

THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

A Committee of the Council of ICPAU

ATC(U) EXAMINATIONS

LEVEL ONE

COMMERCIAL ENVIRONMENT - PAPER 4

MONDAY, 28 NOVEMBER 2011

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.

SECTION A

Question 1

COMMUNICATION

- (i) Effective communication enables managers to:
 - (a) report on their progress regularly.
 - (b) branch out and make career development.
 - (c) motivate subordinates and implement plans.
 - (d) facilitate cooperation and synchronisation.
- (ii) Integrity in organisational procedures means being:
 - (a) honest and courteous.
 - (b) upright in character.
 - (c) pleasant and friendly.
 - (d) tactful and diplomatic.
- (iii) Employees' performance reports are used:
 - (a) annually for appraisal and recommendation.
 - (b) to answer complaints and criticism.
 - (c) periodically for co-ordination of information.
 - (d) to maintain uniformity in decision making.
- (iv) The attention line in an official communication should be used:
 - (a) when no particular person is addressed.
 - (b) after the subject close.
 - (c) after the complimentary close.
 - (d) when addressing a group of people.
- (v) The terminal section of a formal report comprises the:
 - (a) definition and plan of presentation.
 - (b) purpose, scope and methodology.
 - (c) sources, background and statement of results.
 - (d) summary, conclusion and recommendation.
- (vi) The essential communication skills required of an interviewee include the following **EXCEPT**:
 - (a) customer service.
 - (b) teamwork.
 - (c) interpersonal.
 - (d) linguistics.

- (vii) Brainstorming in a meeting refers to:
- (a) taking a final decision on important matters.
 - (b) consultation from different departments.
 - (c) learning from divergent disciplines.
 - (d) free exchange of ideas to generate new approaches.
- (viii) When organizing seminars and workshops, presenters should:
- (a) make use of audio visual aids.
 - (b) use non-verbal communication.
 - (c) undertake proper planning and preparation.
 - (d) use LCD display projectors.
- (ix) Good telephone etiquette requires:
- (a) professionalism and seriousness.
 - (b) courtesy and promptness.
 - (c) friendliness and enthusiasm.
 - (d) audibility and articulateness.
- (x) Which of the following media is most appropriate for an institution wishing to promote a programme and improve on its public image?
- (a) Newspapers and journals.
 - (b) Television and radio forums.
 - (c) Newsletters and calendars.
 - (d) Mobile telephone text messaging.

COMMERCE

- (xi) A document which shows a summary of transactions between a seller and a buyer for a particular period is called:
- (a) an invoice.
 - (b) a consignment.
 - (c) a statement of account.
 - (d) a credit note.
- (xii) Which of the following is a feature of a supermarket?
- (a) Stocks goods from one producer.
 - (b) Goods are pre-priced.
 - (c) Sells goods in bulk only.
 - (d) Prices are negotiable.

- (xiii) A sole trader is one who:
- (a) enjoys limited liability.
 - (b) only sells goods through an agent.
 - (c) enjoys all the profits and bears all the losses of the business.
 - (d) has an inflexible business.
- (xiv) The advantage of the credit card is that it:
- (a) can be used anywhere.
 - (b) encourages the use of cash.
 - (c) guarantees payment over the set amount.
 - (d) enables the holder to buy goods cheaply.
- (xv) The reduction on the prices which results from large purchases is known as:
- (a) price support.
 - (b) resale price maintenance.
 - (c) cash discount .
 - (d) trade discount.
- (xvi) Which of the following is a bill of exchange payable by the drawer before the maturity date?
- (a) Retired bill.
 - (b) Usance bill.
 - (c) Sight bill.
 - (d) Conditioned bill.
- (xvii) The main reason for the existence of public corporations is to:
- (a) sell shares to the public cheaply.
 - (b) provide certain essential goods and services to the public cheaply.
 - (c) enlighten the public on how to conduct business.
 - (d) maximize profits from the distribution of goods and services to the public.
- (xviii) The loss of value by a fixed asset is known as:
- (a) inflation.
 - (b) devaluation.
 - (c) deflation.
 - (d) depreciation.

- (xix) Which one of the following is the correct order when taking up an insurance policy?
- (a) Applying for policy, paying premium, issuing cover note and issuing insurance policy.
 - (b) Applying for policy, paying premium, issuing insurance policy and applying for insurance policy.
 - (c) Issuing cover note, paying premium, issuing insurance policy and applying for insurance policy.
 - (d) Applying for policy, issuing cover note, issuing insurance policy and paying premium.
- (xx) Which of the following activities is an example of secondary production?
- (a) Fishing.
 - (b) Farming.
 - (c) Teaching.
 - (d) Manufacturing.

SECTION B: COMMUNICATION

Question 2

Read the passage below and answer the questions that follow.

That man is an aggressive creature will hardly be disputed. With the exception of certain rodents, no other vertebrate habitually destroys members of his own species. No other animal takes positive pleasure in the exercise of cruelty upon another of his own kind. We generally describe most repulsive examples of man's cruelty as brutal or bestial, implying by these adjectives that such behaviour is characteristic of less highly developed animals than ourselves. In truth, however, the extremes of 'brutal' behaviour are **confined** to man; and there is **no parallel in nature** to our savage treatment of each other. The **somber** fact is that we are the cruellest and most ruthless species that has ever walked the earth; and that, although we may recoil in horror when we read in newspaper or history book of the atrocities committed by man upon man, we know in our hearts that each one of us harbours within himself those same savage impulses which lead to murder, to torture and to war.

To write about human aggression is a difficult task because the term is used in so many different senses. Aggression is one of those words which everyone knows, but which is nevertheless hard to define. As psychologists and psychiatrists use it, it covers a very wide range of human behaviour. The red-faced infant squalling for the bottle is being aggressive; and so is the judge who

awards a thirty-year sentence for robbery. The guard in a concentration camp who tortures his helpless victim is obviously acting aggressively. Less manifestly, but no less certainly, so is the neglected wife who threatens or attempts suicide in order to regain her husband's affection. When a word becomes so **diffusely** applied that it is used both of the competitive striving of a footballer and also of the bloody violence of a murderer, it ought either to be dropped or else more closely defined. Aggression is a portmanteau term which is fairly bursting at its seams. Yet, until we can more clearly **designate** and comprehend the various aspects of human behaviour which are subsumed under this head, we cannot discard the concept.

One difficulty is that there is no clear dividing line between those forms of aggression which we all **deplore** and those which **we must not disown** if we are to survive. When a child rebels against authority, it is being aggressive: but it is also manifesting a drive towards independence which is a necessary and valuable part of growing up. The desire for power has, in extreme form, disastrous aspects which we all acknowledge: but the drive to conquer difficulties, or to **gain mastery** over the external world underlies the greatest of human achievements. Some writers define aggression as 'that response which follows frustration', or as 'an act whose goal-response is injury to an organism (or organism surrogated)'. In the author's view, these definitions impose limits upon the concept of aggression which are not in accord with the underlying facts of human nature, which the word is attempting to express. It is worth noticing, for instance, that the words we use to describe intellectual effort are aggressive words. We attack problems, or **get our teeth into them**. We master a subject when we have struggled with and overcome its difficulties. We **sharpen our wits** hoping that our mind will develop a keen edge in order that we may better dissect a problem into its component parts. Although intellectual tasks are often frustrating, to argue that all intellectual effort is the result of frustration is to impose too negative a colouring upon the positive **impulse** to comprehend and master the external world.

Adapted from: Practice of proficiency by Stephen Andrew.

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) | confined | (paragraph 1) |
| (ii) | somber | (paragraph 1) |
| (iii) | diffusely | (paragraph 2) |

- (iv) designate (paragraph 2)
 - (v) deplore (paragraph 3)
 - (vi) impulse (paragraph 3)
- (6 marks)**

(c) Explain the meaning of the following phrases as used in the passage:

- (i) no parallel in nature (paragraph 1)
 - (ii) must not disown (paragraph 3)
 - (iii) gain mastery (paragraph 3)
 - (iv) get our teeth into them (paragraph 3)
 - (v) sharpen our wits (paragraph 3)
- (10 marks)**

(d) What is the writer's view about the argument that aggression is a result of frustration?

(2 marks)

(Total 20 marks)

SECTION C: COMMUNICATION

Question 3

Get Assurance Insurance Network (GAIN), a global organisation, has organised a function to mark 10 years of professional service to the clients. Assume that you are the publicity secretary and member of the organising committee.

Required:

- (a) Design an invitation card with a programme for the occasion.

(10 marks)
 - (b) (i) Explain the purpose of 'RSVP' on invitation cards.

(2 marks)

 - (ii) Mention **three** disadvantages of committees in communication.

(3 marks)
- (Total 15 marks)**

Question 4

You have recorded notes in a management meeting of Goodwill Group of Companies, where brief progress reports from operations, marketing and sales personnel and administrative departments have been given.

Required:

- (a) Transcribe minutes in the format below:

Min. No.	Issues discussed	Actions / Resolutions	Person responsible

(10 marks)

- (b) Explain, with **two** examples, the importance of the appendix in minute writing.

(3 marks)

- (c) Give **two** reasons why it is crucial to take minutes in a meeting.

(2 marks)

(Total 15 marks)

Question 5

Delta Source Ltd is a fast growing company dealing in a wide range of domestic and household products. The management is planning to recruit the following staff:

Salesgirls	20
Accounting technicians	2
Marketing executives	2

Required:

- (a) Design a newspaper advertisement inviting applicants for the above positions.

(10 marks)

- (b) Identify **three** key elements of an advertisement.

(3 marks)

- (c) Briefly explain why some advertisements are more effective than others.

(2 marks)

(Total 15 marks)

SECTION D: COMMERCE

Question 6

- (a) What is consumer protection?
(3 marks)
 - (b) Explain the need for consumer protection.
(6 marks)
 - (c) Outline the methods of consumer protection.
(6 marks)
- (Total 15 marks)

Question 7

- (a) Explain the factors to be considered by a commercial bank before giving out a loan.
(8 marks)
 - (b) What functions do commercial banks render to their customers?
(7 marks)
- (Total 15 marks)

Question 8

- (a) Define the term 'retail trade'.
(1 mark)
 - (b) Give the services of a retailer to the:
 - (i) consumers.
(6 marks)
 - (ii) wholesaler.
(8 marks)
- (Total 15 marks)