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Question 1

Question Type: MultipleChoice

Section C (4 Mark)

Read the senario and answer to the question.

Saxena bought agricultural land in notified urban limits of Mumbai on 15-June-1996 for Rs. 6 lakh and had been using the same for agricultural purposes. However the land was compulsorily acquired by the Government on 15-July-2003 and the compensation fixed was Rs. 25 lakh. Out of this, Rs 10 lakh was received by Saxena on 15-Jan-2005 and the balance on 06-Apr-2005. Saxena was not satisfied with the compensation and filed a suit in the court. The compensation was enhanced by Rs 8 lakh which was received on 25-Mar-2008. Which one of the following statement regarding capital gains arising from these transactions is correct:

Options:

- A-** The entire enhanced compensation of Rs. 8 Lakh shall be taxable.
- B-** The entire enhanced compensation of Rs. 8 Lakh shall be exempt.
- C-** The entire original compensation of Rs. 25 Lakh shall be exempt.
- D-** Rs. 10 lakh from original compensation is exempt, while Rs. 15 lakh is taxable.

Answer:

B

Question 2

Question Type: MultipleChoice

Section C (4 Mark)

Read the scenario and answer to the question.

Vinay has come across two projects, each with a 12% required rate of return and under given cash flows:

| Particulars | Project A | Project B |
|-------------------------------|-----------|-----------|
| Initial Inflow | -15000 | -20000 |
| Inflow at the end of 1st Year | 5000 | 7500 |
| Inflow at the end of 2nd Year | 5000 | 7500 |
| Inflow at the end of 3rd Year | 5000 | 7500 |
| Inflow at the end of 4th Year | 5000 | 7500 |
| Inflow at the end of 5th Year | 5000 | - |

If the projects are independent, you being a CWM would advise Vinay to:

Options:

A- Reject both projects

B- Accept Project A and Reject Project B

C- Reject Project A and Accept Project B

D- Accept both projects

Answer:

D

Question 3

Question Type: MultipleChoice

Section C (4 Mark)

Read the senario and answer to the question.

Assume Reena retires at the age of 60 years and invests her salary at 8% p.a.What will be the future value of Reena's salary at the time of her retirement if she saves her entire salary?

Options:

A- Rs. 242 lakh

B- Rs. 273 lakh

C- Rs. 514 lakh

D- Rs. 485 lakh

Answer:

D

Question 4

Question Type: MultipleChoice

Section C (4 Mark)

Read the senario and answer to the question.

Vinay wants to have 80% of the desired retirement corpus from his monthly savings from now itself. If he expects to earn 12% p.a. on these savings, how much amount should the couple save at the end of each month to achieve this target?

Options:

- A- Rs. 26422
- B- Rs. 36548
- C- Rs. 17873
- D- None of the above

Answer:

C

Question 5

Question Type: MultipleChoice

Section C (4 Mark)

Read the scenario and answer to the question.

Raman's company has made plans for the next year for a new project. It is estimated that the company will employ total assets of Rs. 900 lakh, 75% of the assets being financed by borrowed capital at an interest cost of 6% per year. The direct costs are estimated at Rs. 530 lakh. All other operating expenses are estimated at Rs. 95 lakh. The goods will be sold to customers at 150% of the direct costs. Income tax rate is assumed to be 30%. Calculate net profit margin and return on owners' equity.

Options:

A- 12.13%, 44.34%

B- 11.40%, 40.29%

C- 10.75%, 43.37%

D- 13.32%, 42.38%

Answer:

B

Question 6

Question Type: MultipleChoice

Section C (4 Mark)

Read the senario and answer to the question.

Mrs. Deepika's brother is impressed with Manav Fashion Ltd. an online clothing firm that focuses on the 18--22 age bracket. Their prices are much lower than their competitors, and the quality is high. Reading about the firm on its web site and in various financial newspapers, her brother has learned that the company plans to expand its clothing lines. The prevailing price of its share is 70 per share. Manav Fashion Ltd. has had recent annual earnings of Rs. 5 per share. Only three other companies have very similar business to

Manav Fashion Ltd. and have stock that is traded and there PE ratios are as follows:

| Companies | PE Ratios |
|-----------|-----------|
| A | 10 |
| B | 12 |
| C | 14 |

Her brother asked Mrs. Deepika to guide him in investing the Manav Fashion Ltd. Getting the query from her brother Mrs. Deepika asks your advice on this matter. As a Chartered Wealth Manager what will be your advice?

Options:

- A- Invest in shares of Manav Fashion Ltd.
- B- Not to invest in shares of Manav Fashion Ltd
- C- Manav Fashion Ltd's share valuation is less than prevailing price, so it is an option not to miss.
- D- Manav Fashion Ltd's share valuation is less than prevailing price, so it is an option not to be availed.

Answer:

D

Question 7

Question Type: MultipleChoice

Section C (4 Mark)

Read the senario and answer to the question.

Calculate the return on Jogen's investments in SBI Ltd shares.

Options:

A- 49.60%

B- 59.60%

C- 61.76%

D- 57.23%

Answer:

B

Question 8

Question Type: MultipleChoice

Section C (4 Mark)

Read the senario and answer to the question.

Keshav purchased a Health Insurance. The policy has a calendar-year deductible of Rs. 500 and 80:20 as coinsurance. Keshav was hospitalized with a covered illness on January 23rd 2009. This hospitalization was his first claim under the said policy for the calendar year. His covered medical expenses were Rs. 20,500. How much of this amount will the insurer pay and how much will Keshav be required to pay to the Hospital?

Options:

- A-** The insurer will pay Rs. 16,500 and Keshav will pay Rs. 3,500
- B-** The insurer will pay Rs. 20,500 and Keshav will pay Rs. Nil
- C-** The insurer will pay Rs. 15,500 and Keshav will pay Rs. 4,500
- D-** The insurer will pay Rs. 20,000 and Keshav will pay Rs. 500

Answer:

D

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