



VICTORIA INTERNATIONAL APPLIED FINANCE PROGRAMME
School of Economics and Finance

MMAF511 INTERNATIONAL CORPORATE FINANCE

Trimester Two 2008

COURSE OUTLINE

Contact Details

The course co-ordinator is Nigel Atherfold. Preferred contact is by email. Email address: nigel.atherfold@gtandco.co.nz.

Block Release Times

9:00am Sat 16th Aug – Mon 18th Aug 12:15 pm
and 9:00am Sat 11th Oct – Mon 13th 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.

Assignments

Assignment 1 due date: 4 pm, Thurs 7th Aug, 2008.

Assignment 2 due date: 4 pm, Thurs 25th Sept, 2008.

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

Block Release One		
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, 14, 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

Block Release Two		
The Balance of Payments	What do the regularly reported macro economic variables mean from an International Corporate Finance perspective?	Chapter 5
Country Risk Analysis	What is it and how do we assess it?	Chapter 6
Corporate Strategy & Foreign Direct Investment	Why consider investing overseas?	Chapter 16
Capital Budgeting	What are the additional variables that have to be considered when considering an international investment? How do we include these variables in the capital budgeting exercise?	Chapter 17
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 Probabilistic 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:

A.C Shapiro Multinational Financial Management 8th edition.

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.greenichtreasury.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.

http://www.rbnz.govt.nz/research/bulletin/2002_2006/2005mar68_1eckholdhunt.pdf

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 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, 7 th Aug, 2008. The second assignment is due 4 pm Thurs, 25 th Sept, 2008.	36%
Total Assessment:		100%

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

Assignment Submission

Assignments must be submitted online through Blackboard. All assignments are due at 4pm on the due date. Students are responsible for ensuring their name and student ID appears on each page of all submitted work.

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 online via Blackboard. Students are responsible for logging onto Blackboard regularly to check for any updates or announcements, and for ensuring that the VIAF Senior Administrator, has their up to date email and postal addresses. Viaf-programme@vuw.ac.nz

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 on the ground floor (EA005). This counter is the first point of contact for :

- 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.

Use of Turnitin

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.

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.victoria.ac.nz/home/about/policy/students.aspx

For information on the following topics, go to the Faculty's website www.victoria.ac.nz/fca under Important Information for Students:

- Academic Grievances
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

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 students or staff.

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

Note: including the work of others will not be considered plagiarism as long as the work 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:

www.victoria.ac.nz/home/studying/plagiarism.html

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 6015. To contact the Pacific Support Coordinator, email pacific-support-coord@vuw.ac.nz or phone (04) 463 5842.