

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL ONE

COMMERCIAL ENVIRONMENT - PAPER 4

THURSDAY, 10 DECEMBER 2009

INSTRUCTIONS TO CANDIDATES:

1. Time allowed: **3 hours 15 minutes**.
The first 15 minutes of this examination have been designated for reading time. You may not start to write your answer during this time.
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) The main difference between oral and written discourse is that they:
 - (a) have different objectives.
 - (b) use different personal pronouns.
 - (c) vary in sentence lengths.
 - (d) use different channels.
- (ii) Effective speech delivery is best achieved by:
 - (a) unity, coherence and conciseness.
 - (b) style, simplicity and repetition.
 - (c) emphasis, logic and specification.
 - (d) gestures, eye contact and vividness.
- (iii) Conferences and workshops are essentially organized to:
 - (a) impart information to those who attend.
 - (b) learn and interchange views.
 - (c) break from routine and seek stimulation.
 - (d) seek reassurance and prestige.
- (iv) General information on mobile phones can be accessed from:
 - (a) the customer service desk.
 - (b) your consultant.
 - (c) the user's guide.
 - (d) the phone menu.
- (v) Which of the following will be inappropriate in a job application letter?
 - (a) Thank you for your consideration.
 - (b) I feel I am qualified for the position.
 - (c) I am 5 feet 11 inches tall and weigh 64 kg.
 - (d) From my enclosed C.V, you will note that I have studied accounting.
- (vi) The conclusion of a report basically:
 - (a) recommends an action.
 - (b) defines or explains the key terms.
 - (c) provides background information.
 - (d) gives a specific application.

- (vii) People who attend training programs are referred to as:
- (a) participants.
 - (b) delegates.
 - (c) officials.
 - (d) executives.
- (viii) Which of the following is **NOT** true about a curriculum vitae?
- (a) Uses headings to categorize information.
 - (b) Includes telephone contact for references.
 - (c) Place and date of birth appear at the top.
 - (d) Gives a description of position sought.
- (ix) In Uganda the best media for promoting a product is:
- (a) the internet.
 - (b) exhibitions and trade fairs.
 - (c) professional magazines.
 - (d) public relations.
- (x) In a meeting all discussions should be directed through:
- (a) administrative organizer.
 - (b) programme chairperson.
 - (c) secretary of the chairperson.
 - (d) executive director.

COMMERCE

- (xi)empowers a public limited company to commence business?
- (a) A certificate of incorporation.
 - (b) A memorandum of association.
 - (c) Articles of association.
 - (d) A certificate of trading.
- (xii) The central bank charges.....on short term loans to commercial banks.
- (a) bank overdraft
 - (b) bank rate
 - (c) bank draft
 - (d) interest rate

- (xiii) Which of the following statements are correct?
- (i) If an insured van knocks another van, the insurer will compensate only the insured.
 - (ii) Road licences are only issued to vehicles with third party insurance cover in Uganda.
 - (iii) Third party insurance does not cover government vehicles in Uganda.
- (a) (i) and (ii).
 - (b) (i) and (iii).
 - (c) (ii) and (iii).
 - (d) (i), (ii) and (iii).
- (xiv) A wholesaler benefits consumers in a way that he/she:
- (a) keeps prices of goods stable.
 - (b) extends credit facilities to consumers.
 - (c) sells directly to consumers.
 - (d) transports goods to consumers' premises.
- (xv) When the insurance company restores the insured to the original financial position, this is called:
- (a) insurable interest.
 - (b) proximate cause.
 - (c) subrogation.
 - (d) indemnity.
- (xvi) When The New Vision joins The Monitor Publications to form one company, this is called:
- (a) forward merging.
 - (b) horizontal merging.
 - (c) backward merging.
 - (d) lateral merging.
- (xvii) Government establishes state corporations to:
- (a) generate profit.
 - (b) prevent dumping.
 - (c) provide essential services.
 - (d) reduce middle men's profit.

- (xviii) A client in the stock exchange market needs the services of:
- (a) a bull.
 - (b) a banker.
 - (c) an insurer.
 - (d) the government.
- (xix) A document which contains a list of goods for sale by a trader is called:
- (a) a delivery note.
 - (b) an order.
 - (c) an invoice.
 - (d) a catalogue.
- (xx) Direct production means that:
- (a) one sells goods he produces.
 - (b) one produces goods for own consumption.
 - (c) goods are produced locally.
 - (d) one produces goods for the government.

SECTION B: COMMUNICATION**Question 2**

Read the passage below and answer the questions that follow.

A little competition can be **healthy** but costly and **disastrous** if you are not at par with others in business. In this **era of duplication** of business ideas, how you respond to competition will determine your performance.

To have a competitive advantage you must **create an edge over** your competitors. Every advantage **counts**. It takes strategic planning and extensive research. Do not be afraid of competitors, but rather learn from them. Assess their business models, their location, customer base, and marketing strategies. Imitate their strengths and use their weaknesses to your advantage.

Once you have **got a handle on** your competitors the next step will be to identify your customers. Listen to what they have to say about their income level, needs and what motivates them to buy. Is it price, quality, **credibility**, customer service, or location? Customer feedback is a cheap **invaluable tool**.

In today's crowded marketplace, however, customers have lots of choices. You must give them reason to choose you over your competitors. Ensure that your product outdoes the competitors'. Do your products perform? Are they reliable? You may have an ideal location, the lowest prices and best customer service, but quality products will determine your reputation.

Armed with quality assurance, you can now venture into the market, but not without a marketing strategy. Place adverts on radio, television and newspapers. There are other ways to **lure** customers, give discounts and after sales service.

Use business information resources; "Knowledge is Power". Understand the **trends** in your industry; those for all seasons and the ones which **will be gone tomorrow**. A video library operator should know which movies are currently selling. Is it soaps or Nigerian movies?

Beware that most people are price conscious. They go window-shopping to find out the **best bargain**.

Nevertheless, you may not be able to offer the lowest price, but still maintain a healthy profit margin. Stand warned, however, that your competitors are not going to sit back and allow you to steal their market share. The trick is to predict the future trends, research constantly, monitor the competitors and adapt to customer wants.

Required:

- (a) Suggest a suitable title for the passage. **(2 marks)**
- (b) Provide a suitable word to replace each of the following words as used in the passage.
- (i) healthy (paragraph 1).
 - (ii) disastrous (paragraph 1).
 - (iii) counts (paragraph 2).
 - (iv) credibility (paragraph 3).
 - (v) Lure (paragraph 5).
 - (vi) Trends (paragraph 6)
- (6 marks)**
- (c) Explain the meaning of the following phrases as used in the passage:
- (i) era of duplication (paragraph 1)
 - (ii) create an edge over (paragraph 2)
 - (iii) got a handle on (paragraph 3)
 - (iv) invaluable tool (paragraph 3)
 - (v) will be gone tomorrow (paragraph 6)
 - (vi) best bargain (paragraph 7)
- (9 marks)**
- (d) According to the passage how does one keep afloat in today's crowded marketplace?

(3 mark)

(Total 20 marks)

SECTION C: COMMUNICATION

Question 3

The following advertisement appeared in a newspaper recently. Study it and answer the questions that follow.

MARKETING TIPS LIMITED (MTL)

Marketing and Management Consultants

Are you experiencing difficulties expanding your operation into wider markets?
And do not know how to go about it?

At MTL, we provide answers to entrepreneurs intending to expand their business to global markets in areas such as;

- Marketing research
- Company Representation
- Training
- Management consultancy.

For further information contact
Dr. Adolf Adikin
Managing consultant
MTL Ltd
Kimathi Avenue
Tel. 256-41-471 718
Fax 256-41-470 000
Email: MTI@mtl.co.ug
P.O Box 7929 Kampala Uganda.

Required:

- (a) Write a letter to request for further information on their (MTL's) services.
(10 marks)
 - (b) Give **three** important qualities of a business letter.
(3 marks)
 - (c) Mention **two** aspects which are not acceptable in formal correspondences.
(2 marks)
- (Total 15 marks)**

Question 4

You have been working for ODWA (Overcome Distance Wave Aces) Telecom for a month as the sales/marketing officer. You feel there is need to design some brochures and flyers as one of the strategies to market the company.

Required:

- (a) Design a brochure that you intend to circulate to potential customers and the public. (8 marks)
- (b) Define the following terms:
(i) Flyer.
(ii) Catalogue.
(iii) Manual.
(iv) Logo. (4 marks)
- (c) Give **three** purposes of visual aids in marketing a product. (3 marks)
- (Total 15 marks)**

Question 5

During the recent staff meeting of your organisation, you were given the responsibility of searching for an ideal venue for the end of year staff party. You have identified the following venues:

1. Seremba Resort Beach.
2. Harambe Stadium.
3. Hiltop Conference Centre.
4. Jaribu International Hotel.

Required:

- (a) From your findings write a report to be evaluated by the organizing committee.

You may adopt the following in your report:

- Location.
- Accessibility.
- Facilities.
- Quality of service.
- Visual impression.

(10 marks)

- (b) Give **three** differences between a technical report and minutes of a meeting. (3 marks)
- (c) Mention **two** specific events where an accounting technician in an organisation may be required to write:
- (i) minutes.
 - (ii) a report.
- (2 marks)
(Total 15 marks)

SECTION D: COMMERCE

Question 6

- (a) What is a cheque? (1 mark)
- (b) Briefly explain the following terms in relation to cheque:
- (i) Drawer. (2 marks)
 - (ii) Drawee. (2 marks)
 - (iii) Payee. (2 marks)
- (c) Give **eight** advantages of paying by a cheque. (8 marks)
- (Total 15 marks)

Question 7

- (a) Define the term 'commerce'. (1 mark)
- (b) Briefly explain the **two** branches of commerce. (4 marks)
- (c) Explain the importance of commerce (10 marks)
- (Total 15 marks)

Question 8

- (a) State **five** aims of advertising. (5 marks)
- (b) Give **five** ways through which market for a product or service can be increased. (10 marks)
- (Total 15 marks)