



1ST SEM. 2006/2007

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UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

**PROGRAMME : BACHELOR OF SCIENCE IN HOME
ECONOMICS & HOME ECONOMICS
EDUCATION YEAR V**

COURSE CODE : FRHD 501

TITLE OF PAPER : FAMILY FINANCE

TIME ALLOWED : TWO (2) HOURS

**INSTRUCTIONS : ANSWER QUESTION ONE (1)
AND ANY OTHER (2) QUESTIONS**

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GRANTED BY THE CHIEF INVIGILATOR**

QUESTION 1

- a) What are phases of the life cycle and how do they relate to financial planning?
5+16=21
- b) You deposit E1500 in a bank account earning 8 percent a year compounded once annually. Assuming you have not withdrawn anything, how much do you have in the account after two year? How much would you have if you withdraw each year's interest? Calculate your interest earned in each case. 4
- c) Explain the following elements of a balance sheet and give an example of each:
 Liquid assets
 Investment assets
 Life style assets
 Current liabilities
 Non current liabilities

5*3=15

[Total marks=40]**QUESTION 2**

- a) Explain three (3) simple rules that often lead to success in budgeting. Do you agree that the more complex a budget is, the more successful it will be? Explain. 20
- b) Explain how credit serves as:
 A shopping convenience
 A means to increase total consumption benefits
 A hedge against inflation
 A source of emergency funds 8
- c) What are the components of Family Finance? 2

[Total marks=30]**QUESTION 3**

- a) Discuss factors that should be considered in choosing a bank. Explain the following items related with bank:
 Series EE roll over
 Right of survivorship
 Bounced check
 Stop payment

Transaction
Certified check
Cashier check or travellers check
ATM
EFTS

3+9=12

- b) How will you measure the return from a real estate investment? 18
[Total marks=30]

Question 4

- a) Explain the primary reason for having insurance. For what other reasons might people hold life insurance? 5+15=15
- b) Explain the factors that affect Family Income 10
- c) What you mean by Five C's of credits 5
[Total marks=30]