



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **FIN2183 MULTINATIONAL FINANCE**
 Semester& Year : JANUARY – APRIL 2021
 Lecturer/Examiner : MR.RAVINDRAN RAMAN
 Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
 PART A (25 marks) : Answer all THREE (3) short answer questions. Answers are to be written in the Answer Booklet provided.
 PART B (75 marks) : Answer all FOUR (4) structured type answer questions. Answerare to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorised materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

Total Number of pages = 3 (Including the cover page)

PART A : SHORT ANSWER QUESTIONS (25 MARKS)

INSTRUCTION (S) : Answer all **THREE (3)** questions. Write your answers in the answer booklet(s) provided.

Question 1

Briefly define the following terms in the perspective of multinational finance:

(a) Foreign Exchange Rate (3 marks)

(b) Spot Market (3 marks)

(c) Forward Market (3 marks)

(Total 9 marks)

Question 2

Explain the exchange rate regime and the impact in the multinational financial operations.

(8 marks)

Question 3

Discuss the Law of One Price (LOOP) and how does it operates in the international financial market.

(8 marks)

END OF PART A

PART B : STRUCTURED ANSWER QUESTIONS (75 MARKS)

INSTRUCTION (S) : Answer all **FOUR (4)** questions. Write your answers in the answer booklet(s) provided.

Question 1

There are broad categories of participants in the foreign exchange market whom are liquidity seekers or profit seekers. Discuss **FIVE (5)** types of participants that involved in the market. **(25 marks)**

Question 2

(a) Explain the Fisher Effect Theory and its application in the multinational finance. **(10 marks)**

(b) Distinguish **FIVE (5)** differences between real interest rate and nominal interest rate. **(20 marks)**
(Total 30 marks)

Question 3

Discuss the **THREE (3)** ways for Multinational Corporations (MNC) in managing their foreign exchange exposure. **(10 marks)**

Question 4

Describe **FIVE (5)** characteristics of a future contract. **(10 marks)**

END OF QUESTION PAPER