

# THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

*A Committee of the Council of ICPAU*

## ATC(U) EXAMINATIONS

### LEVEL ONE

#### COMMERCIAL ENVIRONMENT - PAPER 4

**WEDNESDAY, 4 JUNE 2014**

#### **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. This examination contains Sections **A**, **B**, **C** and **D**.
3. Section **A** is bound separately from Sections **B**, **C** and **D**.
4. Attempt all the 20 multiple-choice questions in Section **A**. Each question carries 1 mark.
5. Attempt the compulsory comprehension question in Section **B** carrying 20 marks.
6. Attempt **two** of the **three** questions in Section **C**. Each question carries 15 marks.
7. Attempt **two** of the **three** questions in Section **D**. Each question carries 15 marks.
8. Write your answer to each question on a fresh page in the answer booklet.
9. Please, read further instructions on the answer booklet, before attempting any question.

## SECTION B: COMMUNICATION

*This section has one compulsory question to be attempted.*

### Question 2

**Read the following passage and answer the questions which follow:**

The success of any organization cannot be separated from an effective mechanism of **relaying** information from the top management to the lowest of employees, experts argue. Likewise, to be a great manager one must be able to communicate effectively with their subordinates and superiors. Mastering the art of communication is **key** to success. Effective communication at the workplace informs the team of what is happening or what should **trigger** positive feedback that result into improved productivity.

This implies that the vision and mission of an organization must be clearly communicated to all employees. “Good and effective communication is like good Ugandan Black coffee”, says one director. “It is very **stimulating** and, when effected between different levels in an organization, it is instrumental in achieving the firm’s objective” says the director.

“As a supervisor, one is part of the team, and responsible for managing the members’ actions and **account** to the supervisor. So a shared vision is key to effective communication in a **work setting**”. He adds that with this, members will understand the why and how things are done in a certain way. The skill and **character traits** of the supervisor are important in effective communication. “Skill traits are about how the supervisor approaches the job. Does he/ she show **a can-do attitude**? How **lofty** does he/ she hold the company policies and ethical principles at work? A lot is communicated to the subordinates through skill traits. Traits such as empathy and fairness help build trust, leading to better communication, he stresses.

Effective listening is also of **paramount importance**. One human resource professional says it is essential for a manager to listen to his/ her subordinates to understand them. She adds that giving undivided attention and showing interest in what they are saying helps understand their view and situation. “Feedback given should be able to cause impact. It should describe actions or behaviours that the individual can do something about. The manager should check to make sure the subordinate has understood what he/ she is communicating by using a **feedback loop**. For example, you can ask a question or observe their changing behaviour”, she adds. When communicating, it is helpful not to speak generally, but to adapt your thoughts precisely to the idea at hand. Think carefully about what you want to say before saying it.

Effective communication occurs when a person's verbal and non-verbal messages say the same thing. In the specific context, the non-verbal messages like body gestures and positions should correspond and reinforce the spoken messages. When communicating in writing, the simpler, shorter and more direct the better. It is equally important to lead by example. This makes you credible before the subordinates because of what you say and do. Communication experts say the credibility of the communicator, as determined by past conversations is a critical factor in effective communication.

*Adapted from: The New Vision; Monday 24 May 2010*

**Required:**

- (a) In not more than four words suggest the most appropriate title for the passage.  
(2 marks)
- (b) Give a suitable word to replace each of the following as used in the passage:
- |                  |               |
|------------------|---------------|
| (i) Relaying     | (Paragraph 1) |
| (ii) Key         | (Paragraph 1) |
| (iii) Trigger    | (Paragraph 1) |
| (iv) Stimulating | (Paragraph 2) |
| (v) Account      | (Paragraph 3) |
| (vi) Lofty       | (Paragraph 3) |
- (6 marks)
- (c) Explain the meaning of the following phrases as used in the passage.
- |                           |               |
|---------------------------|---------------|
| (i) Work setting          | (Paragraph 2) |
| (ii) Character traits     | (Paragraph 2) |
| (iii) Can-do attitude     | (Paragraph 3) |
| (iv) Paramount importance | (Paragraph 4) |
| (v) Feedback loop         | (Paragraph 4) |
- (10 marks)
- (d) Give at least **two** components of effective communication as discussed in the passage.  
(2 marks)
- (Total 20 marks)**

## SECTION C: COMMUNICATION

*Attempt two of the three questions in this section*

### Question 3

The company you are working for as a personnel development officer has asked you to organize a refresher seminar for junior employees with the intention of reminding them of their duties and responsibilities as well as motivating them.

#### Required:

- (a) Design a programme for the day; state the topics to be discussed, date, venue, time, possible speakers/ presenters and any other relevant information.  
(10 marks)
  - (b) Identify **three** aspects that differentiate a seminar from a workshop.  
(3 marks)
  - (c) Give **two** similarities between a seminar and a workshop.  
(2 marks)
- (Total 15 marks)

### Question 4

You have just opened up a new supermarket in the outskirts of the city. Many people do not know where it is located but would like to know.

#### Required:

- (a) Describe to the intending buyers the location of the supermarket giving clear verbal directions.  
(6 marks)
  - (b) Draw a simple sketch map showing the location of the place starting from the nearest and commonly known place.  
(6marks)
  - (c) Give least **three** advantages of a notice over a radio announcement.  
(3marks)
- (Total 15 marks)

### Question 5

Sam & Sons Ltd are looking for a secretary for their company. The duties of the secretary would include, among others:

- typing all company official documents;
- filing and keeping all company records;
- receiving and making all company telephone calls;
- any other duties that may be assigned.

Qualifications: Uganda Diploma in Business Studies (UDBS) or its equivalent.  
Age: 25-35 years

Applications are hereby invited from suitable persons to be addressed to the Company director, Sam & Sons Ltd., P. O. Box 1102 Kampala, to be received not later than 16 July 2014.

#### Required:

- (a) Write a letter applying for the job of secretary. (10 marks)
- (b) Give at least **three** qualities of a good office receptionist. (3 marks)
- (c) Give **two** reasons why one should attach a CV on an application letter. (2 marks)
- (Total 15 marks)

### SECTION D: COMMERCE

*Attempt two of the three questions in this section.*

### Question 6

- (a) Define the following terms as used in insurance:
- (i) Pooling of risks.
  - (ii) Sum insured.
  - (iii) Fidelity guarantee.
  - (iv) Aviation hull.
  - (v) Insured.
- (5 marks)
- (b) Explain the basic principles of insurance. (10 marks)
- (Total 15 marks)

**Question 7**

- (a) Differentiate between ordinary partnership and limited partnership.  
(4 marks)
  - (b) Explain the advantages and disadvantages of a partnership.  
(11 marks)
- (Total 15 marks)**

**Question 8**

- (a) Distinguish between informative and persuasive advertising.  
(4 marks)
  - (b) Explain the advantages of advertising to a:
    - (i) consumer. (5marks)
    - (ii) producer. (6 marks)
- (Total 15 marks)**