

School of Economics and Finance  
Victoria International Applied Finance Programme

## **MMAF511 INTERNATIONAL CORPORATE FINANCE**

Trimester 1, 2013

### **COURSE OUTLINE**

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#### **Names and Contact Details**

The course coordinator is Dr. Christopher Korth. *Preferred contact is by email.* Email address:  
[christopher.korth@wmich.edu](mailto:christopher.korth@wmich.edu)

The administrator for this course is Rachel Zhang. She can be contacted on 04 463 6148  
or [viaf-programme@vuw.ac.nz](mailto:viaf-programme@vuw.ac.nz)

#### **Trimester Dates**

Study/Teaching Period: Monday 4 March – Thursday 13 June

#### **Block Release Times:**

9.30am Saturday 20 April – 12.30pm Monday 22 April  
9.30am Tuesday 11 June – 12.30pm Thursday 13 June

A detailed schedule of each block release course will be supplied closer to the April and June Sessions. Classes will take place at Kelburn campus – Please see the Schedule for details.

**Attendance at all sessions of both block releases is compulsory.**

#### **Withdrawal from Course**

1. Your fees will be refunded if you withdraw from this course on or before Friday 15 March 2013.
2. The standard last date for withdrawal from this course is Friday 17 May. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an ‘*Application for Associate Dean’s Permission to Withdraw Late*’ including supporting documentation. The application form is available from either of the Faculty’s Student Customer Service Desks.

#### **Course Delivery**

The contact hours of the course will be during the two block release detailed above. During the rest of the trimester, students will be expected to engage in self-directed study using their textbooks and material posted on Blackboard, and completing assignments which will be posted on Blackboard.

## **Group Work**

There will be some group work based on discussion questions, cases and problems at the block releases. Whilst this is not formally assessed, participation in this will be factor in determining the marks awarded for participation as detailed below.

## **Expected Workload**

Total average expected 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.

## **Course Learning Objectives**

Upon completion of the course, students should be able to:

- Explain the *uniqueness* of international finance for management.
- Describe the key parts of, reasons for and implications of the *global financial crises*.
- Understand and be able to discuss other *important current issues* affecting international financial management.
- Understand the role of the *International Monetary Fund* in international financial markets.
- Identify the *exchange-rate systems* of various countries—*fixed, floating or managed*.
- Describe how *governments' actions* affect the values of their currencies.
- Understand *how currency fluctuations affect companies*—their sales, their competitors, the cost of financing and the value of foreign investments and liabilities.
- Explain the structure and participants of *foreign-exchange markets*.
- Describe the unique role of *commercial and merchant banks* in those markets.
- Explain the differences and relationships between *spot, forward, future and options* markets.
- Identify the cause of *spot and forward* exchange-rate movements.
- Understand the various types of *currency risk*.
- Prescribe the appropriate way to anticipate and/or react to those various risks.
- Identify the distinct roles of *arbitrage, hedging and speculating* in the FX markets.
- Understand the source and nature of *interest-rate and currency swaps*—and be able to structure swaps.
- Discuss the structure of *international financial markets*.
- Describe the uniqueness and importance of the *Euromarkets*.
- Explain the nature and key elements involved in *country risk*.
- Explain the advantages of *centralised international working-capital management*.
- Understand the complexity of and principal tools involved in *export and import markets*.

## **Course Content**

The world economy is becoming more and more integrated. In no part of the economy is this truer than in finance. Managers need to thoroughly understand the global environment in which they will be operating, *the difficulties and risks* of that environment, and the *mechanisms* that exist for confronting the difficulties and reducing, or entirely eliminating, those risks.

The course will explore the foreign-exchange and capital markets that are unique to international finance. It will familiarize the student with the nature, participants and functions of those markets and illustrate how managers can effectively utilise the markets. We will analyse spot, forward, future and swap foreign-exchange markets and the role of international money and capital

markets, especially the Euromarkets. Finally, specialized techniques for facilitating multinational operations and international trade will be examined.

The course will involve extensive self-directed study in the six weeks before each block release session. Preparation will involve the reading of all assigned chapters and preparing the problems and cases *before* each session. The extensiveness of the material and the assignments make it mandatory that the work be done in advance.

### **Readings**

Multinational Business Finance by Eiteman, Stonehill & Moffett (12<sup>th</sup> edition)

### **Materials and Equipment**

Financial calculator [Recommended: HP 10B or TI Business Analyst]

### **Assessment**

The following schedule of assessment applies

<b>Tests:</b>	Two tests, one at each block release module. The first test is on Monday 22 April and is worth 30%; The second test is on Thursday 13 June and is worth 40%	<b>(70%)</b>
<b>Participation:</b>	Contribution to class discussions, including problems and cases	<b>(5%)</b>
<b>Problem set 1:</b>	Due April 10 <sup>th</sup> (Wednesday)	<b>(5%)</b>
<b>Problem set 2:</b>	Due May 29 <sup>th</sup> (Wednesday)	<b>(5%)</b>
<b>Essay assignment:</b>	Due June 22 <sup>nd</sup> (Saturday)	<b>(15%)</b>
<b>Total assessment:</b>		<b><u>100%</u></b>

### **Penalties**

Each of the problems sets and the assignment will be marked out of a maximum that diminishes by 5% for every day late. The date of submission shall be taken as the date of delivery. Please carefully read the assignment guidelines for details of how assignments should be submitted. There will be a final cutoff date, one week after the due date for each assignment, after which no assignment can be accepted. While there is no word limit on either of the problem sets, the essay assignment will carry a 1500 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.

### **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 compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and submitted to Turnitin. A copy of submitted materials will be retained 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.

## **Mandatory Course Requirements**

In addition to obtaining an overall course mark of 50 or better, students must attend all sessions of both block release courses.

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](mailto:dawn.lorimer@vuw.ac.nz)

## **Class Representative**

A class representative will be elected in the first class, and that person's name and contact details made available to VUWSA, the course coordinator and the class. The class representative provides a communication channel to liaise with the course coordinator on behalf of students.

## **Communication of Additional Information**

Additional information including assignment questions, details of the block course schedule, feedback on course assessments, etc. will be provided via Blackboard, email or by post. Students are responsible for ensuring that the VIAF administrator (email: [viaf-programme@vuw.ac.nz](mailto:viaf-programme@vuw.ac.nz)), has their up to date email and postal addresses.

## **Link to general information**

For general information about course-related matters, go to

<http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>

## **Note to Students**

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

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