Company Case Study Form (WP3, Deliverable 3.1)

Explanation: According to the Letters of Intent by the Associated Industry Partners, each university will be provided with **one practical company case study** for the courses which will start in the academic year 2019/2020. **Next steps:** 1) Each university should **choose one course** for which it develops a case study together with a company representative (e.g. a practical problem/issue which companies in this area are facing and on which the students will work – supervised by their lecturer). 2) Please fill in the form below **Please note:** In case a company case study is developed for a course, only one additional assignment is required (see course package form, section 8).

General information:

Title of the course (as specified in the reformed curriculum)	International Financial Management (IFM)
Name of the teacher	Vitali CHIURCCIU
Title of the case study	Azamet Holding and exchange rate
Company with which the case study was developed	Azamet Grup SRL

Practical case study:

1. Introduction of the case / problem:

Azamet Grup Company was founded in September 2007 and began its activity as an importing company in the south of the Republic of Moldova in the city of Ceadir-Lunga, and the main activity was wholesale trade in food and beverages.

Today it acts as a Company Azamet Holding, which includes Azamet Grup – trading activities with three branches in whole country, Azamet Pro – production of natural oils from grape seeds, pumpkin, hemp, milk thistle, walnut, production of gluten-free flour from grape seeds and pumpkin seeds, and Azamet Plus – a franchised restaurant chain in the south of Moldova. The Azamet Group has been a member of the European Association of Distributors and Manufacturers (ESMA) since 2017.

The company exports the produced oils and extracts under its own Bioteca trademark to European countries (Great Britain, France, Italy, Norway, Holland, Russia) and to the Asian market (China, Japan, South Korea).

When carrying out transactions, the Company presents invoices for payment to its customers in other countries in Euro currency. At the moment, the company has received a commercial offer to supply a batch of natural oils to France. The amount of the proposed transaction is 250,000 euros. The shipment of oils has been completed and the Company expects payment in 3 months. In order to insure against possible negative changes in the exchange rate, the company is selling euros in advance for Moldovan lei (MDL) at the moment. Euros have a yield of 0.75% over 3 months, while for MDL the yield is 2.75% over the same period.

Cash (spot) rate is 1 euro = 19.5 MDL (Moldovan Lei).

2. Assignment / task for the students:

Take on the role of the company's CFO and define:

1. Describe the risks involved in this transaction.
2. What is the forward exchange rate for a 3-month transaction of 1 Euro in MDL?
3. What is the cost of delivery under a forward transaction in MDL?
4. Savings or cost overruns on a forward transaction compared with a spot transaction in MDL.