



APPLIES TO ACADEMIC YEAR 2011/2012

EXC 3611 International Corporate Finance

Programme

Bachelor in Business Administration (BBA) (3. year)

Responsible for the course

Richard Priestley

Department

Department of Financial Economics

Term

According to study plan

ECTS Credits

7,5

Language of instruction

English

Introduction

The purpose of the course is to give an introduction to the management of finance for a firm operating internationally. The globalization and internationalization of financial and product markets expose all firms to new and different types of risk, as well as new instruments to deal with these risks. As a consequence of this, the firm's investment and financing decisions need to be modified. The objective of the course is therefore to study and understand how corporate financial management is affected by, and can take advantage of, international economic environments.

Learning outcome

Acquired knowledge

After taking the course, the students shall be able to explain key concepts and give an account of the tools used in analyses of problems that arise in international finance (these tools include methods, techniques, models, theories, etc. applied in the subject area).

- Examples of concepts that students shall be able to explain: exchange rates, parity conditions, equity and debt, international investment and diversification, currency risk, transaction, operating and translation exposure, political and country risk of FDI, Adjusted Present Value, International CAPM, Taxation and the MNC.
- Examples from the toolbox: cash budget, investment budget, adjusted present value, exchange rate exposure, international capital asset pricing model, portfolio theory, international diversification.

Acquired skills

After taking the course, the students shall be able to (a) apply knowledge (i.e. concepts and skills) in analyses and discussions on problems that arise in international finance, (b) distinguish between relevant and irrelevant information, and (c) give written answers to questions so that the readers understand the applied methods and conclusions. Examples:

- When the tool is given, be able to apply the tool correctly
- Based on simple situation descriptions, choose the right tool and apply it correctly
- Based on more complex situation descriptions, be able to produce relevant information, link it to the suitable tool and apply the tool correctly

Reflection

After taking the course, the students shall be able to ask critical questions and reflect on crucial assumptions and theories within the field of international finance.

Prerequisites

An undergraduate course in Corporate Finance.

Compulsory reading

Books:

Eun, Cheol S. and Bruce G. Resnick. 2009. International financial management. 5th Edition. McGraw-Hill

Recommended reading

Course outline

1. Globalization and the firm
2. Understanding exchange rates
3. International financial markets
4. Investing in financial assets internationally
5. Measuring and managing a firm's exposure to the exchange rate
6. Direct foreign investment by MNCs
7. Political risk when undertaking direct foreign investment
8. Multinational capital budgeting
9. Multinational cost of capital
10. Taxation and the MNC

Computer-based tools

Students are recommended to use computer-based tools, e.g. spreadsheets. Such tools, however, are not allowed at the examination

Learning process and workload

The course will include a combination of lectures and plenary tutorials where solutions to exercises will be explained.

Please note that whilst attendance is not compulsory, it is the students responsibility to obtain any information provided in class that is not included on the course homepage/It's learning or text book.

The following is an indication of the time required:

Activity	Hours
Lectures	39
Plenary tutorials where exercises will be explained	6
Preparation for lectures and plenary tutorials	110
Preparation for the final exam	45
Total recommended use of time	200

Homepages and/or It's learning are not designed for the purpose of students who choose not to attend class.

Use of hours

39 hours - lectures during which the main topics (as listed in the course outline) are given extensive and in-depth coverage. Assigned readings should be carefully studied prior to each class meeting.

6 hours - Plenary tutorials where exercises will be explained

45 hours total

Examination

The final grade in the course will be based on the following activities and weightings:

30% class work (in the form of a mix of some/ all of the following: hand in of case write ups, projects, and homeworks; case presentations and class participation; in class midterm and quizzes).

70% 3 hour written final exam.

Both parts of the evaluation need to be passed in order to get a grade in the course.

Specific information regarding student evaluation beyond the information given in the course description will be provided in class. This information may be relevant for requirements for tempapers or other hand-ins, and/or where class participation can be one for several elements of the overall evaluation.

This is a course with continuous assessment (several exam elements) and one final exam code. Each exam element will be graded using points on a scale (e.g. 0-100). The elements will be weighted together according to the information in the course description in order to calculate the final letter grade for the course. You will find detailed information about the point system and the cut off points with reference to the letter grades on the course site in It's learning.

Examination code(s)

EXC 36111- Processevaluation, counts for 100% of the final grade in the course EXC 3611 International Corporate Finance, 7.5 ECTS.

Examination support materials

Interest tables and BI-approved exam calculator and allowed. TEXAS INSTRUMENTS BA II Plus™

Examination support materials at written examinations are specified under exam information in our web-based Student Handbook. Please note the use of calculator and dictionary.
<http://www.bi.edu/studenthandbook/examaids>

Re-sit examination

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

Additional information