



Kasarani Campus
Off Thika Road
Tel. 2042692 / 3
P. O. Box 49274, 00100
NAIROBI
Westlands Campus
Pamstech House
Woodvale Grove
Tel. 4442212
Fax: 4444175

KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR
FOURTH YEAR, FIRST SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCINENCE IN
(BUSINESS ADMNISTRATION)

SPECIAL EXAMINATION

Date: 13th August, 2024
Time: 11.30am – 1.30pm

KFI 401 MULTINATIONAL FINANCIAL MANAGEMENT

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) State three ways in which multinational operations differ from domestic firms. (6 Marks)
- b) Briefly describe the three types of foreign exchange exposures that multinational firms face in international trade. (6 Marks)
- c) The decision to trade across borders is not taken lightly by firms. Highlight any three reasons as to why a Kenyan company would wish to become an MNE. (6 Marks)
- d) Justify, using any four reasons, why a firm would resolve to issuing Euro equity as a means of raising funds. (4 Marks)
- e) Identify and explain any two strategies that MNEs use to manage potentially arising foreign exchange risks. (4 Marks)
- f) List four recent developments that have led to the increased reliance of international financial markets. (4 Marks)

QUESTION TWO (20 MARKS)

- a) Political interference is one of the key risks that multinational firms face when going international. Describe any five ways that a firm may use to minimize the effects of political risks. (10 Marks)
- b) Trade barriers are used by countries to control the levels of trade with other trading partners. Highlight any five types of non-tariff trade barriers used by nations to accomplish this task. (10 Marks)

QUESTION THREE (20 MARKS)

- a) Briefly discuss any five potential challenges that an MNE intending to invest in Kenya would have to deal with. (10 Marks)
- b) Capital budgeting is usually about allocation of financial resources using available opportunities. Highlight five reasons why a firm should practice capital budgeting. (10 Marks)

QUESTION FOUR (20 MARKS)

- a) Firms have a choice of using the various available options to invest in a foreign territory. Explain any five investment strategies that an MNE would use to enter a foreign country. (10 Marks)
- b) Host governments attempt to restrict international trade through the use of trade barriers. Give five reasons why they impose trade barriers on foreign companies. (10 Marks)

QUESTION FIVE (20 MARKS)

- a) Elucidate on the determinants of foreign exchange rates that affect firms operating internationally. (10 Marks)
- b) Briefly elaborate on the steps used by firms when undertaking the capital budgeting process. (10 Marks)