

**SARDAR PATEL UNIVERSITY**  
**FOURTH YEAR B.B.A. (Honours) EXAMINATION**  
**SEMESTER VIII (ITM) (CBCS)(NC)**  
**THURSDAY, 11<sup>TH</sup> APRIL-2019**

2.00 pm to 4.00 pm

**UM08EBBI03 FUNDAMENTALS OF INTERNATIONAL FINANCE-II**

Marks: 60

- Q-1(a) Write short note on MNC capital budgeting, what are basic issues involve in it? [08]
- Q-1(b) Write short note on (a) Incorporating Country risk analysis in capital budgeting (b) Parent v/s Project cash flows, Issues involved in foreign investment analysis [07]
- OR**
- Q-1 Write short note on: (a) Expropriation (b) Exchange rate change & Inflation (c) Tax treatment of foreign source income, involved in foreign investment analysis [15]
- Q-2 Discuss the estimation of incremental cash outflows and incremental CFAT for subsidiary company and parent company in case of international capital budgeting decision. [15]
- OR**
- Q-2 Explain Importance and difficulties in preparation of MNC Budget decisions [15]
- Q-3 Give Meaning of Cost of Capital for MNC. Why Cost of capital across countries is different?. [15]
- OR**
- Q-3(a) Write Short note on (a) Cost of equity using CAPM (b) Adjusted Present Value Approach [08]
- Q-3(b) A Japanese MNC has its subsidiary in India. The subsidiary has issued 12 percent preference shares of the face value of Rs100, to be redeemed at year end 8. Flotation costs are expected to be 4 percent; these costs can be amortized for tax purposes during the 8 years a uniform rate. The corporate tax rate is 35 percent. Determine the cost of preference shares from the perspective of the subsidiary. [07]
- Q-4(a) Discuss the intra-flow of cash in the international scenario. [10]
- Q-4(b) Why is the management of working capital more complex in the international firm than in a domestic firm? [05]
- OR**
- Q-4 Write a note on the following in the context of international firms: [15]
- a. Steps in management of Cash and Near cash
- b Financing of Current Assets

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