

## School of Business and Economics

### Jaramogi Oginga Odinga University of Science and Technology

ABA 419: INTERNATIONAL FINANCE

Course outline: MAY-SEPT 2014

Instructor: Bosire J. Areri

Class meets: Saturday

Time: 7.00- 10.00 am

Room: LR 14

#### Course Description:

#### Expected Learning Outcomes:

At the end of the learning exercise, the learner is expected to:

- 1) Understand the use of international finance in day to day business problems
- 2) Demonstrate a concise understanding of international finance
- 3) Understand the behaviour of principles of international finance
- 4) Demonstrate an understanding of use of international finance law in solving business problems

#### Topics Covered:

Week	Topic	Total Contact Hours
One	Essence of the environment of international finance.	
Two	Foreign exchange market Exposure management	
Three	Parity conditions	
Four	currency forecasting	
Five	international financing loan syndication project financing	
Six		
Seven	international financial markets	

<b>Eight</b>	multinational working capital management <ul style="list-style-type: none"> <li>• international investment management</li> <li>• political and county risk analysis</li> <li>•</li> </ul>	
<b>Nine</b>	<ul style="list-style-type: none"> <li>• multinational capital budgeting</li> <li>• working capital solutions</li> <li>• issues on working capital management</li> </ul>	
<b>Ten</b>	currency futures and options	
<b>Eleven</b>	financial innovations	
<b>twelve</b>	consolidated accounts	
<b>total</b>		

**Teaching Methodology:**

Lectures, class discussions and case analysis

**Assessments:**

Assignments                    20%

Sit in cat                        20%

Semester exams                60%

**Required Reading:**

1. Alan Shapiro; *Multinational Financial Management* 7<sup>th</sup> edition J.Wiley & sons
2. David k. Eiteman (2004); *Multinational Business Finance* 10<sup>th</sup> edition addison wesley

Signed: \_\_\_\_\_

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CIMRD

DEAN SBLs

**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND  
TECHNOLOGY**

**UNIVERSITY EXAMINATIONS 2013/2014**

**4<sup>th</sup> YEAR 2<sup>nd</sup> SEMESTER EXAMINATIONS FOR THE**

**DEGREE IN BACHELOR OF BUSINESS ADMINISTRATION**

**KISII - LEARNING CENTRE**

**COURSE CODE: ABA 419**

**TITLE: INTERNATIONAL FINANCE**

**INSTRUCTIONS**

- 1. This paper contains five (5) questions.**
- 2. Answer question one (compulsory) and any other 2 questions.**
- 3. Write all answers in the booklet provided.**

**Question one**

- Differentiate between risk management and exposure management. (4marks)
- Define the term financial market and state their roles. (6marks)
- Explain five factors considered in multinational budgeting. (10marks)
- Explain three uses of working capital in an organisation. (10marks)

**Question two**

- Define foreign exchange exposure. (3marks)
- Explain three types of exposures. ( 9 marks)
- Explain four documents used in a syndicated loan. (8marks)

**Question three**

- Describe the functions of the following documents as used in international trade.( 12marks)
  - Letter of credit

ii) Draft

iii) Bill of lading

b) Explain the main functions of foreign exchange market. (8 marks)

**Question four.**

a) Differentiate between foreign currency futures contract and foreign currency option.(4marks)

b) Highlight any four standard methods that can be used to hedge transaction exposure.(8 marks)

c) Explain four determinants of exchange rate. (8marks)

**Question five**

i) Define exchange rate forecasting. (2marks)

ii) Explain how political conditions prevailing in a nation could affect the international market foreign exchange. (10marks)

iii) List and explain four parties to a project financing. (8marks)