

# THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

*A Committee of the Council of ICPAU*

## ATC(U) EXAMINATIONS

### LEVEL ONE

#### COMMERCIAL ENVIRONMENT - PAPER 4

**THURSDAY, 18 JUNE 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) Improvement in information management and communication technologies in an organisation will definitely lead to:
  - (a) progress in communication.
  - (b) access to new opportunities.
  - (c) security of information.
  - (d) improved data processing.
- (ii) The principal objective of workshops and refresher training courses in an organization is to:
  - (a) enhance skills, knowledge and attitudes of members.
  - (b) promote job satisfaction.
  - (c) provide information on opportunities for development.
  - (d) improve public relations and quality of services.
- (iii) Grapevine reaction is most likely to flourish in a situation characterized by:
  - (a) insufficient information and insecurity.
  - (b) duplication of activities in a department.
  - (c) poor co-ordination of new information.
  - (d) downward communication.
- (iv) A good programme for an official event displays the:
  - (a) type of session and subject.
  - (b) schedule of activities to take place.
  - (c) deliberations and entertainment.
  - (d) flow of information to be discussed.
- (v) Horizontal communication in an organization facilitates:
  - (a) indoctrination of goals and ideologies.
  - (b) organizational procedures and practices.
  - (c) information sharing and task co-ordination.
  - (d) specific task directives about job instructions.
- (vi) The term 'corporate hospitality' in business can be best defined as:
  - (a) an inspirational event for communicating with employees.
  - (b) a way of improving relationship with clients.
  - (c) an executive event to make impressions.
  - (d) a public event to promote administrative abilities.



- (vii) In management, the process of consultation and decision making involves:
- (a) seeking views and opinions of employees.
  - (b) negotiations between managers and employees.
  - (c) getting a feedback.
  - (d) acceptance by both parties.
- (viii) Which of the following is a vital component of a resignation letter?
- (a) Employment track record.
  - (b) Employment contract.
  - (c) Personal data.
  - (d) A period of notice.
- (ix) Which of the following is the best media for advertising clerical jobs and lower management positions?
- (a) Specialist journals and the daily press.
  - (b) The local press, radio and television.
  - (c) Internet, radio and television.
  - (d) Bill-boards and open-air loud speakers.
- (x) Which of the following is **NOT** a reason for including references in an applicant's curriculum vitae?
- (a) To ease verification of facts about the applicant.
  - (b) To provide information on the applicant's strengths and weaknesses.
  - (c) To make remarks on the applicant's suitability for employment.
  - (d) To aid in decision-making and selection.

### COMMERCE

- (xi) What form of integration is involved if MTN and WARID were to form one telecommunication company?
- (a) Forward.
  - (b) Horizontal.
  - (c) Backward.
  - (d) Vertical.
- (xii) ..... requires one to disclose all relevant information about what is to be insured.
- (a) Utmost good faith
  - (b) Proximate cause
  - (c) Indemnity
  - (d) Insurable interest



- (xiii) A general partner:
- (a) does not share in the liabilities of the business.
  - (b) just allows his name to be used in the business.
  - (c) does not take an active part in running the partnership business.
  - (d) takes part in the day-to-day running of the partnership business.
- (xiv) Which of the following is **NOT** true of entrepreneurship?
- (a) Finances and initiates production.
  - (b) Decides what and how to produce.
  - (c) Enjoys the profits and suffers the losses.
  - (d) Is rewarded by debentures.
- (xv) Tied shops:
- (a) are always found along high ways.
  - (b) move from place to place with their goods.
  - (c) deal in products of one producer.
  - (d) are found in urban areas.
- (xvi) Specialized wholesalers:
- (a) deal in a given line of trade or products.
  - (b) are found in a particular trading area.
  - (c) handle a variety of goods.
  - (d) operate in major towns only.
- (xvii) A stale cheque is one:
- (a) presented to the bank before the date on it.
  - (b) which has stayed for over six months.
  - (c) used by an imposter.
  - (d) where the amount in words differs from the amount in figures.
- (xviii) Which of the following is **NOT** a tool of monetary policy?
- (a) Bank rate.
  - (b) Open market operations.
  - (c) Bank charges.
  - (d) Selective credit control.
- (xix) An insurer is:
- (a) the insurance company granting the insurance.
  - (b) the person or business that takes out an insurance policy.
  - (c) an aid to trade where people contribute money towards a common pool.
  - (d) the event of total loss in insurance.



(xx) In a factory..... is expected to be found.

- (a) specialization by skill
- (b) technological specialization
- (c) specialization by process
- (d) specialization by territory

## SECTION B: COMMUNICATION

### Question 2

Books about job interviews often **feed** you on a list of questions that you should learn answers to. However, an interview is not an interrogation; it is a conversation. The best way to prepare for an interview, therefore, is to go **armed with** small stories about your business and personal life.

Conversation wins the job; competence-based interviews, as **opposed** to traditional interviews, have become more common. A human resource and management consultant says; in a traditional interview, the interviewer asks questions about whether an interviewee has skills and knowledge needed for a job. However, a competence-based interview goes further by asking additional questions about a candidate's character that can better determine whether he or she fits their **corporate culture**. These are called "behavioural competences". A competence-based interviewer will spend about half the time on your job skills and the other half on your behavioural competences. They will be looking for evidence of how you acted in **real** situations in the past. Having your stories ready and discussing them as a conversation between two equals plays well for this type of interview.

The interviewers may want to know whether you:

- are an asset or **liability**. In other words, will you make money or save money for the company?
- are a team player. In other words, will you fit into the corporate hierarchy or be like **sand in the gears**?
- can take and give orders. This is a temperament measure!
- will fit into the company culture. They do not want **prima donnas** or clowns.

You should have several personal stories that you can tell as examples of your successes. Interviewees are advised to start developing stories, each lasting between 30 to 90 seconds, around these areas:

- A **crisis** in your life or job and how you responded or recovered from it.



- A time where you functioned as part of a team and what your contribution was.
- A time in your career where you had to overcome stress.
- A time in your job where you provided successful leadership or a **sense of direction**.
- A failure that occurred in your job and how you overcame it.

As one educational and leadership consultant says; your stories will give the interviewers **tangible** examples they seek, and convey a strong sense of your **individuality** making you stand out more.

**Source:** Adapted from The New Vision, Monday, 7 July 2008: Jobs, Opportunities, New appointments, Human Resources Issues.

**Required:**

- (a) Suggest a suitable title for the passage. (2 marks)
- (b) Provide a suitable word or phrase to replace each of the following words as used in the passage:
- |                |               |
|----------------|---------------|
| (i) feed       | Paragraph (1) |
| (ii) opposed   | paragraph (2) |
| (iii) real     | paragraph (3) |
| (iv) liability | paragraph (4) |
| (v) crisis     | paragraph (5) |
| (vi) tangible  | paragraph (6) |
- (6 marks)
- (c) Explain the meaning of the following phrases as used in the passage:
- |                         |               |
|-------------------------|---------------|
| (i) armed with          | paragraph (1) |
| (ii) corporate culture  | paragraph (3) |
| (iii) sand in the gears | paragraph (4) |
| (iv) prima donnas       | paragraph (4) |
| (v) sense of direction  | paragraph (5) |
- (10 marks)
- (d) Give **two** examples of a behavioural competence referred to in the passage. (2 marks)
- (Total 20 marks)



## SECTION C: COMMUNICATION

### Question 3

Study the two texts bellow and answer the questions which follow:

#### TEXT A (A fax)

#### SUNSHINE INTERIOR DECORATORS

5<sup>TH</sup> Floor Central Towers, Kampala  
Phone No.: 256-2-716822  
Address: P.O Box 33245 – Kampala  
Fax No.: 256 2 716324

To: Mr Paul Kasoma  
Company: Kasoma & Kawumi CPA  
Fax No.: 256-2-893453

From: Ms. Mariam Awori  
No. of pages: 1  
Date: May 8, 2009

#### Subject: APPOINTMENT TO VIEW PREMISES

Dear Mr. Kasoma,

Thank you for your response to our enquiry. Sunshine Interior Decorators (SID) Ltd would be pleased to come and view your new premises on May 15, 2009 at 2.00pm. Thank you for giving us the opportunity to create a style that reflects the image your company wishes to portray.

I am certain that we will be able to reach an agreement well within the budget you indicated in your last fax.

I look forward to your confirmation.



**TEXT B (An e-mail)**

**Subject:** RE: Good News

**From:** "M Awori" <mawori@sid.co.ug>

**Date:** Wed, May 13, 2009 12:22 pm

**To:** "Lucinda Karimba" <lkarimba@sid.co.ug>

**Cc:**

Dear Lucinda,

I have good news and bad news for you. The good news is that we have been hired to do a huge job beginning May 25, 2009. The bad news, of course, is that you'll have to cut short your holiday and come back immediately – there is a lot to do!

I look forward to seeing you soon.

Regards,

Mariam Awori,  
Sunshine Interior Decorators,  
5<sup>TH</sup> Floor, Central Towers,  
Plot 1 Kampala Avenue,  
P.O Box 33245 – Kampala  
Tel. 256-2-716822  
Fax.: 256-2-716324

**Required:**

- (a) Identify aspects which distinguish an e-mail from a fax. (6 marks)
  - (b) Explain the difference between a fax and e-mail. (4 marks)
  - (c) Mention **five** benefits of e-mail which may **not** be enjoyed by fax users. (5 marks)
- (Total 15 marks)**



**Question 4**

The Association of Accounting Technicians of Uganda brings together all qualified accounting technicians. They have organized an occasion for launching their association. You have been asked to represent the managing director of your company, Melissa Financial Services Ltd, who was invited as the chief guest but could not make it.

**Required:**

Prepare a formal speech you would present on that occasion.

You may include:

- (a) your knowledge of the association.
- (b) challenges faced by new associations.
- (c) words of encouragement.
- (d) Any other relevant information.

**(15 marks)**

**Question 5**

Munakukama Construction Company wishes to transact business with Bahali Telcom Ltd and has organized a meeting. You are to represent Bahali Telcom Ltd and on arrival the receptionist greets you with a blank stare; because she does not know about the meeting, but supposes it could be in one of the company's board rooms. You eventually find your way to the room in question. It is disorganized and smells of stale cigarette smoke and the ash trays are not emptied. One gentleman and a lady come in after a few minutes and remember to introduce themselves after a long uncomfortable silence. Eventually the executive of the host company enters (well after the appointed time) and sits down to do business. There is no agenda or writing material provided. Once business is underway, coffee is served and the meeting goes on well.

**Required:**

- (a) As the company secretary of Bahali Telcom Ltd, write a report to present to the board of directors.

**(7 marks)**

- (b) Give **two** differences between a report and minutes of a meeting.

**(4 marks)**

- (c) Mention **four** advantages of concise writing.

**(4 marks)**

**(Total 15 marks)**



**SECTION D: COMMERCE**

**Question 6**

- (a) Distinguish between informative advertising and persuasive advertising.  
(4 marks)
  - (b) Give **three** advantages of radio advertising.  
(3 marks)
  - (c) Explain **four** shortcomings of television advertising.  
(8 marks)
- (Total 15 marks)**

**Question 7**

- (a) Differentiate between:
    - (i) Private limited company and public limited company.  
(4 marks)
    - (ii) Sole proprietorship and partnership.  
(4 marks)
  - (b) Explain the steps followed in the purchase of shares.  
(7 marks)
- (Total 15 marks)**

**Question 8**

- (a) Give **five** qualities of good money.  
(5 marks)
  - (b) Distinguish between legal tender and money.  
(4 marks)
  - (c) Explain **three** motives for the demand for money.  
(6 marks)
- (Total 15 marks)**