



# SCO INTERNATIONAL FINANCE OLYMPIAD CLASS 8 QUESTION PAPER SET K

A clean, website-ready official paper with structured question blocks, answer keys, and explanatory solutions.  
Rebuilt from the source answer-key paper with corrected branding, cleaned equations, normalized wording, and improved readability for website and school use.

<b>Tax &amp; Net Income</b>	<b>Budgeting</b>	<b>Credit</b>
<b>Ethical Giving</b>	<b>Insurance</b>	<b>Emergency Fund</b>

Questions	Level	Format	Document Use
50	Class 8	MCQ with explanations	Website / School / Print

## Guidelines for the Candidate

Rebuilt in SCO's official website-ready format

### Exam information

- Total questions: 50
- Time: 1 hour
- One correct option for each question
- Designed for Class 8 finance reasoning, budgeting, taxation, credit, and ethical money decisions

### Source issues corrected

- cover/footer mismatch standardized to IFKO Class 8 Set K
- IAIO / Class 1 / Set S footer artifacts removed
- duplicated equation strings inside explanations cleaned
- instruction punctuation and booklet wording normalized for publication use

## Section 1 — Income, Tax and Zero-Based Budgeting

### Question 1

#### Gross Income, Withholding, and Net Income

Mila works in a student entrepreneurship fair and earns a gross payment of ₹2,400 for helping manage registrations. The organizer explains that:

12% is withheld as tax,  
and a fixed ₹120 platform fee is also deducted.

Mila asks, “What is my net income after both deductions?”

- |           |           |
|-----------|-----------|
| 1. ₹2,112 | 2. ₹1,992 |
| 3. ₹2,280 | 4. ₹1,920 |

#### Answer Key: Option 2

**Explanation:** First find the tax withheld:

$$12\% \text{ of } 2400 = 288$$

Now subtract both deductions:

$$2400 - 288 - 120 = 1992$$

So Mila’s net income is ₹1,992.

### Question 2

#### Consumption Tax in Two Countries

A student compares the final price of the same calculator in two international school stores.

Store A: price tag = 80 units, plus 15% consumption tax at checkout

Store B: sticker price = 92 units, and the tax is already included

Which statement is correct?

- |  |   |
|--|---|
| 1. Store A is cheaper by 4 units         | 2. Store B is cheaper by 8 units        |
| 3. Both stores have the same final price | 4. Store A is more expensive by 6 units |

#### Answer Key: Option 3

**Explanation:** For Store A:

$$15\% \text{ of } 80 = 12$$

Final price at Store A:

$$80 + 12 = 92$$

Store B already shows 92 including tax.

So both stores have the same final price.



### Question 3

#### Zero-Based Monthly Budget Check

A Grade 8 student creates this spreadsheet-based monthly budget from ₹2,000:

Rent share = ₹700

Bus pass = ₹120

Phone plan = ₹80

Groceries = ₹300

Café spending = ₹150

School supplies = ₹100

Savings = ₹300

Giving = ₹50

Emergency reserve = ₹100

Entertainment = ₹100

Which statement is most accurate?

- |   |   |
|---|---|
| 1. It is a zero-based budget, and café spending is a variable expense | 2. It is not zero-based because savings should not be counted |
| 3. Bus pass is a variable expense, so the budget is incorrect         | 4. Giving makes the spreadsheet non-zero-based                |

#### Answer Key: Option 1

**Explanation:** Let us total the budget:

$$700 + 120 + 80 + 300 + 150 + 100 + 300 + 50 + 100 + 100 = 2000$$

So the full ₹2,000 is assigned, which means it is a zero-based budget.

Also, café spending is usually a variable expense because it can change from month to month.

### Question 4

#### Planned vs Actual: Where Must the Budget Be Fixed?

A student makes a zero-based monthly plan from ₹3,000:

Rent = ₹900

Utilities = ₹200

Transport = ₹180

Groceries = ₹420

Study costs = ₹300

Savings = ₹500

Giving = ₹100

Leisure = ₹150

Miscellaneous = ₹250

At month-end, actual spending becomes:

Groceries = ₹510

Leisure = ₹230

Miscellaneous = ₹210

all other categories unchanged

The student wants to protect rent, utilities, transport, study costs, and savings next month.

Which conclusion is best?



1. The student is over budget by ₹90 and should reduce study costs	2. The student is over budget by ₹100 and should cut savings
3. The student is on budget because one category went down	4. The student is over budget by ₹130 and should mainly revise flexible categories like groceries, leisure, and miscellaneous

**Answer Key: Option 4**

**Explanation:** Compare planned and actual in the changing categories:

Groceries: + 90

Leisure: + 80

Miscellaneous: -40

Net change:

$$90 + 80 - 40 = 130$$

So the student is ₹130 over budget.

The best correction is to revise flexible categories, not fixed needs or planned savings.

## Question 5

### Debit Card or Credit Card?

At a hotel during an international academic trip:

Asha pays a ₹4,500 deposit using a debit card

Ben pays the same amount using a credit card, planning to pay the full credit bill on time

A teacher asks the class which statement is most accurate.

1. Debit and credit cards work the same way because both are plastic	2. A debit card usually removes money from the bank account immediately, while a credit card creates a bill to be repaid later
3. A credit card means free money forever	4. A debit card allows spending money that is not in the account without any consequence

**Answer Key: Option 2**

**Explanation:** A debit card usually takes money directly from the linked bank account. A credit card lets the user borrow first and pay the issuer later.

That difference is one of the most important ideas in card use.

## Question 6

### Simple Finance Charge from APR

A student uses a credit card for a purchase and leaves an unpaid balance of ₹12,000 for one month. The card has an APR of 24%. Using the simple monthly idea:

$$24\% \div 12 = 2\% \text{ per month} \quad 24\% \div 12 = 2\% \text{ per month} \quad 24\% \div 12 = 2\% \text{ per month}$$

What is the approximate finance charge for that one month?

1. ₹180	2. ₹200
3. ₹240	4. ₹288



**Answer Key: Option 3**

**Explanation:** Monthly rate = 2%

$$2\% \text{ of } 12000 = 240$$

So the approximate finance charge is ₹240.

### Question 7

#### Which Offer Leaves More Net Income?

Two global summer research camps offer student stipends.

Camp X

Gross stipend = ₹6,000

Withholding tax = 10%

Travel deduction = ₹300

Camp Y

Gross stipend = ₹5,700

Withholding tax = 5%

No extra deduction

Which statement is correct?

1. Camp X gives the higher net income by ₹300

2. Camp Y gives the higher net income by ₹315

3. Camp X gives the higher net income by ₹315

4. Both give the same net income

**Answer Key: Option 2**

**Explanation:** For Camp X:

$$10\% \text{ of } 6000 = 600 \quad 10\% \text{ of } 6000 = 600 \quad 10\% \text{ of } 6000 = 600 \quad 6000 - 600 - 300 = 5100$$

For Camp Y:

$$5\% \text{ of } 5700 = 285$$

Difference:

$$5415 - 5100 = 315$$

So Camp Y gives the higher net income by ₹315.

### Question 8

#### Ethical Giving: Which Charity Choice Is Strongest?

A school club wants to donate fundraising money. It compares four organizations.

Organization A says “100% goes to children” but gives no budget, no public report, and no contact details.

Organization B shares audited reports, explains that 82% goes to programs and 18% to training/admin, and publishes updates on results.

Organization C has emotional videos but no breakdown of how funds are used.

Organization D says “trust us” and refuses to answer questions.

Which is the most responsible giving choice?

1. Organization A

2. Organization C

3. Organization D

4. Organization B



**Answer Key: Option 4**

**Explanation:** Responsible giving should consider:

fairness

transparency

accountability

evidence of impact

Organization B is the strongest choice because it provides audited information and clear reporting.

## Question 9

### Event Budget Under Pressure

A student council plans an event with a ₹10,000 zero-based budget. Expected spending is:

Venue = ₹3,500

Printing = ₹1,200

Snacks = ₹2,600

Decorations = ₹1,100

Transport = ₹900

Charity booth = ₹700

This exactly totals ₹10,000.

But one sponsor reduces support by ₹600, so only ₹9,400 is available.

The council wants to avoid borrowing on a credit card.

Which revision is best?

1. Keep all expenses the same and use a credit card for the missing ₹600

2. Reduce flexible categories such as decorations and snacks by a total of ₹600

3. Cancel the venue and keep all non-essential items

4. Ignore the shortage because budgets matter only after the event

**Answer Key: Option 2**

**Explanation:** If income falls to ₹9,400, the budget must also fall to ₹9,400.

To avoid debt, the best solution is to reduce flexible categories such as snacks and decorations, rather than borrowing immediately.

## Question 10

### Tax, Giving, and Budget Balance in a Student Business

A student sells handmade bookmarks at an international fair and earns ₹1,500 gross revenue. The event rules say: 10% event tax/fee is deducted from sales revenue.

So the student plans to use the net amount like this:

Restocking materials = ₹500

Savings = ₹400

Donation = ₹200

Personal spending = ₹250

Later, actual restocking costs rise by ₹80, while personal spending drops by ₹50. The student wants to keep savings



unchanged.

What is the best conclusion?

**1.** After tax, the original plan was balanced, but the later changes create a ₹30 gap, so another flexible category must be reduced by ₹30

**2.** The original plan was never balanced

**3.** The student now has ₹50 extra, so no revision is needed

**4.** Savings must automatically be reduced by ₹80

**Answer Key: Option 1**

**Explanation:** First find the tax:

$$10\% \text{ of } 1500 = 150$$

Net amount:

$$1500 - 150 = 1350$$

Original plan total:

$$500 + 400 + 200 + 250 = 1350$$

So the original plan was balanced.

Now apply actual changes:

Restocking: + 80

Personal spending: -50

Net effect:

$$+ 80 - 50 = + 30$$

So the plan is now ₹30 over and needs another ₹30 reduction from a flexible category if savings must stay unchanged.

## Section 2 — Credit, Ethical Giving and Practical Decisions

### Question 11

#### Gross Income, Withholding, and Net Pay

A student works at a global youth innovation fair and receives a gross payment of ₹7,200. The organizer explains that:

8% is withheld for tax,

and a fixed ₹240 processing fee is deducted.

The student asks, "What will I actually receive as net income?"

**1.** ₹6,240

**2.** ₹6,384

**3.** ₹6,480

**4.** ₹6,960

**Answer Key: Option 2**

**Explanation:** Tax withheld:

$$8\% \text{ of } 7200 = 576$$

Now subtract both deductions:

$$7200 - 576 - 240 = 6384$$

So the net income is ₹6,384.

### Question 12

#### Final Price After Consumption Tax

A student compares the same science calculator in two international learning stores.

Store A: list price = 150 units, plus 12% consumption tax at checkout

Store B: final shelf sticker = 166 units, tax already included

Which statement is correct?

- |  |   |
|--|---|
| 1. Store A is cheaper by 4 units         | 2. Store B is cheaper by 2 units        |
| 3. Both stores have the same final price | 4. Store A is more expensive by 6 units |

**Answer Key: Option 2**

**Explanation:** Store A final price:

$$12\% \text{ of } 150 = 18$$

$$12\% \text{ of } 150 = 18$$

$$150 + 18 = 168$$

Store B final price = 166

So Store B is cheaper by 2 units.

### Question 13

#### Spreadsheet Budget: Fixed or Variable?

A Grade 8 student creates this zero-based monthly spreadsheet from ₹6,000:

Rent share = ₹1,600

Transport pass = ₹300

Phone plan = ₹250

Groceries = ₹900

Eating out = ₹500

School supplies = ₹350

Savings = ₹1,200

Giving = ₹200

Emergency reserve = ₹400

Leisure = ₹300

The student asks, "Which pair is best described as variable expenses?"

- |                                     |                                  |
|-------------------------------------|----------------------------------|
| 1. Eating out and groceries         | 2. Rent share and transport pass |
| 3. Phone plan and emergency reserve | 4. Savings and rent share        |

**Answer Key: Option 1**

**Explanation:** Variable expenses can change from month to month. Here, eating out and groceries are the best examples of variable expenses. Rent share and phone plan are usually more fixed.

### Question 14

#### Planned vs Actual: Finding the Overrun

A student plans a monthly zero-based budget from ₹8,000:

Transport = ₹600

Course fee = ₹1,800



Phone = ₹300  
 Groceries = ₹1,400  
 Savings = ₹2,000  
 Giving = ₹300  
 Entertainment = ₹700  
 Miscellaneous = ₹900  
 At month-end:  
 groceries become ₹1,650  
 entertainment becomes ₹980  
 miscellaneous becomes ₹760  
 all other categories stay unchanged  
 The student wants to keep course fee and savings protected next month.  
 Which conclusion is best?

- |  |  |
|--|--|
| 1. The budget is still balanced because one category went down                     | 2. The student is over budget by ₹250                              |
| 3. The student is over budget by ₹390 and should mainly revise flexible categories | 4. The student is over budget by ₹530 and should cut savings first |

**Answer Key: Option 3**

**Explanation:** Changes:

Groceries: + 250

Entertainment: + 280

Miscellaneous: -140

Net change:

$$250 + 280 - 140 = 390$$

So the student is ₹390 over budget and should mainly revise flexible categories.

## Question 15

### Credit Card Balance and Finance Charge

A student's parent uses a credit card for a purchase of ₹20,000. By the due date, they pay ₹8,000. The remaining unpaid balance is carried for one month. The card's APR is 18%, so the simple monthly rate is:

$$18\% \div 12 = 1.5\% \quad 18\% \div 12 = 1.5\% \quad 18\% \div 12 = 1.5\%$$

What is the approximate balance on the next statement if there are no new purchases?

- |            |            |
|------------|------------|
| 1. ₹12,000 | 2. ₹12,120 |
| 3. ₹12,150 | 4. ₹12,180 |

**Answer Key: Option 4**

**Explanation:** Unpaid balance:

$$20000 - 8000 = 12000$$

Monthly finance charge:

$$1.5\% \text{ of } 12000 = 180$$

Next statement balance:

$$12000 + 180 = 12180$$

So the next balance is ₹12,180.

### Question 16

#### Responsible Credit Use

At a school finance workshop, a teacher asks which habit best prevents debt problems when using a credit card.

1. Paying only the minimum every month without checking the APR	2. Paying the full statement balance on time and checking the statement carefully
3. Using the credit card because it feels like free money	4. Ignoring small finance charges because they do not matter

**Answer Key: Option 2**

**Explanation:** The most responsible credit habit is to:

pay the full balance on time,

check statements carefully,

and avoid unnecessary finance charges.

That is the best way to prevent debt from growing.

### Question 17

#### Gross vs Net Income, and Why Tax Exists

A student earns a gross stipend of ₹5,000 from a youth research project. A tax withholding of ₹500 is taken before payment. The student asks, "What is my net income, and why does the government collect taxes?"

Which answer is best?

1. Net income is ₹4,500, and taxes help fund public services such as roads, schools, and healthcare	2. Net income is ₹5,500, and taxes are collected only to reduce spending
3. Net income is ₹4,000, and taxes are private gifts to companies	4. Net income is ₹4,500, and taxes are unrelated to public services

**Answer Key: Option 1**

**Explanation:** Net income:

$$5000 - 500 = 4500$$

So the student receives ₹4,500 net.

Taxes are generally collected to support public services such as roads, schools, sanitation, and healthcare.

### Question 18

#### Ethical Giving and Transparency

A school club wants to donate its fundraiser money. It compares four organizations:

Group A says "Nearly all money reaches the cause," but it gives no financial report

Group B shares photos and slogans, but no budget or audited information

Group C publishes audited statements, explains where funds go, and reports results clearly

Group D refuses to answer questions and says details are "private"

Which is the most responsible giving choice?



1. Group A

2. Group B

3. Group C

4. Group D

**Answer Key: Option 3**

**Explanation:** Responsible giving should consider:

transparency

accountability

clear reporting

evidence of impact

So Group C is the strongest choice.

## Question 19

### Zero-Based Budget After Income Falls

A student's original monthly zero-based budget is based on ₹10,000 income:

Rent share = ₹2,500

Transport = ₹1,200

Phone = ₹400

Food = ₹1,600

Study supplies = ₹900

Savings = ₹1,500

Giving = ₹300

Leisure = ₹900

Miscellaneous = ₹700

But income falls to ₹9,100. The student wants to protect transport and savings.

Which revision is the best first response?

1. Keep the budget unchanged and use a credit card for the missing ₹900

2. Reduce flexible categories such as leisure, food, and miscellaneous by a total of ₹900

3. Cut transport first because fixed expenses should always be reduced first

4. Ignore the income drop until the next month

**Answer Key: Option 2**

**Explanation:** The income has fallen by:

$$10000 - 9100 = 900$$

To stay zero-based without creating debt, the student should reduce flexible categories by ₹900 rather than borrowing.

## Question 20

### Debit Card, Credit Card, Tax, and Delayed Payment

A student buys a textbook costing ₹2,000 plus 18% tax.

Final cost:

$$2000 + 18\% \text{ of } 2000 = 2360 \quad 2000 + 18\% \text{ of } 2000 = 2360$$

The student can either:



pay by debit card now, or  
put the purchase on a credit card and delay full payment for one month at a monthly finance rate of 2%  
Which statement is most accurate?

<b>1.</b> The credit-card cost stays ₹2,360 because tax is already included	<b>2.</b> The debit-card cost becomes higher because debit cards add finance charges
<b>3.</b> The credit-card cost after one month becomes ₹2,372.20	<b>4.</b> The credit-card cost after one month becomes ₹2,407.20, so paying immediately by debit or in full is financially safer

**Answer Key: Option 4**

**Explanation:** One month finance charge on ₹2,360:

$$2\% \text{ of } 2360 = 47.20$$

So credit-card cost after one month becomes:

$$2360 + 47.20 = 2407.20$$

So delayed credit use makes the purchase more expensive, while paying by debit now or paying the credit card in full avoids that extra charge.

## Section 3 — Applied Personal Finance Cases

### Question 21

#### Stipend, Withholding, Fees, and Reimbursement

A student works at a global youth conference and receives a gross stipend of ₹12,500. The finance desk explains the following:

10% tax withholding

4% social contribution deduction

₹150 digital platform fee

₹300 travel reimbursement added after deductions

The student asks, "How much will actually be credited as net income?"

<b>1.</b> ₹10,900	<b>2.</b> ₹10,600
<b>3.</b> ₹11,050	<b>4.</b> ₹11,200

**Answer Key: Option 1**

**Explanation:** Tax withholding:

$$10\% \text{ of } 12500 = 1250$$

Social contribution:

$$4\% \text{ of } 12500 = 500$$

Amount after percentage deductions:

$$12500 - 1250 - 500 = 10750$$

Now subtract platform fee:

$$10750 - 150 = 10600$$

Now add travel reimbursement:



$$10600 + 300 = 10900$$

So the final credited amount is ₹10,900.

## Question 22

### Comparing Final Price Across Two Countries

A student buying a protective laptop sleeve compares two education stores:

Store A

Shelf price = ₹2,400

Consumption tax = 8% added at checkout

Student voucher = ₹100 off after tax

Store B

Shelf sticker = ₹2,560

Tax already included

No voucher accepted

Which statement is correct?

1. Store B is cheaper by ₹32

2. Both stores have the same final cost

3. Store A is cheaper by ₹68

4. Store A is more expensive by ₹68

**Answer Key: Option 3**

**Explanation:** Store A tax:

$$8\% \text{ of } 2400 = 192$$

Store A total before voucher:

$$2400 + 192 = 2592$$

After voucher:

$$2592 - 100 = 2492$$

Store B final = ₹2,560

Difference:

$$2560 - 2492 = 68$$

So Store A is cheaper by ₹68.

## Question 23

### Zero-Based Budget Under Lower Income

A Grade 8 student planned a zero-based monthly budget using ₹15,000 income:

Rent share = ₹4,000

Utilities = ₹1,000

Transport = ₹800

Groceries = ₹2,200

Phone = ₹500

Study costs = ₹1,500

Savings = ₹3,000

Giving = ₹500

Entertainment = ₹1,500



Mid-month, actual income turns out to be only ₹14,500. Actual spending becomes:

Rent share = ₹4,000

Utilities = ₹1,000

Transport = ₹700

Groceries = ₹2,500

Phone = ₹500

Study costs = ₹1,500

Giving = ₹500

Entertainment = ₹1,300

How much is actually left for savings?

1. ₹2,300

2. ₹2,500

3. ₹2,700

4. ₹3,000

**Answer Key: Option 2**

**Explanation:** Add actual non-savings categories:

$$4000 + 1000 + 700 + 2500 + 500 + 1500 + 500 + 1300 = 12000$$

Actual income = ₹14,500

So actual savings left:

$$14500 - 12000 = 2500$$

So the student saves ₹2,500, which is ₹500 less than planned.

## Question 24

### Credit Card Statement With Return and Interest

A student's parent has this credit-card activity for one billing cycle:

Previous unpaid balance = ₹9,000

New purchases = ₹6,000

Merchandise return = ₹1,500

Payment made by due date = ₹5,000

The card has an APR of 24%, so the simple monthly rate is:

$$24\% \div 12 = 2\% \quad 24\% \div 12 = 2\% \quad 24\% \div 12 = 2\%$$

If no new purchases are made after that, what is the approximate next balance after one month's finance charge on the unpaid amount?

1. ₹8,500

2. ₹8,600

3. ₹8,650

4. ₹8,670

**Answer Key: Option 4**

**Explanation:** Balance before finance charge:

$$9000 + 6000 - 1500 - 5000 = 8500$$

Monthly finance charge:

$$2\% \text{ of } 8500 = 170$$

Next balance:

$$8500 + 170 = 8670$$

So the approximate next balance is ₹8,670.



### Question 25

#### Debit Card vs Delayed Credit Cost

A student buys an online language-course workbook costing ₹3,200. Two payment choices are discussed:

pay now using a debit card

put it on a credit card and delay full payment for 2 months

The credit card charges 2% per month, and the question uses a simple monthly charge model.

What is the extra finance cost if the credit-card balance is delayed for 2 months?

- |         |         |
|---------|---------|
| 1. ₹96  | 2. ₹128 |
| 3. ₹160 | 4. ₹192 |

**Answer Key: Option 2**

**Explanation:** Monthly charge:

$$2\% \text{ of } 3200 = 64$$

For 2 months:

$$64 \times 2 = 128$$

So the extra cost is ₹128.

This means the delayed credit option makes the workbook effectively cost:

$$3200 + 128 = 3328$$

### Question 26

#### Choosing a Charity Using More Than One Data Point

A student council compares four charities before donating money from an international fundraiser.

Option A

Claims 92% goes to programs

No audited report

No outcome data

Option B

78% goes to programs

12% administration

10% fundraising

Audited financial report available

Clear results and beneficiary updates published

Option C

Claims 96% to programs

Accepts only personal-account transfers

No verified identity or reporting

Option D

Says “details are confidential”

Refuses budget questions

Which is the most responsible choice based on fairness, transparency, and accountability?

- |             |             |
|-------------|-------------|
| 1. Option A | 2. Option B |
| 3. Option C | 4. Option D |



**Answer Key: Option 2**

**Explanation:** A high claimed percentage alone is not enough. Responsible giving should look at:  
audited reporting,

transparency,

accountability,

and proof of outcomes.

So Option B is the strongest choice, even though its program share is lower than some unsupported claims.

## Question 27

### Gross Pay, Consumption Tax, and Total Tax Burden

A student intern receives a gross stipend of ₹8,000 from a community project. The project withholds 12% tax from the stipend. Later, the student buys headphones costing ₹2,500 before tax, and the purchase has 10% consumption tax. The student asks, "What is the total amount of tax connected to these two events?"

1. ₹1,210

2. ₹1,050

3. ₹1,460

4. ₹1,710

**Answer Key: Option 1**

**Explanation:** Withholding tax on stipend:

$$12\% \text{ of } 8000 = 960$$

Consumption tax on headphones:

$$10\% \text{ of } 2500 = 250$$

Total tax connected to both events:

$$960 + 250 = 1210$$

So the total is ₹1,210.

## Question 28

### Budget Spreadsheet With Refund and Overrun

A student plans a zero-based budget from ₹9,000:

Rent share = ₹2,500

Utilities = ₹600

Transport = ₹700

Groceries = ₹1,400

Data plan = ₹300

Study = ₹900

Giving = ₹300

Emergency fund = ₹1,000

Entertainment = ₹500

Savings = ₹800

During the month:

utilities become ₹650

transport becomes ₹620

groceries become ₹1,560



entertainment becomes ₹580  
all other categories remain unchanged  
and the student receives a ₹200 refund from a canceled activity  
What is the final result?

- |   |                                     |
|---|-------------------------------------|
| 1. The student is ₹200 under budget                     | 2. The student is exactly on budget |
| 3. The student is ₹10 over budget even after the refund | 4. The student is ₹50 under budget  |

**Answer Key: Option 3**

**Explanation:** Original budget total = ₹9,000

With refund, total available money becomes:

$$9000 + 200 = 9200$$

Now calculate actual outflow including savings and all categories:

$$2500 + 650 + 620 + 1560 + 300 + 900 + 300 + 1000 + 580 + 800 = 9210$$

So compared with the new available total of ₹9,200, the student is:

$$9210 - 9200 = 10$$

So the student is ₹10 over budget.

## Question 29

### Minimum Payment vs Full Payment Habit

A student's parent tells her:

"A credit card is useful, but it becomes dangerous if you treat it like extra income."

Which habit best prevents debt problems?

- |   |   |
|---|---|
| 1. Paying only the minimum each month and ignoring finance charges                | 2. Using the card for wants first and needs later                                 |
| 3. Paying the full statement balance on time and checking the statement carefully | 4. Borrowing on the card whenever the budget is short, without reviewing spending |

**Answer Key: Option 3**

**Explanation:** The strongest responsible-credit habit is:

paying the full statement balance on time,  
checking statements,  
and avoiding rolling balances that create finance charges.

That is the best way to prevent debt from growing.

## Question 30

### Student Business: Tax, Budget, and Ethical Giving

A student runs a small handmade-notes stall at an international school event.

Gross sales revenue = ₹4,000

Event tax/fee = 10% of sales revenue

The student plans to use the net amount as follows:

Restocking = ₹1,100

Savings = ₹1,200



Donation to a verified literacy charity = ₹500

Personal use = ₹800

Later:

restocking rises by ₹150

personal use falls by ₹70

the student wants savings and donation unchanged

Which statement is correct?

1. The original plan was balanced, but after the changes the student is ₹80 over and must reduce another flexible category by ₹80

2. The original plan was not balanced

3. The student has ₹70 extra after the changes

4. The student must reduce donation first because giving never belongs in a budget

**Answer Key: Option 1**

**Explanation:** First find event tax:

$$10\% \text{ of } 4000 = 400$$

Net amount:

$$4000 - 400 = 3600$$

Original plan total:

$$1100 + 1200 + 500 + 800 = 3600$$

So the original plan was balanced.

Now apply changes:

Restocking: + 150

Personal use: -70

Net change:

$$150 - 70 = 80$$

So the plan is now ₹80 over and another flexible category must be reduced by ₹80 if savings and donation remain unchanged.

## Section 4 — Advanced Budgeting, Insurance and Emergency Planning

### Question 31

#### Payslip + Budget + Actual Saving

A student works at a global youth summit and receives this monthly finance summary:

Payslip

Gross stipend = ₹15,000

Tax withholding = 12%

Social contribution deduction = 4%

Platform fee = ₹250

Travel reimbursement added later = ₹450

After receiving the final credited amount, the student uses this budget:



Rent share = ₹3,600  
Transport = ₹900  
Phone = ₹400  
Groceries = ₹2,100  
Study costs = ₹1,100  
Giving = ₹500  
Emergency reserve = ₹700  
Leisure = ₹600  
Remaining amount = Savings  
But actual spending becomes:  
Transport = ₹820  
Groceries = ₹2,350  
Study costs = ₹1,220  
Leisure = ₹450  
all other categories unchanged  
How much is actually left for savings?

1. ₹2,760

2. ₹2,900

3. ₹3,040

4. ₹2,640

**Answer Key: Option 1**

**Explanation:** First find the final credited amount.

Tax withheld:

$$12\% \text{ of } 15000 = 1800$$

Social contribution:

$$4\% \text{ of } 15000 = 600$$

After deductions:

$$15000 - 1800 - 600 - 250 = 12350$$

Add reimbursement:

$$12350 + 450 = 12800$$

Now total the actual non-savings categories:

$$3600 + 820 + 400 + 2350 + 1220 + 500 + 700 + 450 = 10040$$

So savings left:

$$12800 - 10040 = 2760$$

So the student actually saves ₹2,760.

## Question 32

### Comparing Final Cost Across Two Countries

A student compares the same protective tablet sleeve in two international stores.

Store A

$$\text{Base price} = ₹2,400$$

Consumption tax = 8%

$$\text{Eco fee} = ₹18$$

Student voucher = ₹110 off after tax and fee

Store B

$$\text{Final sticker price} = ₹2,525$$



Tax already included  
Loyalty credit after purchase = ₹25  
Which statement is correct?

- |   |                                     |
|---|-------------------------------------|
| 1. Store A is cheaper by ₹25                        | 2. Store B is cheaper by ₹18        |
| 3. Both stores end at the same effective final cost | 4. Store A is more expensive by ₹25 |

**Answer Key: Option 3**

**Explanation:** For Store A:

Tax:

$$8\% \text{ of } 2400 = 192$$

Then:

$$2400 + 192 + 18 = 2610$$

Apply voucher:

$$2610 - 110 = 2500$$

For Store B:

$$2525 - 25 = 2500$$

So both stores end at ₹2,500.

### Question 33

#### Credit Card Statement With Refund and Finance Charge

A parent's card statement shows:

Previous unpaid balance = ₹8,000

New purchases = ₹2,500 and ₹1,500

Merchandise return = ₹1,000

Payment made by due date = ₹5,000

APR = 24%, so monthly rate = 2%

If there are no new purchases after this, what is the approximate next statement balance?

- |           |           |
|-----------|-----------|
| 1. ₹6,000 | 2. ₹6,120 |
| 3. ₹6,200 | 4. ₹6,240 |

**Answer Key: Option 2**

**Explanation:** First find the unpaid balance before finance charge:

$$8000 + 2500 + 1500 - 1000 - 5000 = 6000$$

Monthly finance charge:

$$2\% \text{ of } 6000 = 120$$

Next balance:

$$6000 + 120 = 6120$$

So the approximate next statement balance is ₹6,120.

### Question 34

#### Debit Card Now or Credit Card Later?



A student buys a textbook pack priced at ₹2,500 before tax. The sales tax is 20%, so the final checkout amount is taxed before payment choice.

The student can:

pay now using a debit card, or

put the amount on a credit card and delay full payment for 3 months

The credit card charges 2% per month using a simple monthly cost model.

What would be the extra finance cost from delaying the full credit-card payment?

1. ₹120

2. ₹150

3. ₹180

4. ₹200

**Answer Key: Option 3**

**Explanation:** First find the taxed price:

$$20\% \text{ of } 2500 = 500 \quad 20\% \text{ of } 2500 = 500 \quad 20\% \text{ of } 2500 = 500 \quad 2500 + 500 = 3000 \quad 2500 + 500 = 3000 \quad 2500 + 500 = 3000$$

Monthly finance charge:

$$2\% \text{ of } 3000 = 60$$

For 3 months:

$$60 \times 3 = 180$$

So delaying payment adds ₹180.

## Question 35

### Loan Repayment + Setup Fee

A family borrows ₹28,000 for an urgent home repair.

Loan details:

Monthly repayment = ₹2,650

Time = 12 months

One-time setup fee = ₹400

What is the total amount the family pays above the amount borrowed?

1. ₹3,800

2. ₹4,000

3. ₹4,200

4. ₹4,500

**Answer Key: Option 3**

**Explanation:** Total monthly repayment:

$$2650 \times 12 = 31800$$

Add setup fee:

$$31800 + 400 = 32200$$

Now compare with borrowed amount:

$$32200 - 28000 = 4200$$

So the family pays ₹4,200 extra.

## Question 36

### Emergency Fund After a Real Expense



A student studies household money planning and sees this monthly essential-expense list:

Rent share = ₹9,000

Food = ₹5,000

Transport = ₹1,500

Medicines = ₹1,000

Utilities = ₹1,500

The family aims for an emergency fund equal to 4 months of essentials. They already have ₹48,000 in the emergency fund, but then they use ₹6,500 from it for a sudden doctor visit and repair bill.

How much more is now needed to restore the full 4-month emergency target?

1. ₹24,500

2. ₹27,000

3. ₹30,500

4. ₹32,000

**Answer Key: Option 3**

**Explanation:** Monthly essentials:

$$9000 + 5000 + 1500 + 1000 + 1500 = 18000$$

Four-month target:

$$18000 \times 4 = 72000$$

Emergency fund after sudden expense:

$$48000 - 6500 = 41500$$

More needed:

$$72000 - 41500 = 30500$$

So the family now needs ₹30,500 more.

## Question 37

### Insurance Plan Comparison

A family compares two travel-insurance plans for one trip.

Plan A

Premium = ₹1,200

Deductible = ₹1,000

Coverage = ₹50,000

Plan B

Premium = ₹1,700

Deductible = ₹200

Coverage = ₹50,000

During the trip, an approved covered loss of ₹8,000 happens.

Which plan leaves the family with the lower direct total cost for this trip, counting premium + deductible?

1. Plan A, by ₹300

2. Plan B, by ₹300

3. Plan A, by ₹500

4. Plan B, by ₹500

**Answer Key: Option 2**

**Explanation:** For Plan A:

$$1200 + 1000 = 2200$$

For Plan B:

$$1700 + 200 = 1900$$



Difference:

$$2200 - 1900 = 300$$

So Plan B is better by ₹300 in this claim situation.

### Question 38

#### Ethical Giving With Conflicting Data

A school committee compares four charities before donating fundraiser money.

Charity A

Claims 92% goes to programs

No audited reports

No clear project outcomes

Charity B

80% to programs

Audited financial statements

Quarterly project reports

Public board oversight

Charity C

Claims 95% to programs

Accepts payments only to a personal wallet

No verified identity

Charity D

Gives a short brochure

No audited report

No spending breakdown

Which is the most responsible giving choice?

1. Charity A

2. Charity B

3. Charity C

4. Charity D

#### Answer Key: Option 2

**Explanation:** Ethical giving should judge:

transparency

accountability

reporting

verified structure

evidence of outcomes

So Charity B is the strongest choice, even though its program percentage is lower than some unsupported claims.

### Question 39

#### Zero-Based Budget + Refund + Overspend

A student builds this zero-based budget from ₹9,000:

Rent share = ₹2,500

Utilities = ₹600

Transport = ₹700



Groceries = ₹1,400  
Data plan = ₹300  
Study = ₹900  
Giving = ₹300  
Emergency fund = ₹1,000  
Entertainment = ₹500  
Savings = ₹800  
During the month:  
Utilities become ₹650  
Transport becomes ₹620  
Groceries become ₹1,560  
Entertainment becomes ₹580  
all other categories stay unchanged  
and the student receives a ₹200 refund from a canceled activity  
What is the final result?

1. Exactly on budget

2. ₹50 under budget

3. ₹10 over budget

4. ₹100 over budget

**Answer Key: Option 3**

**Explanation:** New available total:

$$9000 + 200 = 9200$$

Actual total outflow:

$$2500 + 650 + 620 + 1560 + 300 + 900 + 300 + 1000 + 580 + 800 = 9210$$

So the student is:

$$9210 - 9200 = 10$$

That means the student is ₹10 over budget.

## Question 40

### Event Budget With Income Drop and Protected Categories

A student council creates an event budget of ₹18,000:

Venue = ₹6,000

Supplies = ₹3,500

Transport = ₹2,200

Scholarship donation = ₹2,000

Emergency reserve = ₹1,300

Refreshments = ₹1,500

Media = ₹1,500

Later:

sponsor support falls by ₹1,200, so only ₹16,800 remains available

transport rises to ₹2,500

supplies fall to ₹3,200

media falls to ₹1,400

all other categories stay the same

The council wants to protect venue, transport, scholarship donation, and emergency reserve.



What is the minimum total reduction still needed from the remaining flexible categories to stay within the new available money?

- |           |           |
|-----------|-----------|
| 1. ₹900   | 2. ₹1,000 |
| 3. ₹1,100 | 4. ₹1,200 |

**Answer Key: Option 3**

**Explanation:** New total spending plan:

$$6000 + 3200 + 2500 + 2000 + 1300 + 1500 + 1400 = 17900$$

Available money is now ₹16,800.

So the remaining gap is:

$$17900 - 16800 = 1100$$

So ₹1,100 more must still be reduced from flexible categories.

## Section 5 — Higher-Order Finance Reasoning

### Question 41

#### Internship Pay, Deductions, and Final Credit

A student works during an international youth policy summit and receives this finance summary:

Gross stipend: ₹18,000

Tax withholding: 12%

Social contribution deduction: 3%

Digital processing fee: ₹200

Travel reimbursement added later: ₹400

The student asks, "How much money will finally reach my account?"

- |            |            |
|------------|------------|
| 1. ₹15,400 | 2. ₹15,640 |
| 3. ₹15,300 | 4. ₹15,500 |

**Answer Key: Option 4**

**Explanation:** Tax withholding:

$$12\% \text{ of } 18000 = 2160$$

Social contribution:

$$3\% \text{ of } 18000 = 540$$

After deductions:

$$18000 - 2160 - 540 - 200 = 15100$$

Now add reimbursement:

$$15100 + 400 = 15500$$

So the final credited amount is ₹15,500.

### Question 42



### Which Store Is Really Cheaper?

A student compares the same math-learning device cover in two countries.

Store A

Base price = ₹2,800

Student discount = 10% before tax

VAT = 15% after discount

Store B

Sticker price = ₹2,920 with tax included

Loyalty cashback after purchase = ₹30

Which statement is correct?

1. Store A is cheaper by ₹8

2. Store B is cheaper by ₹8

3. Both stores cost the same in the end

4. Store A is more expensive by ₹30

**Answer Key: Option 2**

**Explanation:** For Store A:

Discount:

$$10\% \text{ of } 2800 = 280$$

Discounted price:

$$2800 - 280 = 2520$$

VAT:

$$15\% \text{ of } 2520 = 378$$

Final price:

$$2520 + 378 = 2898$$

For Store B:

$$2920 - 30 = 2890$$

So Store B is cheaper by ₹8.

### Question 43

#### Budget Sheet With a Refund

A Grade 8 student makes a zero-based monthly budget from ₹14,000:

Rent share = ₹4,200

Transport = ₹900

Food = ₹2,400

Phone = ₹500

Study = ₹1,100

Savings = ₹2,500

Giving = ₹400

Leisure = ₹800

Miscellaneous = ₹1,200

At month-end:

transport becomes ₹850

food becomes ₹2,600

study becomes ₹1,250

leisure becomes ₹650



miscellaneous becomes ₹900  
all other categories stay the same  
and the student receives a ₹300 refund from a cancelled school activity  
If the student keeps the planned savings unchanged, what is the final result?

- |                         |                         |
|-------------------------|-------------------------|
| 1. Over budget by ₹150  | 2. Exactly on budget    |
| 3. Under budget by ₹450 | 4. Under budget by ₹300 |

**Answer Key: Option 3**

**Explanation:** Available money becomes:

$$14000 + 300 = 14300$$

Actual total including planned savings:

$$4200 + 850 + 2600 + 500 + 1250 + 2500 + 400 + 650 + 900 = 13850$$

Difference:

$$14300 - 13850 = 450$$

So the student is ₹450 under budget.

## Question 44

### Card Statement With a Return

A parent's credit-card statement shows:

Previous unpaid balance: ₹7,000

New purchase 1: ₹4,500

New purchase 2: ₹2,500

Merchandise return: ₹1,000

Payment made by due date: ₹6,000

APR: 24%, so monthly rate = 2%

If no new purchases happen after this, what is the approximate next statement balance?

- |           |           |
|-----------|-----------|
| 1. ₹7,000 | 2. ₹7,100 |
| 3. ₹7,140 | 4. ₹7,200 |

**Answer Key: Option 3**

**Explanation:** Balance before finance charge:

$$7000 + 4500 + 2500 - 1000 - 6000 = 7000$$

Monthly finance charge:

$$2\% \text{ of } 7000 = 140$$

Next balance:

$$7000 + 140 = 7140$$

So the approximate next balance is ₹7,140.

## Question 45

### Debit Now or Credit Later?



A student buys a workshop registration package costing ₹12,000 plus 5% tax.

Final checkout amount:

$$12000 + 5\% \text{ of } 12000 = 12600$$

The student can:

pay now using a debit card, or

put it on a credit card and delay full payment for 1 month

The credit card charges 2% for that month.

Which statement is correct?

1. Delaying full credit payment raises the total cost to ₹12,852, which is ₹252 more than paying now by debit

2. The total stays ₹12,600 because tax already covers the finance charge

3. Delaying payment adds only ₹126

4. Debit becomes more expensive because the money leaves the account immediately

**Answer Key: Option 1**

**Explanation:** Monthly finance charge:

$$2\% \text{ of } 12600 = 252$$

Total if delayed by credit:

$$12600 + 252 = 12852$$

So delaying the payment makes the cost ₹252 higher.

## Question 46

### Which Charity Is the Most Trustworthy?

A student council compares four organizations before donating money from an international fundraiser.

Group A: claims 90% goes to programs, but has no audited report and no project updates

Group C: claims 95% goes to programs, but accepts donations only to a personal QR code and gives no registration details

Group D: gives a short poster but refuses to share financial breakdowns

Group B: shows audited reports, explains its budget clearly, and publishes result updates even though only 78% goes directly to programs

Which choice is the most responsible?

1. Group A

2. Group C

3. Group D

4. Group B

**Answer Key: Option 4**

**Explanation:** Ethical giving should use more than one test:

transparency,

accountability,

verified reporting,

evidence of outcomes.

So Group B is the most responsible choice, even if its program percentage is not the highest claimed.

## Question 47



### Fundraiser Revenue, Event Fee, and Revised Plan

A school eco-club sells reusable kits and earns:

Gross sales revenue: ₹24,000

Platform/event fee: 8% of gross sales

After the event fee, the club originally plans to use the net amount like this:

Restocking = ₹9,000

Savings for next drive = ₹5,500

Donation = ₹4,000

Volunteer snacks = ₹1,500

Emergency reserve = ₹1,500

Media = ₹580

Later:

restocking rises by ₹420

media falls by ₹80

volunteer snacks fall by ₹100

If the club wants to keep savings and donation unchanged, what is the correct conclusion?

1. The revised plan is ₹240 under budget

2. The revised plan is ₹240 over budget, so another flexible category must fall by ₹240

3. The revised plan is still exactly balanced

4. Donation must be removed entirely

#### Answer Key: Option 2

**Explanation:** First find net revenue:

8% of 24000 = 1920  
8% of 24000 = 1920  
8% of 24000 = 1920  
24000 - 1920 = 22080  
24000 - 1920 = 22080  
24000 - 1920 = 22080

The original plan totals ₹22,080, so it was balanced.

Now apply changes:

Restocking: + 420

Media: -80

Snacks: -100

Net change:

420 - 80 - 100 = 240

So the revised plan is ₹240 over budget.

## Question 48

### Net Tutoring Income and Remaining Savings

A student earns money from online tutoring:

Gross tutoring income: ₹5,000

Tax withholding: 10%

Platform service fee: ₹100

That same month, the student buys:

a reference book costing ₹1,800 before tax

10% consumption tax applies to the book

a monthly data pack for ₹620

How much remains for savings?



1. ₹1,600

2. ₹1,700

3. ₹1,800

4. ₹1,900

**Answer Key: Option 3**

**Explanation:** Withholding tax:

$10\% \text{ of } 5000 = 500$

Net after tax and fee:

$5000 - 500 - 100 = 4400$

Book cost after tax:

$10\% \text{ of } 1800 = 180$   
 $10\% \text{ of } 1800 = 180$   
 $10\% \text{ of } 1800 = 180$   
 $1800 + 180 = 1980$   
 $1800 + 180 = 1980$   
 $1800 + 180 = 1980$

Now subtract purchases:

$4400 - 1980 - 620 = 1800$

So ₹1,800 remains for savings.

## Question 49

### Income Falls and Budget Pressure Rises

A student planned a zero-based budget from ₹16,000:

Rent share = ₹5,000

Utilities = ₹1,200

Transport = ₹1,000

Food = ₹2,600

Study = ₹1,500

Savings = ₹2,500

Giving = ₹500

Leisure = ₹900

Miscellaneous = ₹800

But actual income falls to ₹15,300. At the same time:

food rises to ₹2,900

leisure falls to ₹700

miscellaneous falls to ₹600

all other categories stay the same

If the student refuses to use a credit card, what is the best conclusion?

1. Savings can stay at ₹2,500 because leisure and miscellaneous fell

2. Savings fall to ₹1,900 unless more flexible cuts are made

3. The income drop does not matter because the budget was zero-based

4. The student should immediately borrow the shortfall on a credit card

**Answer Key: Option 2**

**Explanation:** Actual non-savings categories:

$5000 + 1200 + 1000 + 2900 + 1500 + 500 + 700 + 600 = 13400$

Income = ₹15,300

So savings left:

$15300 - 13400 = 1900$

That means savings fall to ₹1,900 unless other categories are revised further.

**Question 50****Minimum Payment Trap**

A student's parent makes an online purchase of ₹8,000 on a credit card. By the due date, only a ₹1,000 minimum payment is made. The card charges 2% per month on the unpaid balance.

Which statement is most accurate?

- |  |   |
|--|---|
| <b>1.</b> The next balance will be ₹7,000, and minimum payment avoids finance charges              | <b>2.</b> The next balance will be ₹7,100, so the finance charge is only ₹100               |
| <b>3.</b> The next balance will be ₹7,200, which shows why minimum payments can quickly clear debt | <b>4.</b> The next balance will be ₹7,140, and paying the full statement is the safer habit |

**Answer Key: Option 4**

**Explanation:** Unpaid balance:

$$8000 - 1000 = 7000$$

Monthly finance charge:

$$2\% \text{ of } 7000 = 140$$

Next balance:

$$7000 + 140 = 7140$$

So the next balance is ₹7,140, which shows why carrying a balance can keep debt growing.



## Answer Key Summary

Quick-check grid for teachers and reviewers

Q1-Q10	Q11-Q20	Q21-Q30	Q31-Q40	Q41-Q50
1. 2	11. 2	21. 1	31. 1	41. 4
2. 3	12. 2	22. 3	32. 3	42. 2
3. 1	13. 1	23. 2	33. 2	43. 3
4. 4	14. 3	24. 4	34. 3	44. 3
5. 2	15. 4	25. 2	35. 3	45. 1
6. 3	16. 2	26. 2	36. 3	46. 4
7. 2	17. 1	27. 1	37. 2	47. 2
8. 4	18. 3	28. 3	38. 2	48. 3
9. 2	19. 2	29. 3	39. 3	49. 2
10. 1	20. 4	30. 1	40. 3	50. 4