

advice as to the steps the company should take. What advice would you give to CEO?

- Q.5 (a)** A firm must decide whether to make a component part in-house or to contract it out to an independent supplier. Manufacturing the part requires a non-recoverable investment in specialized assets. The most efficient suppliers are located in countries with currencies that many foreign exchange analysts expect to appreciate substantially over the next decade. What are the pro and cons of :- **07**
- a) manufacturing the components in-house and
 - b) outsource manufacturing to an independent supplier?
- Which option would you recommend and why?

- (b)** Why firms alter products and what are the alteration costs? **07**

OR

- Q.5 (a)** What are the main causes and consequences of expatriate employees and how might a firm reduce the occurrence of such problems? **07**
- (b)** Why do accounting systems of different countries differ? Why do these differences matter? **07**
