



MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BANKING, ACCOUNTING & FINANCE

..... YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF COMMERCE

BAC 406: INTERNATIONAL FINANCIAL MANAGEMENT

DATE:

TIME:

INSTRUCTIONS: Attempt Question One and any other Two Questions

QUESTION ONE (20 MARKS)

- a) Discuss the importance of foreign exchange market in Kenya. (10 marks)
- b) Compare and contrast between forwards contracts and future contract. (10 marks)
- c) Bretton Woods system was rated as among the best exchange rate system regime. Describe how it functions and highlight its limitations. (10 marks)

QUESTION TWO (20 MARKS)

- a) World Bank plays a major role in developing countries like Kenya. Discuss its role in poverty reduction in under-developed and developing countries. (10 marks)
- b) Discuss the merits and demerits of opening Kenyan market to multi-national companies. (10 marks)

QUESTION THREE (20 MARKS)

- a) Describe the role of five participants in the forward markets. (10 marks)
- b) Illustrate the rationale for foreign investment. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Compare and contrast between options and the future contract. (10 marks)
- b) Discuss the leading and lagging strategies adopted by multinational companies. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Discuss the benefits of international finance in developing countries. (10 marks)
- b) Evaluate various factors that influence exchange rate for currency in Kenya. (10 marks)