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Question 1

Question Type: MultipleChoice

Section C (4 Mark)

Read the scenario and answer to the question.

What is the Basic Liquidity Ratio for the couple? Is it sufficient considering Vinay's circumstances?

Options:

A- 3.25, not sufficient

B- 1.5, not sufficient

C- 4.25, just sufficient

D- 7.66, Liquidity is more than required and he is advised to shift 50% of his liquid assets to Debt/Equity Assets.

Answer:

C

Question 2

Question Type: MultipleChoice

Section C (4 Mark)

Read the senario and answer to the question.

If the interest on a sum of amount is compounded annually at the rate of 14% per annum for 3 years, what is the effective continuously compounding rate of interest?

Options:

A- 13.10%

B- 16.10%

C- 12.10%

D- 15.10%

Answer:

A

Question 3

Question Type: MultipleChoice

Section C (4 Mark)

Read the senario and answer to the question.

Compute Expanded Liquidity Ratio before his retirement as (beginning of October 2007) and find out for how many months of expenses, his liquid assets are sufficient enough to cover?

Options:

A- 44.26

B- 47.73

C- 49.85

D- 50.44

Answer:

B

Question 4

Question Type: MultipleChoice

Section C (4 Mark)

Read the senario and answer to the question.

Calculate the income chargeable to tax from rented flat of Kolkata, for the assessment years 2008--09 and 2009--10.

Options:

A- Rs. 78,400, Rs. 82,600

B- Rs. 78,400, Rs. 89,600

C- Rs. 82,600, Rs. 78,400

D- Rs, 68,600, Rs. 86,300

Answer:

B

Question 5

Question Type: MultipleChoice

Section C (4 Mark)

Read the scenario and answer to the question.

What is the monthly extra saving at beginning required to be done by Raman during his remaining working period to accumulate his required retirement corpus?

Options:

A- Rs. 65,752

B- Rs. 56,995

C- Rs. 63,065

D- Rs. 66,195

Answer:

D

Question 6

Question Type: MultipleChoice

Section C (4 Mark)

Read the scenario and answer to the question.

Ms. Deepika is interested in investments in foreign markets. Her brother is working in one of reputed American company in India and that is offering him some shares under ESOP scheme. This company is not listed in India. It is listed in New York Stock Exchange. Ms. Deepika is asking her manager how this transaction will take place for her brother?

Options:

- A-** Her brother cannot invest in American shares as he is working in his office situated in India.
- B-** Her brother can invest in American company but purchasing under ESOP he must be employed in America.
- C-** Her brother can invest in American ESOP by taking prior approval from the RBI for this.
- D-** Her brother can purchase shares of foreign companies listed abroad under ESOP without any kind of restriction and he can send remittance without any limit.

Answer:

D

Question 7

Question Type: MultipleChoice

Section C (4 Mark)

Read the senario and answer to the question.

If Mahesh extends his retirement age to 65, what is the annual saving required in the beginning of every year if his post retirement expenses are 85% of his pre-retirement expenses?

Options:

A- Rs. 3209

B- Rs. 35524

C- Rs. 42447

D- Rs. 21361

Answer:

A

Question 8

Question Type: MultipleChoice

Section A (1 Mark)

The trust which is empty at creation during life and transfers the property into the trust at death is called _____

Options:

- A- Special trust
- B- Will trust
- C- Secret trust
- D- Pourover trust

Answer:

D

Question 9

Question Type: MultipleChoice

Section C (4 Mark)

Zoya Ltd has the following Balance sheet for FY 2005-2006:

Figure in Rupees

Liabilities	Amount	Assets	Amount
Current liabilities	125,000	Cash	50,000
Long-term debt	175,000	Inventory	150,000
Common equity	200,000	Accounts receivable	100,000
		Net fixed assets	200,000
Total	500,000	Total	500,000

The Total Sales for the year was Rs. 6,00,000.

The company president believes the company carries excess inventory. Accordingly he wants the inventory turnover ratio to be 8x and would use the freed up cash to reduce current liabilities. If the company follows the president's recommendation and sales remain the same, the new quick ratio would be:

Options:

A- 2.4

B- 3

C- 4.5

D- 1.2

Answer:

B

Question 10

Question Type: MultipleChoice

Section C (4 Mark)

The assumptions concerning the shape of utility functions of investors differ between conventional theory and prospect theory. Conventional theory assumes that utility functions are _____ whereas prospect theory assumes that utility functions are _____.

Options:

A- Concave and defined in terms of wealth; s-shaped (convex to losses and concave to gains) and defined in terms of losses relative to

current wealth

B- Convex and defined losses relative to current wealth; s-shaped (convex to losses and concave to gains) and defined in terms of losses relative to current wealth

C- S-shaped (convex to losses and concave to gains) and defined in terms of losses relative to current wealth; concave and defined in terms of wealth

D- S-shaped (convex to losses and concave to gains) and defined in terms of wealth; concave and defined in terms of losses relative to current wealth

Answer:

A

Question 11

Question Type: MultipleChoice

Section A (1 Mark)

In "Teenage Years" life stage, one learns about _____

Options:

A- Budgeting

B- Earned income

C- How money makes money

D- All of the above

Answer:

B

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