

(A-16)

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SARDAR PATEL UNIVERSITY
B.B.A. (ITM) SEMESTER: VIII EXAMINATION

2016

Wednesday, 13th April

02:30 P.M. To 04:30 P.M.

UM08EBBI03: FUNDAMENTALS OF INTERNATIONAL FINANCE - II

Total Marks: 60

- Note: 1. Figure to the right indicate full marks of question.
2. All questions carry equal marks.
3. Working notes are the part of answer.

Q-1 Explain any three issues in foreign investment analysis. [15]

OR

Q-1 (A) Define multinational capital Budgeting and basic frame work of capital budgeting. [09]

(B) Tax treatment of foreign source of income- Explain. [06]

Q-2 List out various techniques of capital budgeting for project evaluation and explain Pay Back Period and Net Present Value methods. [15]

OR

Q-2 SIYA Limited of Indian is planning to buy small aluminum plants in USA. The dollar cost of buying the aluminum plant is 50,000. Expected life of the plant is 5 years and it has no salvage value. The company uses the straight line method of depreciation and the same is allowed for tax purpose. Estimated earnings after taxes are \$ 5000 each year for 5 years. The spot rate is Rs. 60/\$ and it is expected that rupee is depreciated by 3%. [15]

Determine the Net Present Value of capital budgeting proposal. Will you accept the proposal if the required rate of return on such project is 11%?

Q-3 Discuss the characteristics that differentiate cost of capital of MNCs from domestic firms and cost of equity capital with examples. [15]

OR

Q-3 (A) The following information is taken from the books of RAM limited. [08]

Particulars	Amount (Rs.)	Specific Cost after tax (%)
Equity Capital	36,00,000	18.00
14% Pref. capital	4,00,000	14.00
20% Debentures	16,00,000	10.00
Retained Earning	24,00,000	17.00

(1)

(P.T.O.)

(B) Write a note on cost of debt with illustration. [07]

Q-4 What are the steps are taken by multinational corporation to manage cash and near cash assets? - Explain. [15]

OR

Q-4 (A) Explain the management of inventory in context of international working capital management. [09]

(B) International working capital management is more complex than the domestic working capital management. [06]

All the Best

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