



**Riara School of Business**  
*Nurturing business innovators*

**SEPTEMBER – DECEMBER 2019 TRIMESTER**  
**EXAMINATION FOR BACHELOR OF BUSINESS ADMINISTRATION**

**DAY PROGRAMME**

**RFN 203: PERSONAL FINANCE**

**DATE: 17<sup>TH</sup> DECEMBER 2019**

**TIME: 2 HOURS**

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**GENERAL INSTRUCTIONS:**

Students are NOT permitted to write on the examination paper during reading time.

This is a closed book examination. Text books/reference books/notes are not permitted.

**SPECIAL INSTRUCTIONS:**

1. Write your ADMISSION NUMBER clearly on the cover of the answer booklet(s).
2. Answer Question ONE and ANY OTHER TWO questions.
3. Questions in all sections should be answered in answer booklet(s).
4. Marks allocated to each question are shown at the end of the question.
5. PLEASE start the answer to EACH question on a NEW PAGE.
6. Indicate the number of the questions answered on the cover of the answer booklet(s) in the order you answered them.
7. Write your answers in paragraph form unless stated otherwise.
8. Keep your phone(s) SWITCHED OFF at the front of the examination room.
9. Keep ALL bags and caps at the front of the examination room and do not refer to any unauthorized material before or during the course of the examination.
10. You are only allowed to leave the examination room 30 minutes to the end of the Examination.

### QUESTION ONE: COMPULSORY (30 MARKS)

- a) i) Define personal financial planning (1 mark)
- ii) Explain **four** reasons why personal financial planning is important (4 marks)
- b) Describe **four** types of taxes that an individual may be subjected to. (8 marks)
- c) Discuss **five** disadvantages of using credit. (5 marks)
- d) Discuss **four** financial institutions that are important in personal financial planning (12 marks)

### QUESTION TWO

- a) Explain **five** factors that influence the choice of a savings plan. (10 marks)
- b) Discuss **five** benefits of online payment methods. (10 marks)

### QUESTION THREE

- a) i) Define insurance (2 marks)
- ii) Discuss **four** types of life insurance policies. (8 marks)
- b) Explain **five** reasons why a personal budget is an important tool of money management. (10 marks)

### QUESTION FOUR

Highlight **five merits** and **five demerits** of each of the following housing alternatives:

- a) Renting (10 marks)
- b) Ownership (10 marks)