

**M.Com. Part-I Examination, 2021 (DDE)**

**Subject: Commerce**

**Paper: 9**

**(International Business and Finance)**

**Time: 2 Hours**

**Full Marks: 40**

*The figures in the margin indicate full marks.  
Candidates are required to give their answers in their own words  
as far as possible*

Answer any four questions

10x4=40

1. “A country will enjoy a comparative advantage in the production of that commodity which requires a relatively large amount of its abundant factor production” Discuss this statement. 10
2. Explain the concept of regional economic cooperation? Also discuss the different forms of regional cooperation? (5+5)
3. (a) Explain the mechanism of devaluation.  
  
(b) Graphically illustrate the mechanism of balance of payments adjustment under flexible exchange rate. (5+5)
4. Give a brief historical account of the rise and fall of the gold standard in the context of the international monetary system. 10
5. Explain the features of a foreign exchange market. 10
6. Distinguish between call and put options. Enumerate situations when the holder of such options would like to exercise his option. Use appropriate examples to explain your answer. 10

**M.Com. Part-I Examination, 2021 (DDE)**

**Subject: Commerce**

**Paper: 10**

**(Advanced Financial Accounting)**

**Time: 2 Hours**

**Full Marks: 40**

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words  
as far as possible*

**Answer any four questions**

**10x4=40**

1. From the following abridged Balance Sheets as on March, 31,2021 and additional information calculate Goodwill (or Capital Reserve) and Reserves & Surplus for the group. You are not required to prepare a Consolidated Balance Sheet.

	<b>X Ltd. Rs.</b>	<b>Y Ltd. Rs.</b>	<b>Z Ltd. Rs.</b>
<b>Equity and Liabilities</b>			
Equity Share Capital (shares of Rs. 100 each)	150000	100000	60000
Reserves	20000	10000	7500
Profit and Loss	50000	30000	25000
Sundry Creditors	20000	25000	15000
X Ltd.	-	10000	8000
<b>Total</b>	<b>240000</b>	<b>175000</b>	<b>115500</b>
<b>Assets</b>			
Goodwill	20000	15000	10000
Property, Plant and Equipment	70000	50000	60000
Investment in Shares of:			
Y Ltd.(750 shares)	90000	-	-
Z Ltd.(100 shares)	15000	-	-
Z Ltd.(350 shares)	-	52000	-
Current Assets	25000	58000	45500
Due from : Y Ltd.	12000	-	-
: Z Ltd.	8000	-	-
<b>Total</b>	<b>240000</b>	<b>175000</b>	<b>115500</b>

Additional Information:

- i) All shares were acquired on 01.10.2020.
- ii) On 1.4.2020 the following balances were:

	X Ltd. Rs.	Y Ltd. Rs.	Z Ltd.
Reserves	10000	10000	5000
Profit and Loss	5000	5000 (Dr.)	3000

iii) In November 2020, each company declared and paid an interim dividend of 10%. X Ltd. and Y Ltd. credited their Profit and Loss Account with the dividends received. During 2020-2021, Z Ltd. fabricated a machine costing Rs. 10000 which it sold to Y Ltd. for Rs. 12000, Y Ltd. then sold the machine to X Ltd., for Rs. 13000, the transactions were completed on 31.03.2021.

(10)

- 2. On 1st April 2021, an 8% convertible loan with a nominal value of Rs. 600000 was issued at par. It is redeemable at par on 31.03.2025. Alternatively, it may be converted into equity shares on the basis of 100 new shares for each Rs. 200 worth of loan. An equivalent loan without the conversion option would have carried an interest at 10%. Interest of Rs. 48000 has already been paid and included as a finance cost. Present value rates are as follows:

Year End	@ 8%	@ 10%
1	0.93	0.91
2	0.86	0.83
3	0.79	0.75
4	0.73	0.68

Compute Equity and Debt components and prepare the Debt Component Account for the year 2021-22.

(10)

A railway station had to be replaced by another. The station was built in 1986 at a cost of Rs. 6000000. The new station to be built in 2021 at a cost of Rs.32000000. The prices of materials between 1986 and 2021 have risen to 250% and that of the labour have trebled. The proportion of materials and labour in the old station was 2:3. Sale proceeds of old materials were Rs. 1500000. Pass necessary journal entries and show the amount to be written off and capitalized.

(10)

- 3. Discuss in brief the procedure for preparing the Financial Statements by a Life Insurance Business. (10)
- 4. Enumerate preferential payments in case of winding up of a joint stock company. (10)
- 5. Discuss Accounting under Indian GAAP of property, plant and equipment. (10)