TEST YOUR KNOWLEDGE

For *Professional Paraplanner*'s TDQ (Training, Development and Qualifications) pages, we have teamed up with key support providers, such as Brand Financial Training, to provide our readers with the very best in training, development and exam support. We will be providing you with valuable advice and guidance materials to help you achieve your training goals, perfect your exam techniques and test your knowledge of the financial services market. These questions relate to examinable Tax year 19/20, examinable by the CII until 31 August 2020.

1. Which of the following consequences of trying to embed ethics into an organisation should be encouraged?

- A Superficial ethical behaviour being viewed as a marketing ploy
- B Inconsistent ethical behaviour resulting in cynicism
- C Senior management 'walking the talk' to reinforce the ethics of the business
- D Not addressing behaviours that could underpin an organisation

2. When comparing the money-weighted rate of return (MWR) with the time- weighted rate of return, which of the following statements are correct? Tick all that apply.

- A MWR measures the overall return on capital invested over a specific period
- B MWR allows comparisons to be made of the performance of one manager with another
- C TWR breaks the period being assessed down into sub-periods
- D TWR is sometimes also known as the internal rate of return

3. Simon makes payments to his occupational pension scheme by deduction from his pay. What is this method known as?

- A Net pay arrangement
- B Relief at source
- C Gross pay arrangement
- D Relief by claim

4. Paul made a PET of £450,000 in June 2015. If he dies in September 2019, how much inheritance tax would the donee be liable for? (Assume no annual allowances are available).

- A £30,000
- B £180,000
- C £50,000
- D £102,000

5. Joyce is about to retire and take the benefits from her defined benefit arrangement, which she has been a member of since 2006. In payment, her benefits must increase by a minimum of:

- A CPI to a maximum of 5%.
- B CPI to a maximum of 2.5%.
- C CPI to a maximum of 3%.
- D CPI to a maximum of 1%.

6. A company is within a sector where the average PE ratio currently stands at 9. If earnings per share are expected to be 40p and dividend cover is 2.8, what is the implied value of a share in this company?

- A 360p
- B 1428p
- C 445p
- D 321p

7. An indexed portfolio is using stratified sampling as its tracking method. This means:

- A Each constituent of the index is held according to its weighting
- B A computer modelling technique is being employed
- C A representative sample from each sector in the index is held
- D The fund manager will be using derivatives

8. Why do lenders not make much larger LTV mortgages available or mortgages available at younger ages?

- A Because the Equity Release Council set out that condition in their rulebook
- B It is a requirement of the lender gaining FCA approval
- C The mortgage will typically be repaid from a Pension Commencement Lump Sum
- D They are not otherwise economically viable to the lender

9. Maureen, who lives in England, is assessed as eligible for nursing care funded by the National Health Service. Who is primarily responsible for its payment?

- A Her local authority
- B The Department of Health
- C Her GP's Clinical Commissioning Group
- D The Strategic Health Authority

10. Caroline has made a profit on the sale of her buy-to-let property and owes capital gains tax of £6,000 in this tax year (2019/20). She will need to pay this tax by:

- A 31st January 2020
- B 31st July 2020
- C 31st January 2021
- D 31st July 2021

Your answers

1. ☐ 2. ☐☐ 3. ☐ 4. ☐

5. ☐ 6. ☐ 7. ☐ 8. ☐ 9. ☐ 10. ☐

Last issue's answers

Q	Answers	Reference material
1	D	CII R01 Study Text Chapter 8
2	A, B	CII R02 Study Text Chapter 1:1
3	B, C, E	CII R03 Study Text Chapter 5
4	A	CII J10 Study Text Chapter 9
5	D	CII R04 Study Text Chapter 2.2
6	B	CII R05 Study Text Chapter 4
7	C	CII J12 Study Text Chapter 8
8	B	CII ER1 Study Text Chapter 9
9	C	CII CF8 Study Text Chapter 6
10	C	CII R07 Study Text Chapter 6

Answers and cross-references can be found under the Development tab on the Professional Paraplanner website. Need help with your CII exams? For resources visit https://brandft.co.uk