

# THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

*A Committee of the Council of ICPAU*

## ATC(U) EXAMINATIONS

### LEVEL ONE

#### COMMERCIAL ENVIRONMENT - PAPER 4

**TUESDAY, 15 JUNE 2010**

#### 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

### COMMUNICATION

#### Question 1

- (i) Environment in an organisation refers to:
  - (a) plans and strategies.
  - (b) individual roles.
  - (c) clients and customers.
  - (d) rules and procedures.
- (ii) Which of the following is **NOT** a barrier to effective communication?
  - (a) Incompetence.
  - (b) Conflicting interests.
  - (c) Competition.
  - (d) Isolation.
- (iii) Good telephone etiquette is characterised by:
  - (a) professionalism and promptness.
  - (b) seriousness and fluency.
  - (c) pronunciation and clarity.
  - (d) demeanor and intonation.
- (iv) The title of any presentation should be:
  - (a) attractive, adequate and focused.
  - (b) relevant, appealing and brief.
  - (c) complete, authoritative, and informative.
  - (d) articulate, suitable and general.
- (v) A referee may be requested by a potential employer to provide information relating to the applicant's:
  - (a) personality, skills and qualifications.
  - (b) character, attitude and professionalism.
  - (c) hobbies, experience and interests.
  - (d) suitability, fluency and credibility.
- (vi) The process of filling forms in an organisation:
  - (a) enhances routine information flow.
  - (b) facilitates data correction.
  - (c) is used in the selection of candidates.
  - (d) retrieves specific details.

- (vii) One distinct difference between formal and informal meetings is that the latter:
- (a) have no general secretary.
  - (b) have no chairperson.
  - (c) are governed by institutional constitution.
  - (d) have no procedural rules.
- (viii) A person appointed to report on the proceedings in a workshop is known as:
- (a) coordinator.
  - (b) secretary.
  - (c) chairperson.
  - (d) rapporteur.
- (ix) Primary data in a report can be obtained from:
- (a) research and study tours.
  - (b) magazines and newspapers.
  - (c) questionnaires and personal observations.
  - (d) internet surfing.
- (x) Invitation to a meeting should **NOT** exclude:
- (a) the agenda and objectives.
  - (b) minutes of the previous meeting.
  - (c) the date, time and venue.
  - (d) the chairperson's and secretary's signatures.

## COMMERCE

- (xi) The main branches of commerce are:
- (a) production and exchange.
  - (b) buying, selling and aids to trade.
  - (c) production and consumption.
  - (d) home trade and foreign trade.
- (xii) Which of the following refers to the ability of a good or a service to satisfy a need?
- (a) Consumption.
  - (b) Utility.
  - (c) Production.
  - (d) Demand.

- (xiii) Interest is reward for the services of:
- (a) labour.
  - (b) entrepreneurship.
  - (c) capital.
  - (d) land.
- (xiv) The act of a manufacturer naming a product is called:
- (a) packaging.
  - (b) labeling.
  - (c) branding.
  - (d) blending.
- (xv) Supermarkets are different from other large scale retail outlets because of
- (a) selling one type of product.
  - (b) being situated in urban centres.
  - (c) self service.
  - (d) extending credit facilities to customers.
- (xvi) The principle of insurance that requires one to disclose all relevant information about what is to be insured is called:
- (a) utmost good faith.
  - (b) indemnity.
  - (c) proximate cause
  - (d) insurable interest.
- (xvii) A wholesaler offers the following services to the manufacturer **EXCEPT**:
- (a) buying goods in bulk.
  - (b) prompt cash payment.
  - (c) advertising the goods.
  - (d) giving credit facilities.
- (xviii) The medium of advertising that has the widest coverage in Uganda is:
- (a) radio .
  - (b) television.
  - (c) magazines.
  - (d) newspapers.

- (xix) The loss of value of a local currency against foreign currencies is described as:
- (a) inflation.
  - (b) devaluation.
  - (c) deflation.
  - (d) depreciation.
- (xx) The type of production where specialization is applied is called:
- (a) primary production.
  - (b) secondary production.
  - (c) indirect production.
  - (d) direct production.

## SECTION B: COMMUNICATION

### Question 2

**Read the passage below and answer the questions that follow:**

You only have to walk through a supermarket to realize that most consumer goods shelves are overcrowded. You will find more than ten types of soft drinks, toothpaste, plus ice cream in every flavour and size. Yet no matter how saturated the market is, companies will **launch** new products or importers will still import other **variants**.

In a saturated market what makes a new product really move? Often most revenue is believed to **come** from a saturated market. You go to **fish where there is more fish**. So a new product has to stand out and therefore should offer a **unique** value. Just a bit of great packaging is not enough. It has to offer something different, probably communication through a **brand**.

An example is the milk market. People would not spend more than one minute picking milk, but now companies **add value** to the product such as filtration or say that it tastes so good that cows want it back! This all sums up to offering something unique. Consumers like choice and it is a **battle to change their perceptions** to choose a different product. A fantastic brand is built on truth about a product.

A brand must offer a real benefit. If consumers **perceive** there is a low risk to trying something new, they will try it. But if the new product does not **live up to its promise** the consumer is likely to switch back.

The days of mass marketing are over. You cannot appeal to hundreds of millions of consumers. Marketers need to see any market as **a collection of niches**. Consumers want products they feel are **customised** the way they want them to

be. Having penetrated a market does not mean stopping there. Marketers need to increase sales. A few changes to packaging and advertising sometimes are not enough.

**Adapted from:** *The New Vision, Friday July, 13 2007, Executive Talk.*

**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) launch (paragraph 1).
  - (ii) variants (paragraph 1).
  - (iii) brand (paragraph 2).
  - (iv) unique (paragraph 2).
  - (v) perceive (paragraph 4).
  - (vi) customised (paragraph 5)
- (6 marks)**
- (c) Explain the following phrases as used in the passage:
- (i) Fish where there is more fish. (Paragraph 2)
  - (ii) add value. (paragraph 3)
  - (iii) a battle to change their perceptions (paragraph 3)
  - (iv) live up to its promise. (paragraph 4)
  - (v) a collection of niches. (paragraph 5)
- (10 marks)**
- (d) With reference to the passage, mention **two** steps that marketers can take to increase their sales. **(2 marks)**
- (Total 20 marks)**

## SECTION C: COMMUNICATION

### Question 3

Skewed salary scales in Haram Institute have created an unfavourable working environment. The human resource manager has come up with the following tabulated information to be presented to the Board of Directors to take action:

	Basic salary	House allowances	Car allowance	Transport	Medical	Others	Gross salary
Managing Director	3,000,000	2,500,000	500,000		500,000	1,500,000	8,000,000
Deputy Managing Director	1,500,000	1,500,000	500,000		500,000	1,000,000	5,000,000
Heads of Department	1,000,000	500,000		300,000	200,000	500,000	2,500,000
Senior officers	600,000	200,000		100,000	100,000		1,000,000
Technicians	400,000	100,000		100,000	100,000		700,000
Clacks/receptionist	200,000	50,000		50,000			300,000
Support staff	100,000	50,000		50,000			200,000
<b>TOTAL</b>							<b>17,700,000</b>

#### Required:

- (a) Present the above information in a graphical form to give a visual impression of the salary disparities at Haram Institute.  
(10 marks)
  - (b) Give **three** other forms of visual aids which can be used in a presentation.  
(3 marks)
  - (c) Mention **two** qualities a chairperson may need to exercise when handling a crisis in a meeting.  
(2 marks)
- (Total 15 marks)**

### Question 4

- (a) You have recently completed the Accounting Technicians Certificate of Uganda course and are currently on a job hunt.

#### Required:

- (i) Design a cover page for your curriculum vitae (cv).  
(5 marks)
- (ii) Give **five** guidelines for preparing a cv.  
(5 marks)
- (b) Style is a very important aspect in all written communication.

**Required:**

Mention **five** steps an accounting technician should take to maintain consistency in style both in terms of language and presentation of information.

**(3 marks)**

**(Total 15 marks)**

**Question 5**

- (a) You have been invited for an interview in response to your job application. Below are the interviewers' questions:

Tell us about yourself.

Why do you want this job?

What is your greatest weakness?

How would you handle stress?

How do you deal with difficult people?

**Required:**

Write out a conversation filling in the responses you would give to the above questions asked by the interviewers.

**(10 marks)**

- (b) Give and define **two** types of interviews.

**(2 marks)**

- (c) Write the following abbreviations in full:

(i) AGM.

(ii) ICT.

(iii) PTO.

**(3 marks)**

**(Total 15 marks)**



**SECTION D: COMMERCE**

**Question 6**

- (a) Define the term 'stock exchange market'. (1 mark)
  - (b) Distinguish between stock brokers and stock jobbers. (4 marks)
  - (c) Explain **five** functions of the stock exchange. (10 marks)
- (Total 15 marks)**

**Question 7**

- (a) Explain the following terms:
    - (i) Vertical merging.
    - (ii) Horizontal merging.
    - (iii) Lateral merging.
    - (iv) Conglomerate merging.(8 marks)
  - (b) Give **seven** merits of merging of firms. (7 marks)
- (Total 15 marks)**

**Question 8**

- (a) Outline **five** objectives of advertising. (5 marks)
  - (b) Explain **five** factors which influence the choice of an advertising medium. (10 marks)
- (Total 15 marks)**