

Code: 9E00404a

MBA IV Semester Regular & Supplementary Examinations, June 2012

INTERNATIONAL FINANCIAL MANAGEMENT

(For students admitted in 2009 - 10 & 2010 - 11 only)

Time: 3 hours

Max Marks: 60

Answer any FIVE questions

All questions carry equal marks

1. Exchange rates : Can \$ 0.665 per DM (spot)
Can \$ 0.670 per DM (3 months)
Interest rates: DM 7% p.a
Can \$ 9% p.a
Calculate the arbitrage gain possible from the above data.
2. How does balance of payments accounting establish a link between national economy and international activities?
3. How did the US position of the BOP influence the whole international monetary system under the Brettonwood system?
4. What different methods are used to calculate transaction exposure?
5. What are the major cash outflows and cash inflows associated with a foreign project?
6. "If the parents cost of capital is 12%, its equity investment in a subsidiary therefore is equivalent to 12%. Do you agree? If not, why not?"
7. Define working capital. Discuss the decisions that need to be made in managing working capital.
8. What is the relation between international finance corporation and international monetary fund?
