QP Code: 22/PT/9/X(NEW)

## POST-GRADUATE COURSE

# Term End Examination — June, 2022/December, 2022 COMMERCE (New Syllabus)

# Paper-X: INTERNATIONAL ACCOUNTING & FINANCE (From January 2022 Enrolment Session)

Time: 2 hours | Full Marks: 50

Weightage of Marks: 80%

Special credit will be given for accuracy and relevance in the answer. Marks will be deducted for incorrect spelling, untidy work and illegible handwriting.

The weightage for each question has been indicated in the margin.

## Use of scientific calculator is strictly prohibited.

#### Module - I

Answer any *two* of the following questions :

 $12\frac{1}{2} \times 2 = 25$ 

- 1. (a) State the needs for International Accounting.
  - (b) Explain in brief the different factors which influence the development of international accounting.  $4 + 8\frac{1}{2}$
- 2. (a) State the objectives of OECD in framing accounting standards.
  - (b) Discuss any four benefits and any five disadvantages of Global convergence.  $4 + 8\frac{1}{2}$
- 3. (a) What do you mean by foreign currency translation? What are its objectives?
  - (b) Discuss any two Multiple Rate Methods of foreign currency translation. (3+3)+ $6\frac{1}{2}$
- 4. (a) What do you mean by safe harbour? State the significance of safe harbour rule in international transaction.
  - (b) State the importance of arm's length principle in international transaction.  $(3+3)+6\frac{1}{2}$

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#### Module - II

Answer any *two* of the following questions :  $12\frac{1}{2} \times 2 = 25$ 

- 5. (a) Explain the concept of exchange rate with example.
  - (b) What do you mean by Nostro, Vostro and Loro accounts?

 $6\frac{1}{2} + 6$ 

- 6. (a) State the features of foreign exchange market.
  - (b) An investor decides to create a bull spread by the way of buying a call option on a stock with an exercise price of Rs. 100 and for a premium of Rs. 5/share and selling a call option with exercise price of Rs. 110 and premium of Rs. 2/share. Calculate the profit/loss if on the settlement day spot prices of the security is (i) Rs. 95, (ii) Rs. 106 and (iii) Rs. 113. Also calculate Break-Even Point (BEP).
- 7. (a) Discuss the concept of covered interest rate parity. How does it differ from uncovered interest rate parity?
  - (b) The rupee \$ exchange rate now is rupees 45 per \$. Expected inflation rate in India is 5% and that of US is 4%. What will be the spot rate? Also show that purchasing power parity holds.

 $(3 + 3\frac{1}{2}) + 6$ 

- 8. (a) Explain the concept of forward market hedge.
  - (b) Write short notes on Leading, Lagging and Netting.  $6\frac{1}{2} + 6$