

EXAMINATION NO. _____



2016 EXAMINATIONS

CERTIFICATE IN FINANCIAL ACCOUNTING PROGRAMME

PAPER FA 3 : BUSINESS KNOWLEDGE

THURSDAY 2 JUNE 2016

**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 are **not** 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 paper - 7.
3. This 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 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 4 pages

SECTION A

Answer TWO questions ONLY from this Section

1. (a) State **four** functions of a retailer. **8 Marks**
- (b) List **four** types of large-scale retailing business. **8 Marks**
- (c) Explain **two** problems associated with importing from other countries. **4 Marks**
(TOTAL : 20 MARKS)
2. (a) Name the following types of agent:
- (i) An agent employed to make contracts in matters of trade or commerce. **2 Marks**
- (ii) An agent whose job is to sell goods at a public auction. **2 Marks**
- (iii) An agent who guarantees to his/her principal that the buyers he/she finds will pay for the goods sold to them. **2 Marks**
- (iv) An agent employed to sell goods consigned or delivered to him/her by his/her principal for compensation. **2 Marks**
- (b) State **three** circumstances under which an agency may be terminated by operation of the law. **6 Marks**
- (c) State **three** requirements that must be satisfied for a document to be a negotiable instrument. **6 Marks**
(TOTAL : 20 MARKS)
3. (a) Mention any **two** disadvantages of using posters to advertise a job vacancy. **4 Marks**
- (b) If you owned or were employed by Zathu Shoppings, a large-scale self-service retail shop, which **two** methods of payment would you encourage your customers to use to reduce the risk of till operators handling a lot of cash? **4 Marks**
- (c) Explain **four** advantages of large-scale retailing. **8 Marks**
- (d) What is import duty? **2 Marks**
- (e) How are subsidies a restriction to imports in a country? **2 Marks**
(TOTAL : 20 MARKS)

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SECTION B

Answer THREE questions ONLY from this Section

4. (a) State the **four** principles or reference points of corporate governance. **8 Marks**
- (b) Mention any **four** contents of a partnership agreement. **8 Marks**
- (c) State **two** disadvantages of using an Automated Teller Machine (ATM) in carrying out bank transactions. **4 Marks**
- (TOTAL : 20 MARKS)**

5. (a) List **three** types of preference shares. **6 Marks**
- (b) Mention **two** ways of dissolving a limited company. **4 Marks**
- (c) What is a Memorandum of Association in a limited company? **2 Marks**
- (d) What is money? **2 Marks**
- (e) The Treasury, in the Ministry of Finance at Capital Hill in Malawi, plays **two** important roles in the operation of parastatals.

Required:

Explain these roles. **4 Marks**

- (f) What is a listed company? **2 Marks**
- (TOTAL : 20 MARKS)**

6. (a) Yangayiro and his daughter, Thoko, went to the city market to buy dry fish. Moga was selling the fish while Pat, a 14 year relation of his, was shouting “Micheni! 55 only per bucket!” Thoko quickly requested Moga to pack a bucket- full of fish in a plastic bag. Moga did. Thoko then gave him K55 as payment for the fish. Moga said the fish were worth K5,500. Yangayiro paid the balance of K5,445.

Required:

State, with a relevant supporting case, whether K55 was an offer or invitation to treat. **6 Marks**

- (b) List **three** ways in which terms of a contract may be implied. **6 Marks**

Continued/.....

- (c) What is the main focus of the following:
- (i) Private law **2 Marks**
 - (ii) Public law? **2 Marks**
- (d) Mention a business unit that is affected by:
- (i) Limited liability **2 Marks**
 - (ii) Unlimited liability **2 Marks**
- (TOTAL : 20 MARKS)**
7. (a) List **three** subordinate courts in Malawi. **6 Marks**
- (b) Citing an example, define a non-insurable risk in the insurance business. **4 Marks**
- (c) Mention **two** statutory corporations and two private companies that are doing e-commerce by the use of Automated Teller Machines. **8 Marks**
- (d) How are security concerns a disadvantage of e-commerce? **2 Marks**
- (TOTAL : 20 MARKS)**

END