



APPLIES TO ACADEMIC YEAR 2011/2012

## GRA 6544 Multinational Corporate Finance

### Programme

Master of Science in Financial Economics, Specialization Course

### Responsible for the course

Janis Berzins

### Department

Department of Financial Economics

### Term

According to study plan

### ECTS Credits

6

### Language of instruction

English

### Introduction

### Learning outcome

To provide the participants with a sound understanding of financial decision-making in the multinational firm. Hence the course is applied in nature. However, whilst the course is presented from a managerial perspective, decision making is approached using firmly established theories in economics and finance. The course can be broadly split into three parts. The first part of the course examines international financial markets and the determination of exchange rates. In the second part we will consider the impact of exchange rates on the cash flows of firms. In particular we will learn how to measure and manage (hedge) how different cash flows are exposed to unexpected changes in exchange rates. The third part of the course focuses on some traditional issues in corporate finance such as capital budgeting, cost of capital, and investments in physical assets. However, we approach these issues from an international perspective.

### Prerequisites

A bachelor degree qualifying for admission to the MSc Programme

### Compulsory reading

#### Books:

Bekaert, Geert and Robert J. Hodrick. 2009. International financial management. Pearson Prentice Hall

#### Other:

During the course there may be hand-outs, cases, research articles, and other material on additional topics relevant for the course and the examination.

### Recommended reading

#### Course outline

1. The International Monetary System
2. Foreign Exchange Market
3. Forecasting Exchange Rates
4. Parity Relationships, Currency Futures and Options
5. Transaction (contractual) Exposure
6. Operating Exposure
7. Translation Exposure
8. Foreign Direct Investment, Political and Country Risks
9. Domestic and International Capital Structure and the Cost of Capital
10. Domestic and International Capital Budgeting

### Computer-based tools

It's learning/homepage

### Learning process and workload

A course of 6 ECTS credits corresponds to a workload of 160-180 hours.

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

### **Examination**

Your course grade will be based on the following activities and weights:

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% 5 hour written final exam.

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 termpapers or other hand-ins, and/or where class participation can be one of 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)**

GRA65441 accounts for 100% of the final grade in the course GRA6544.

### **Examination support materials**

A bilingual dictionary, interest tables and BI-approved exam calculator.

Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary.

<http://www.bi.edu/studenthandbook/examaids>

### **Re-sit examination**

It is only possible to retake an examination when the course is next taught.

The assessment in some courses is based on more than one exam code.

Where this is the case, you may retake only the assessed components of one of these exam codes.

Where this is not the case, all of the assessed components of the course must be retaken.

All retaken examinations will incur an additional fee.

### **Additional information**

Academic honesty and trust are important to all of us as individuals, and represent values that are encouraged and promoted by the honor code system. This is a most significant university tradition.

Students are responsible for familiarizing themselves with the ideals of the honor code system, to which the faculty are also deeply committed.

Any violation of the honor code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and are at the heart of the honor code and academic integrity. If you have any questions about your responsibilities under the honor code, please ask.