

Q.P. Code : 61343

**Fourth Semester M.B.A.(Day) Degree Examination,
September/October 2020**

(CBCS Scheme – 2014-15 onwards)

Management

Paper 4.2.2/4.6.2 – INTERNATIONAL FINANCIAL MANAGEMENT

Time : 3 Hours]

[Max. Marks : 70

SECTION – A

Answer any **FIVE** questions from the following. Each question carries **5** marks :
(5 × 5 = 25)

1. List and briefly explain the various exchange rate regimes.
2. What is 'Balance of Payments'? Explain its relationship with the different economic variables.
3. Compare and contrast Domestic and Off shore financial markets.
4. Farm products is the Canadian affiliate of a US manufacturing company. Its B/S in thousands of Canadian \$, for January 1 2018 is shown below. The January 1 exchange rate was C\$ 1.75/\$.

| Assets | C\$. | Liabilities and Net worth | C\$ |
|-------------------------|------------------|---------------------------|------------------|
| Cash | 600,000 | Accounts payable | 350,000 |
| Accounts Receivable | 450,000 | Short term Bank loan | 150,000 |
| Inventory | 450,000 | Long term loan | 400,000 |
| Net plant and equipment | 1,000,000 | Capital stock | 1,000,000 |
| | | Retained earnings | 600,000 |
| | <u>2,500,000</u> | | <u>2,500,000</u> |

Determine Farm Products accounting exposure on Jan 2019, using Current rate method and Monetary and Non-monetary method.

Calculate farm products contribution to its parent's accounting loss if the exchange rate on December 31, 2018 was C\$1.95 per \$. Assume all accounts remain as they were at the beginning of the year.

5. On June 05, 2020, a Bank quotes the following :
Spot Exchange Rate (US \$1) INR 66.5525/INR 67.5945
2 months' swap points 70/90

