

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL ONE

COMMERCIAL ENVIRONMENT - PAPER 4

THURSDAY, 19 JUNE 2008

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) When writing minutes in a meeting, the secretary should:
 - (a) report the details discussed.
 - (b) note the significant and important issues.
 - (c) record the accuracy of the main ideas.
 - (d) present key facts depending on purposes.
- (ii) In any written mode of formal communication one ought to pay attention to:
 - (a) expressions, errors and clarity.
 - (b) paragraphs, ideas and style.
 - (c) grammar, punctuation and style
 - (d) facts, title and logical presentation.
- (iii) It is **NOT** a must that an official letter should have:
 - (a) the addressee's address, heading and complimentary clause.
 - (b) reference, letter head and enclosure.
 - (c) salutation, signature and date.
 - (d) Reason, name and address of the writer.
- (iv) When handling a crisis during a meeting the chairperson should:
 - (a) clarify the purpose and summarise the final decision.
 - (b) keep track of the time and ensure that everyone has a chance to speak.
 - (c) encourage members to reconcile conflicting views.
 - (d) maintain orderly interaction among participants.
- (v) Which of the following is not an advantage of information technology?
 - (a) Cheap delivery of services
 - (b) System security
 - (c) Efficient information transfer
 - (d) Quick verification and ascertainment of facts.
- (vi) Repetition and summary are vital communication techniques while addressing an audience. They both serve to:
 - (a) facilitate convenient and economic delivery.
 - (b) refresh memory and persuade listeners.
 - (c) promote effective comprehension and humour.
 - (d) ensure clarity and emphasis.

- (vii) It is important to communicate in writing issues that are controversial in an organization rather than in speech because:
- (a) written communication can provide a fall-back position.
 - (b) written communication is better than verbal messages.
 - (c) verbal communication is very independent.
 - (d) verbal communication can last for ever.
- (viii) When answering a telephone call in an office one should sound:
- (a) strict and confident.
 - (b) jovial and loud.
 - (c) polite and courteous.
 - (d) plain and calm.
- (ix) While delivering a report to a listening audience, the following must be stressed:
- (a) Date and time of reporting and recipient.
 - (b) Name, date and designation.
 - (c) Subject, name and designation.
 - (d) Date, subject and designation.
- (x) When appointing someone as a public relations officer of your company, the following qualities should be given priority:
- (a) Humility, clarity and simplicity.
 - (b) Patience, integrity and humility.
 - (c) Education level, integrity and smartness.
 - (d) Audibility, smartness and punctuality.

COMMERCE

- (xi) A public limited company can commence business after finally acquiring:
- (a) a certificate of trading.
 - (b) a memorandum of association.
 - (c) a certificate of incorporation.
 - (d) articles of association.
- (xii) A fee charged by the central bank on any short term loan advanced to commercial banks is called:
- (a) bank overdraft.
 - (b) bank rate.
 - (c) bank draft.
 - (d) interest rate.

- (xiii) Which of the following statements is **NOT** correct?
- (a) Road licenses are only issued to vehicles with third party insurance cover in Uganda.
 - (b) Third party insurance does not cover government vehicles in Uganda.
 - (c) When an insured car knocks another car, the insurer will compensate only the insured.
 - (d) Re-insurance is when a risk is so heavy that one insurance company cannot cover it alone, so it insures part of it with another insurance company.
- (xiv) What form of integration is involved when Tororo Cement Industries Ltd joins Hima Cement Industries Ltd to form one industry?
- (a) Vertical.
 - (b) Backward.
 - (c) Forward.
 - (d) Horizontal.
- (xv) Government establishes state enterprises to:
- (a) provide unprofitable but desirable services.
 - (b) generate profits.
 - (c) minimise competition.
 - (d) reduce exploitation of the producers.
- (xvi) If a cheque is drawn in favour of Jane Namakula, she is described as:
- (a) an endorsee.
 - (b) a payee.
 - (c) a drawer.
 - (d) a drawee.
- (xvii) The reward for a shareholder is:
- (a) interest.
 - (b) rent.
 - (c) dividend.
 - (d) wages.
- (xviii) A carpenter who makes furniture for his own use is engaged in:
- (a) indirect production.
 - (b) direct services.
 - (c) indirect services.
 - (d) direct production.

- (xix) A stock exchange market deals in:
- (a) shares.
 - (b) currencies.
 - (c) foreign exchange.
 - (d) capital goods.
- (xx) Which of the following is **NOT** a principle of insurance?
- (a) subrogation.
 - (b) premium.
 - (c) indemnity.
 - (d) proximate cause.

SECTION B: COMMUNICATION**Question 2**

Read the following passage and then answer the questions that follow.

This week, research firm Steadman Group released a report that showed that the business community's confidence in Uganda is higher than that felt by their counterparts in Kenya and Tanzania about their respective economies. The research also showed that business confidence in Uganda was not improving at quite the same rate as a year ago.

However, the research was not clear about what was causing this trend, but there were suggestions that the drought and the inadequate policy environment may be at the heart of the problem.

We should not **thump our chests** at coming top of this survey of the East African Business Leaders Confidence Index in the region, because previous global surveys done on a global scale, did not put the region in the top half of achievers. Rather we should **benchmark** ourselves against the best in the world in designing and executing a policy that will improve business' confidence of our economy.

The fall of the Soviet Union in the 1990s **drove home** the point that countries are only as strong as their private sectors. The private sector creates jobs and pays the taxes to finance health, education and general infrastructure. The private sector is the only **viable** mechanism to eradicate poverty.

In Uganda, where more than a-third of the population is living on less than a dollar a day and where only 6,000 of the 35,000 graduates **turned out** annually can find formal employment, the necessity of supporting the private sector can not be **overstated**.

And private sector support need not come in the form of **monetary handouts**. The private sector, while operating within a political context, needs to be facilitated through clear and **transparent** laws, zero tolerance to corruption, functional utilities and infrastructure among other things. A deficiency in any of these attributes **compromises** business confidence.

The government needs to re-focus its strategy on supporting the private sector and go beyond maintaining macro economic stability and shift its anti- poverty campaign away from **sloganeering**.

Required:

- (a) Suggest a suitable title for the passage. (2 marks)
- (b) What is the meaning of the following words as used in the passage?
 (i) viable
 (ii) turned out
 (iii) overstated
 (iv) transparent
 (v) compromises
 (vi) sloganeering (6 marks)
- (c) Explain the following according to the passage:
 (i) not thump our chests.
 (ii) benchmark.
 (iii) drove home the point.
 (iv) monetary handouts. (8 marks)
- (d) The writer concludes by giving three forms of advice if private sector is to be improved. Point them out clearly in not more than two sentences. (4 marks)
- (Total 20 marks)**

SECTION C: COMMUNICATION

Question 3

An advertisement has appeared in a daily newspaper calling upon interested people to apply for the post of **Administrative Officer** with the **Uganda Securities Exchange Limited**. Applicants should be qualified, dynamic and self motivated. Among the requirements to accompany their application letter is a Curriculum Vitae (CV).

Required:

- (a) Write a detailed CV that you would attach on your letter of application. (10 marks)
- (b) Give **two** differences between a CV and an application letter. (2 marks)
- (c) Explain why it is important to attach a CV to an application letter. (3 marks)
- (Total 15 marks)**

Question 4

You are working as the Personnel Officer for B&H Group of Companies, in charge of Hotel Staff. Your hotels have won a tender from the government, to host delegates coming into the country for the Prime Ministers' Conference due in two months. Your immediate plan is to organize a refresher course for the hotel staff to help them cope with the requirements by the government.

The workshop will cover the following areas;

Ethics

Protocol

Time management

Hospitality

Required:

- (a) Design a programme for the day showing how each will be covered.
(10 marks)
 - (b) Give **three** reasons why it is necessary to have a drawn out programme for any official occasion.
(3 marks)
 - (c) Identify **two** reasons why organisations should regularly organise workshops for their employees.
(2 marks)
- (Total 15 marks)**

Question 5

Your company, Kawa Investments, has just recruited a new member of staff to take on the post of receptionist and she is to report for duty immediately.

Required:

- (a) Prepare the terms of employment and schedule of duties to be presented to the new member of staff. You may include the following:
 - (i) Daily routine;
 - (ii) Responsibilities;
 - (iii) Salary scale;
 - (iv) Company ethics;
 - (v) Any other relevant issues.

(10 marks)
 - (b) Give **five** qualities of a good receptionist.
(5 marks)
- (Total 15 marks)**

SECTION D: COMMERCE

Question 6

- (a) Give **five** advantages of operating a current account. (5 marks)
- (b) Explain **five** functions of commercial banks to traders. (10 marks)
- (Total 15 marks)

Question 7

- (a) Define the term 'trade'. (1 mark)
- (b) Distinguish between departmental stores and multiple shops. (4 marks)
- (c) Give **five** functions of a wholesaler. (10 marks)
- (Total 15 marks)

Question 8

- (a) Define the term 'advertising'. (1 mark)
- (b) What is the difference between informative and competitive advertising? (4 marks)
- (c) Explain **five** ways used by business firms to promote sales in Uganda. (10 marks)
- (Total 15 marks)