

**PUNE VIDYARTHI GRIHA'S
COLLEGE OF SCIENCE & TECHNOLOGY
ATKT Examination Sept-2020
T.Y. BMS (Semester-V)**

Subject – International Finance

Date: DD/MM/YYYY

1. IFRS STANDS FOR _____

- A. INTERNATIONAL FINANCIAL RECOGNITION STANDARDS
- B. INTERNATIONAL FOREIGN REPORTING STANDARDS
- C. INTERNATIONAL FINANCIAL REPORTING SOLUTIONS
- D. INTERNATIONAL FINANCIAL REPORTING STANDARDS

2. BALANCE OF PAYMENT IDENTITY EQUATION _____.

- A. $CA + FA = RA = 0$
- B. $CA - FA = RA \times 0$
- C. $CA + FA - RA = 0$
- D. $CA + FA + RA = 0$

3. ASK IS DETERMINED BY THE FOLLOWING FORMULA _____

- A. $ASK = MID\ RATE - (SPREAD/2)$
- B. $ASK = MID\ RATE \times (SPREAD/2)$
- C. $ASK = BID + (SPREAD/2)$
- D. $ASK = MID\ RATE + (SPREAD/2)$

4. SPREAD IS DETERMINED BY THE FOLLOWING FORMULA _____

- A. $SPREAD = ASK - BID$
- B. $SPREAD = BID - ASK$
- C. $SPREAD = MID\ RATE - BID$
- D. $SPREAD = ASK$

5. THE WORLDS MAJOR TRADING CURRENCIES, WHICH ARE ALL FREE TO FLOAT AGAINST EACH OTHER, INCLUDE ALL OF THE FOLLOWING EXCEPT _____.

- A. BRITISH POUND
- B. JAPANESE YEN
- C. US DOLLAR
- D. SPANISH PESO

6. IN THE FOREIGN EXCHANGE MARKET, THE _____ OF ONE COUNTRY IS TRADED FOR THE _____ OF ANOTHER COUNTRY.

- A. CURRENCY; CURRENCY
- B. CURRENCY; FINANCIAL INSTRUMENT
- C. CURRENCY; GOODS
- D. GOODS; GOODS

7. THE SYSTEMATIC RECORD OF ECONOMIC TRANSACTIONS OF A COUNTRY DURING A GIVEN PERIOD OF TIME IS

- A. ADR
- B. BOP
- C. GDR
- D. IFRS

8. AN OPTION GIVING THE BUYER OF THE OPTION THE RIGHT BUT NOT THE OBLIGATION TO BUY A CURRENCY IS _____

- A. CALL OPTION
- B. PUT OPTION
- C. FORWARD OPTION
- D. FUTURES OPTION

9. FOREX MARKET INCLUDES ALL OF THE FOLLOWING, EXCEPT _____

- A) STUDENTS STUDYING ABROAD

- B) TOURIST
- C) EMPLOYEE WORKING IN A FOREIGN COMPANY
- D) NONE OF THESE

10. NET AMOUNT OF ALL CASH FLOWING IN AND OUT OF THE BUSINESS FROM ALL SOURCE IS _____ CASH FLOW

- A) INCREMENTAL
- B) TOTAL
- C) TERMINAL
- D) NONE OF THESE

11. _____ IS THE INITIAL OUTLAYS REQUIRED TO ANALYZE A PROJECT THAT CANNOT BE RECOVERED EVEN IF A PROJECT IS ACCEPTED.

- A) OPPORTUNITY COST
- B) EXTERNALITY
- C) CANNIBALIZATION
- D) SUNK COST

12. BALANCE OF PAYMENT IS A SYSTEMATIC RECORD OF _____ AND PAYMENTS OF A COUNTRY WITH OTHER COUNTRIES.

- A) INCOME
- B) PROFIT
- C) SURPLUS
- D) RECEIPT

13. THE SUM OF ALL CREDIT ENTRIES IS IDENTICAL TO THE SUM OF ALL DEBIT ENTRIES, AND THE NET BALANCE OF ALL ENTRIES IN THE STATEMENT IS

- A) ZERO
- B) INFINITE
- C) ALWAYS INCREASING
- D) ALWAYS DECREASING

14. FROM THE POINT OF VIEW OF ACCOUNTING, DOUBLE ENTRY SYSTEM KEEPS AUTOMATICALLY DEBIT AND CREDIT SIDES OF THE ACCOUNTS

- A) GREATER THAN EACH OTHER
- B) SMALLER THAN EACH OTHER
- C) BALANCE
- D) NONE OF THE ABOVE

15. BALANCE OF PAYMENT IS A COLLECTION OF ACCOUNTS OF ALL SUCH ELIGIBLE TRANSACTION THAT HAVE BEARING ON THE _____ POSITION OF THE ECONOMY

- A) FOREX

- B) RECEIPT
- C) PAYMENT
- D) ALL OF THE ABOVE

16. A bank in London quotes: GBP/SGD 2.6783-95 and a Bank in Singapore quotes: USD/SGD 1.4318-28 then what should be the derived GBP/USD quote? If a bank in New York quotes GBP/USD 1.8668-78 then establish arbitrage, if any, assuming capital GBP 1 million.

- a) GBP 791
- b) GBP 750
- c) GBP 782
- d) GBP 799

17. Trader 'A' in Zurich quotes: CHF 1.2298-08 per USD and Trader 'B' in Frankfurt quotes: CHF 1.5690-00 per EUR. What should be the derived value of USD per EUR? If trader 'C' in London quotes: USD 1.2780-90 per EUR then calculate the triangular arbitrage, if any, on assumed capital of EUR 1 million.

- a) EUR 1023
- b) EUR 1055
- c) EUR 1073
- d) EUR 1085

18. A FOREIGN EXCHANGE RATE IS METHOD WHICH PROVIDES A RELATIONSHIP BETWEEN ___ CURRENCIES

- A) ONE
- B) TWO
- C) THREE
- D) FOUR

19. AT START OF EVERY TRADING DAY, VALUE OF DOMESTIC CURRENCY IN EACH COUNTRY IS LOCALLY ESTABLISHED AGAINST ANY ONE MAJOR UNIVERSALLY ACCEPTED, INTERNATIONAL/FOREIGN CURRENCY AND IS CALLED AS _____ FOR THAT DOMESTIC CURRENCY

- A) BASE CURRENCY
- B) VARIABLE CURRENCY
- C) CROSS CURRENCY
- D) VEHICLE CURRENCY

20. _____ CAN BE DEFINED AS AN OPERATION WHICH INVOLVES SIMULTANEOUS PURCHASE AND SALE OF EQUAL QUANTITY OF ASSET OR CURRENCY WITH THE INTENSION OF DERIVING RISK-FREE PROFIT OUT OF IMPERFECT QUOTATIONS IN ONE OR MORE MARKETS

- A) ARBITRAGE
- B) SPECULATION
- C) BULLS
- D) BEARS

22. _____ CAN BE DEFINED AS AN OPERATION WHICH INVOLVES BUYING AND SELLING OF EQUAL AMOUNTS OF BASE CURRENCY, SECURITY OR ASSET AT TWO DIFFERENT TIMES SO AS TO DERIVE PROFIT FROM FAVOURABLE RATE MOVEMENT IN THE INTERIM PERIOD

- A) ARBITRAGE
- B) SPECULATION
- C) BULLS
- D) BEARS

23. WHEN $F - S > (RV - RB) \times N$ ARBITRAGE PROFIT IS DERIVED BY BORROWING IN

S 100 12

AND INVESTING IN BASE CURRENCY.

- A) VARIABLE CURRENCY
- B) CROSS CURRENCY
- C) DIRECT CURRENCY
- D) INDIRECT CURRENCY

24. WHEN $F - S < (RV - RB) \times N$ ARBITRAGE GAIN IS DERIVED BY BORROWING IN

S 100 12

AND INVESTING IN THE VARIABLE CURRENCY

- A) BASE CURRENCY
- B) CROSS CURRENCY
- C) DIRECT CURRENCY
- D) INDIRECT CURRENCY

25. A FOREIGN EXCHANGE RATE IS METHOD WHICH PROVIDES A RELATIONSHIP BETWEEN ___ CURRENCIES

- A) ONE
- B) TWO
- C) THREE
- D) FOUR