

Victoria International Applied Finance Programme

School of Economics and Finance

MMAF511 INTERNATIONAL CORPORATE FINANCE

Trimester 2 2007

COURSE OUTLINE

Contact Details

The course coordinator is Dawn Lorimer. Room RH306. Preferred contact is by email. Email address: dawn.lorimer@vuw.ac.nz

The course lecturer is Nigel Atherfold. Preferred contact is by email. Email address: nigel.atherfold@tdb.co.nz

Block Release Times

9:00am Sat 18th Aug – Mon 20st Aug 12:15 pm
and 9:00am Sat 13th Oct – Mon 15th Oct 12:15 pm

A detailed schedule of each block release course will be supplied closer to the August and October sessions.

Attendance for all sessions of both block releases is compulsory.

Course Objectives

A thorough understanding of the conceptual foundations of international corporate financial decision making and their applications to support key financial decisions of the multinational organisation as they would operate in New Zealand.

I will try as much as possible to make use of multinationals' use of international financial markets.

Course Content

Multinational Financial Management	The global corporate The corporate finance function, role, and responsibilities Multinationals	Chapter 1 and refer readings below
Financing the multinational	Global equity and debt markets The cost of equity and debt CAPM Bank debt and bonds Access and use of offshore capital markets by multinationals Relationship between domestic and offshore debt and capital markets Financing working capital	Chapters 12, 13, 18, & 19
Foreign exchange markets	Determination of exchange rates Organisation of the markets History of NZ FX market The intermediaries: banks, RBNZ, corporates, retail Centralised exchange traded markets verses decentralised bi lateral markets Spot market Forward market Market intervention	Chapters 2, 7 and refer readings below
Interest Rate markets	Global markets The difference between liquidity risk and interest rate risk	Chapters 4 & 9
Risk management of the multi national	The process of risk management – a framework <ul style="list-style-type: none"> • Exposure identification • Objectives • Policies • Performance measures • Operations 	Chapter 10 and refer readings below
Exposure identification	FX transactional FX economic exposure FX translation Interest rate exposure	Chapter 10
Hedging objectives	Does hedging add any value? To add value To protect To smooth	Refer reading below

Risk Policies	A template Examples Probabalistic techniques: value at risk, earnings at risk	
Operations	Transacting Recording Reporting Measuring Systems Accounting standards (global standards, fair value accounting for derivatives) Deadly derivatives	

Readings

The textbook provided for the course is:

Shapiro, Alan C. (2006) Multinational Financial Management 8th edition. John Wiley & Sons, Inc.

I will use corporate examples as much as possible. While I will cover the material (below) in the block releases it will be expected that you will have introduced it to yourself by reading:

Multi national financing structure and best practice FX principles

www.greenwichtreasury.com/download/GTA_G31_report.pdf

History of NZ's currency, the role of the NZ central bank, and recent changes to their intervention tools.

www.rbnz.govt.nz/finmarkets/foreignreserves/intervention/index.html

The role of hedging

BHP Portfolio Risk Management - A New Market Risk Management Strategy www.bhpbilliton.com. Go into search and type in "Risk Management Strategy". View Jane McCarthy's 09 Feb 2006 presentation.

Value at Risk

www.gsm.uci.edu/~jorion/oc/case.html and go to "Value At Risk"

www.gloriamundi.org/introduction.asp

Expected Workload

Total average workload of 200 hours. During the approximately 6 weeks of term prior to each block release, students will need to allow about 14 hours per week for study, research and preparation of assignments for this course. The two block courses each involve approximately 18 hours of work.

Materials and Equipment

It is necessary to bring a calculator to the block courses. During tests students will be allowed to use non-programmable calculators, but not hand held or other computers.

Assessment Requirements

The following schedule of assessment applies:

Tests:	One test at each block release session based on reading assigned for period leading up to the block release and material presented at the block release. Please bring your calculator.	60%
Participation:	For your efforts at the block release sessions and for tutorial questions.	4%
Assignments:	Two major assignments that count together for 36%. The first assignment is due 4 pm Thurs, 9 th Aug, 2007. The second assignment is due 4 pm Thurs, 27 th Sept, 2007.	36%
Total Assessment:		100%

Note that students must attain an overall mark of 50% in order to achieve a passing grade.

Penalties

Each of the assignments will be marked out of a maximum that diminishes by 5% for every day late, with a weekend counting as one day. The date of submission shall be taken as the date of delivery or the day of postmark, if by post. There will be a final cut off date, one week after the due date for each assignment, after which no assignment can be accepted. The assignments will each carry a specified word limit. If an assignment exceeds the word limit, credit will be given only from the beginning of the assignment up to the word limit. No credit will be given for the portion of work extending beyond the word limit.

Mandatory Course Requirements

To pass, a student must attend all sessions of both block release courses.

Communication of Additional Information

Additional information including assignment questions, details of the block course schedule, feedback on course assessments, etc will be provided by email or by post. Students are responsible for ensuring that the VIAF Programme senior administrator, Bun Wong, has their up to date email and postal addresses.

If you have, or become aware of, any health condition that could prevent you attending a VIAF compulsory block release, then you should notify the Programme Director immediately, preferably by email, dawn.lorimer@vuw.ac.nz.

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student and Academic Services Office

The Faculty's Student and Academic Services Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications. To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

Easterfield (EA) - FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education and Law is situated in the Easterfield Building - it includes the ground floor reception desk (EA005) and offices 125a to 131 (Level 1). The office is available for the following:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar or go to www.vuw.ac.nz/policy.

Student and Staff Conduct

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps are to be taken if there is a complaint. For information about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor or refer to the statute on the VUW policy website at www.vuw.ac.nz/policy/studentconduct. The Policy on Staff Conduct can be found on the VUW website at www.vuw.ac.nz/policy/staffconduct.

Academic Grievances

If you have any academic problems with your course you should talk to the tutor or lecturer concerned; class representatives may be able to help you in this. If you are not satisfied with the result of that meeting, see the Head of School or the relevant Associate Dean; VUWSA Education Coordinators are available to assist in this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website at www.vuw.ac.nz/policy/academicgrievances.

Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. The University defines plagiarism as follows:

The presentation of the work of another person or other persons as if it were one's own, whether intended or not. This includes published or unpublished work, material on the Internet and the work of other student or staff.

It is still plagiarism even if you re-structure the material or present it in your own style or words.

Note: It is however, perfectly acceptable to include the work of others as long as that is acknowledged by appropriate referencing.

Plagiarism is prohibited at Victoria and is not worth the risk. Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct and may be penalised severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- cancellation of your mark for an assessment or a fail grade for the course
- suspension from the course or the University.

Find out more about plagiarism, and how to avoid it, on the University's website at www.vuw.ac.nz/home/studying/plagiarism.html.

Notice of Turnitin Use

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <<http://www.turnitin.com>>. Turnitin is an on-line plagiarism prevention tool which identifies material that may have been copied from other sources including the Internet, books, journals, periodicals or the work of other students. Turnitin is used to assist academic staff in detecting misreferencing, misquotation, and the inclusion of unattributed material, which may be forms of cheating or plagiarism. At the discretion of the Head of School, handwritten work may be copy typed by the School and subject to checking by Turnitin. You are strongly advised to check with your tutor or the course coordinator if you are uncertain about how to use and cite material from other sources. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

Students with Impairments

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities the same opportunity as other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services (DSS) to discuss your individual needs and the available options and support on a confidential basis. DSS are located on Level 1, Robert Stout Building, telephone (04) 463 6070, email disability@vuw.ac.nz. The name of your School's Disability Liaison Person is in the relevant prospectus or can be obtained from the School Office or DSS.

Student Support

Staff at Victoria wants students to have positive learning experiences at the University. Each Faculty has a designated staff member who can either help you directly if your academic progress is causing you concern, or quickly put you in contact with someone who can. Assistance for specific groups is also available from the Kaiwawao Māori, Manaaki Pihipihinga or Victoria International.

In addition, the Student Services Group (email student-services@vuw.ac.nz) is available to provide a variety of support and services. Find out more at www.vuw.ac.nz/st_services/.

VUWSA employs Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and Faculty delegates. The Education Office (tel. 04 463 6983 or 04 463 6984, email education@vuwsa.org.nz) is located on the ground floor, Student Union Building.

Manaaki Pihipihinga Programme

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, email manaaki-pihipihinga-programme@vuw.ac.nz or phone (04) 463 5233 ext. 8977. To contact the Pacific Support Coordinator, email pacific-support-coord@vuw.ac.nz or phone (04) 463 5842.