**Presidency University**

**Bengaluru**

**School of Management**

**Summer term End-Term Examination - Aug 2024**

**Semester**: **II DATE:06-08-2024**

**Course Code: MBA3037 TIME :9:30am-12:30pm**

**Course Name** : **Personal Wealth Management & MAX:100**

**Weightage:50%**

*Read the all questions carefully and answer accordingly*

**PART A**

**Answer any 10 Questions. Each question carries 3 marks. (Knowledge) (10Qx 3M= 30)**

1. Differentiate between Wealth management and Money management**.**
2. Explain wealth management investment process and how they are inter-related?
3. Tax Avoidance and tax evasion both reduces tax burden.
4. What is confirmation bias in investment?
5. The value of beta of a portfolio is one. What does it Signifies?
6. In insurance risk management, what are the risks one encounters? Please enumerate four of these risks.
7. As part of wealth management, you have wealth transfer goals. Please explain three wealth transfer goals.
8. Wealth management Investment policy has some constraints. Point out four
9. constraints that you encounter usually while managing investment policy?
10. **S**tate two advantages and disadvantages of Debt Fund.
11. Define preference Share. Give three features of preference Share.
12. State” what is Perpetuity”. And also recall the formula to calculate the present value of Perpetuity.

**PART B**

**Answer any 4 Questions. Each question carries 10 marks. (Application) (4Qx 10M= 40)**

**13**.Explain the areas of financial planning in detail.

**14**. Mrs Choksy has a monthly net Salary Income of Rs 60,000. He also owns a flat which is let out for rent of Rs 30,000 pm during the whole of 2023-24. He pays a Municipal Tax of Rs 8,000 out of total due of Rs. 12000 and spent Rs 35000 on repairs for the year on the flat. He had taken a Housing Loan to purchase the Flat and the Interest for the year is Rs 2,00,000 and principal repaid is Rs 1,20,000. He also has a PF contribution of Rs 40,000. His employer has deducted a TDS of Rs 60,000.

Compute the Taxable Income and Tax Payable by Mrs Choksy for the previous Year 2023-24 assuming he has opted old tax regime.

**15.**Think of your budget goals as your financial wish list and your spending plan as a way to make those wishes a reality

-Elucidate and write the steps in budget goals

**16**. Personal financial budget is one of the most effective instruments in lining up income, spending and saving. However, we should be very clear about our budget goals.

-Describe in this circumstances what steps to be taken for setting the budget goals if you have started your first Job recently.

**17.**• Mr. Ramesh is aged 29 years old.

He has 2 Dependents (Wife and Daughter)

His After Tax Salary of him is Rs 600000 p.a. His wife is also working and has a salary of Rs. 500000 p.a.

His income is expected to grow at 5% pa

He is expected to retire at age of 60.

His Personal Expenses are Rs 65000 pa

He currently has Life Insurance Coverage for Rs 6 Lacs with a annual premium of Rs 2500. For wife, the life insurance coverage is for Rs. 5 lacs and premium is Rs. 2000.

Assume the Discount Rate is 8% pa

Calculate the HLV

**18.** Mr. Raju, aged 40 is working for a private company. His salary is 750000 p.a. He is also going for part-time job and earning Rs. 10000 p.m. He has a wife and a daughter. Living expenses of him is Rs. 5000, for wife Rs 8000 and daughter Rs. 2000. He is has house loan Rs. 12500 and car loan Rs. 6500.

• Following are the assets he has:

• FDRs.400000

• MF Rs. 350000

• Gold Rs. 2000000

• House 5500000

Identify how Mr. Raju’s can meet the debt with the income.

**PART-C**

**Answer the following Questions. (Analysis) (2Qx 15M= 30)**

**19.** Case study Mukesh bought a flat for 12 Lakhs, worth 20 Lakhs today. He has no loan repayments i.e. EMIs due on his flat. He has FDs worth Rs. 2 Lakhs and cash of 30,000 in his account, jointly held with his wife. He has mutual funds worth 1.5 Lakhs and stocks worth 1.5 Lakhs. Ritesh, an old colleague of Mukesh, has taken a loan from him for Rs. 50,000, for which he pays him Rs. 10,000 every month. His wife, Geeta is fond of diamond jewellery and owns up to Rs. 3 Lakhs of diamond jewels.

Mukesh bought a car for 4 Lakhs, 3 years ago. He has a tax liability of Rs. 35k per year.

He has no other outstanding bills pending, except for telephone and electricity bills to the tune of Rs. 5,000 .

• A] What is his net worth?

• B] Can you think of ways of increasing his net worth?

• C] What is his current ratio and debt ratio?

**20.** Mr. Akon is having a house which has a market value of Rs.20 lakhs on 1 2022. He had taken housing loan of Rs. 12 lakhs in 2020, having outstanding balance of Rs. 10 lakhs on 1st April 2022. EMI of housing loan is Rs. 20,000 p.m. His salary is Rs. 70,000 p.m and living expenses Rs. 30,000p.m. His travel expenses for the year is estimated at Rs. 50,000 on 31st March 2023. The outstanding balance of housing loan is Rs. 8 lakhs and value of house increases by Rs. 10 lakhs. If his saving balance on 1 April 2022 was Rs. 1,20,000,

Prepare

• 1) Opening Net-worth statement on 1st April 2022

• 2) Income and expenditure for the year ended 2022-23

• 3) Closing Net worth statement 31st March 2023