

B.V. Patel Institute of Business Management, Computer & Information Technology
UkaTarsadia University
2nd Internal Exam

040170302- International Accounting and Financial Management

Class: M.COM (III)

Marks: 50

Date: 13th Oct, 2017

Time: 11:00-1:00

Q.1 Answer the following. (Any Five)

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1. What is meant by CAPM?
2. Define DCF.
3. Which are the five methods by which firms conduct international business activities?
4. Outline the different forms of investment permitted in India.
5. Write the inclusions of ECBs.
6. Give the comparison of cost taken by agency from International & domestic firms?

Q2. Answer the following. (Any Two)

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1. How is international financial management differing from domestic financial management?
2. Why do differences exist in the cost of capital across countries?
3. I) A firm with a corporate wide debt or equity ratio of 1:2, an after tax cost of debt of 7% and K_e of 15% is interested in pursuing a foreign project. The debt capacity of the project is the same as for the company as a whole but its systematic risk is such that the required return on equity is estimated to be about 12%. The after tax cost of debt is expected to remain at 7%.
What is the project weighted average cost of capital? How does it compare with the parents WACC?
II) Suppose that a foreign project has a Beta of 0.85 the risk free return is 12% and the required return on the market is estimated at 19%. What is the cost of capital for the project?

Q3. Answer the following. (Any Two)

1. Why should capital budgeting for the subsidiary projects be assessed from the parent company's perspective? Give reasons.
2. Write a note on ADRs.
3. Explain International Debt crisis.