

UGANDA MARTYRS UNIVERSITY, NKOZI CAMPUS

FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT

DEPARTMENT OF MANAGEMENT SCIENCE

ACADEMIC YEAR: 2023/2024 SEMESTER: ONE

COURSE CODE: IBM3101

COURSE UNIT: INTERNATIONAL BUSINESS FINANCE

BIBM III

DATE: Thursday, 14th December 2023

Time allowed: 3 Hours (9:30pm 12:30pm)

Instructions to Candidates:

Read the following before answering the examination questions.

- Do not write anything on this question paper
- Attempt four questions in all
- Start each question on a new page
- Credit shall be given for the citing relevant examples and illustrations where applicable.
- Number all your answers properly in both Section A and B

Question One

(a) what makes international business finance different from domestic business finance?

(5 marks)

(b) Outline any six challenges of international business financing to both the buyer and seller

(12 marks)

(c) During an interview for an International Business Manager at a new export company in Kampala, Gladys is tasked to describe the features of an international trade transaction by the Head of International Management. Describe any four such features you would expect from Gladys assuming that you were on the interview panel.

(08 marks)

Question Two

(a) How can you differentiate between capital expenditure financing and working capital financing for an exporter. Refer to specific examples

(05 marks)

(b) A car importing company located in Kampala would like to meet its financing needs given the finance constraints for both working capital and capital expenditure. Discuss the internal and external forms of financing the company can use to solve its financial constraints

(10 marks)

(c) Advise the company about the requirements it must meet for the different forms of external financing

(10 marks)

Question Three

(a) Discuss how any three of the following institutions are involved in the financing of international business transactions in Uganda

(a) Central Bank

(5 marks)

(b) Multinational Banks

(5 marks)

(c) Commercial Banks

(5 marks)

(d) Export – Import (EXIM) Banks

(5 marks)

(e) Factoring houses

(5 marks)

(b) There is a current move from traditional financing mechanisms to innovative means of financing international businesses. You are tasked as an International Business Expert to summarize to Small and Medium Exporters in Kampala on all the possible and existing innovative financing mechanisms which they can explore

(10 marks)

Question Four

- (a) Provide a distinction between short term finance and medium to long term financing (5 marks)
- (b) Examine any five determining factors for international business finance in Uganda (10 marks)
- (c) In what five ways can international businesses overcome challenges to financing? (10 marks)

Question Five

You have received an invitation from a District Agricultural Officer (DAO) in a remote district in Uganda to clarify to coffee farmers who have got an opportunity to export their produce to Europe. Describe how you will present on the following topics which the DAO has allocated to you to the satisfaction of the farmers

- (a) Main risks associated with international payments (8 marks)
- (b) The existing methods of international payments. (10 marks)
- (c) Documentary credits and how they are governed internationally? (7 marks)

Question Six

- (a) Distinguish between spot foreign exchange transactions and future foreign exchange transactions (5 marks)
- (b) Discuss any five roles financial markets play in foreign exchange transactions (10 marks)
- (c) Describe any five global events which may affect future contracts (10 marks)

END