



JARAMOGI OGINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

UNIVERSITY EXAMINATION FOR DEGREE OF BUSINESS

ADMINISTRATION WITH IT

4TH YEAR 2ND SEMESTER 2018/2019 ACADEMIC YEAR

MAIN

COURSE CODE: ABA 419

COURSE TITLE: INTERNATIONAL FINANCE

EXAM VENUE: STREAM (BBA)

DATE: 15/4/19

EXAM SESSION: 12.00 – 2.00PM

TIME: 2.00 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) Define international finance and describe its scope. (6 marks).
- (b) Explain types of exchange rate regimes in practice in the global economy. (6 marks)
- (c) MNCs mainly engage in international acquisitions as a means of penetrating a foreign market outline the essentials of international acquisitions. (6 marks).
- (d) Explain the concept of International capital budgeting in international finance. (6 marks)
- (e) Outline the determinants of exchange rate of a country. (6 marks)

QUESTION TWO.

- (a) (i) Explain the meaning of BOT in international trade. (3 marks).
- (ii) Describe the Causes of current account deficit among nations. (7 marks).
- (b) Evaluate the Role of international financial institutions in the economy. (10 marks).

QUESTION THREE.

- (a) (i) Describe the Concept of comparative advantage (5 marks).
- (ii) Outline how MNCs are exploiting market imperfections. (5 marks).
- (b) (i) Explain the meaning of FDI in international trade. (2 marks).
- (ii) Differentiate between controlled and uncontrolled FDI. (8 marks).

QUESTION FOUR.

- (a) (i) Define the term international capital budgeting. (3 marks).
- (ii) Describe the Factors to consider in Multinational Capital Budgeting process. (7 marks).
- (b) In the quest for sourcing for equity globally, MNCs can choose to cross-list its shares on foreign stock exchanges. For example Equity bank has cross-listed its shares in the Ugandan stock exchange. Why should an MNC cross-list its shares? (10 marks).

QUESTION FIVE.

Explain the following terms as used in international finance.

- (i) Forward exchange contracts (5 marks).
- (ii) Future contracts. (5 marks).
- (iii) Currency options. (5 marks).
- (iv) Currency swaps. (5 marks).