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QUESTION NO: 1

An entity that purchases and sells securities on its own behalf is acting as:

- A. A broker
- B. A dealer
- C. An agent
- D. A principal

ANSWER: B

QUESTION NO: 2

This is a saving bond issued by various denominations by the U.S Treasury. These are backed by the U.S government and can be replaced without charge in case of loss theft or destruction.

- A. Series EE
- B. I Saving bond
- C. U.S. Treasury Bills
- D. CPI-U

ANSWER: A

QUESTION NO: 3

The maximum error in the population that the auditor is willing to accept is called:

- A. Risk of material misstatement
- B. detection of risk
- C. Both A & B
- D. Neither A nor B

ANSWER: C

QUESTION NO: 4

The difference between the purchase price and the repurchase price, or sale price, plus accrued interest on the security represents:

- A. Accounting agreement
- B. Investment income
- C. Dollar price
- D. Saving price

ANSWER: B**QUESTION NO: 5**

Simon has experience of dealing with retail clients and is now in training to qualify as a pension transfer specialist. As a consequence, which of the following statements are true?

- A. He must have at least 3 years experience as an adviser before his training can commence
- B. His firm is allowed to impose a time limit on completion of the qualification
- C. His supervisor must also be suitably qualified
- D. Once qualified, CPD requirements are waived for 12 months
- E. Once qualified, records of his training must be maintained for at least 5 years

ANSWER: B C**QUESTION NO: 6**

A company refunds its bonds for any of the following reasons Except for:

- A. To eliminate restrictive covenants
- B. To reduce interest costs
- C. To show higher reported profits
- D. To issue new bonds at higher rate of interest

ANSWER: D

QUESTION NO: 7

Single payment loan is a loan:

- A. Made for a specified period
- B. At the end of which payment is due in full
- C. At the end of which half of the payment is due
- D. That expires within a year

ANSWER: A B**QUESTION NO: 8**

Risk tolerance is more than a function of an individual's psychological makeup; it is affected by other factors such as:

- A. Person's current insurance coverage and cash reserves
- B. Nature of job
- C. An individual's family situation (for example, marital status and the number and ages of children) and by his or her age
- D. Person's current assets at a specified time period

ANSWER: A C**QUESTION NO: 9**

Pauline, a basic-rate taxpayer, has a portfolio which comprises of various equity and fixed-interest unit trusts and OEICs. She should be aware that:

- A. Any losses from this portfolio are allowable for Capital Gains Tax calculations
- B. Her entire portfolio will be subject to a 10% tax credit
- C. Only the proceeds of sale from the OEICs could be subject to Capital Gains Tax
- D. The taxation of dividends on the OEICs held will be treated the same way as the unit trusts
- E. She can never reclaim any tax deducted at source

ANSWER: A D

QUESTION NO: 10

I- With reference to the granting of customer credit lines a thorough analysis of the customer's overall financial position is performed prior to trading authorization.

II- confirmations of each transaction are sent to customers indicating the quantity, delivery month and the contract price to ensure the integrity of transactions. III- Original margin deposits in cash or acceptable securities to guarantee performance of contracts are determined in accordance. These all are adequate procedures and controls associated with:

- A. Commodity transaction
- B. Mutual funds audit
- C. Bond audit
- D. None of these

ANSWER: A**QUESTION NO: 11**

A _____ is the time to pay your credit card bill without incurring finance charges.

- A. Time line
- B. Grace period
- C. Overtime pay
- D. Extension

ANSWER: B**QUESTION NO: 12**

Stock beta measures:

- A. Stock volatility
- B. Company earnings
- C. Stock correlation with the CPI
- D. Company debt

ANSWER: A

QUESTION NO: 13

A broker is:

- A. Far more than a salesperson
- B. Mostly interested in his own commission
- C. May not be socially known
- D. Can trade your stock without your permission

ANSWER: A B**QUESTION NO: 14**

What must be properly coded to meet the statutory reporting requirements of the annual statement and to provide statistics to support filling?

- A. Claims data
- B. Insurance act
- C. Risk estimation
- D. Claim settlement

ANSWER: A**QUESTION NO: 15**

Life insurance is intangible. You can't see, smell, touch or taste its benefits and those benefits mainly happen when someone is died. However, life insurance does have some important benefits that should not be ignored in the financial planning process. Which of the following is out of those benefits?

- A. Protection from debtors
- B. Financial protection from dependents
- C. Vehicle for savings
- D. Interest benefit

ANSWER: B C

QUESTION NO: 16

Several insurance provisions affect a health insurance plan's value to you. Some important provisions address:

- A. The persons and places covered
- B. Cancellation
- C. Re-existing conditions
- D. Rehabilitation coverage

ANSWER: A B D**QUESTION NO: 17**

When one buys a cash instrument, for example 100 shares of ABC Inc., the payoff is linear (disregarding the impact of dividends). If share are purchased at \$50 and the price appreciated to \$75, we have _____ on a mark-to-mark basis.

- A. Made \$2500
- B. Lost \$2500
- C. Made \$2500
- D. None of these

ANSWER: A**QUESTION NO: 18**

A sound portfolio statement helps to protect the client against a portfolio manager's:

- A. Financial behavior
- B. Inappropriate investment
- C. Unethical behavior
- D. Hedging

ANSWER: B C**QUESTION NO: 19**

Stephen is about to commence taking benefits from his personal pension scheme, which includes protected rights. He should be aware that:

- A.** He can take up to 25% of the total fund as a pension commencement lump sum
- B.** He has the right to exercise the open market option
- C.** His whole pension fund must provide limited price indexation in payment
- D.** The value of the protected rights element will not count towards the lifetime allowance

ANSWER: A B

QUESTION NO: 20

Even if, the annual balances, in certain months' expenses may exceed income, causing a monthly budget deficit. Likewise, a surplus occurs when income in some months exceed expenses. Its remedy may be:

- A.** Shift expenses from months which budget, deficits to months with surpluses for, (or alternatively, transfer income, if possible, from months with surpluses to those with deficit)
- B.** Use savings, investments, or borrowing to cover temporary deficits
- C.** Estimate genuine expenses
- D.** Pay off your credit card

ANSWER: A B