

Form 4 Chapter 10
Financial Management
Fully-Worked Solutions

UPSKILL 10.1

- 1 (a) Setting goals
(b) Evaluating the financial position
(c) Creating a financial plan
(d) Implementing the financial plan
(e) Reviewing and evaluating the progress
- 2 To be thrifty and not to buy unnecessary expensive items.
- 3 To evaluate the financial position each month to determine whether or not he/she is heading towards achieving the goals set.
- 4 S – Specific
M – Measurable
A – Attainable
R – Realistic
T – Time-bound
- 5 (a) $\text{Loan} = P + Prt = 40\,000 + 40\,000(0.03)(5) = \text{RM}46\,000$
Monthly instalment = $\frac{46\,000}{5 \times 12} = \text{RM}767$
- (b) Specific - Buying a new Perodua Bezza car.
Measurable - Shukri has to pay a monthly instalment of RM767 for five years.
Attainable - Shukri with a monthly salary of RM5500 can pay a monthly instalment of RM767.
Realistic - With a monthly salary of RM5500 and only need to pay a monthly instalment of RM767 is realistic.
Time-bound - Settle the debt within five years.

Summative Practice 10

Multiple-Choice Questions

- 1 Planning strategy to speculate in share markets is not a criterion in financial management.
Answer: C
- 2 T represents time-bound and not handling constraints.
Answer: D
- Study the financial market is not a criterion in creating financial plans.
Answer: D
- 4 $\text{Loan} = P + Prt = 68\,500 + 68\,500(0.035)(5) = \text{RM}80\,487.50$
Monthly instalment = $\frac{80\,487.50}{5 \times 12} = \text{RM}1\,341$
- 5 $\text{Loan} = \frac{80}{100} \times 4\,000 = \text{RM}3\,200$
Monthly instalment = $\frac{3\,200 + (3\,200 \times 0.02 \times 1)}{12} = \text{RM}272$
Answer: B

Structured Questions

1 (a) Monthly instalment = $\frac{4\,000 + (4\,000 \times 0.03 \times 1)}{12} = \frac{4\,120}{12} = \text{RM}343$

- (b) (i) Beng Heng's goal is to buy a set of sofas by paying a monthly instalment of RM343 within 1 year.
(ii) Beng Heng has to pay RM343 a month so that within one year, he can settle his debts.
(iii) Beng Heng must be careful to reduce the purchase of less important items so that he can afford to pay RM343 per month within the 1-year period.
(iv) Beng Heng must be disciplined and thrifty in order that he can pay an instalment of RM343 per month within the 1-year period.
(v) Beng Heng should evaluate his financial position month to month whether he is heading for success to clear all his debts within 1 year.
- (c) Specific – Buying a new set of sofas
Measurable – Beng Heng has to pay a monthly instalment of RM343 for 1 year
Attainable – Beng Heng with a monthly salary of RM3000 can afford to pay a monthly instalment of RM343
Realistic – With a monthly salary of RM3000 and only need to pay a monthly instalment of RM343 is realistic
Time-bound – Beng Heng has to settle his debt within 1 year
- (d) Short term

2 (a) (i) $h = 20 \times 30 = 600$

(ii) $k = 800$

(iii) $m = 510$

(iv) $n = k - m = 800 - 510 = 290$

(b) Positive cash flow

(c) Specific – To purchase a set of exercise equipment

Measurable – Rosman has to save an amount of RM2 000 in 1 year time

Attainable – Rosman with a positive cash flow of RM290 a month (or $\text{RM}290 \times 12 = \text{RM}3\,480$ a year) can afford to purchase a set of exercise equipment which costs RM2 000

Realistic – With a positive cash flow of RM3 480 a year and only need to pay RM2 000 is realistic

Time-bound – Purchase a set of exercise equipment in 1 year time

Hence, the financial management of Rosman is effective to achieve the required goal.