

VICTORIA INTERNATIONAL APPLIED FINANCE PROGRAMME
School of Economics and Finance

**MMAF 511 INTERNATIONAL CORPORATE
FINANCE**

Trimester 1, 2014

COURSE OUTLINE

Names and Contact Details

The course lecturer is Jennifer Foo.

Email: jfoo@stetson.edu (preferable) or jennifer.foo@vuw.ac.nz

The administrator for this course is Rachael Zhang.

Room RH307; Email: viaf-programme@vuw.ac.nz ; Phone: (04) 463 6148

Trimester Dates

Study/Teaching Period: Monday March 3rd – Sunday June 15th

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 14th March 2014.
2. The standard last date for withdrawal from this course is Friday 6th June. 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

Block Release 1: 9:20am Friday 2nd May – 12:30 pm Sunday 4th May

Block Release 2: 9:20am Friday 13th June – 12:30 pm Sunday 15th June

A detailed schedule of each block release course will be supplied closer to the respective sessions. Classes will take place at the Kelburn Campus – please see the schedule for details.

Attendance at all sessions of both block releases is compulsory.

Course Delivery

The contact hours of the course is given above in the two block releases. However, during the trimester students will be expected to be actively engaged in self-directed study utilizing the textbook, posted materials, and working and completing the applied assignments and cases. The weekly reading and homework assignments are suggestions but I strongly advise that you try to keep on schedule and not fall behind.

Expected Workload

The expected workload is about 200 hours on average. Each student will need to spend an average of 14-16 hours of study and preparation per week on the chapter assignments, assignments, and cases prior to each block release. Each of the block release is approximately 18 hours of work.

Prescription

Financial economics of exchange rates. The international monetary and banking system, euromarkets, reference rates, further work on debt raising. Financial management under volatile exchange rates: translation, transactions and economic exposures. Optimal foreign exchange hedging policies. Multinational capital management. International portfolio choice.

Course Learning Objectives

The objective of this course is to provide a focus on international corporate practices of multinational companies operating in a global environment. By course completion, students should be able to:

1. Identify the goals of the MNCs
2. Evaluate the benefits from international diversification
3. Comprehend the motives for Direct Foreign Investment
4. Discuss the International Monetary Systems
5. Explain factors that influence exchange rates.
6. Explain the measurement and determination of the equilibrium exchange rate
7. Demonstrate how speculators speculate on anticipated exchange rates
8. Explain the International Parity Conditions
9. Identify the different currency derivatives and how they are used by MNCs as hedging tools
10. Evaluate the nature of currency risk and currency interest and currency swaps
11. Describe the different exchange rate exposures faced by MNCs
12. Demonstrate the different techniques to manage exchange rate exposures

These learning objectives will be assessed via 2 tests, 3 assignments and 2 group cases.

Course Content

This class is designed to engage you in learning by participating actively through self-directed study by reading assigned chapters and materials before our block release meetings. This will prepare you with the knowledge and background to discuss the topics when we meet and to complete the assignments. Reading and preparing before the block release is of essential importance. Lectures during block release meetings will help to clarify and deepen your finance knowledge gained from your chapter assignments, assignments, and group discussions from working together on the cases. You are expected to take responsibility for your own learning and to enhance the quality of learning when we meet through your active contribution and preparation. I will assume you have read the assignments and you are prepared prior to the block release meetings.

Readings

- **The textbook provided for the course is:**

Multinational Business Finance, 13th Global edition, Eiteman, Stonehill and Moffett. 2013

- **Some useful reading:**

Multinational 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.

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

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

Materials and Equipment

It is necessary to bring a calculator to the class. During tests students will be allowed to use calculators, but not hand held computers or cell phones.

Assessment

Assessment	Due Date	Learning Objectives	Total Percentage Grade
Assignment 1	21-Mar-14	1- 4	10%
Assignment 2	17-Apr-14	5 - 7	10%
Test 1 (2 hours)	4-May-14	1-7	30%
Group Case 1	16-May-14	1-7	5%
Group Case 2	30-May-14	8-12	5%
Assignment 3	5-June-14	8 - 12	10%
Test 2 (2 hours)	15-June-14	1-12	30%
Total			100%

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

Tests

There are two tests which are conducted at the end of each block release.

Assignments

There will be three graded application problems assignments which will be posted on Blackboard. You should read the assigned chapters before working on the assignments. Each assignment is to be submitted by 5pm of the due date. Problem assignments and submission guidelines will be posted on Blackboard. Late assignments will have penalties. In addition, related chapter homework is also assigned but this homework will not be collected or graded. They help to prepare you for working on the graded assignments.

Group Cases

There will be two assigned group cases. You will work on both cases as a group and submit one case per group for the two cases. The case brings together the knowledge from your chapter reading and own active research to enable you to evaluate the different aspects of international business. By working as a group and through your collaborative discussion and effort, you will learn from each other and reinforce what you learned.

- **Important:**

Please note that the first case is due May 16th, before the first block release meeting. You will self-enroll into groups of 3 in Blackboard. Be sure to start working on the first case in your groups of 3.

- **Answers to each case are to be typed and submitted electronically to me on the due date by each group.** More information on submission guidelines on the cases will be posted on Blackboard.

In answering the case questions for each case, you should:

1. Show how the materials and chapter topics being covered in class relate to the case.
2. Bring in relevant current events and issues from other sources related to the case or topic to support your answers (access to the internet/ internet exercises at the end of the chapter may be helpful) to add new concepts and applications to the topic.
3. Make every effort to emphasize how multinational companies operate in a global environment or country.
4. Discuss its relevance and how it might be applicable to you in the business world. Be sure to include citations if used.

5. I am aware that answers may be available on the internet. Any plagiarism of the answers (which may or may not be correct) posted online and copied will be heavily penalized. As graduate students, you are to come up with your OWN original answers through careful analysis of the case questions based on what we covered in class, your acquired knowledge and your own comprehensive research on the subject material. Cutting and pasting from sources even with citation is not original and thoughtful analysis. Just citing the textbook means that you did not make any extra effort to delve more deeply into research and the topic.

- **Warning:** If you use quotations, phrases and words of authors without proper citation, you are plagiarizing. Plagiarism occurs when you copy large amounts of an author's work without referencing it. If in doubt about an activity or the consequences, please refer to the <http://www.victoria.ac.nz/home/study/plagiarism.aspx>. Plagiarism is a violation of intellectual property and you will receive an automatic zero for your paper.

Note: 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-.

Penalties

Each of the assignments and cases will be reduced by 5% from the given grade attained on that assignment for every day it is late, including weekends. The final cut-off date is one week after the due date after which no late assignments or cases will be accepted. The date of submission shall be taken as 5pm on the date of delivery or the day of electronic postmarked.

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 that 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 your attending a VIAF compulsory block release, then you should notify the Programme Director immediately, preferably by email dawn.lorimer@vuw.ac.nz copying to viaf.programme@vuw.ac.nz

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

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. Rachel's email is viaf-programme@vuw.ac.nz.

Student feedback

Student feedback on University courses may be found at 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 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.

Reading Guide Trimester1 2014		
Week	Chapter Assignments	Homework Preparation Questions (not collected)
<i>Week 1</i> March 3	<i>Chapter 1 - Current Multinational Challenges and the Global Economy</i> <i>Chapter 2 – Ownership and Governance of the Corporation</i> <i>Chapter 17 - Foreign Direct Investment: Returns and Risks</i>	Questions Chap 1: 1, 2, 4,5,6,10 Questions Chap 2: 1, 2, 3, 4, 5, 6, 17 Questions Chap 17: 1, 2, 3, 4, 9, 10, 11, 12, 13, 24
<i>Week 2</i> March 10	<i>Chapter 3 - The International Monetary System</i>	Questions Chap 3: 1,2,4, and 8, 13, 14.
<i>Week 3</i> March 17	<i>Chapter 6 - The Foreign Exchange Market</i> <i>Chapter 9 – The Determinants of Exchange Rate</i>	Questions Chap 6: 1,2,3,4 and 6,7,8,9,10
Due March 21	Assignment 1: Chapters 1, 2, 3, 6,9	
<i>Week 4</i> March 24	<i>Chapter 4- The Balance of Payments</i>	Questions Chap 4: 1,2,3,4 and 6,7,8,9,10,11
<i>Week 5</i> March 31	<i>Chapter 7- International Parity Conditions</i>	Questions Chap 7: 8,9,
<i>Week 6</i> April 7	<i>Chapter 8 - Currency Derivatives</i>	Questions Chap 8: 1, 3,4,5,
<i>Week 7</i> April 14	<i>Chapter 8 - Currency Derivatives</i>	Questions Chap 8: 6,7,8.
Due April 17	Assignment 2: Chapters 4,7,8	
Block Release May 2,3,4	Contact Meetings Test 1: Chapters 1,3,6,4,7,8	
<i>Week 1</i> May 5	<i>Chapter 8 - Currency Swaps</i>	Questions Chap 8: 15,16
<i>Week 2</i> May 12	<i>Chapter 10 - Transaction Exposure</i>	Questions Chap 10: 1, 2
Due May 16	Case 1: The Yuan Goes Global p.99	
<i>Week 3</i> May 19	<i>Chapter 10 – Transaction Exposure</i>	Questions Chap 10:., 4, 5
<i>Week 4</i> May 26	<i>Chapter 11 – Translation Exposure</i>	Questions Chap 11: 1, 2, 5, 6, 7.
Due May 30	Case 2: Capital Crystal Inc.(Handout)	
<i>Week 5</i> June 2	<i>Chapter 12 – Operating Exposure</i>	Questions Chap 12: 1, 5, 6, 7, 8.
Due June 6	Assignment 3: Chapters 8, 10,11,12	
Block Release June 13,14,15	Contact Meetings Test 2: Chapters 8, 10,11,12	

*Materials and Case assignments may change or additional materials and case assignments may be handed out. Although I will try to follow the course outline and objectives closely, adjustment may be necessary depending on time constraint. Supplementary materials, assignments or cases may be