



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR THE MATER OF BUSINESS
ADMINISTRATION
4th YEAR 2nd SEMESTER 2016/2017 ACADEMIC YEAR
MAIN CAMPUS REGULAR

COURSE CODE: ABA 419

COURSE TITLE: INTERNATIONAL FINANCE

EXAM VENUE;

STREAM: FINANCE

DATE;

EXAM SESSION:

TIME: 2 HOURS

Instructions:

- 1. Answer question ONE and any other TWO questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

Question one.

- (a) The World Bank was formed at a time when there was a need to strengthen the world economic system. Explain the role of the world bank as an international financial agency (12 marks)
- (b) Present the concept and scope of international inventory management(10 marks)
- (c) Write notes on the following
- i. Global Depository Receipt (4 marks)
 - ii. American Depository Receipt (4 marks)

Question two

- (a) Global finance involves search for finance that does not stop at national borders or boundary lines but spans around and goes beyond national boundaries. Make a distinction between Direct and Indirect Global Finance giving example of each (8 marks)
- (b) International Investment refer to investment by entities of investment across the global (12 marks)

Question three

- (a) International Working Capital management is essential in deciding as to overall size of working capital the mix of working capital assets, mix of financing of working capital assets and spread of generating cycle. What factors determine the working capital of an MNC? (10 marks)
- (b) Differentiate between the following with regard to international financing;
- i. Eurocurrency loan and Eurobond (5 Marks)
 - ii. Foreign bond and Eurobond (5 Marks)

Question four

- (a) What are the distinguishing features of foreign exchange markets as compared to commodities markets for determination of price as an intersection of demand and supply schedules (10 Marks)
- (b) Risk identification and mitigation is very crucial for economic development of a nation. Identify the process of political risk management by an MNC (10 Marks)

Question five

- (a) Differentiate between spot and forward transactions in foreign exchange market (7 Marks)

(b) Explain International Finance. Why is it important to study international finance in management schools? (7 Marks)

(c) What do you understand by the following terms in relation to foreign exchange rates

- i.** Transaction exposure (2 Marks)
- ii.** Economic exposure (2 Marks)
- iii.** Transaction exposure (2 Marks)