FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures)   :

Student ID (in Words)   :

Course Code & Name   :   **FIN2113 Financial Planning & Wealth Management**
Semester & Year   :   September – December 2023
Lecturer/Examiner   :   Muhammad Firdaus Akmal
Duration   :   3 Hours

INSTRUCTIONS TO CANDIDATES

1. **This question paper consists of 2 parts:**
   PART A (40 marks)   :   **ONE (1) case study questions. Answers are to be written in the Answer Booklet provided.**
   PART B (60 marks)   :   **THREE (3) problem solving questions. Answers are to be written in the Answer Booklet provided.**
2. **Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.**
3. **This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.**
4. **Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple-choice questions, where 2B pencils are to be used.**

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

Total Number of pages = 5 (Including the cover page)

PART A : **CASE STUDY QUESTION (40 MARKS)**

INSTRUCTION (S) : Answer **ALL** case study question. Write your answers in the Answer Booklet (s) provided.

Jenny has a habit of spending habit particularly using her credit card (Hong Leong Sutera Visa Platinum Credit Card). Her preference of payment is only the minimum amount each time the statement arrives. On 1st June 2022, her outstanding balance was already a huge RM18,900. However, she never seems to be afraid with the danger of overspending. It did not deter her from keep on spending.

On 8th June, she bought a pair of shoes costing RM750, a matching belt costing RM450 and a designer dinner gown costing RM2,880 in The Starhill. On 12th June, she had purchased the latest Apple Watch Ultra at Apple store, and this cost RM3,600 after special discount. Since it was a big amount, the store, collaborated with Hong Leong Sutera Visa Platinum Credit Card to offer customers who made large purchase to convert into smaller payments with an instalment payment scheme. Ms Jenny thus agreed to this instalment payment of 12 months and the first instalment was effective on the date of purchase.

Other transactions that Ms Jenny paid for using her credit card were as follows:

Date	Transactions	RM
14 June	Groceries at online SEGI Farmer's Fresh	260
18 June	Shopee online	390
20 June	Lazada online	450
22 June	Amazon.com (e-book) at USD$68 @RM4.27 (round up to the nearest RM)	
24 June	Carousell online	190
26 June	Payment	3,000
28 June	Shopee online	270

There was also a refund of RM340 a transaction wrongly debited to his account in May 2022. The refund would be credited to his account on 30 June 2022.

QUESTION 1

a)   Using the average daily balance method including current purchases, calculate the following:

     i.   Average daily balance   (2 marks)

     ii.   Total interest charge   (2 marks)

     iii.   Amount of outstanding balance   (2 marks)

     iv.   Minimum payment   (2 marks)

     v.   Outstanding payment after minimum payment   (2 marks)

Assume that the interest charged is 18% per annum on the unpaid balance and the minimum payment required is 5%.

b)   Discuss **FIVE (5)** spending habit that may have affected Ms. Jenny's monthly personal financial planning throughout the year.

(10 marks)

c)   Ms Jenny wants to go on a getaway trip with her friends sometime at the end of the year. Suggest **FIVE (5)** steps that she should take to ensure that she has the fund needed for the trip.

(10 marks)

d)   Briefly explain **FIVE (5)** actions that Ms Jenny could take to avoid a high annual credit card fees charge.

(10 marks)

[Total: 40 marks]

END OF PART A

PART B : **ESSAY QUESTIONS (60 MARKS)**

INSTRUCTION (S) : There are **THREE (3)** questions in this section, answer **ALL** questions.

QUESTION 1

a) Explain **FIVE (5)** reasons why real estate planning is so important.

(10 marks)

b) Fayth is developing her personal budget. She intends to save 10% of her income, use 38% of her income for housing and utilities, spend 14% on food, devote 20% to transportation, and set aside the rest for clothing, recreation, and entertainment. She earns RM 958 per pay period.

Based on the information above, calculate the amount she plans to spend on clothing, recreation, and entertainment on each pay period.

(10 marks)

(Total: 20 marks)

QUESTION 2

a) Briefly Explain how inflation works.

(2 marks)

b) Briefly explain **FOUR (4)** impacts of inflation towards investment.

(8 marks)

c) Calculate the future value of the following:
   i.   PV = RM 80, r = an annual interest rate of 10% and n = 8 years
   ii.   PV = RM 75, r = an annual interest rate of 6% and n = 3 years
   iii. PV = RM 200, r = an annual interest rate of 4% and n = 4 year
   iv.   PV = RM 100, r = an annual interest rate of 5% and n = 2 year
   v.   PV = RM 1000, r = an annual interest of 5% and n = 6 years

(10 marks)

(Total: 20 marks)

QUESTION 3

a) Zach invested RM 300 in the stock market. With the stock market's average yearly gain of 10 percent, his original RM 300 grew, to RM 330 after one year. In two years', time, his RM 300 became RM 363. The year after that, his original investment had become RM 399.

Explain **FIVE (5)** factors that resulted to Zach's investment growth.

(10 marks)

b) State **TWO (2)** advantages and **TWO (2)** disadvantages each of pension funds.

(10 marks)

(Total 20marks)

[Total: 60 marks]

END OF EXAM PAPER