



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 : MAY – AUGUST 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. Answers are 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 Market (3 marks)

(b) Spot Market (3 marks)

(c) Foreign Exchange Brokers (3 marks)

(Total 9 marks)

Question 2

Discuss the exchange rate regime and the impact on a country that has multinational financial operations.

(8 marks)

Question 3

Explain the Law of One Price (LOOP) theory in the perspective of international financial market operations.

(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 various categories of players in the foreign exchange market who are seeking for funds or profits. Discuss **FIVE (5)** types of players that involved in the foreign exchange market. **(25 marks)**

Question 2

(a) In December 1991, the members of the European Union met at Maastricht, the Netherlands, to finalize a treaty that changed Europe's currency future. This treaty set out to replace all individual ECU (European Community Union) currencies with a single currency called the euro. Explain **THREE (3)** affects on the market due to the formation of a single euro currency. **(10 marks)**

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

Question 3

Highlight **THREE (3)** foreign exchange exposures which might be encountered by Multinational Corporations (MNC) while dealing in international trading. **(10 marks)**

Question 4

"A futures contract is an agreement to buy or sell an underlying asset at a later date for a predetermined price. It's also known as a derivative because future contracts derive their value from an underlying asset." Base on the statement describe **FIVE (5)** characteristics of a future contract. **(10 marks)**

END OF QUESTION PAPER