



APPLIES TO ACADEMIC YEAR 2006/2007

BØK 2620 Multinational Finance

Program

Bachelor in Finance (3. year)

Responsible for the course

Knut Sagmo

Department

Financial Economics

Term

According to study plan

ECTS Credits

15

Objective

To understand how international economic integration generates new business opportunities and risk for national as well as international firms. The international dimension extends the field of corporate finance into currency and interest rate risk topics based on deviations from the purchasing power and interest rate parity theorems. A key objective is to be able to distinguish between the concepts of currency exposure and risk at the corporate level.

Prerequisites

Basic courses in investments theory.

Compulsory literature

Books:

Madura, Jeff. 2006. International corporate finance. 8th ed. London : Thomson South Western

Recommended literature

Books:

Bodie, Zvi, Alexander Kane, and Alan J. Marcus. 2006. Essentials of Investments. 6th ed. Boston : McGraw-Hill/Irwin. Chapter 21.

Course outline

Chapter references to the textbook, Madura, Jeff 7. edition (M):

- | | |
|--|------------------------|
| 1. International economic integration | M 1 - 4 |
| 2. International parity theorems | M 6 - 8 |
| 3. Measuring and managing currency risk | M 5, 9 - 12 |
| 4. International capital budgeting and
and financial decisionmaking | M 13 - 15
M 16 - 18 |

Computer-based tools

Excel and Maple. Such tool are, however, not permitted on the examinations.

Course structure

The lecture series consists of 48 classroom-hours of teaching. Students are required to write a term-paper on a topic central to multinational finance. Groups of no more than three students are allowed to work together on the term-paper. A passing grade on the term-paper is required in order to receive the final grade for the course. A midterm-examination will be held halfway through the course and a final exam at the end of the semester. More information regarding the term-paper and the examinations will be provided first day of class.

Evaluation

Grade in course will be a result of Process evaluation and will be based on following activities:

- Part 1 - Mid-term exam - Three hour individual individual examination. Count 25% of the final grade.
- Part 2 - Termpaper - About 25 pages. (Attachments can be added). Count 30% of the final

grade.

Midterm exam is held in class. Both mid-term exam and term paper must be passed in order to sit for the final exam concluding the course.

Part 3 - Final exam - Three hour individual written examination. Count 45% of the final grade. (Arranged by lecturer at the end of term).

Notice: The midterm examination may be given during late afternoon or evening hours.

Evaluation code(s)

BØK 26201 - Process evaluation, counts 100% to obtain final grade in BØK 2620 Multinational Finance, 15 ECTS credits.

Aids at the examination

Advanced calculator and interest rate tables. Applies for midterm exams and final exam.

Makeup exam

A re-sit is held in at the next scheduled exam in the course. Students who are taking new exam must take the course all over including all parts of evaluation.