

Trimester: January - April 2024		
Examination: End term Examination		
Program code: 01 Program: MBA-Finance -Minor	Class: SY	Trimester: VI (SVU 2022)
Name of the Constituent College: K. J. Somaiya Institute of Management	Name of the department/Section/Centre: Finance & Law	
Course Code: 217P01M607	Name of the Course: Wealth and Personal Tax Planning	

Section A

Maximum Marks: 25

Date: 28th 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) Use the following items to prepare a balance sheet and a cash flow. Determine the total assets, total liabilities, net worth, total cash inflows, and total cash outflows.</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 style="text-align: center;">Credit card balance</td><td style="text-align: center;">235</td></tr> <tr><td style="text-align: center;">EMI payment</td><td style="text-align: center;">80</td></tr> <tr><td style="text-align: center;">Savings account balance</td><td style="text-align: center;">2340</td></tr> <tr><td style="text-align: center;">Spending for food</td><td style="text-align: center;">345</td></tr> <tr><td style="text-align: center;">Balance of educational loan</td><td style="text-align: center;">2160</td></tr> <tr><td style="text-align: center;">Current value of automobile</td><td style="text-align: center;">7800</td></tr> <tr><td style="text-align: center;">Telephone bill paid for month</td><td style="text-align: center;">65</td></tr> <tr><td style="text-align: center;">Rent for the month</td><td style="text-align: center;">650</td></tr> <tr><td style="text-align: center;">Auto Insurance</td><td style="text-align: center;">230</td></tr> <tr><td style="text-align: center;">House hold possession</td><td style="text-align: center;">3400</td></tr> <tr><td style="text-align: center;">Paintings</td><td style="text-align: center;">2350</td></tr> <tr><td style="text-align: center;">Payment for electricity</td><td style="text-align: center;">90</td></tr> <tr><td style="text-align: center;">Lunch at work</td><td style="text-align: center;">180</td></tr> <tr><td style="text-align: center;">Community Donations</td><td style="text-align: center;">70</td></tr> <tr><td style="text-align: center;">Home Computer</td><td style="text-align: center;">1500</td></tr> <tr><td style="text-align: center;">Stocks of companies</td><td style="text-align: center;">860</td></tr> <tr><td style="text-align: center;">Clothing purchase</td><td style="text-align: center;">110</td></tr> <tr><td style="text-align: center;">Restaurant spending</td><td style="text-align: center;">130</td></tr> <tr><td style="text-align: center;">Monthly take home salary</td><td style="text-align: center;">1950</td></tr> </tbody> </table>	Category	Amount (₹ '00)	Credit card balance	235	EMI payment	80	Savings account balance	2340	Spending for food	345	Balance of educational loan	2160	Current value of automobile	7800	Telephone bill paid for month	65	Rent for the month	650	Auto Insurance	230	House hold possession	3400	Paintings	2350	Payment for electricity	90	Lunch at work	180	Community Donations	70	Home Computer	1500	Stocks of companies	860	Clothing purchase	110	Restaurant spending	130	Monthly take home salary	1950	4 marks
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	<p>b) Using the above data, calculate Debt payments ratio and liquidity ratio</p> <p>c) What is mis-selling?</p>	<p>3 marks</p> <p>2 marks</p>
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 be used for a subsequent calculation, carry over as A and name the resultant answer as B and so on.</p> <p>A) Yadav estimates that he requires Rs5000000 when he retires at the age of 60. What is the monthly saving that he should do if he is 40 today and the rate of interest is 7% pa.</p> <p>B) Ms Sneha is 30 years old and will retire at 60. Life expectancy is 80 years. She will require Rs.50000 in the first month and thereafter 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 methods of Insurance estimation for an individual?</p> <p>B) Explain the various ways to transfer wealth to successors.</p>	8 marks
Q4	<p>Write Short Notes on ANY TWO</p> <p>A) Factors to analyse the risk profile of clients.</p> <p>B) Types of asset allocation</p> <p>C) PMS service</p>	8 marks

Section B

Maximum Marks: 25

Date: 28th 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. Mrs. Seema is a part time lecturer in a private college at Delhi. During the year 2022-23, she received monthly salary of Rs.52,300 up to June 2022 and Rs. 62,700 afterwards. Besides she gets 30% of Basic salary as house rent allowance and Rs.16,300 per month as dearness allowance (70% of it forms part of salary for computation of all retirement benefits) and Rs. 5,000 per month as conveyance allowance which is entirely used for personal purposes.

She is a member of Recognised provident fund to which both the employer and employee contribute @12% of salary. Apart from the minimum contribution she makes an additional contribution of Rs.6,000 per month to provident fund. During the previous year 2022-23, Rs.1,65,698 is paid to her for checking answer sheets of different universities. **Determine the taxable income and tax liability of Mrs. Seema for the assessment year 2023-24 on the assumption that she pays monthly rent of Rs.14,000 and she opts for old tax regime. (09)**

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

Q.2. Mr. Sharma owns a big house (construction completed on 31st March 2018). The house has three independent units. Unit 1 (50% of the floor area) is let out for residential purposes on a monthly rent of Rs.8200. Unit 2 (25% of the floor area) is used by Mr. Sharma for his professional work, while unit 3 (the remaining 25% of the floor area) is utilised for the purposes of his residence. The other particulars of the house are as follows: **(08)**

1. Municipal Valuation Rs.60000
2. Fair Rent Rs.70000
3. Standard Rent Rs.90000
4. Municipal taxes paid by Mr. Sharma Rs.15000
5. Interest on capital borrowed for renewal of the property Rs.36000.

Determine the income from HP of Mr. Sharma for the A.Y. 2023-24.

Q.3. During the previous year 2022-23, Mr. Gupta transfers the following assets:

1. On 30th April 2022, he transfers a personal computer for Rs.60000 (It was purchased for Rs. 58,000 on 1st January 2022)

2. On 15th June 2022, he transfers personal jewellery for Rs.18,00,000 (purchased during 2006-07 for Rs.80,000). To avail of exemption, he has invested Rs.18,00,000 in purchasing new jewellery on the same day.

3. on 18th June 2022, he transfers a Tagore Painting for Rs.58,00,000 (purchased during 2004-05 for Rs.24,00,000). Out of the sale consideration, he purchases on the same day NHAI bonds for 6 Lakhs.

4. On 6th July 2022, he transfers his personal car for Rs. 2,50,000 which was purchased by him 2006-07 for Rs.500000. On the same day he purchased Rural Electrification Corporation Bonds of worth Rs.1,00,000.

Find out the amount of Taxable Capital Gain for Mr. Gupta. (08)

[CII – 2004-05:113 2006-07:122 2021-22: 317 2022-23: 331]