

2<sup>nd</sup> SEM. 2018/19



UNIVERSITY OF ESWATINI

SUPPLEMENTARY EXAMINATION PAPER

**PROGRAMMES** : BACHELOR OF SCIENCE IN  
CONSUMER SCIENCE;  
CONSUMER SCIENCE EDUCATION  
AND TADM LEVEL IV

**COURSE CODE** : CED402/FRHD 406

**TITLE OF PAPER** : FAMILY FINANCE MANAGEMENT

**TIME ALLOWED** : TWO (2) HOURS

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

DO NOT OPEN THIS PAPER UNTIL PERMISSION HAS BEEN  
GRANTED BY THE CHIEF INVIGILATOR

**QUESTION 1 (COMPULSORY)**

- (a) In evaluating a credit application, lenders normally consider five main factors, usually referred to as the 'five Cs' of credit. Identify and explain these factors. (15 Marks)
- (b) Explain the "ratio of debts to equity" method of setting debt limit. Illustrate your answer with an example. (8 Marks)
- (c) Discuss why it is important to study personal/family finance. (7 Marks)
- (d) What are the steps in successful financial management? Discuss (10 Marks)
- [TOTAL MARKS = 40]

**QUESTION 2**

You are due to give a talk to the Student Representative Council on how the Consumer Price Index (CPI) can be used in scholarship negotiations. Explain what you would say with regards to:

- (a) What the CPI is (5 Marks)
- (b) How it is developed/calculated and (10 Marks)
- (c) How it can be used in negotiations for allowance adjustments (15 Marks)

[TOTAL MARKS: 30]

**QUESTION 3**

Discuss any six (6) factors that affect personal income.

[TOTAL MARKS: 30]

**QUESTION 4**

- (a) State how you would explain the concept of insurance to a group of young adults. (15 Marks)
- (b) The return on investments may come from two sources: current income and capital gains. Distinguish between the two. Support your answer with examples. (8 Marks)
- (c) Explain the risk and yield relationship in investment. (7 Marks)

[TOTAL MARKS: 30]