

Diploma in Financial Management (D.F.M.)
Examination
INVESTMENT TAX PLANNING & PORTFOLIO
MANAGEMENT
Paper—IV

Time—Three Hours] [Maximum Marks—80

- Note :—** (1) Attempt **ALL** questions.
(2) Figures to the right indicate marks.
(3) Give working notes wherever necessary.

1. (a) What are the basic principles of investment ? 6
(b) State the benefits of group insurance. 6
(c) Explain the objectives of unit scheme. 6
(d) What are limitations of bank deposits ? 6

OR

- (e) Illustrate on the salient features of PPF. 6
(f) What are the objectives of life insurance ? 6
(g) Write the role of risk and return planning of the personal investment. 6
(h) Differentiate between open ended and close ended mutual fund. 6

2. (a) Asaram retired from service on 31-7-2014 after rendering service of 25 years and 7 months. He received gratuity of ₹ 7,00,000. His salary at the time of retirement was : Basic ₹ 16,000 p.m., DA (Eligible for Retirement Benefits) ₹ 8,000 p.m. Compute the taxable portion of gratuity in case Asaram is not a Government employee but covered under the Payment of Gratuity Act 1972. 6
- (b) U and Me proprietors purchased a machinery from Germany for USD \$ 100000 on 3-11-2013 by borrowing from East West Bank Ltd. The rate of exchange on the date of acquisition was ₹ 43.00. The assessee (U and Me), took a forward exchange rate on 5-10-2014 when the Rate specified in the contract was ₹ 45 per USD. Compute depreciation for A.Y. 2014-15 and 2015-16. 6
- (c) Raghav Industries furnishes you the following information. Explain in brief how the said item would be dealt with for the A.Y. 2015-16. (Computation of Total Income is not required) :
- (1) Scientific Research Expenditure related to business ₹ 2,40,000 fully of revenue in nature.
 - (2) Building acquired for Scientific Research (including cost of land ₹ 5,00,000) in June 2014 for ₹ 12,00,000. 6

3. What do you mean by Tax Planning ? How Tax Planning is done through fixed income and investment ? Explain. 16

OR

Write detailed note on the impact of Sec. 80D, 80G, 80L on net taxable income. Give illustration. 16

4. What do you mean by portfolio management ? Differentiate between modern portfolio theory and capital market theory. 16

OR

As a fund manager, how will you construct, revise and value a portfolio for a middle class, 40 years aged farmer with one son and daughter and wife ? 16

- (d) X Ltd. had let out the House Property owned by it to the employees of its sister concern, Y Ltd. Under what head of income should the Income from House Property of X Ltd. occupied by the employees of its sister concern Y Ltd. be assessed ? Can X Ltd. claim that such income is not chargeable under the head "Income from House Property" on the ground that the property has been occupied for the purpose of its business or profession ?

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OR

- (e) Value following perquisites and show their effect in calculating total income from salary :
- (i) Professional tax paid ₹ 3,000 of which ₹ 2,000 was paid by the Employer.
- (ii) Motor car owned by the Employer. (CC of engine exceeds 1.60 litres) Provided to the employee from 1-11-2014 meant for both official and personal use. Repair and running expenses of ₹ 45,000 from 1-11-2014 to 31-3-2015 were fully met by the Employer. The motor car was self-driven by the employee.

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- (f) If the Assessee has more than one house property self occupied, what are the rules of calculating Income from House Property ? 6
- (g) A newly qualified Chartered Accountant Mr. Ravi, commenced practice and acquired following assets in his office during previous year 2014-15 at the cost shown against each item. Calculate the amount of depreciation which can be claimed from his professional income for A.Y. 2015-16 :

Asset	Date of Acquisition	Date when put to use	₹
(i) Computer	27-9-14	2-10-14	35,000
(ii) Laptop	26-9-14	4-10-14	43,000
(iii) Software	2-10-14	4-10-14	8,500
(iv) Printer	2-10-14	3-10-14	12,500
(v) Other Books (of which books being Annual Publications are of ₹ 12,000)	1-4-14	1-4-14	13,000
			6

- (h) What is the effect of Transfer of Assets used for Scientific Research ? 6