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State	Finished
Completed on	Saturday, 10 April 2021, 12:45 PM
Time taken	44 mins 53 secs
Grade	7.5 out of 15.0 (50%)

Question **1**

Complete

Mark 1.5 out of 1.5

12. What is a payback period ?

payback period refers to amount of time it takes to recover cost of an investment i.e, the period within which investment is taken back

An investment can have either short or long payback period. A shorter payback period is better as risk level associated with initial investment cost is only for a shorter period of time

payback period = initial investment cost / cash inflow for that period

Question **2**

Complete

Mark 1.0 out of 1.5

4. What is the impact of a higher Debt Equity Ratio ?

High debt equity ratio indicates that an organization uses debt to finance its expenses and growths

this case may occur when companies invest in assets more

shareholders dont prefer such companies as it may not be able to repay its debt

thus high debt equity ratio implies higher risk and that company is financing its growth with debt

Question **3**

Complete

Mark 0.0 out of 1.5

16. How do donations by an assessee is being treated for the purposes of calculating income tax ?

donations made to relief funds and charitable institutions can be claimed as a deduction but all donations are not eligible for deduction.

only donations made to prescribed funds qualify as a deduction and a taxpayer or any firm can claim it as deduction

Question **4**

Complete

Mark 0.5 out of 1.5

2. What is the difference between operating profit, cash profit and net profit ?

Operating profit is the income after paying all expenses and costs paid by the company in running the business

operating profit = gross profit-operating expenses

Cash profit is the net change in cash from the cash receipts and payments during a reporting period

Net profit is the difference between total revenue and cost of goods sold

Question **5**

Complete

Mark 1.5 out of 1.5

9. What is the difference between a cheque and a Bank Draft ?

Cheque is a written document which contains an order to the bank to pay a certain sum of money to a specified person, its Done by account holder to the bank

Demand draft is issued by bank in favour of a person or entity to transfer money from one place to another,its done by branch of a bank to another branch of same bank

Question **6**

Complete

Mark 0.0 out of 1.5

8. How will you arrive at Earning Per Share ?

It can be defined as share of company's profit that is distributed to each share of stocks

higher EPS reflects grater profitability from company and its overall ventures

$$\text{EPS} = (\text{net income} - \text{preferred dividends}) / \text{common shares outstanding}$$

Question **7**

Complete

Mark 0.5 out of 1.5

11. State the deductions available against salary income under Indian Income Tax Act

Exemption of house rent allowance

food coupons

Leave travel allowance

standard deduction

medical insurance deduction

mobile reimbursement

Question **8**

Complete

Mark 1.0 out of 1.5

5. What is Machine Hour Rate ?

The total cost needed to run a machine per hour is called machine hour rate

Its obtained by dividing total running expenses of a machine during a particular period by number of hours the machine is estimated to work during that period

Question **9**

Complete

Mark 0.5 out of 1.5

10. Name different types of general insurance coverages / policies in India

Health insurance

Travel insurance

Home insurance

Motor insurance

Property insurance

Life insurance

Question **10**

Complete

Mark 1.0 out of 1.5

15. What is Tax Deduction at Source ?

Tax deduction at source(TDS) was introduced by the Income tax department with objective of collecting tax from the very source of income

Its a system where the person is responsible for making specified payments such as salary, commission, professional fees, interest, rent, etc, is subjected to deduct certain percentage of tax before making payment in full to the receiver of payment

The tax is to be deducted at the time of payment getting due or actual payment, whichever is earlier