

Examination No. _____

THE PUBLIC ACCOUNTANTS EXAMINATION
COUNCIL OF MALAWI

2009 EXAMINATIONS

CERTIFICATE IN FINANCIAL ACCOUNTING
PROGRAMME

PAPER FA 3: BUSINESS KNOWLEDGE

FRIDAY 4 DECEMBER 2009

TIME ALLOWED: 3 HOURS
2.00 PM - 5.00 PM

INSTRUCTIONS: -

1. You are allowed **15 minutes** reading time **before the examination begins** during which you should read the question paper and, if you wish, make annotations on the question paper. However, you will **not** be allowed, **under any circumstances**, to open the answer book and start writing or use your calculator during this reading time.
2. Number of questions on this paper - 7.
3. The paper is divided into two sections: **A** and **B**.

Answer **TWO** questions **ONLY** from Section **A**.
Answer **THREE** questions **ONLY** from Section **B**.
4. Each question carries 20 marks.
5. Begin **each** answer on a fresh page.
6. Support your answers by underlining authorities quoted, citing statutes and/or cases where appropriate.
7. This question paper must **not** be removed from the examination hall.
8. **DO NOT OPEN THIS PAPER UNTIL YOU ARE INSTRUCTED BY THE INVIGILATOR.**

This question paper contains 3 pages

SECTION A

Answer TWO questions ONLY from this section

1.
 - (a) What document from the bank helps a bank customer keep a check on his/her finances? **2 Marks**
 - (b) Mention **three** products from the bank that enable its customers not to move with cash when paying for goods or services. **6 Marks**
 - (c) Mention **two** parties to a cheque. **4 Marks**
 - (d) At which **two** places can you deposit documents (e.g. a will) and other valuables for safe-keeping? **4 Marks**
 - (e) What term is used for a cheque dishonoured on grounds of lapse of time? **2 Marks**
 - (f) What is money? **2 Marks**

(TOTAL : 20 MARKS)

2.
 - (a) What does the term “entrepreneur” mean? **2 Marks**
 - (b) Under which industry are organizations responsible for
 - (i) the maintenance of roads? **2 Marks**
 - (ii) uranium mining? **2 Marks**
 - (iii) defending suspects in court? **2 Marks**
 - (c) Discuss **three** ways in which specialization can occur. **12 Marks**

(TOTAL : 20 MARKS)

3.
 - (a) Mention any **three** methods of importing goods into a country. **6 Marks**
 - (b) What is “balance of payment” in international trade? **2 Marks**
 - (c) What is “visible trade”? Mention any **two** examples. **4 Marks**
 - (d) What is “invisible trade”? Mention any **two** examples **4 Marks**
 - (e) Mention **two** reasons why it is necessary to have a bill of exchange. **4 Marks**

(TOTAL : 20 MARKS)

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SECTION B

Answer THREE questions ONLY from this Section

4. Malawi is yet to fully develop its rail transport system.
- (a) What are the **three** advantages of rail transport? **6 Marks**
 - (b) State **three** disadvantages of rail transport. **6 Marks**
 - (c) Mention **four** factors that will influence the choice of an advertising medium. **8 Marks**
- (TOTAL : 20 MARKS)**
5. (a) Mention **two** types of policies under each of the following classes of insurance:
- (i) Life assurance; **4 Marks**
 - (ii) Accident insurance. **4 Marks**
- (b) What type of cover is provided by the following marine insurance policies?
- (i) Time policies; **2 Marks**
 - (ii) Voyage policies. **2 Marks**
- (c) Which **two** parties are involved in a contract of insurance? **4 Marks**
- (d) Mention **two** sub-principles under indemnity, in insurance. **4 Marks**
- (TOTAL : 20 MARKS)**
6. (a) What is the meaning of the following remedies for breach of contract:
- (i) Specific performance; **2 Marks**
 - (ii) Rescission; **2 Marks**
 - (iii) Injunction? **2 Marks**
- (b) Apart from breach, mention **three** other ways in which a contract can be discharged. **6 Marks**
- (c) Mention **two** types of terms of a contract. **4 Marks**
- (d) Mention any **two** invalidating factors in a contract. **4 Marks**
- (TOTAL : 20 MARKS)**

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7. (a) Mention any **four** types of invitation to treat. **8 Marks**
- (b) In law of contract, which of the following statements are true of consideration?
- (i) It must be of adequate and sufficient value.
 - (ii) It must move from the promisee.
 - (iii) It must never be past.
 - (iv) It must be given in every binding agreement.
 - (v) It may be performance of an existing obligation. **10 Marks**
- (c) What is the legal effect of a guarantee given by an adult person for the debts of a minor? **2 Marks**
- (TOTAL : 20 MARKS)**

END