

School of Economics and Finance

## **FINA302: INTERNATIONAL CORPORATE FINANCE**

Trimester 1, 2014

### **COURSE OUTLINE**

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

The Course Coordinator and lecturer for the course is Brandon C. Chen, RH316, ext 5131, [Brandon.Chen@vuw.ac.nz](mailto:Brandon.Chen@vuw.ac.nz). The office hour is Wed 14.00-15.00, or by appointment.

Any administrative matters should be brought to attention of Julie-Mary Boles de Boer, RH321, ext. 6386, or email [julie-mary.bolesdeboer@vuw.ac.nz](mailto:julie-mary.bolesdeboer@vuw.ac.nz)

#### **Trimester Dates**

Teaching Period: Monday 3<sup>rd</sup> March – Friday 6<sup>th</sup> June

Study Period: Monday 9<sup>th</sup> June – Thursday 12<sup>th</sup> June

Examination Period: Friday 13<sup>th</sup> June – Wednesday 2<sup>nd</sup> July (inclusive)

#### **Withdrawal from Course**

1. Your fees will be refunded if you withdraw from this course on or before Friday 14<sup>th</sup> March 2014.
2. The standard last date for withdrawal from this course is Friday 16<sup>th</sup> 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.

#### **Class Times and Room Numbers**

Type	Day	Time	Room
Lecture	Monday	12.40-1.30pm	RHLT2
Lecture	Wednesday	12.40-1.30pm	RHLT2

#### **Course Delivery**

The delivery of the course will involve lectures (12 weeks) and tutorials during 7 of the 13 weeks in the course, starting in Week 3 (see Course Content for details). Tutorial materials will be distributed online in the previous week and should be completed before attending the tutorial class. Students are strongly recommended to attend tutorials, as comprehension of tutorial materials is necessary for the preparation of the in-term test and final exam.

## **Group Work**

Students are expected to form a group of five to work on the hedging strategy of a certain multinational company, and the corporate governance issues it faces. This group assignment accounts for 15% of each student's total mark. Total number of pages should be limited to 10, including references. More information will be available in Week 4 of the course.

## **Expected Workload**

The anticipated workload is about 10 hours per week, comprising 2 hours for lectures, 1 hour for a tutorial, 3 hours to prepare the tutorial assignments and 4 hours for group work and reading.

## **Prescription**

This course examines exchange rate behaviour and the implications for corporate financial management. Topics include modelling exchange rate behaviour; foreign exchange risk management, with applications to international debt raising, financial management, and hedging exchange rate risk; and international portfolio choice.

## **Course Learning Objectives**

By the end of the course, students should be able to:

- C1 explain exchange rate behaviour and the implications for corporate financial management
- C2 estimate models of exchange rate behaviour
- C3 use exchange rate models to hedge exchange rate risk
- C4 use exchange rate models to solve problems involving international portfolio choice

## **Course Content**

<b>Week Beginning</b>	<b>Week</b>	<b>Subject</b>	<b>Textbook chapter</b>	<b>Tutorial</b>
3 Mar	1	Int'l financial environment (1)	1, 2	--
10 Mar	2	Int'l financial environment (2)	3, 4	--
17 Mar	3	Currency futures	5	Yes
24 Mar	4	Currency options	6	Yes
31 Mar	5	Currency swaps	7	Yes
7 Apr	6	Real options & investment strategy	16	Yes
14 Apr	7	Treasury mgmt, <b>In-term test</b>	8	--
5 May	8	Transaction & Operating exposures	9, 10	--
12 May	9	Translation exposure & Country risk	11, 12	Yes
19 May	10	Multinational capital budgeting & structure	13, 14	Yes
26 May	11	Int'l corporate governance	17	Yes
2 Jun	12	Tax issues & Course review	15	Yes

## **Readings**

The prescribed text is K. Butler, *Multinational Finance*, 5<sup>th</sup> Ed, Wiley-Blackwell 2012.

All the lecture material and tutorial assignments are examinable. The lecture material is drawn mainly from the prescribed text; therefore, it is highly recommended that students read the text prior to the relevant lectures.

## **Materials and Equipment**

Students are permitted to use any electronic calculators in the in-term test, but not those built-in on your mobile phones or tablet computers. The policy concerning the use of calculators in the final exam should be in line with the school's guidelines.

## **Assessment**

From Trimester 1, 2014, a revised Assessment Handbook will apply to all VUW courses: see <http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

In particular, there will be a new grade scheme, in which the A+ range will be 90-100% and 50-54% will be a C-.

Your mark will be determined in the following way:

### Scheme A:

In-term Test	25%	Wednesday 16 April 2014
Group work	15%	Due on Friday 23 May 2014
Final Exam	60%	The date will be scheduled during the University exam period

### Scheme B:

In-term Test	0%	Wednesday 16 April 2014
Group work	15%	Due on Friday 23 May 2014
Final Exam	85%	The date will be scheduled during the University exam period

Each student's mark will be calculated based upon the above two schemes and the better one of the two will be chosen as his/her final mark. In other words, his/her final mark = Max (Scheme A, Scheme B).

The 40-min in-term test (in accordance with Objectives C1-C3) will be held during the lecture hours. It covers the material presented in the first 6 weeks. The two-hour final exam (in accordance with Objectives C1-C4) will cover the entire course (20% comes from the material covered in the first 6 weeks). The group assignment (in accordance with Objectives C3-C4) should be submitted in hard copy. Page limit of the group assignment is 10.

## **Penalties**

Late submission of the group assignment will result in a 5% discount of the group assignment mark per day (applies to each of the group members).

## **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.

## **Examinations**

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period. The final examination for this course will be scheduled at some time during the following period:

Friday 13<sup>th</sup> June – Wednesday 2<sup>nd</sup> July (inclusive)

### **Mandatory Course Requirements**

None.

If you cannot complete an assignment or sit a test or examination, refer to [www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat](http://www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat)

### **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 or information on changes will be conveyed to students via Blackboard.

### **Student feedback**

Student feedback on University courses may be found at [www.cad.vuw.ac.nz/feedback/feedback\\_display.php](http://www.cad.vuw.ac.nz/feedback/feedback_display.php)

### **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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