ADV.ACCTG. & CORP.ACCT : Personal Financial Planning
[Time: 2 Hours]   [Marks: 60]

N.B: 1. All questions are compulsory.
        2. Figures to the right indicate full marks.
        3. All working notes should form part of your answer.
        4. Use of simple calculator is allowed.

Q.1 Explain the concepts of Personal Financial Planning and process of Personal Financial Planning?   **15**

OR

Q.1 A] Explain the benefits of goal based financial planning.   **8**
   B] Amit made an investment of Rs.100 that grows to Rs.125 in 2 years. Calculate Compounded Annual Growth Rate (CAGR).   **7**

Q.2   What is Insurance? Explain the Principles of Insurance.   **15**

OR

Q.2 A] Explain various deductions under Chapter VI A of Income Tax Act, 1961.   **8**
   B] Explain Life Insurance and it's different types.   **7**

Q.3   The rate of return on stocks A and B under different states of the economy are given below: **15**

	Boom	Normal	Recession
Probability of occurrence	0.5	0.3	0.2
Rate of Return on stock A (%)	20	30	40
Rate of Return on stock B (%)	40	30	20

  i. Calculate the expected return and standard deviation of return on both stocks.
 ii. If you could invest in either Stock A or Stock B, but not in both, which stock would you prefer?
iii. What would be your decision if the probability changes to 0.3, 0.3, 0.4 respectively?

OR

Q.3   What is Asset Allocation? Explain the various steps in asset allocation.   **15**

Q.4 A] Rewrite the entire sentence selecting the most appropriate alternative.   **08**
   1. _____ of an investor is prepared on the basis of the risk appetite.
      a.   Risk Profile
      b.   Risk Management
      c.   Risk Plan

   2. Cancelling an old credit card _____.
      a.   could hurt your credit score.
      b.   will improve your credit score.
      c.   has no impact on your credit score.

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3. Loans often require the repayment of _____.
   a. asset and interest.
   b. equity and interest.
   c. principal and interest.

4. Bank does not provide loan for _____.
   a. home
   b. car
   c. gambling

5. In India, tax we pay are broadly classified into _____ types.
   a. two
   b. three
   c. four

6. There are ___ heads of income as per Income Tax Act, 1961.
   a. three
   b. four
   c. five

7. _____ expenses are routine and regular in nature.
   a. Capital
   b. Revenue
   c. Deferred

8. Which of the following investment does not fall under EEE type of investment.
   a. NSC VIII Issue
   b. Public Provident Fund (PPF)
   a. National Pension Scheme (NPS)

B] State whether following statements are **True** or **False:**   **07**
1. There is no limit on the deduction amount available under Section 80C.
2. Tax Planning is an unethical and illegal activity.
3. Financial Planning is to done once in a lifetime.
4. TDS stands for Tax Deducted at Source.
5. Life Insurance refers to insurance done for vehicles.
6. Education loan is provided to pursue higher/professional courses within and outside India.
7. An investor with conservative profile is in a good position to take high risk.

Q.4 Write short notes on **(any 3)**   **15**
   1. Time Value of Money
   2. Investments under Section 80C.
   3. Asset allocation strategies
   4. Credit score.
   5. Rights of Insurerd

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