

Trimester: January - April 2024		
Examination: End term Examination		
Program code: 01 Program: MBA-Finance	Class: SY	Trimester: VI (SVU 2023)
Name of the Constituent College: K. J. Somaiya Institute of Management	Name of the department/Section/Centre: Finance & Law	
Course Code: 217P01C605	Name of the Course: Wealth and Personal Tax planning	

Section A

Maximum Marks: 25

Date: 27th March 2024

Instructions: -

1. Answer Section A (Wealth Management) and Section B (Tax Planning) in separate booklets.
2. Attempt question 1 which is compulsory and attempt ANY TWO more questions.

Question No.		Max. Marks																																								
Q 1	<p>a) Prepare a Cashflow Statement and a Net Worth Statement for Ms. Roopa</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Category</th> <th style="text-align: center;">Amount (₹ '00)</th> </tr> </thead> <tbody> <tr><td>Laptop</td><td style="text-align: right;">4700</td></tr> <tr><td>Value of stock investment</td><td style="text-align: right;">1720</td></tr> <tr><td>Credit card balance</td><td style="text-align: right;">470</td></tr> <tr><td>Restaurant spending</td><td style="text-align: right;">260</td></tr> <tr><td>Monthly take home salary</td><td style="text-align: right;">3900</td></tr> <tr><td>Savings account balance</td><td style="text-align: right;">4680</td></tr> <tr><td>Spending for food</td><td style="text-align: right;">690</td></tr> <tr><td>Rent for the month</td><td style="text-align: right;">1300</td></tr> <tr><td>Current value of automobile</td><td style="text-align: right;">15600</td></tr> <tr><td>Clothing purchase</td><td style="text-align: right;">220</td></tr> <tr><td>Balance of educational loan</td><td style="text-align: right;">4320</td></tr> <tr><td>Loan payment</td><td style="text-align: right;">160</td></tr> <tr><td>Auto Insurance</td><td style="text-align: right;">460</td></tr> <tr><td>House hold possession</td><td style="text-align: right;">6800</td></tr> <tr><td>Payment for electricity</td><td style="text-align: right;">180</td></tr> <tr><td>Lunches/ parking at work</td><td style="text-align: right;">360</td></tr> <tr><td>Donations</td><td style="text-align: right;">140</td></tr> <tr><td>Home Computer</td><td style="text-align: right;">3000</td></tr> <tr><td>Telephone bill paid for month</td><td style="text-align: right;">130</td></tr> </tbody> </table> <p>b) Using the above data, calculate Debt payments ratio and liquidity ratio</p> <p>c) How do you ascertain the risk profile of the client?</p>	Category	Amount (₹ '00)	Laptop	4700	Value of stock investment	1720	Credit card balance	470	Restaurant spending	260	Monthly take home salary	3900	Savings account balance	4680	Spending for food	690	Rent for the month	1300	Current value of automobile	15600	Clothing purchase	220	Balance of educational loan	4320	Loan payment	160	Auto Insurance	460	House hold possession	6800	Payment for electricity	180	Lunches/ parking at work	360	Donations	140	Home Computer	3000	Telephone bill paid for month	130	<p>4 marks</p> <p>3 marks</p> <p>2</p>
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		marks
Q2	<p>Answer the following questions by showing the working as to what is taken as PV, FV, period and so on. Since you cannot complete the answer without a excel application, indicate the first answer as ‘A’ . If this answer has to used for a subsequent calculation, carry over as A and name the resultant answer as B and so on.</p> <p>A) Sanjeev has to accumulate money to buy a car worth Rs. 560000 after 4 years. He wishes to invest money at the beginning of every quarter for the first 3 years and he cannot save any more money after that. Calculate the amount of saving required every quarter if the rate of return on investments is 14.25% pa.</p> <p>B) Ms Sanjana is 40 years old and will retire at 65. Life expectancy is 80 years. She will require Rs.25000 in the first month after retirement. Inflation is 4% pa. And rate of return is 7% pa. What is the corpus required to meet the expenses after retirement?</p>	(4 marks each)
Q3	<p>A) What are the services provided under the Wealth Management vertical of a bank?</p> <p>B) Explain the various clauses in a WILL</p>	8 marks
Q4	<p>Write Short Notes on ANY TWO</p> <p>A) Discuss the concept of mis-selling.</p> <p>B) Rupee Cost Averaging</p> <p>C) EEE benefit of various types Provident Funds</p>	8 marks

Section B

Maximum Marks: 25

Date: 27th March 2024

Instructions: -

1. Answer Section A (Wealth Management) and Section B (Tax Planning) in separate booklets.
2. All the questions are compulsory. Working notes should form part of your answer.

Q.1. Mr. Shrikant owns two houses (at Amritsar and Pune). He transfers the following long-term capital assets during 2022-23.

(08)

	Residential House Property at Pune	Gold	Silver
Date of Transfer	10 th April 2022	11 th April 2022	12 th April 2022
Sale Consideration	10,00,000	8,00,000	6,00,000
Indexed Cost of acquisition	4,00,000	7,00,000	2,00,000

	Date of Purchase	Amount Invested
Residential House at Mumbai	11 th October 2022	7,00,000
Bonds of National Highways Authority of India	9 th October 2022	2,50,000

Ascertain the amount of capital gain chargeable to tax for the assessment year 2023-24. Can he claim exemption under sections 54, 54EC and 54F? Give reasons for the same. Are there any other / more ways for Mr. Shrikant to save the Capital gain tax? State in detail the information for the same.

Q.2. During the previous year 2022-23, Mr. Shubham is employed by a pharmaceutical company situated at Kanpur. He receives the following from his employer: (09)

1. Basic salary Rs. 34000 per month
2. Dearness allowance – 30% of Basic salary (40% is considered for calculating retirement benefits)
3. Dearness pay Rs.5000 per month (nothing is considered for retirement benefits)
4. Fixed commission Rs.4000 per month
5. Commission as an incentive – 5% of turnover and extra commission of 2% if annual turnover exceeds Rs.15,00,000.
6. House Rent allowance Rs.15000 per month (Rent paid Rs.17000 per month)
7. Employer's contribution towards recognised provident fund Rs.5400 per month

8. Interest credited in PF account Rs.56000 – Rate of interest 11% pa

9. Mr. Shubham has been provided with health club facility by his employer. The expenditure incurred by the employer is Rs.7000 per month.

10. Mr. Shubham contributes Rs.5500 per month towards Recognised Provident Fund. In addition, he contributed Rs.70000 on 11th March 2023.

11. Income of Mr. Shubham from other sources is Rs.125000.

Determine the net income and tax liability (Old tax regime) of Mr. Shubham for the assessment year 2023-24 on the assumption that monthly turnover achieved by Mr. Shubham is Rs.100000.

Slab rate	Tax rate
Up to 250000	Nil
250000 to 500000	5%
500000 to 1000000	20%
Above 1000000	30%

Q.3. For the assessment year 2023-24, Mr. Prathamesh submits the following information:

PARTICULARS	HOUSE 1	HOUSE 2
Fair Rent	3,50,000	3,20,000
Municipal Valuation	3,60,000	3,50,000
Standard Rent	4,00,000	4,00,000
Actual Rent	4,50,000	4,20,000
Municipal Taxes paid by owner	40,000	50,000
Interest on capital borrowed by mortgaging house 1 (Funds are used for construction of House 2)	1,40,000	----
Nature of occupation	Let out for Residence	Let out for Business
Interest on Fixed deposits earned by him during the year	Rs. 7,25,000	

Determine the taxable income and tax liability of Mr. Prathamesh for the assessment year 2023-24 assuming, that he deposits Rs.140000 in the PPF and invests Rs.50000 in NSC.

(08)