EXAMTOPICS

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Question #1 *Topic 1*

Mahesh is employed in a company on a basic salary of Rs. 20,000 pm and is allowed a dearness allowance of 30% of which 50% is included in salary for retirement benefits. His company pays him HRA of Rs. 5,000 pm. Compute his exemption on HRA for FY 2007-08. Mahesh is staying in Meerut and pays a house rent of Rs. 5,000 pm.

A. Rs. 35,160.

B. Rs. 24,840.

C. Rs. 32,400.

D. Rs. 60,000.

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #2 *Topic 1*

The process of retirement planning would generally not involve _____.

A. making a plan for management & disposition of assets at death

B. projecting individual needs and goals into the future and making sound financial plan

C. concentrating on maximizing returns on Present / Past Investments

D. planning for staying physically healthy & making necessary psychological adjustment and to plan for housing and leisure / work

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #3 *Topic 1*

A firm needs to borrow funds on a short term basis without reducing its current ratio below 1.25. The firms' current assets and current liabilities are Rs.1,600 and Rs.1,000 respectively. What amount can the fund borrow?

A. Rs. 1,400

B. Rs. 1,200

C. Rs. 1,500

D. Rs. 1,000

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #4 *Topic 1*

The May futures contract on XYZ Ltd. closed at Rs. 3,940 yesterday. It closes today at Rs. 3,898.60. The spot closes at Rs. 3,800. Raju has a short position of 3,000 in the May futures contract. He further sells 2,000 units of May expiring put options on XYZ with a strike price of Rs. 3,900 for a premium of Rs. 110 per unit on the same day. What is his net obligation to/from the clearing corporation today?

A. Pay Rs. 3,44,200.

B. Receive Rs. 3,44,200.

C. Receive Rs. 6,40,000.

D. Pay Rs. 95,800.

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #5 *Topic 1*

The process of retirement planning would generally not involve _____.

A. Concentrating on maximizing returns on Present / Past Investments

B. Projecting individual needs and goals into the future and making sound financial plan

C. Making a plan for management & disposition of assets at death

D. Planning for staying physically healthy & making necessary psychological adjustment and to plan for housing And leisure / work

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #6 *Topic 1*

Alok, age 25 years, plans to retire at age 60 and his life expectancy is 75 years. His current expenditure is Rs. 2, 00,000 nnually. He estimates no reduction of expenses post retirement. How much will he save per annum to Achieve his target, if inflation rate is 6% and expected yield from investment is 10%? Assume he wishes to leave an Estate of 10% of his savings at the time of retirement.

A. Rs. 73,878 A. It will be covered even if the income of all employees is above Rs. 6,500

B. Rs. 9,612 B. 1 or more

C. Rs. 66,490 C. 20 or more

D. Rs. 8,651 Answer: A An establishment, with 100 employees, notified by the Central Government of India and which is also a factory engaged in a specified industry, would be covered under Employees Provident Fund and Miscellaneous Provision Act, 1952 if the number of employees, getting salary of Rs. 6,500 or less, is _____. D. More than 20

Suggested Answer: *A*
Expense at 60 = 2,00,000 x 1.06^35 = Rs. 15,37,217. Retirement corpus for 15 years of inflation-growing expenses paid in advance at the real rate (1.10/1.06 - 1 = 3.774%) = Rs. 1,80,20,466; to leave 10% of the corpus as estate, required corpus = 1,80,20,466 / 0.9 = Rs. 2,00,22,740. Annual saving over 35 years at 10% (FV factor 271.02) = Rs. 73,878.

Currently there are no comments in this discussion, be the first to comment!

Question #7 *Topic 1*

Prashant is an employee in the private sector to whom Payment of Gratuity Act does not apply. He retires after eight years of service. Among other retirement benefits, he also receives a gratuity of Rs. 2,50,000. His average salary for the past ten months, before resigning, was Rs. 42,000 per month. He desires to know how much of the gratuity amount, if any, is taxable?

A. Rs. 82,000

B. Nil

C. Rs. 2,50,000

D. Rs. 1,68,000

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #8 *Topic 1*

Suryakant has an accident insurance policy which pays Temporary Partial Disability (TPD) benefit of Rs. 3,000 per week, for up to 104 weeks. He meets with an accident and is disabled and bedridden for 6 months. He has available leave of 4 weeks, after which he is on loss of pay. What benefit amount will he get from the insurance company?

A. Rs. 60,000

B. Rs. 72,000

C. Rs. 66,000

D. Rs. 78,000

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #9 *Topic 1*

A client has the need to provide for the cost of his child's college education. He envisages that four annual payments of Rs. 20,000, in current money terms, would be needed beginning 15 years from now. Assuming level of inflation at 5% per annum and that the fund earns 8% per annum returns throughout, calculate the present value to be placed on this liability when carrying out a needs analysis for this client. (Round of your answer to the nearest '000')

A. Rs. 50000

B. Rs. 49000

C. Rs. 24,000

D. Rs. 23,000

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #10 *Topic 1*

A client purchased a zero coupon bond 6.5 years ago for Rs. 525. If the bond matures today and the face value is Rs. 1,000, what is the average annual compound rate of return (calculated semi-annually) that the client realized on her investments?

A. 10.40%

B. 5.08%

C. 11.34%

D. 10.16%

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #11 *Topic 1*

Mohan invested Rs. 10,000 in XYZ mutual fund on 1/1/2000. He received cash dividends of Rs. 200, Rs. 300, Rs. 200 & Rs. 300 on 31/12/2000, 31/12/2001, 31/12/2002 & 31/12/2003 respectively. He reinvested all the dividends received in the fund. He sold the fund on 1/1/2004. What is the IRR if he sold the fund for Rs. 15,000?

A. 8.53%

B. 8.83%

C. 8.00%

D. 10.67%

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #12 *Topic 1*

Ajay has a net worth of Rs. 2,00,000 at the beginning of the Financial Year 2006-2007. The following transactions occurred during the Financial Year 2006-2007 with respect to his account. 1. Paid off credit card liability worth Rs. 10,000 using savings account 2. Transferred Rs. 4,000 from savings account to PPF account 3. Purchased Rs. 2,000 of furniture with credit. What is the net worth of Ajay after these transactions?

A. Rs. 1,90,000.

B. Rs. 1,84,000.

C. Rs. 1,98,000.

D. Rs. 2,00,000

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #13 *Topic 1*

Vishal is working with Amex Ltd since October 1, 1994. He is entitled to a basic salary of Rs. 6,000 pm. Dearness Allowance is 40% of Basic Salary for retirement benefits. He retired from his job on January 1, 2008 (3 months before the end of F.Y 2008) and shifted to his village. He is entitled to the following benefits at the time of retirement. Gratuity = Rs. 98,000. Pension from January 1, 2008 = Rs. 2,000 per month. Payment from recognized PF = Rs. 3,00,000. Encashment of earned leave for 150 days = Rs. 36,000. He was entitled to 40 days leave for every completed year of service. He got 50% of his pension commuted in lump sum w.e.f April 1, 2008 and received Rs. 1,20,000 as commuted pension. Vishal contributes Rs. 900 per month to RPF to which his employer contributes an equal amount. What will be the amount of uncommitted pension for Vishal that will form part of his total income for the A.Y. 2008-09?

A. NIL

B. Rs. 4,000.

C. Rs. 6,000.

D. Rs. 1,000.

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #14 *Topic 1*

" Member should act with care and skill in providing Financial Planning Services". This Forms part of _____ in the code of Ethics

A. Fairness

B. Diligence

C. Integrity

D. Competence

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #15 *Topic 1*

The NAV of a debt oriented Mutual Fund is 22.25 cum dividend. It has declared a dividend of 6%, record date being 25th June 2006. Calculate the dividend receivable by an individual investor if he holds 10,000 units

A. Rs. 4,653.60

B. Rs. 6,000.00

C. Rs. 5,158.50

D. Rs. 5,250.00

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #16 *Topic 1*

An HUF consisted of a father, who is a widower, his three sons and a daughter. Upon death of the father what will be the share of his daughter?

A. One fourth of HUF property.

B. One fourth plus one sixteenth of HUF property.

C. One sixteenth of HUF property.

D. None of the above.

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #17 *Topic 1*

Abhishek is working for the Finance Ministry since October 1, 1994. He is entitled to a basic salary of Rs. 6,000 pm. Dearness Allowance is 40% of Basic Salary for retirement benefits. He retired from his job on January 1, 2008 (3 months before the end of F.Y 2007-08) and shifted to his village. He is entitled to the following benefits at the time of retirement. Gratuity = Rs. 98,000. Pension from January 1, 2008 = Rs. 2000 per month. Payment from recognized PF = Rs. 3,00,000. Encashment of earned leave for 150 days = Rs. 36,000. He was entitled to 40 days leave for every completed year of service. He got 50% of his pension commuted in lump sum w.e.f March 1, 2008 and received Rs. 1,20,000 as commuted pension. Abhishek contributes Rs. 900 per month to RPF to which his employer contributes an equal amount. What is the amount of commuted pension that will be exempt for Abhishek for the FY 2007-08?

A. NIL

B. Rs. 40,000

C. Rs. 80,000

D. Rs. 1,20,000

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #18 *Topic 1*

Binding Authority of an insurance broker means _____.

A. the authority of brokers to accept risks within certain limits and term as set out by the Insurers

B. the contract by which a broker is bound to the insurance companies

C. the contract by which a broker is bound to the clients

D. the regulatory authority that binds brokers to the regulations

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #19 *Topic 1*

Vinod invests Rs. 1,50,000 in shares of XYZ ltd on 1st December 2006 and receives a dividend of Rs. 25,000 on 31st March 2007, the record date. The investment is sold on 2nd June 2006 in NSE for Rs. 1,20,000. How much short term loss, if any, arising out of this investment is allowable for set-off in FY 2007-08?

A. Rs. 25,000.

B. Rs. 5,000, since provisions of Sec. 94(7) will apply.

C. NIL

D. Rs. 30,000.

Suggested Answer: *D*

Loss = 1,50,000 - 1,20,000 = Rs. 30,000, short-term since held under 12 months (sale is in June 2007, FY 2007-08). Section 94(7) disallows loss up to the dividend only if the shares were bought within 3 months before the record date and sold within 3 months after; purchase on 1 Dec 2006 is about 4 months before the 31 Mar 2007 record date, so 94(7) does not apply and the full Rs. 30,000 STCL is allowable.

Currently there are no comments in this discussion, be the first to comment!

Question #20 *Topic 1*

Consider that an investor writes a covered call on XYZ share. Spot price is Rs. 38, Exercise price is Rs. 40 and a 3 month call on XYZ share is traded at Rs. 3. What is the initial cash flow incurred at the time of investment?

A. Rs. 37

B. Rs. 41

C. Rs. 38

D. Rs. 35

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #21 *Topic 1*

Dividend received by the writer of a Call during the life span of an Option _____.

A. can be pocketed by the writer

B. has to be given to the buyer of the option, only if he eventually exercises the option

C. increases the premium value by an equivalent amount

D. decreases the strike price

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #22 *Topic 1*

Risk free return rate is 8%. You expect that the return on market would be 14%. The expected return of Security A with Beta of 0.70 is

A. 17.8%

B. 15.4%

C. 12.2%

D. 18.2%

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #23 *Topic 1*

If a Company declares and pays dividend, this transaction will _____.

A. reduce stockholders equity

B. increase liabilities

C. decrease net income

D. not affect total assets

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #24 *Topic 1*

Divya, a CFP certificant, recently took Ajay as a client. After receiving an excessive number of questions from Ajay regarding his plan, Divya became desperate and changed her business phone number to an unlisted number. She notified Ajay that he could not have her new phone number, and that he must communicate with her via e-mail or fax. Which principle, if any, embodies Rules that require Divya to provide Ajay with her new number?

A. Integrity.

B. Fairness.

C. Objectivity.

D. Professionalism.

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #25 *Topic 1*

Deficit financing provision in the Budget will lead to the following/s: (A) Increase in money supply and rise in prices of goods and services in market(B) Fall in national income and Increase in GDP.

A. (A) only.

B. (B) only

C. Both (A) & (B)

D. None of the above

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #26 *Topic 1*

(A) Interest income of the Employees' contribution in an Unrecognised Provident fund is Tax exempt. (B) The employee's contribution to an unrecognised Provident fund is tax exempt under Sec. 80 C upto the limit of Rs. 1,00,000.

A. (A) only is correct

B. (A) & (B) both are wrong.

C. (A) & (B) both are correct

D. (B) only is correct.

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #27 *Topic 1*

A recognized Provident Fund acquires its status on recognition by _____.

A. SEBI

B. Income Tax authorities

C. PF Commissioner

D. Labour Ministry

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #28 *Topic 1*

A Life insurer receives an application for Rs. 20 crores. However the insurer is not ready to take this risk, but simultaneously does not want to leave the business. The insurer company shops around and contracts another insurer to assume a certain percentage of loss for a corresponding percentage of premiums. This is a case of _____.

A. Facultative reinsurance

B. Treaty reinsurance

C. Both of the above

D. None of the above

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #29 *Topic 1*

Madhu is in the business of buying houses, fixing them up and reselling them at a profit. She is considering purchasing a house but knows that she has to invest Rs. 2,50,000 at the end of the first month and Rs. 50,000 at the end of 6 months to restore the house before selling it. She expects to sell the house at the end of 18 months for Rs. 17,60,000. If Madhu requires a 25% compounding monthly on her investments and there is a 6% real estate brokerage payable for these transactions (buy & sell), what is the maximum amount she can offer to buy the house?

A. Rs. 9,06,880

B. Rs. 8,04,114

C. Rs. 8,72,850

D. Rs. 8,52,360

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #30 *Topic 1*

The " Trigger option " in a mutual fund refers to a facility _____.

A. Enabling pre-determined exit from a scheme once a certain profit level has been attained

B. Enabling pre-determined entry into a scheme once a certain NAV level has been attained

C. similar to an SIP

D. Similar to an SWP

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #31 *Topic 1*

Under the provisions of Income Tax Act, 1961, "Transport Allowance" is exempt upto

A. Rs. 800 per month

B. Rs.400 per month

C. Rs. 500 per month

D. Rs. 9000 per year lump sum

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #32 *Topic 1*

Which of the following is not the mode of revocation of a Will?

A. By Destruction

B. By Marriage

C. By another Will or Codicil

D. By Insolvency of the testator

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #33 *Topic 1*

Quick asset ratio is used to:

A. Determine the Investment Capacity of the Firm

B. Determine firm's liquidity to cover unexpected payment

C. Determine the current assets of the firm

D. Determine the current liabilities of the firm

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #34 *Topic 1*

Reliable age proof must be given along with the proposal form of life insurance which could be a : (A) Certified copy of birth certificate of Municipal Corporation (B) Marriage certificate issued by Marriage Registrar (C) Registered document of property ownership

A. (A)

B. (B)

C. Either (A) or (B)

D. Either (A) or (C)

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #35 *Topic 1*

Mr. Singh bought a Rs. 10 lakh term life Insurance Plan on 10 Aug 2006 by payment of Regular premium of Rs. 3,200 for 15 years. On July 15 2008 Mr. Singh committed suicide. What is the benefit amount payable to Mr. Singh's beneficiary, assuming the premiums were paid as agreed?

A. Rs. 3200

B. NIL

C. Rs. 3,200 + interest

D. Rs. 10,00,000

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #36 *Topic 1*

(A) In level term insurance policies, the coverage remains constant throughout the term. (B) The premium payable in level term insurance policies can remain same or increase with change in working conditions of Insured.

A. Both (A) & (B) are incorrect

B. Both (A) & (B) are correct

C. (B) is correct

D. (A) is correct

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #37 *Topic 1*

Possession of the property is transferred to the Mortgagee in _____.

A. usufructuary mortgage

B. English mortgage

C. mortgage by conditional sale

D. simple mortgage

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #38 *Topic 1*

Any possible occurrence which may have a negative financial implication can be plotted on a graph with X axis measuring the frequency (low-high) and Y axis measuring the financial impact (low-high). It would not be practical to purchase insurance for events which would fall in the high frequency, high impact quadrant because _____.

A. the best way to cover such a risk would be to alter the functioning of the business

B. such a risk cover would be very expensive

C. usually this is a business risk, which is rewarded by profit motive

D. such occurrences are so few that no insurer would be offering a risk cover

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #39 *Topic 1*

While making an investment in a Debt fund for your client you make the following remarks: (A) Rate of return by the instrument in the past is 8.5% and is expected to continue in future. (B) The investment would have low risk. In view of the CFP code of Ethics, which of the above statement is voilative?

A. (A) Only

B. (B) Only

C. Both (A) and (B)

D. None of the above

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #40 *Topic 1*

A type of risk with high frequency but low severity is probably best handled by:

A. Transfer.

B. Coinsurance.

C. Reinsurance.

D. Self Insurance.

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #41 *Topic 1*

X is a property dealer who buys and sells housing property. He received some rent from a housing property held as stock-in-trade in the assessment year 2008-2009. This rental income would come under the head:

A. Income from house property.

B. Income under the head capital gains.

C. Income from other sources.

D. Business income.

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #42 *Topic 1*

An immovable property will be termed as a short-term capital asset if it is held by the assesse for _____.

A. not more than 36 months

B. more than 36 months

C. exactly twelve months

D. more than 12 months

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #43 *Topic 1*

If an employer has made contribution to an unrecognized provident fund of an employee, then such contribution in the hands of employee _____.

A. is not treated as income of the year in which contribution is made

B. contributions in excess of 12% is treated as income

C. is treated as income of the year in which contribution is made

D. None of the above

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #44 *Topic 1*

Nihal, a salaried employee, receives medical allowance of Rs. 25,000 from his employer which is fully spent by Nihal in meeting medical expenses for himself. Determine the taxable amount of the medical allowance.

A. Rs. 10,000.

B. Rs. 25,000.

C. NIL

D. Rs. 15,000.

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #45 *Topic 1*

If a new issue was offered to the public at 15 times earnings but the market was pricing similar shares at 19 times, this would be_____.

A. an example of low gearing

B. a situation where the investor cannot take a position

C. an appalling proposition to the investor

D. a bargain not to be missed

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #46 *Topic 1*

In the calculation of the present value of shares, increasing the growth factor (all other things being equal) will cause the value to _____.

A. Stay the same

B. Decrease

C. Increase

D. Increase then Decrease

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #47 *Topic 1*

The bid-ask spread is_____. (A) Broker's commission (B) Dealer's gross income from a transaction (C) Larger for illiquid securities than for liquid ones.

A. (C) only

B. (B) only

C. (A), (B) & (C)

D. (A) only

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #48 *Topic 1*

Bond prices are sensitive to the coupon rate of the bond and the maturity term of the bond. Bond prices are less sensitive to changes in interest rates when the bonds have_____.

A. large coupon rate and short maturity

B. large coupon and long maturity

C. small coupon rate and short maturity

D. small coupon rate and long maturity

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #49 *Topic 1*

For a person aged 25 years retirement needs may best be calculated by _____.

A. Income replacement method

B. Expense replacement method

C. Both

D. None of the above.

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #50 *Topic 1*

Pension received from a former employer is classified under the head _____.

A. Gratuity

B. Income from other sources

C. Salary

D. Capital Gains

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #51 *Topic 1*

Which one of the following statements is NOT true for a defined-benefit plan? (A) Favours older participants (B) Arbitrary annual contribution (C) Requires an actuary

A. (A) only

B. (B) only

C. (C) only

D. None of the statements

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #52 *Topic 1*

Senior Citizen's Savings Scheme introduced by the Government of India is governed by which Act?

A. The Companies Act, 1956

B. The Small Savings & Misc. Savings Act, 1902

C. The Banking Regulation Act, 1949

D. The Government Savings Bank Act, 1873

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #53 *Topic 1*

An establishment, with 25 employees is covered under Employees Provident Fund and Miscellaneous Provision Act, 1952. What percentage of employee's pay shall be contributed by the employer in Employee's Pension Fund?

A. 8.33%

B. 1.16%

C. 3.67%

D. 12%

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #54 *Topic 1*

Condition in an Insurance Contract is associated with _____.

A. exclusions in the Insurance Contract.

B. limitations on the Insurer's promise to perform.

C. repudiation of claims in the Insurance Contract.

D. None of the above

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #55 *Topic 1*

Rationale behind principal of indemnity is that _____.

A. insured gets compensation to the extent he has insured, irrespective of amount of loss

B. insured does not profit from insured's loss

C. insured profits from insured's loss

D. None of the above

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #56 *Topic 1*

Donations to a notified temple attract a deduction of _____, u/s 80 G of IT Act.

A. 50% for any purpose

B. NIL

C. 50% only if it is for renovation or repairs

D. 100%

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #57 *Topic 1*

Computing 'salary' for the purpose of 'Rent free accommodation' includes _____.

A. bonus

B. advance salary

C. both bonus and advance salary

D. None of the above

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #58 *Topic 1*

Mr. Parmar is an NRI and 70 years of age. In his case, the maximum income not chargeable to tax in India for AY 2008-09 would be _____.

A. Rs. 1,85,000

B. Rs. 1,10,000

C. Rs. 50,000

D. None of the above

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #59 *Topic 1*

A share holder who has paid for the first call, in a limited company, is liable for _____.

A. his share in the total liabilities of the company

B. partially paid-up amount of the shares allotted to him

C. fully paid-up value of the shares allotted to him

D. only the secured debt of the company

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #60 *Topic 1*

Which of the following benefits are available in an Endowment Policy?

A. A bulk of the premium is invested and a small portion is used to provide life cover.

B. An Endowment Policy provides larger life cover than a Whole Life Policy, at lower premium due to its cash value.

C. An Endowment Policy is similar to PPF in terms of returns but gives extra benefit of insurance cover.

D. An Endowment Policy is usually less expensive than a Whole Life Policy due to the fixed nature of the term.

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #61 *Topic 1*

Whole life insurance contracts contain cash surrender values. These cash surrender values:

A. Represent estimates based on projected mortality savings.

B. Are based on the past experience of the insurance company and cannot be guaranteed.

C. Represent an excess of the premiums collected over pure insurance costs and earnings credited.

D. Are available only if the insurer chooses to terminate the coverage under the policy.

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #62 *Topic 1*

In case of a life insurance policy, if the gross annual premium amount does not exceed the sum assured by 20%, then _____. (A) Death benefit is tax free. (B) Death benefit is taxable. (C) Maturity benefit is tax free.

A. (A) only is correct

B. (B) only is correct

C. (C) only is correct

D. Both (A) & (C) are correct

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #63 *Topic 1*

Which of the following statements is/are NOT true about a warranty in an insurance contract? (A) Declarations on the proposal form can be warranties by reference. (B) Warranties help the insurer to ensure that the risk stays the same during currency of the policy. (C) Warranties have to be followed literally.

A. (A), (B) & (C)

B. (B)

C. (A)

D. None of the above

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #64 *Topic 1*

Which of the following statements is/are correct? (A) Limits for transacting life insurance in rural sector are laid down in number of lives insured. (B) Limits for transacting life insurance in social sector are laid down in number of lives insured.

A. (A) is correct

B. (B) is correct

C. Both (A) & (B) are correct

D. Both (A) & (B) are wrong

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #65 *Topic 1*

(A) In India, only the lessor is allowed to charge depreciation on the assets and claim tax deductions. (B) In India, only the lessee is allowed to charge depreciation on the assets and claim tax deductions.

A. Statement (A) is correct.

B. Statement (B) is correct.

C. Both are correct.

D. None of the above is correct

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #66 *Topic 1*

Which of the following is a reasonable assumption to make about the understanding of a client on the Financial Planning process?

A. Client would have identified a desirable asset allocation.

B. Client would have some knowledge of the assumptions on which Financial Plans are made.

C. Client would be able to identify his/her financial goals.

D. Client would understand the financial products being recommended.

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #67 *Topic 1*

While presenting and reviewing a Financial Plan to the client, you would do all of the following except _____.

A. presenting the plan in writing to the client

B. expressing your opinion as a matter of fact

C. taking the client through the plan

D. sharing the assumptions on which the plan is made

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #68 *Topic 1*

A client should be helped to set his/her financial goals in _____.

A. current money terms

B. future money terms

C. both current & future money terms

D. None of the above

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #69 *Topic 1*

A Financial Planner identifies and distinguishes between the needs and wants of the client. Priority should be given to _____.

A. Equal priority should be given

B. No need to give any priority

C. Needs

D. Wants

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #70 *Topic 1*

Suresh, a Certified Financial Planner, is preparing a letter to circulate among prospective clients and the letter contains information on services provided by his firm. According to the Code of Ethics and Rules of Professional Conduct, all of the following information should appear in the letter except _____.

A. details of firm's portfolio size and composition

B. the fees and commission sources of the firm

C. any significant financial relationships or connections with product providers

D. identity of the firm providing the service and the nature of services offered

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #71 *Topic 1*

Adverse selection refers to an Insurance Company _____.

A. Insuring a person in the high risk category

B. Insuring a person in the high risk category without loading his premium

C. Insuring a person susceptible to genetic diseases but at a substantially higher premium

D. Insuring a person whose risk profile is low, hence compelling the company to offer him a discount in premium.

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #72 *Topic 1*

The Key reference rate for Inter Bank overnight borrowings in Mumbai is known as

A. MIBOR

B. LIBOR

C. MIBID

D. LIBID

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #73 *Topic 1*

Interest rate on Post Office Savings Bank is payable _____.

A. quarterly

B. half yearly

C. annually

D. monthly

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #74 *Topic 1*

Money has time value. It derives this value due to existence of several conditions. Which one of the following is not one of the conditions contributing to the existence of this value?

A. The fees and commission sources of the firm

B. Possibility of increase in tax rates over time.

C. Ability to buy/ rent assets generating revenue

D. Cost of foregoing present consumptions

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #75 *Topic 1*

You are applying for an overdraft facility with the bank. What is the rate of interest you will pay on this facility?

A. The bank will apply a flat rate of interest on the amount of overdraft allowed to actually utilize.

B. The bank will apply a flat rate of interest on the amount of overdraft allowed to you.

C. The bank will apply rate of interest linked to the term deposit rate, on the amount of overdraft utilized.

D. The bank will apply rate of interest linked to the term deposit rate, on the average amount of overdraft remaining unutilized from the OD limit.

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #76 *Topic 1*

The Nifty has doubled since the last time you advised your client to reduce his equity exposure. The client is annoyed. What might be the most appropriate action to take immediately?

A. Apologize for wrongly forecasting the market

B. Change his asset allocation by increasing his equity exposure

C. Help the client understand the logic of his asset allocation

D. Rebalance his asset allocation by reducing equity investments

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #77 *Topic 1*

A professional indemnity policy protects the insured from risk arising out of _____.

A. Intentional misconduct

B. Misrepresentation of professional competence

C. Negligence

D. Undisclosed conflict of interest

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #78 *Topic 1*

Which of the following is a concurrent indicator of the phase of the business cycle?

A. Wholesale price Index

B. Index of Industrial production

C. Labor costs and capacity utilization

D. Order levels in the manufacturing sector

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #79 *Topic 1*

What is the main difference between the personal Financial Planning needs of the employed and the self-employed?

A. Attitude to risk/Risk appetite

B. Need to fund children's education

C. Need to fund retirement

D. The extent of employer-provided pension benefits, if any

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #80 *Topic 1*

Consider a portfolio of two investments viz. A & B. The sum total of volatility of A and B respectively, represented by standard deviation of the two investments, will be equal to the volatility of the portfolio as a whole if _____.

A. A and B have a correlation of Zero

B. A and B have a correlation of 1

C. The portfolio is equally divided between A and B

D. The return on the portfolio is equal to the sum of returns of A and B

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #81 *Topic 1*

Which of the following is a correct interpretation of the Rules of Conduct pertaining to the Ethic of Confidentiality?

A. A Member must when requested by the client, provide to a person authorized by the client, all original documents prepared or received by the Member in undertaking the advisory task.

B. A Member owes to the Member's partners or co-owners a responsibility to act in good faith (expectations of confidentiality) only while in business together, not thereafter.

C. The Member shall maintain the same standards of confidentiality to employers as to clients.

D. Under no circumstance, will any Member divulge any information or knowledge regarding the FPSB India or its members that they may know or be exposed to.

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #82 *Topic 1*

Mr. Rayan's investment portfolio comprises Rs.2 lakhs in equity, Rs.5 lakh in debt and Rs. 1 lakh in his bank current account. Over one year the returns on equity and debt are 5% and 12%. At the end of the year to maintain his current asset allocation, he needs to _____.

A. Do nothing.

B. He needs to move Rs, 10000/- from equity and Rs. 60000/- from debt to cash.

C. He needs move Rs.7500/- to equity from debt and Rs. 8750/-to cash from debt

D. He needs to invest Rs. 70000/- in debt and equity.

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #83 *Topic 1*

A 10 year 8.0% bond (Face Value- Rs.1000, interest payable semi-annually) maturing 6 years from today is available at a yield to maturity of 6.0%. It is likely to be priced at _____.

A. Rs. 1100

B. Rs. 1149

C. Rs. 1168

D. Rs. 1498

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #84 *Topic 1*

Raykar is an accomplished Financial Planner and is also an expert on derivatives and high yielding bonds. He understands client requirements well and is able to come up with appropriate portfolio restructuring ideas for clients. He believes in quickly moving clients from one investment to another through a dynamic process of research and recommendations. What according to the Rules relating to the Code of Ethics is the most applicable in this case?

A. He does not violate the Rules if he explains to the client the reasons and is able to show that the moves are appropriate to the client.

B. He does not violate the Rules since he conducts and has access to research and advises on products relevant to clients based on an understanding of their requirements.

C. He does not violate the Rules since he is an acknowledged expert and knows what is best for his clients.

D. He violates the Rules as it amounts to active churning of client portfolios.

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #85 *Topic 1*

Mrs. & Mr. Arora are aged 55 and 58 years respectively. Both expect to work till they turn 65. Their only goal is to fund their retirement. Which of the following is likely to be an appropriate asset allocation strategy for them?

A. 10% sectoral equity, 20% diversified equity, 30% long-term debt, and 40% medium term debt

B. 20% Sectoral equity, 60% diversified equity, 20% long-term debt

C. 30% Sectoral equity, 30% diversified equity, 40% cash/ liquid investments.

D. 80% long-term debt, 20% medium term debt

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #86 *Topic 1*

If the post tax rate of return on an investment is 8% and the inflation rate is 5% the real rate of return is_____.

A. 3.5%

B. 3.0%

C. 2.86%

D. –3.0%

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #87 *Topic 1*

Which of the following is a tort of negligence?

A. Mr. Joy was playing golf. He swings a new golf club on the fairway and the head of the club flies off, and hit another golfer who was standing 20 feet away.

B. Mr. Vishal takes medication that he knows makes him drowsy and then proceeds to drive. He gets into an accident injuring the passengers in another car.

C. Mrs. Jaya locks Ms. Rani in a room to prevent her from leaving the building

D. Mrs. Priti experienced a sudden surge of chest pain while driving, which causes her to lose control of her car and hit another car.

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #88 *Topic 1*

Any possible occurrence which may have a negative financial implication can be plotted on a graph with X axis measuring the frequency (low-high) and Y axis measuring the financial impact (low-high). You can view the classification in four quadrants. Quadrant I - Low frequency, Low Impact Quadrant II - Low frequency, High Impact Quadrant III - High frequency, High Impact Quadrant IV - High frequency, Low Impact It would not be practical to purchase insurance for events falling in_____.

A. Quadrant I & IV

B. Quadrant I, II & IV

C. Quadrant I, III & IV

D. Quadrant III

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #89 *Topic 1*

Karan wants to withdraw Rs. 1200/- at the end of each month for the next 5 years. He expects to earn 10% interest compounded monthly on his investments. What lump sum should he deposit now?

A. Rs. 56949

B. Rs. 58630

C. Rs. 56478

D. Rs. 59119

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #90 *Topic 1*

Sanjeev invests Rs.5000 in a Bank Deposit today @ 8% p.a compounded monthly. He hopes that this investment will enable him to fund his college education (estimated to cost Rs. 9000) which commences after 4 years. What will be the value of this investment in four years?

A. Rs. 6802

B. Rs. 6870

C. Rs. 6878

D. Rs. 6925

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #91 *Topic 1*

Mr. John has purchased 100 convertible debentures of Essar Oil on 1/1/94 at Rs.500 each. 40% of the value of the debentures is convertible into one share of Rs. 50 each after seven years. Mr. John exercised his option on 1/4/2001 and received 100 shares. Compute the cost of acquisition of these shares.

A. Rs. 200

B. Rs. 205

C. Rs. 195

D. Rs. 185

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #92 *Topic 1*

Money has time value because:

A. individuals prefer future consumption to present consumption.

B. Money today is more certain than money tomorrow

C. Money today is wroth more than money tomorrow in terms of purchasing power.

D. There is a possibility of earning risk free return on money invested today.

E. (B), (C) and (D) above.

Suggested Answer: *E*

Currently there are no comments in this discussion, be the first to comment!

Question #93 *Topic 1*

Savita.s monthly contribution to her company Provident Fund exceeds the statutory requirement by Rs. 5,000. She plans to visit her son in the United States soon after retirement. If she does not claim her funds soon after Retirement, what are her rights?

A. The fund will accumulate interest for a period of six months, beginning one month after retirement. No Interest is payable after this period.

B. The fund will continue to accumulate interest and she can claim it any time after her return.

C. The fund will accumulate interest for one year, from the date of retirement.

D. The fund will stop accumulating interest from the date of her retirement.

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #94 *Topic 1*

Given an investment of Rs. 10,000 to be invested for one year:

A. It is better to invest in a scheme that pays 10% simple interest.

B. It is better to invest in a scheme that pays 10% annual compound interest.

C. Both (A) and (B) provide the same return

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #95 *Topic 1*

Given an investment of Rs. 10,000 for a period of one year, it is better to invest in a scheme that pays:

A. 12% interest compounded annually

B. 12% interest compounded quarterly

C. 12% interest compounded monthly

D. 12% interest compounded daily

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #96 *Topic 1*

Given an investment of Rs. 10,000 over a period of two years, it is better to invest in a scheme that pays;

A. 10% interest in the first year and 12% in second year.

B. 12% interest in the first year and 10% in second year.

C. Both (a) and (b) above provide the same return

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #97 *Topic 1*

The rule of 72 is used to find;

A. Approximate doubling period, given the interest rate (r)

B. Approximate interest rate, given the doubling period (n)

C. Both (A) and (B) above

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #98 *Topic 1*

To find the present value of a sum of Rs. 10,000 to be received at the end of each year for the next 5 years at 10% rate, we use:

A. Present value of a single cash flow table

B. Present value of annuity table.

C. Future value of a single cash flow table

D. Future value of annuity table

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #99 *Topic 1*

Sinking fund factor is the reciprocal of:

A. Present value interest factor of a single cash flow.

B. Present value interest factor of an annuity.

C. Future value interest factor of a single cash flow.

D. Future value interest factor of an annuity.

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #100 *Topic 1*

According to the 'Rule of 69' doubling period of an investment at an interest rate of 15% is:

A. 4.6 years

B. 4.2 years

C. 4.95 years

D. 5.25 years

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #101 *Topic 1*

If the effective rate of interest compounded quarterly is 16%, then the nominal rate of interest is:

A. 14.6%

B. 15%

C. 14.8%

D. 15.12%

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #102 *Topic 1*

If the interest rate on a loan is 1% per month, the effective annual rate of interest is:

A. 12%

B. 12.36%

C. 12.68%

D. 12.84%

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #103 *Topic 1*

If a loan of Rs. 30,000 is to be paid in 5 annual installments with interest rate of 12% p.a. then the equal annual installment will be;

A. Rs. 7400

B. Rs. 8100

C. Rs 7812

D. Rs. 8322

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #104 *Topic 1*

X took a housing loan of Rs. 25,00,000. The loan is to be redeemed in 120 monthly installments of Rs. 31,000 each to be paid at the end of each month. What is the implied interest rate per annum.

A. 8.50%

B. 8.1%

C. 7.70%

D. 9.12%

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #105 *Topic 1*

The difference between effective annual rate of interest with monthly and quarterly compounding, when nominal rate of interest is 10% is:

A. 0.10%

B. 0.14%

C. 0.21%

D. 0.09%

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #106 *Topic 1*

A bond has a face value of Rs. 1000 and a coupon rate of 10%. It will be redeemed after 4 years at 10% premium. Find the present value of bond at a required rate of 12%:

A. Rs. 1002.80

B. Rs. 960.72

C. Rs. 980.84

D. Rs. 1020.12

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #107 *Topic 1*

Axis bank offers 10% nominal interest for a three year fixed deposit to senior citizens. If the compounding is done quarterly, then effective annual rate of interest is:

A. 10.25%

B. 10.38%

C. 10.46%

D. 10.52%

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #108 *Topic 1*

X deposits Rs. 2500 at the end of every month in a bank for 5 years. If the interest rate offered by bank is 8% p.a. compounded monthly, the accumulated sum X will get after 5 years will be:

A. Rs. 1,76,802

B. Rs. 1,83,692

C. Rs. 1,91,507

D. Rs. 1,94,752

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #109 *Topic 1*

You invest Rs. 1500 at the end of year one and Rs. 2000 at the end of second year and Rs. 5000 each year from third to tenth. Find the present value of stream at discount rate of 10%

A. Rs. 25,062

B. Rs. 24,712

C. Rs. 26,502

D. Rs. 24,242

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #110 *Topic 1*

If you take a loan of Rs 1,00,000 today and return Rs. 1,51,807 after 4 years to clear off the loan, what effective annual interest rate is paid by you:

A. 12%

B. 13%

C. 11%

D. 12.4%

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #111 *Topic 1*

In how much period Rs. 1 becomes Rs. 3 at 12% rate of interest compounded annually.

A. 12 years

B. 8 years

C. 10.42 years

D. 9.69 years

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #112 *Topic 1*

Which of the following statements is true?

A. Frequency of compounding, has no effect on rate of interest.

B. An annuity is a series of cash flows of variable amount.

C. The nominal rate of interest is equal to or more than the effective rate of interest.

D. Cash flows occurring in different time periods cannot be compared unless they are discounted to a common date.

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #113 *Topic 1*

Compare 2 statements:

(A) Share of profit which a partner receives from a firm shall be fully exempt in the hands of the partner.

(B) Interest and remuneration which was allowed as deduction to the firm shall be taxable in the hands of partners. (1)

A. (A) is correct.

B. (B) is correct.

C. Both (A) and (B) are correct.

D. Both (A) and (B) are incorrect.

Suggested Answer: *C*

Currently there are no comments in this discussion, be the first to comment!

Question #114 *Topic 1*

Compare 2 statements:

(A) Coparcenaries are restricted to four degrees from the common ancestor.

(B) Coparcenaries are restricted to four degrees from the living holder of the HUF property. (1)

A. (A) only is correct.

B. (B) only is correct.

C. Restricted to five degrees from the common ancestor.

D. Restricted to six degrees from the common ancestor.

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #115 *Topic 1*

U/s 13A of the Income Tax Act the following Incomes of political parties is/are included in computing their total income:

(A) Income from House property.

(B) Income from other sources.

(C) Income by way of Voluntary contribution from any person.

(D) Any Income from Capital Gains. (1)

A. (A), (B), (C) and (D)

B. (B) and (C)

C. (A) and (B)

D. None of the above

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #116 *Topic 1*

Any perquisites or allowances paid or allowed, as such, outside India by the Government of India to a citizen of India, for rendering services outside India, are exempt u/s 10(7) of Income Tax Act.1961. (1)

A. The above statement will apply to an NRI only.

B. The above statement is correct.

C. The above statement is false.

D. The above exemption is applicable only to Government employees.

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #117 *Topic 1*

(A) Any salary surrendered by the employee to the central Government under the voluntary Surrender of Salaries Act, 1961, will not be included while calculating his taxable income if he is a Government employee.

(B) Any salary surrendered by the employee to the central Government under the voluntary Surrender of Salaries Act, 1961, will not be included while calculating his taxable income if he is a private/public sector employee. (1)

A. (B) only is correct

B. (A) only is correct.

C. Both (A) and (B) are wrong.

D. Both (A) and (B) are correct.

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #118 *Topic 1*

U/s 10 of the Income Tax Act, Gratuity paid to a Government Employee or employees of local authorities is exempt upto a limit of _____. (1)

A. Rs. 350000

B. Rs. 300000

C. Rs. 250000

D. None of the above

Suggested Answer: *D*

Currently there are no comments in this discussion, be the first to comment!

Question #119 *Topic 1*

(A) Receipt of an academic allowance or professional pursuits allowance by an employee is part of zero tax.

(B) Receipt of an academic allowance or professional pursuits allowance by an employee is part of taxable income. (1)

A. (A) only is correct.

B. (B) only is correct.

C. (B) is correct only for limits more than Rs. 500 p.m.

D. (B) is correct only for limits more than Rs. 750 p.m.

Suggested Answer: *B*

Currently there are no comments in this discussion, be the first to comment!

Question #120 *Topic 1*

Income of a resident Indian for the FY 2009-10is Rs. 1250000 (inclusive of interest on Government securities Rs. 15000). He invests Rs. 1 lakh in schemes and deposits qualified for deduction under section 80C. He pays Rs. 15000 on account of mediclaim insurance premium. Find out the tax liability for the AY 2009-010 if the taxpayer is a senior citizen. (2)

A. Rs. 306350.

B. Rs. 307480.

C. Rs. 279284.5

D. Rs. 278500.

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!

Question #121 *Topic 1*

An HUF consisted of Father, who is widower, three sons and a daughter. On death of the father what will be the share of daughter? (2)

A. One fourth plus one sixteenth of HUF property.

B. One fourth of the HUF property.

C. One sixteenth of HUF property.

D. None of the above.

Suggested Answer: *A*

Currently there are no comments in this discussion, be the first to comment!