



ICM

JUNE 2016

INTERNATIONAL TRADE & PAYMENTS II

Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
 - b) Answer any FIVE questions
 - c) All questions carry equal marks. Marks for each question are shown in []
1. Critically evaluate the contribution of factoring companies to the system of international trade. [20]
 2. Explain what **open account trading** is and analyse the ways in which it supports the system of international trading. [20]
 3. Explain what **incoterms** are and analyse how they support trading between exporters and importers. [20]
 4. A credit controller has a key role in supporting the financial performance of a company. Explain what a **credit controller** is and analyse the significance of the role in supporting the effective financial performance of a company. [20]
 5. Evaluate the impact of the level of debt facing developing countries on the system of international trade. [20]
 6. There are occasions when a country will seek to control the export of goods to an overseas market or markets. Explain the reasoning behind this approach and review its potential impact. [20]
 7. Explain what **spot** and **forward exchange rates** are and analyse their importance to international trading companies. [20]
 8. Review the occasions when an exporter will require cash with an order or payment in advance of delivery. [20]