
 - (a) structure.
 - (b) subject.
 - (c) date.
 - (d) designation.

- (vii) When appearing for an interview, one should carry:
 - (a) letters of recommendation from referees.
 - (b) the curriculum vitae and testimonials.
 - (c) original certificates, testimonials and transcripts.
 - (d) a copy of the advertisement and letters of recommendation.
- (viii) For a notice to be clearly understood the following should be observed:
 - (a) precision, legibility and clarity.
 - (b) brevity, clarity and accuracy.
 - (c) location, accommodation and subject.
 - (d) legibility, location and accuracy.
- (ix) The following distinguishes a letter from a report:
 - (a) presence of the writer's name.
 - (b) absence of designation of the writer in a report.
 - (c) acknowledgement and executive summary.
 - (d) presence of a body giving the details.
- (x) The best means for a manager to keep in touch with the subordinates is through:
 - (a) holding regular meetings.
 - (b) giving working orders.
 - (c) providing proper channels of communication.
 - (d) listing down workers' complaints.

COMMERCE

- (xi) Opato and his father have a poor family but they can afford to grow some potatoes for eating. This is known as:
- (a) farming.
 - (b) specialization.
 - (c) indirect production.
 - (d) direct production.
- (xii) Commerce is how:
- (a) man organizes the distribution of goods from the point of production.
 - (b) goods and services are created to satisfy human wants.
 - (c) labour can be concentrated in one line of production for greater efficiency.
 - (d) traders go to the field to find out what consumers want and what they do not want.
- (xiii) Itinerant traders would exclude:
- (a) peddlers.
 - (b) tied shops.
 - (c) cyclists.
 - (d) barrow pushers.
- (xiv) Domestic trade is divided into:
- (a) export and import trade.
 - (b) capital and labour.
 - (c) retailing and wholesaling.
 - (d) banking and insurance.
- (xv) Which of the following is **NOT** a role of the Central Bank?
- (a) Controlling the exchange rates.
 - (b) Advising government on matters of economic importance.
 - (c) Undertaking the role of regulating a country's balance of payment.
 - (d) Lending money to the public.

(xvi) Assignment means:

- (a) transferring the title of ownership and insurable interest to another person who is interested in holding it.
- (b) the insured pays a stated sum of money in form of premiums which is put in a common pool.
- (c) two or more insurance companies come together to insure a certain property against one particular risk.
- (d) one insurance company insures itself with another insurer.

(xvii) Gilt edged securities are:

- (a) ordinary shares of companies which have a good dividend record extending over many years.
- (b) securities sold by government and they are considered to be absolutely safe in respect of both the capital redemption and payment of interest.
- (c) securities that can be transferred by mere delivery without any transfer form being made.
- (d) securities sold through commercial banks.

(xviii) Which of the following is **NOT** a quality of a good salesman?

- (a) Being polite to buyers.
- (b) Having an attractive personality.
- (c) Inability to access the customers.
- (d) Having good knowledge about the product.

(xix) Which of the following is good in consumer protection?

- (a) Fixing profits that traders can earn from their operations.
- (b) Fixing profits manufacturers can earn from their operations.
- (c) Fixing minimum prices for essential goods.
- (d) Fixing maximum prices for essential goods.

(xx) The purpose of the stock exchange in a country is to:

- (a) buy or sell shares and other securities.
- (b) buy or sell surplus goods.
- (c) exchange local currencies.
- (d) buy or sell foreign currencies.

SECTION B: COMMUNICATION

Question 2

Read the following passage and then answer the questions about it.

Complaints from customers are part of any business venture. A trainer in handling customer complaints has this to say:

"Customer **loyalty** depends on the level of trust customers have in your business, meeting their needs. Complaints are a warning that customers' needs are not being met satisfactorily. Failure to handle them well will kill your business, because they will be **compelled** to look for alternatives.

Establish a **hassle-free complaining process**: This is the process of channeling customer complaints which should be simple and convenient. A customer should not incur undue expenses in terms of time and resources trying to raise a complaint about a product or service.

If there are suggestion boxes, they should be **strategically located**. Some well established businesses have toll-free numbers.

Accept and respect the complaints: Never **get mad at** a customer who raises a complaint however baseless it may appear or sound. A customer who chooses to remain silent when **disgruntled** is very dangerous. It is not all about him or her abandoning your business. The **gospel will be spread** to his or her colleagues as well. He or she could switch to buying your competitors' products or services. A complaint from a customer highlights your weaknesses and indirectly suggests areas for improvement, free of charge yet if you wanted that same information you would probably hire a consultancy firm at a fee.

Act on the complaint: Gathering customer complaints is one thing and acting on them is another. It is meaningless to have a suggestion box that is never opened and if it is opened, no action is taken. Remember it is not only the service or product **at stake**, it is the credibility of the entire business undertaking. Customers expect to see their complaints acted upon. Satisfactorily addressing issues raised by a current customer motivates him or her to continue trading with you and to inform colleagues about your product or service.

Keep your competitor out of it: Handle customers' complaints in a mature way. Address them without **soiling** your competitors because in the long run customers will realize your **ill-motive** and run away."

(Adapted from: Personal Finance; Sunday Vision, September 9th 2006)

Required:

- (a) Suggest a suitable title for the passage of not more than five words.
(2 marks)
- (b) Give the suitable meaning of the following expressions as used in the passage:
(i) loyalty.
(ii) compelled.
(iii) disgruntled.
(iv) at stake.
(v) soiling.
(vi) ill-motive.
(6 marks)
- (c) Explain briefly what the following expressions mean according to context:
(i) hassle-free process.
(ii) strategically located.
(iii) get mad at.
(iv) gospel will be spread.
(8 marks)
- (d) In not more than four sentences summarize the four ways of handling complaints as suggested by the writer.
(4 marks)
- (Total 20 marks)**

SECTION C: COMMUNICATION

Question 3

Karibu Investments is in the process of expanding its services to upcountry stations. They are looking for a suitable candidate to take the post of a Accounts Assistant.

Required:

Design an advertisement for a newspaper calling upon interested applicants to submit their applications for the position of Accounts Assistant. Indicate to them the major requirements; terms of employment and work schedule involved. Inform them of the latest date for submission of applications.

(15 marks)

Question 4

The organisation for which you work as the Accountant has had a crisis which needs immediate attention.

Required:

Write an internal memo for signature of the Finance Manager calling upon members of the Finance Department for an emergency meeting to resolve the crisis.

(15 marks)

Question 5

Your immediate supervisor has been expecting a call from an important client, however, he has to attend an urgent meeting. So, he requests you as his accounts assistant, to receive the call on his behalf.

Required:

Write out the telephone conversation that would take place between you and that client.

The conversation should reflect the status of the two people talking with a high degree of formality and respect.

(15 marks)

SECTION D: COMMERCE

Question 6

(a) Outline the role of commercial banks.

(7 marks)

(b) Account for the underdevelopment of indigenous commercial banks in Uganda.

(8 marks)

(Total 15 marks)

Question 7

(a) What is sales promotion?

(1 mark)

(b) Give **six** objectives of advertising.

(6 marks)

(c) Explain **four** advantages of using specialized advertising agencies.

(8 marks)

(Total 15 marks)

Question 8

- (a) Define a the term “Memorandum of Association”.
(1 mark)
 - (b) Name and explain **five** contents of a Memorandum of Association.
(10 marks)
 - (c) Outline **four** steps involved in selling shares of a public limited company.
(4 marks)
- (Total 15 marks)