

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL ONE

COMMERCIAL ENVIRONMENT - PAPER 4

TUESDAY, 07 DECEMBER 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, before you attempt any questions.

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SECTION A

Question 1

COMMUNICATION

- (i) The secretary of a meeting can do the following **EXCEPT**:
- (a) taking record of attendance.
 - (b) ensuring that the members receive the invitations in time.
 - (c) updating members about the agenda to be discussed.
 - (d) keeping and maintaining order in the meeting.
- (ii) When choosing the best person to take on the position of a public relations officer, the following clues are important;
- (a) Language competence, sociability and academic excellence.
 - (b) Sociability, communication skills and academic excellence.
 - (c) Language competence, academic excellence and availability.
 - (d) Knowledge ability, fluency and availability.
- (iii) Communication within an organization is most effective when it:
- (a) is through verbal messages.
 - (b) is in written form.
 - (c) has allowance for feedback.
 - (d) is from top to bottom.
- (iv) When carrying out an evaluation on the effectiveness of a company's objectives, it is best to:
- (a) seek the opinions of junior officers.
 - (b) conduct a questionnaire for the top managers.
 - (c) allow top-bottom communication.
 - (d) integrate opinions of all stakeholders.
- (v) When delivering a speech, much attention should be paid to the:
- (a) audience, language and atmosphere.
 - (b) occasion, audience and language.
 - (c) atmosphere, duration and body language.
 - (d) atmosphere, audience and duration.
- (vi) Which of the following may **NOT** be given a minute number in modern minute recording?
- (a) Adoption of the agenda.
 - (b) Members present.
 - (c) Opening communication.
 - (d) Opening prayer.

- (vii) It is necessary to include hobbies/interests on one's curriculum vitae so as to:
- (a) show what one likes.
 - (b) display one's other abilities.
 - (c) show one's background.
 - (d) enhance one's personal image.
- (viii) Letters for official purposes must bear the following **EXCEPT**:
- (a) addresses.
 - (b) salutations.
 - (c) expressions of intimacy.
 - (d) complimentary clause.
- (ix) Reports in an organization after attending a workshop are intended to:
- (a) provide knowledge to the recipients.
 - (b) highlight issues that may have been discussed.
 - (c) give a brief account on what is expected.
 - (d) show accountability.
- (x) Which of the following are vital qualities of a good manager?
- (a) Patience, integrity, humour.
 - (b) Sociability, diligence, accessibility.
 - (c) Commitment, perseverance and integrity.
 - (d) Sentimentality, humour and diligence.

COMMERCE

- (xi) Land and capital are factors of production. Which of the following could produce a third factor?
- (a) Staff.
 - (b) Premises.
 - (c) Vehicles.
 - (d) Machinery.
- (xii) Which of the following is **NOT** a characteristic of a public limited company?
- (a) The liability of members is limited.
 - (b) Has a minimum of seven members.
 - (c) Has a minimum of two members.
 - (d) The shares are freely transferable.

(xiii) A wholesaler offers the following services to the manufacture

EXCEPT:

- (a) buying goods in bulk.
- (b) giving credit facilities.
- (c) prompt cash payment.
- (d) advertising the goods.

(xiv) What is a bank loan?

- (a) A large sum of money borrowed from a friendly organisaiton.
- (b) Money borrowed from the bank for the purpose of expanding a business.
- (c) Money overdrawn on the customer's account in excess of what is deposited.
- (d) A large sum of money borrowed from a bank for a fixed period upon which interest is paid.

(xv) An agreement where a buyer can claim compensation from the seller if goods are found to be defective is known as:

- (a) a conductor.
- (b) caveat emptor.
- (c) subrogation.
- (d) a warranty.

(xvi)is a banking policy used by a person who pays many people at a time.

- (a) Pay roll
- (b) Standing order
- (b) Credit transfer
- (d) Electronic funds transfer

(xvii) Why is consumer protection essential in advertising?

- (a) Checks on the dangers of misleading advertisements.
- (b) Creates demand for goods.
- (c) Helps in reducing prices.
- (d) Provides information about availability of goods.

(xviii)is the production of goods for one's own consumption.

- (a) Self production
- (b) Direct production

- (c) Tertiary production
 - (d) Indirect production
- (xix) The main purpose of setting up public corporations is to:
- (a) maximize profits.
 - (b) sell shares to the public.
 - (c) provide essential goods and services.
 - (d) teach the public on how to conduct business.
- (xx) Which of the following media would be the most suitable for advertising a new model of Toshiba laptop computers?
- (a) Radio.
 - (b) Trade fairs.
 - (c) Television.
 - (d) Direct production.

SECTION B: COMMUNICATION

Question 2

Read the following passage and answer the questions:

Every one of us aspires for a successful and satisfying career in our different callings. Some people make deliberate efforts to fulfill their career goals, while others think having a successful career is automatic once one gets a job. So, where do you fall? Do you have a clear strategy to realize your goals or you are not bothered and think that the opportunities that **come your way** will fulfill your career desires?

It should be noted that it is impossible to attain one's goals without a defined plan. Just like you would use a map on a trip to find your way to a new location, having a 'map' for your career is just as important.

Navigating your career course should be an **ongoing** process and not a reaction when things are not going well.

Sadly, many of us act only when things get bad. It may be an **impending** layoff or departmental reorganization which makes the future uncertain. Others may be unhappy or bored with their present jobs and need something new. "Don't wait for other forces to start working on your **career path**," warns Allan Basaza, career consultant with Millennium Jobs. "Have a plan in place that you can follow and implement regularly." This way, he says, you would be able to direct your **destiny** and will have a fulfilling career.

But how do you navigate your career course? The best way is to utilize a mechanism called a "**career strategy tool**." According to experts,

this tool can help you create a roadmap and guiding system to ensure career success. Still wondering how? Start with these four steps: Define your vision, mission, core values and brand. “This is the forward-thinking piece of your strengths, knowledge, ability and personal characteristics.” Do you want to work in a large international corporation or a smaller family-run business? Do you want desk work? Do you want to lead big projects or work on specific tasks? Where do you want to end up? In a corner office, on the top floor or in a **bustling** room with colleagues? What duties do you enjoy and which ones would you prefer to delegate? What do you do better and faster than anyone else? What makes you unique? “There are no right or wrong answers to these questions, follow what works for you,” Kateregga said, adding that one must follow what would satisfy them in a career. “You don’t want to just go to work everyday because you have to. You want your work to be meaningful. Once you know your answers you can plot for your own destination” he insists.

Create a position statement. This is the belief piece of your career strategy tool. For example what do you believe about yourself and your career? Do you achieve your goals or are you indifferent? ‘What you believe is powerful’ says Basaza. “If you believe in good things, the good come your way. If you believe that you are powerless over the course of your career, then you will be.” He emphasizes writing down why you want to be successful and looking at it every day until it becomes clear in your mind.

Like US President Barack Obama said: “What you believe, you can achieve. Yes, you can.” Draw your action plan. This is the planning piece of your career strategy tool. It includes your goals, steps to achieve them, a time frame for getting there and **specific milestones** to ensure you are on course.

If you want a new well paying job, that is your goal. A step to achieving this goal could be to call five people to inform them that you are looking for a new job. Another step could be to contact three potential employers. Your time frame is the amount of time you believe it will take you to reach your goal. Say, you want a new job within the next three months. Your milestones are the smaller pieces of the **larger pie**. One milestone could be that you updated your **resume** and cover letter. Another could be that you had three job interviews. The more specific you are with the actions you will take, the better your chances of success.

Kateregga says, “Once you have your actions, indicate them in your calendar one-by-one. The calendar is the structure you will rely on to

fulfill your plan. Develop a review process. Like a vehicle mileage metre, this is the evaluation piece of your career strategy tool. Decide how often you will review yourself to determine if you are still on **track.**"

(Adapted from: The New Vision, 29th May, 2008)

Required:

- (a) In not more than six words, suggest an appropriate title for the passage.
(2 marks)
- (b) Give the appropriate meanings of the following words as used in the passage:
(i) ongoing (paragraph 2).
(ii) impending (paragraph 3).
(iii) destiny (paragraph 3).
(iv) bustling (paragraph 5).
(v) resume (paragraph 8).
(vi) track (paragraph 9).
(6 marks)
- (c) Briefly explain what the writer meant by the following expressions in the passage:
(i) come your way (paragraph 1).
(ii) career path (paragraph 3).
(iii) career strategy tool (paragraph 4).
(iv) specific milestones (paragraph 7).
(v) larger pie (paragraph 8).
(10 marks)
- (d) What specific pieces of advice does the writer give to a person intending to look for a new job? Give at least **two**.
(2 marks)

(Total 20 marks)

SECTION C: COMMUNICATION

Question 3

You have been the chairperson of the procurement and disposal committee of Maggie Beauty Stores Ltd. The company deals in different types of cosmetic products like body creams, lotions, hair and body oils, perfumes, beauty soaps, cleansers, and many others. Your duty was to call for orders and confirm that the right items were delivered to the stores on behalf of the company. You had to ensure quality, quantity, and time frame for deliveries.

Required:

- (a) Write a handover report to present to the incoming chairperson upon the expiry of your term of office.
You may include:

- (i) Your suppliers, nature of the goods, how much was normally procured, the quality and quantity of goods you sourced.
 - (ii) Major achievements.
 - (iii) Challenges faced in that office.
 - (iv) Opportunities and the way forward.
 - (v) Any other relevant information.
- (10 marks)**
- (b) Mention **three** major reasons why it is necessary to give a written report when leaving an office.
- (3 marks)**
- (c) Who is entitled to receive the kind of report mentioned in (b) above in the company hierarchy?
- (2 marks)**
- (Total 15 marks)**

Question 4

Alpha and Omega Finance Ltd is organizing an annual general meeting for its shareholders to declare dividends and present an annual report. As its public relations officer, you are responsible for informing the general public.

Required:

- (a) Design a public notice to appear in the media informing members about this important occasion. Indicate the eligible members, date, time, venue and purpose of the meeting.
- (10 marks)**
- (b) Give at least **five** attributes of a good public notice.
- (5 marks)**
- (Total 15 marks)**

Question 5

- (a) You are the personnel officer of Mega Investment Ltd. You have just received news of the demise of one of your staff members, Ms. Patricia Bulaya. She has been working as the chief accountant for the last fifteen years. Her death happened so suddenly, yet you are scheduled to attend a conference out of the country on the day of her burial.

In your staff regulations, deceased members are entitled to a certain amount of support, in cash and in kind. For that matter, the organization is expected to attend the burial and also deliver a condolence message.

Required;

Write a condolence message to the bereaved family on behalf of Mega Investment Ltd. Your letter may include:

- (i) Employment record of the deceased.
- (ii) Behaviour during her stay at the company.
- (iii) Her working relationship with fellow employees.
- (iv) Any other information relevant to the occasion.

(10 marks)

- (b) What are the major components of a formal letter?

(5 marks)

(Total 15 marks)

SECTION D: COMMERCE

Question 6

- (a) Define the term 'home trade'.

(1 mark)

- (b) Outline **four** features of small scale retailers.

(4marks)

- (c) Explain **five** factors considered when setting up a retail business.

(10 marks)

(Total 15 marks)

Question 7

- (a) Give **five** principles of insurance.

(5 marks)

- (b) Explain **five** roles of insurance to traders in Uganda.

(10 marks)

(Total 15 marks)

Question 8

- (a) Define the term 'stock exchange'.

(1 mark)

- (b) Distinguish between par value of a share and market value of a share.

(4 marks)

- (c) Give **five** functions of a stock exchange market.

(10 marks)

(Total 15 marks)