

GVM'S GGPR College of Commerce & Economics, Ponda Goa
M.Com Semester-III Examination-November 2022
COO331-International Financial Management

Duration-03 Hours

Max. Marks: 60

- Instructions: 1. This paper consists of *nine (9)* questions carrying equal marks.
2. Question *No. 1* is compulsory.
3. Answer any *five (5)* questions from 2,3,4,5,6,7,8 and 9.
4. Each question carries *10 marks*. Figures to the right indicate full marks.

Q.1. Answer any five questions from the following: (5x2=10 marks)

- a) Explain any two major currencies of the world.
- b) Explain the concept of ADR with the help of an example.
- c) What is bank financing?
- e) Explain the concept of Capital Structure.
- f) What is foreign direct investment?
- g) What is direct and indirect quote in foreign exchange?

Q.2. Answer the following questions: (2x5=10 marks)

- a) Difference between Fixed and Flexible exchange rate system.
- b) Explain the Growth of International Finance.

Q.3. Answer the following questions: (2x5=10 marks)

- a) Describe the advantages & disadvantages of Equity & Bond Financing.
- b) State and explain the methods of Capital Budgeting.

Q.4. Answer the following questions:- (2x5=10 marks)

- a) Explain the different types of participants in Foreign exchange market.
- b) Explain the various factors affecting the Foreign exchange rate.

Q.5. Answer the following questions:- (2x5=10 marks)

- a) What is Foreign exchange market? Explain its various features.
- b) Describe the Futures and Forward Currency derivatives.

Q.6. Answer the following questions:- (2x5=10 marks)

- a) Difference between Domestic and International Financial Management.
- b) Explain the advantages & disadvantages of Centralized cash management.

Q.7. Find out the translation loss/gain by using Current/Non-current method & Monetary/Non-monetary method on the basis of the following data supplied by the Indian subsidiary to its parent company in the USA. **(10 marks)**

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Current Liabilities	200	Cash	100
Share Capital	500	Bills receivables	150
Debentures	100	Debtors	400
Retained earnings	200	Inventory (market value)	150
		Land	100
		Plant	100

Historical rate: Rs. 50/US \$, Current rate: Rs. 55/US \$

Q.8. a) ABC co. exports 1000 units of smart TV at a price of U.S \$200 per unit to U.S.A. The company is importing 1000 units at a price of Canadian \$150 per unit. The exchange rates are currently at Rs.35/U.S \$ and Rs.35/ Canadian \$. Labour costs are Rs. 300 per piece while other variable overheads add up to Rs. 700 per piece. Assuming that the receipts & proceeds will be executed after 3 months, Calculate the transaction gain/loss due to the transaction exposure of the exchange rate change to Rs.38/U.S \$ and Rs.39/ Canadian \$. **(7 marks)**

b) What is Cross border Merger & Acquisitions? State its various benefits. **(3 marks)**

Q.9. Answer the following questions: **(2x5=10 marks)**

- a) Explain the different types of Foreign exchange exposure.
- b) Describe the scope of International Finance.
