


	<b>Chapter 3: 0 / 0</b> <b>Learning Objective 1 : 0.4 / 0.8</b> <b>Learning Objective 2: 2 / 2.8</b> <b>Learning Objective 3: 1.6 / 2</b> <b>Learning Objective 4: 0 / 0.4</b>
<b>Total Grade:</b>	8.8 / 12 (73.33%) 

## Chapter 1

### Learning Objective 1

**Question 1:** The need to ensure your financial plan is responsive to your changing needs illustrates which desirable characteristic of a plan?

(0.4 Point)

It must be customized.  
It must be integrated  
It must be dynamic.  
It must be realistic.

### Learning Objective 2

**Question 2:** How would you classify planning for your annual vacation?

(0.4 Point)

I. As a short-term goal.  
II. As a long-term goal.  
III. As a consumable-product goal.  
IV. As a durable-product goal.

II and IV, only.  
II and III, only.  
I and III, only.  
I and IV, only.

### Learning Objective 3

**Question 3: When will borrowing rates rise?**

(0.4 Point) When the supply of funds rises.  
When expected inflation falls.  
When the Bank of Canada rate rises.  
When the money supply increases.

### Learning Objective 4

**Question 4: What will be the impact of less frequent compounding, all else equal?**

(0.4 Point) **I. The future value will rise.**  
**II. The required savings to achieve a future goal will rise.**  
**III. The required investment period to achieve a future goal will rise.**

II and III, only.  
I, II and III.  
I and II, only.  
I and III, only.

### Learning Objective 5

**Question 5: Which type of investment is not liquid?**

(0.4 Point) Interest-generating bank account.  
Government of Canada Savings Bond.  
Money market mutual fund.  
Non-redeemable 5-year deposit.

### Chapter 2

## Learning Objectives 1 and 2

Question 6: **Which are components of money management?**

- (0.4 Point)
- I. Maintaining personal documents and financial records.
  - II. Developing an estate plan
  - III. Creating personal financial statements.

II and III, only.  
I, II and III.  
I and III, only.  
I and II, only.

## Learning Objective 3

Question 7: **The inclusion of which could distort the cash inflow section of a Cash Flow Statement in any year?**

- (0.4 Point)
- Gross salary.
  - After-tax investment income.
  - Alimony.
  - Gifts.

Question 8: **Which term refers to money left over after paying for housing, food and other necessities?**

- (0.4 Point)
- Discretionary income.
  - Disposable income.
  - Net income.
  - Gross income.

Question 9: **Given the following, what is the debt ratio?**

Total assets	\$120,000	Annual gross income	\$45,000
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(0.4 Point)

Long-term liabilities	\$75,000	Total liabilities	\$80,000
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- 0.625
- 2.000
- 1.875
- 1.667

Question 10:

**Given the following, what is the current ratio?**

(0.4 Point)

Total liabilities	\$60,000	Long-term liabilities	\$40,000
Liquid assets	\$5,000	Monthly expenses	\$2,500

- 2.000
- 0.080
- 0.125
- 0.250

Question 11:

**What does a cash flow deficit imply?**

(0.4 Point)

- I. Cash outflows exceeded cash inflows.**
- II. No savings of any kind were made during the year.**
- III. The deficit was funded by decreasing assets or increasing liabilities.**

- II and III, only.
- I and III, only.
- I and II, only.
- I, II and III.

## Learning Objective 4

Question 12:

**Given the following, what was Hannah's budget variance?**

Item	Budget	Actual
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(0.4 Point)

Salary	\$40,000	\$40,500
Fixed expenses	\$12,500	\$11,000
Variable expenses	\$17,600	\$18,500

-\$1,100  
-\$100  
+\$2,900  
+\$1,100

**Question 13: Which would be the most difficult to budget?**

(0.4 Point) Employment income.  
Variable expenses.  
Fixed expenses.  
Savings.

**Question 14: If you are conservative, which type of income will you likely exclude from a budget?**

(0.4 Point) Investment account interest.  
Realized capital gains.  
Current salary.  
Expected bonus.

## Learning Objective 5

**Question 15: Gabriella earns \$75,000 a year while her partner earns \$30,000. Which would be the most equitable approach to cash flow management for this couple?**

(0.4 Point)

Pooled income.  
Proportionate contributions.

## Chapter 3

### Learning Objective 1

**Question 16: When is capital gains tax imposed on a capital asset that has increased in value?**

- (0.4 Point)
- I. At time of sale.
  - II. At time of inheritance.
  - III. At time of transfer.
  - IV. At time of gifting.

I, II and IV, only.

I, II, III and IV.

II, III and IV, only.

II and III, only.

**Question 17: What are Canadian residents taxed on?**

- (0.4 Point)
- Any income earned in Canada and capital gains earned anywhere in the world.  
Employment and investment income earned in Canada.  
Employment income earned in Canada and investment income earned outside of Canada.  
Any income earned anywhere in the world.

### Learning Objective 2

**Question 18: For which tax credit does everyone qualify?**

(0.4 Point) Canada employment amount.  
Basic personal amount.  
Employment insurance premiums.  
Medical amount.

Question 19: Which is excluded from total income for income tax purposes?

(0.4 Point) Capital gains.  
Employment insurance.  
Spousal support.  
Inheritances.

Question 20: Under which category would we include income from a sole proprietorship?

(0.4 Point) Taxable capital gains.  
Employment income.  
Net business income.  
Investment income.

Question 21: A couple has two children under 7 years of age and incurs \$15,000 of childcare expenses paid to an individual caregiver. The father earns \$50,000 a year and the mother earns \$55,000 a year. Which statement is true?

(0.4 Point) He can deduct the full cost - she cannot deduct anything.  
She can deduct the full cost - he cannot deduct anything.  
Each can deduct 1/2 of the total cost of childcare.  
Only childcare costs incurred at a registered daycare are tax deductible.

Question 22: Jean's taxable income is \$60,000. Given the following, what is her tax bill?

(0.4 Point)

Income Range	Tax Rate
0 - \$37,178	15%

\$37,179 - \$74,356	22%
\$74,358 - \$120,887	26%

\$10,597

\$15,621

\$9,000

\$13,200

**Question 23: Personal income tax instalments are paid how frequently each year?**

(0.4 Point) **Every 3 months.**  
 Every 4 months.  
 Every 6 months.  
 Once a year.

**Question 24: Which province has not adopted a Tax on Income (TONI) system?**

(0.4 Point) **Quebec**  
 Ontario  
 Alberta  
 Newfoundland

### Learning Objective 3

**Question 25: Which type of investment income is most heavily taxed?**

(0.4 Point) Non-eligible dividends.  
 Capital gains.  
**Eligible dividends.**  
 Interest.

**Question 26: What tax rate is applied to the net income from a sole proprietorship?**

(0.4 Point) General business tax rates.  
No tax is paid on income from a sole proprietorship.  
**Personal marginal tax rates.**  
Small business tax rates.

**Question 27: Chen borrowed \$20,000 under the LifeLong Learning Plan. He graduated in 2010. How much must he repay every year under the Plan?**

(0.4 Point)  
**\$2,000**  
\$1,500  
\$1,000  
\$2,500

**Question 28: Mohammed earned \$50,000 in 2011. He has no RRSP carry forward and no pension adjustment. How much can he contribute to an RRSP in 2012?**

(0.4 Point)  
**\$9,000**  
\$6,000  
\$8,100  
\$4,000

**Question 29: When would the attribution rules apply?**

(0.4 Point) **I. For transfers between spouses.**  
**II. For transfers between a parent and minor child.**  
**III. For transfers between a parent and adult child.**

**I and II, only.**  
I and III, only.  
II and III, only.  
I, II and III.

## Learning Objective 4

Question 30: **Which is the simplest type of audit?**

(0.4 Point) Personal audit.  
Random audit.  
[Desk audit.](#)  
[Field audit.](#)

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