Paper / Subject Code: 46009 / Finance:Wealth Management

29/10/2024

735 Library

Time : 2.30 Hrs. Marks : 75

Q1. a) Multiple Choice Questions : **(Any 8)** (08)

1. _______________ planning is a way by which you can reduce your tax liability without breaking up any law.
   a) Goal
   b) Management
   c) Tax
   d) Currency

2. _______________ means marketability of an investment.
   a) Planning
   b) Liquidity
   c) Saving
   d) Crediting

3. Accumulation of assets which generate income over a long period of time means _____________.
   a) Wealth Creation
   b) Saving
   c) Planning
   d) None of the above

4. The term _________ consists of all property owned by you at the time of your death.
   a) Will
   b) Career
   c) Estate
   d) Trust

5. ____________ analysis help to know the liquidity position of the company.
   a) Cash Flow
   b) Expenses flow
   c) Real Estate
   d) Gross profit

6. ____________ funds are a relatively new approach to retirement investing.
   a) Goal based
   b) Optimal
   c) Life-cycle
   d) None of the above

7. Health Insurance premium provide tax exemption under section __________ Income Tax.
   a) 80 A
   b) 80 C
   c) 80 D
   d) 80 G

8. _____________ applies to debt investment such as bonds.
   a) Debit risk
   b) Planned risk
   c) Currency risk
   d) Credit risk

9. _____________ insurance principle means both the insured and the insurer should have faith in each other.
   a) Principle of Indemnity
   b) Principle of utmost good faith
   c) Principle of contribution
   d) Principle of sharing

10. The yield curve is ________ when yield of all maturities are close to one another.
   a) Downward sloping
   b) Humped
   c) Upward sloping
   d) Flat

b) State whether the following statements are true or false: (any 7) (07)

1. CAGR return is same as Holding period return.
2. Estate planning is concerned with ensuring adequate coverage against insurable risks.
3. Net worth = Assets + Liabilities.
4. Wealth management is a one-time solution to achieving financial goals.
5. Longevity risk is the risk of outliving your savings.
6. Ratio analysis is an important technique of financial statement analysis.
7. Subrogation is principle, which applied to all contracts of indemnity.
8. Equity risk applies to an investment in shares.
9. If the interest rate goes up, the market value of bonds will decrease.
10. Passive management strategies are tax efficient.

Q2.

a) Explain the characteristics of Insurance. (08)

b) What is estate planning? What are the tools of estate planning? (07)

OR

c) Find out the net taxable income of Mr. Krishnam for AY 2025-26 applying the provisions of set off and carry forward of losses. (15)

Particulars	Amount
Income from Salary	**2,20,000**
Income from House Property:	
Loss from Parel house	(1,00,000)
Income from Dadar house	50,000
Income from Juhu house	30,000
Income from business:	
Business I (speculative)	40,000
Business II (non-speculative)	75,000
Business III (non-speculative)	(25,000)
Income from capital gain:	
Income from log term capital gains	60,000
Short term capital loss	(45,000)
Income from other sources:	
Interest on debentures	5,000
Interest on Bank fixed deposits	20,000

Additional information:

a. Rs. 1,500/- spent on collection towards interest on debenture (Allowed under section 57 as expenditure.
b. Carry forward speculative business losses – Rs. 55,000/- (AY 2022-23)
c. Carry forward long term capital losses – Rs. 70,000/- (AY 2021-22)

Q3.

a) Explain the requirement of goal based financial planning and its advantages. (08)
b) Describe wealth management process. (07)

OR

c) Mr. Kantilal purchased a house property for Rs. 18,00,000 on 1st June, 1993. He incurred expenses of Rs. 6,50,000 in financial year 1998-99 and Rs. 8,70,000 in the financial year 2006-07. (08)
The fair market value if the property on 1st April, 2001 was Rs. 27,00,000. He sold the property on 1st October, 2022 for Rs. 1,75,00,000. Brokerage of Rs. 1,50,000 was incurred on sale transaction. He purchased a new residential house on 1st January, 2023 for Rs. 13,00,000.
Cost inflation index: 2001-02 = 100, 2006-07 = 122, 2022-23 = 331. Calculate capital gain for the year 2022-23.