



# UNIVERSITY OF EMBU

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**2017/2018 ACADEMIC YEAR**

**TRIMESTER EXAMINATIONS**

**SECOND YEAR EXAMINATION FOR THE DEGREE OF  
BACHELOR OF COMMERCE**

**DFI 201: PERSONAL FINANCE**

**DATE: AUGUST 6, 2018**

**TIME: 11:00AM-1:00PM**

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**INSTRUCTIONS:**

**Answer Question ONE and ANY Other TWO Questions.**

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**QUESTION ONE (30 MARKS)**

- a) Discuss the sources of investment information (5 marks)
- b) Explain various sources of personal finance (5 marks)
- c) A complete financial plan contains personal finance decisions related to key components. Discuss these components (5 marks)
- d) Explain the reasons why financial advisors still choose mutual funds (5 marks)
- e) Explain the advantages of common stock (5 marks)
- f) Discuss the factors that have led to development of real estate business in Kenya. (5 marks)

**QUESTION TWO (20 MARKS)**

- a) Explain the steps in personal financial planning. (10 marks)
- b) Discuss the benefits of budgeting. (10 marks)

**QUESTION THREE (20 MARKS)**

- a) Explain the commonly cited principles of insurance (10 marks)
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b) Nyaga had the following assets and liabilities;

Liquid mutual fund	1,500,000
Mortgage	1,800,000
Debtors	200,000
Personal loan	240,000
Savings account	200,000
Car	1,200,000
Education loan	650,000
Car loan	400,000
Real estate	4,000,000
Other dues	190,000

Required: Prepare Nyaga's personal balance sheet to determine his net-worth (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) Explain the steps involved when preparing for future career. (10 marks)
- b) Discuss the principles of ideal investment. (10 marks)

**QUESTION FIVE (20 MARKS)**

- a) Explain the principles of risk management as identified by the International Organization for Standardization (ISO). (10 marks)
- b) Discuss the keys to personal financial success. (10 marks)

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