

THE UNIVERSITY OF
NEW SOUTH WALES



Australian School of Business
School of Banking and Finance

FINS3616
INTERNATIONAL BUSINESS FINANCE

COURSE OUTLINE
SESSION 2, 2008

<u>1. COURSE STAFF</u>	<u>3</u>
1.1. LECTURERS	3
1.2 Communication with Staff	3
<u>2. INFORMATION ABOUT THE COURSE</u>	<u>3</u>
2.1 Teaching times and Locations	3
2.2 Units of Credit	3
2.3 Parallel teaching in the course	3
2.4 Relationship of this course to other course offerings	4
<u>3. COURSE AIMS AND OUTCOMES</u>	<u>4</u>
3.1 Course Aims	4
3.2 Student Learning Outcomes	4
3.3 Approach to learning and teaching	5
3.4 Teaching Strategies	5
<u>4. CONTINUAL COURSE IMPROVEMENT</u>	<u>5</u>
<u>5. LEARNING ASSESSMENT</u>	<u>5</u>
5.1 Formal requirements	5
5.2 Assessment Details	6
5.4 Special Consideration and Supplementary examinations	9
<u>6. ACADEMIC HONESTY AND PLAGIARISM</u>	<u>9</u>
<u>7. STUDENT RESPONSIBILITIES AND CONDUCT</u>	<u>10</u>
7.1 Workload	10
7.2 Attendance	11
7.3 General Conduct and Behaviour	11
7.4 Keeping informed	11
<u>8. STUDENT RESOURCES</u>	<u>11</u>
8.1 Course Resources	11
8.3 Other Resources, Support and Information	12
<u>9. COURSE SCHEDULE</u>	<u>15</u>

1. COURSE STAFF

1.1. LECTURERS

Teaching Staff	Email/Telephone	Location	Consultation
Dr Alfred Yawson (LIC)	a.yawson@unsw.edu.au/ 0293854900	ASB 336	Wed 11:00-13:00
<i>Tutors</i>			
Peter Andersen (TIC)	peter.andersen@unsw.edu.au/ TBA	ASB 323	Thu 12:00- 13:00
Kathryn Liao	kathryn.liao@unsw.edu.au /TBA	ASB 323	Wed 15:00-17:00
Elton Chan	elton.chan@student.unsw.edu.au /TBA	ASB 323	Tue 11:00-13:00
Albert Chung	albert@student.unsw.edu.au/TBA	ASB 323	Fri 12:00-13:00
Han Feng Xu	han.xu@unsw.edu.au/TBA	ASB 323	Tue 14:00-16:00

1.2 Communication with Staff

Students with questions about course administration or content are encouraged to:

- Read this course outline
- Check the course website
- Contact the tutor/instructor during class for non-urgent matters
- E-mail your tutor/instructor
- Contact your tutor/instructor during consultation hours

For e-mail communication with staff, University regulations indicate that students must use a valid **UNSW student account**. E-mail is best suited for asking simple questions on course administration that requires a short reply. E-mail is neither an appropriate nor an effective medium for learning. Do not expect staff to reply to an e-mail that requests extensive or substantive answers. These questions are best raised in tutorials or consultation times.

2. INFORMATION ABOUT THE COURSE

2.1 Teaching times and Locations

Tuesday	11:00 – 13:00	Keith Burrows Theatre
Tuesday	17:00 – 19:00	Keith Burrows Theatre

2.2 Units of Credit

This course carries 6 UOC

2.3 Parallel teaching in the course

There is no parallel teaching for this course

2.4 Relationship of this course to other course offerings

This is a core subject for all students who wish to graduate with finance major in the BCom. Typically, students undertake this course in their second or third year of the BCom programme. The course is relevant to a broad range of professions including corporate treasury management, corporate finance, international securities trading and investment management.

3. COURSE AIMS AND OUTCOMES

3.1 Course Aims

This course provides students with the basic theoretical and practical knowledge required for the management of financial functions of firms operating in several countries. This includes necessary theory and evidence basic to an understanding of international capital and foreign exchange markets. In particular, this course covers topics such as international diversification, foreign direct investment decisions, cost of capital for multinational corporations, financial and political risks, the role of multinational banks and the financial benefits of Euro-currencies and Eurobonds, short-term financing, and international equity markets. The general emphasis is on the identification and management of risk relating to exchange rate fluctuations and government policy changes.

3.2 Student Learning Outcomes

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

1. Analyse and discuss international macro-economic and political environment,
2. Articulate determinants of foreign exchange rate and interpret the impact of economic events on foreign exchange rate,
3. Forecast foreign exchange rates with common techniques,
4. Discuss the operation of capital and foreign exchange markets,
5. Identify risks relating to exchange rate fluctuations and develop strategies to deal with them,
6. Identify and describe methods of international capital raising,
7. Discuss, identify and evaluate foreign direct investment and acquisition opportunities,
8. Understand theoretical and practical issues involved in managing international investment portfolio,
9. Express well considered opinion on issues relating to international finance.

3.3 Approach to learning and teaching

We seek to create an interesting, challenging, relevant, and engaging education experience. To help achieve this objective we have a number of teaching aims:

- Create a climate of engagement, dialogue and ongoing feedback between students and lecturers regarding the content, teaching strategies, learning experiences and outcomes (Guidelines on Learning that Inform Teaching at UNSW (GLIT) numbers 2,7,10);
- Cater for a variety of learning preferences and abilities by providing a range of learning activities and teaching methods (GLIT number 9);
- Develop independent learning skills and create an environment that both provides structure and guidance as well as encouraging students to extend their learning (GLIT numbers 2,11).

3.4 Teaching Strategies

This course is a combination of formal lectures and tutorials (problem solving classes). The lectures are used to explain concepts and to give real life examples of situations in which these concepts are used. The tutorials are for problem-solving and discussion of issues raised in the lectures. All tutorial questions are from end of chapter exercises in Butler. There is an expectation that students will engage in additional readings, as well as Butler. The conceptual questions are from the first set of questions 'Conceptual Questions', the problems questions are taken from the second set of questions 'Problems'. For the discussion questions students should at least prepare shorthand notes. For problems, students should prepare detailed answers. If some of the conceptual questions cannot be covered in tutorials you must complete them in your own time and record them in your subject work folder. In all classes, students are encouraged to ask questions if there is material that they do not understand.

4. CONTINUAL COURSE IMPROVEMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process (http://www.ltu.unsw.edu.au/ref4-5-1_catei_process.cfm) is one of the ways in which student evaluative feedback is gathered. Significant changes to courses and programs within the School are communicated to subsequent cohorts of students.

5. LEARNING ASSESSMENT

5.1 Formal requirements

In order to pass this course, you must:

- Achieve a composite mark of at least 50%
- Make a satisfactory attempt at all assessment tasks

The overall assessment rationale in this course is to encourage student to develop the twelve UNSW graduate attributes.

1. the skills involved in scholarly enquiry;
2. an in-depth engagement with the relevant disciplinary knowledge in its interdisciplinary context;
3. the capacity for analytical and critical thinking and for creative problem solving;
4. the ability to engage in independent and reflective learning;
5. the skills to locate, evaluate and use relevant information;
6. the capacity for enterprise, initiative and creativity;
7. an appreciation of, and respect for, diversity;
8. a capacity to contribute to, and work within, the international community;
9. the skills required for collaborative and multidisciplinary work;
10. an appreciation of, and a responsiveness to, change;
11. a respect for ethical practice and social responsibility;
12. the skills of effective communication.

The assessment tasks and their weighting in your composite mark are as follows:

5.2 Assessment Details

Assessment	Due	Weight	Learning Outcome/s
Tutorial Participation	Weeks 1-12	10%	1-9, 12
Group Project 1	3/09/08	12%	1-9, 12
Mid session Exam	Week 7	30%	1-9, 12
Group Project 2	19/09/08	8%	1-9, 12
Final Examination	TBA	40%	1-9, 12

Tutorial Participation

Tutorials facilitate small group discussion of course materials and permit ongoing assessment of students' effort and achievement of learning outcomes. Tutors will assess student performance in their registered tutorial based on student

1. active participation (including questions) and contribution to the learning, perspectives and interest of fellow students in the subject (up to 4%)
2. demonstration of thorough and consistent preparation (up to 3%; tutors will randomly inspect the quality of tutorial work of individual students).
3. Regular and punctual attendance (up to 3%)

Mid-Session and Final Examination

The two examinations focus on evaluating students' command of the body of knowledge and problem solving skills with respect to the relevant learning outcomes. Both examinations will consist of multiple choice, short-essay and problem solving questions. Further details will be provided in due course.

Group Project

The object of this assessment component is to contextualize the development of the twelve UNSW graduate attributes listed above.

AUD Forecasting and Evaluation Group Project (20%)

The group project consists of two parts. The first part consists of a 2,000 word limit essay documenting the experience of the Australian Dollar (AUD) relative to the US dollar (USD) over the first 5 weeks of the session to 29th August, plus an analysis and forecast of the Australian Dollar over the following 2 weeks to 12th September. It is expected that students will

- detail (in chronological order) the major political, financial, economic or other events which shaped the course of the AUD;
- explain, relying on theories taught in this course and in previous courses;

The better assignments may even want to include inflation data to come to some conclusions about not only the course of the nominal exchange rate, but also the real exchange rate.

Electronic submission of this first part is due on 3rd September at 1pm. [12%].

The second part is a 1000 word limit essay consisting of a comparison of your forecast with realized Australian Dollar value over the forecast period. Reasons for forecast errors and additional discovery should be explained.

- The word limit does not include any information you care to attach to an appendix. It is also expected that assignments will include a number of quality graphs and charts.

Electronic submission of this second part is due on 19th September at 1pm. [8%]

- The assignment should be completed in groups of 5 students
- Group members **must** be enrolled in the same tutorial

Group Project Grading Criteria

Each component will be assessed on the demonstration of graduate attributes, Including:

- Demonstration of care and diligence
- Evidence of critical analysis and originality
- The clarity, flow and validity of arguments
- The level of research conducted
- Creative and effective problem solving
- The quality of communication and presentation
- Overall coherence

Group Project Report Format

Fonts: 12 points, Times New Roman font, single spaced

Indentation: First line indented

Margin: 2.5cm left right top and bottom margins.

Use the following referencing and citation guide to journals:

<http://www.lc.unsw.edu.au/onlib/ref.html>

5.3 Assignment submission procedure and late submission

Electronic submission will be required in acrobat pdf file format is required. You may use Microsoft Word 2007 to print in this format. The group projects are required to be submitted electronically. No paper submission will be accepted. Late submission will NOT be accepted. Please find submission instruction from the subject homepage 1 week prior to the due date.

Group project submission will include two files

1. Assignment cover page, signed and scanned, stating
 - Group number assigned by tutor
 - Group members' student number and name
 - An allocation of the total mark of 100 across members to reflect contribution
 - The work is original
 - Signature of members and date
2. The body of the assignment. The header of every page will only display subject code and group number. There should NOT be any reference to individual group member in this document.

5.4 Special Consideration and Supplementary examinations

UNSW policy and process for Special Consideration applies (see <https://my.unsw.edu.au/student/atoz/SpecialConsideration.html>). Specifically:

- Applications for special consideration (including supplementary examinations) must go through UNSW Central administration (within 3 working days of the assessment to which it refers) – applications will **not** be accepted by teaching staff;
- Applying for special consideration does not automatically mean that you will be granted additional assessment or that you will be awarded an amended result;
- If you are making an application for special consideration (through UNSW Central Administration) please notify your Lecturer in Charge;
- Please note: a register of applications for Special Consideration is maintained. History of previous applications for Special Consideration is taken into account when considering each case.

6. ACADEMIC HONESTY AND PLAGIARISM

[On 1 March 2005, UNSW's Academic Board endorsed a six-month University-wide trial of a new framework for dealing with student plagiarism. Guidelines for staff, schools and faculties have been developed and include information about how UNSW defines plagiarism, the types of penalties that apply and the protocol around handling plagiarism cases. Staff should be familiar with these policies and processes. The booklet can be downloaded at: <http://www.lc.unsw.edu.au/plagiarism/policy.html>

The extract in the shaded box should appear in all course outlines, in unaltered form. It is recommended that additional discipline-specific advice/information be provided wherever possible.]

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For full information regarding policies, penalties and information to help you avoid plagiarism see: <http://www.lc.unsw.edu.au/plagiarism/index.html>

Plagiarism is the presentation of the thoughts or work of another as one's own.* Examples include:

- direct duplication of the thoughts or work of another, including by copying work, or knowingly permitting it to be copied. This includes copying material, ideas or concepts from a book, article, report or other written document (whether published or unpublished), composition, artwork, design, drawing, circuitry, computer program or software, web site, Internet, other electronic resource, or another person's assignment without appropriate acknowledgement;
- paraphrasing another person's work with very minor changes keeping the meaning, form and/or progression of ideas of the original;
- piecing together sections of the work of others into a new whole;
- presenting an assessment item as independent work when it has been produced in whole or part in collusion with other people, for example, another student or a tutor; and,
- claiming credit for a proportion a work contributed to a group assessment item that is greater than that actually contributed.†

Submitting an assessment item that has already been submitted for academic credit elsewhere may also be considered plagiarism.

The inclusion of the thoughts or work of another with attribution appropriate to the academic discipline does *not* amount to plagiarism.

Students are reminded of their Rights and Responsibilities in respect of plagiarism, as set out in the University Undergraduate and Postgraduate Handbooks, and are encouraged to seek advice from academic staff whenever necessary to ensure they avoid plagiarism in all its forms.

The Learning Centre website is the central University online resource for staff and student information on plagiarism and academic honesty. It can be located at:

www.lc.unsw.edu.au/plagiarism

The Learning Centre also provides substantial educational written materials, workshops, and tutorials to aid students, for example, in:

- correct referencing practices;
- paraphrasing, summarising, essay writing, and time management;
- appropriate use of, and attribution for, a range of materials including text, images, formulae and concepts.

Individual assistance is available on request from The Learning Centre.

Students are also reminded that careful time management is an important part of study and one of the identified causes of plagiarism is poor time management. Students should allow sufficient time for research, drafting, and the proper referencing of sources in preparing all assessment items.

* Based on that proposed to the University of Newcastle by the St James Ethics Centre. Used with kind permission from the University of Newcastle

† Adapted with kind permission from the University of Melbourne.

7. STUDENT RESPONSIBILITIES AND CONDUCT

71 Workload

It is expected that you will spend at least **ten hours** per week studying this course. This time should be made up of reading, research, working on exercises

and problems, and attending classes. In periods where you need to complete assignments or prepare for examinations, the workload may be greater.

Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

7.2 Attendance

Your regular and punctual attendance at lectures and tutorials is expected in this course. University regulations indicate that if students attend less than eighty per cent of scheduled classes they may be refused final assessment.

7.3 General Conduct and Behaviour

You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. More information on student conduct is available at: www.my.unsw.edu.au

7.4 Keeping informed

You should take note of all announcements made in lectures, tutorials or on the course web site. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. You will be deemed to have received this information.

8. STUDENT RESOURCES

8.1 Course Resources

Required textbook:

Butler, K. (2004). *Multinational Finance*, South Western College Publishing. Third Edition. This book is available from the UNSW bookshop located near the Quadrangle.

Recommended textbooks:

- Eiteman, D., K. Daly, S. Rath, A. Stonehill and M. Moffett (2008) *Multinational Business Finance*, 1st Australian Edition, Pearson Education Australia.
- Shapiro, A.C. (2002). *Multinational Financial Management*, 7th Edition, Wiley.

- Sathye, M, Rose L, Allen, L and Weston R (2006). International Financial Management, John Wiley & Sons, Australia Ltd.
- Eiteman, D.K., A.I. Stonehill and M.H. Moffett (2001) Multinational Business Finance, 9th Edition, Addison-Wesley.
- Moosa, I. A. (2004). International Finance: An Analytical Approach, Second Edition, McGraw-Hill, Australia

Other Useful Reference Texts:

- Buckley, A. (1992). Multinational Finance, Prentice-Hall Australia.
- Eaker, M., F.J. Fabozzi, and D. Grant (1996). 'International Corporate Finance', Dryden Press.
- Eun, C.S. and Resnick B.G. (2001). 'International Financial Management, 3rd Edition, McGraw-Hill.
- Reilly, F.K., and K.C. Brown (1997) 'Investment Analysis and Portfolio Management', 5th Ed., Dryden Press.
- Solnik, B. and Mcleavy D. (2004). International Investment, Fifth Edition, Addison Wesley.

8.2 WebCT Vista

Lecture notes, tutorial answers, assessment details, and announcements are all provided on WebCT Vista. Students should make a point of checking this site regularly.

8.3 Other Resources, Support and Information

The University and the Faculty provide a wide range of support services for students, including:

Learning and Study Support:

- **ASB Education Development Unit**

The Education Development Unit (EDU) provides learning support and assistance to all students in the ASB, to enable them to enhance the quality of their learning. The EDU services are free, and tailored to meet the academic needs of students in the Australian School of Business.

The role of the EDU is to provide

- A range of support initiatives for students from the Australian School of Business in relation to their transition to university;
- Learning skills development, resources and activities for Business students
- Academic writing and skills workshops throughout the session;
- Printed and online study skills resources, such as referencing guides,

- report writing and exam preparation;
- A drop-in EDU Office containing books and resources that can be borrowed;
- A limited consultation service for students with individual or small group learning needs.

The EDU website www.business.unsw.edu.au/edu contains information, online resources and useful links as well as providing information and dates for workshops. More information about the EDU services including resources, workshop details and registration, and consultation request forms are available from the EDU Office.

EDU Contact Details

Location Room GO7 Ground Floor,
West Wing, Australian School of Business Building
Telephone: 02 9385 5584
Email: Edu@unsw.edu.au
Website www.business.unsw.edu.au/edu

- **UNSW Learning Centre** (<http://www.lc.unsw.edu.au>)

In addition to the EDU services, the UNSW Learning Centre provides academic skills support services for all UNSW students. The Learning Centre is located on Level 2 of the Library and can be contacted by phone: 9385 3890 or through their website.

Technical support:

For any technical support issues (difficulty logging in to websites, problems downloading documents, etc) you can contact the UNSW IT Service Desk at: (02) 9385 1333 ; Email: servicedesk@unsw.edu.au

Counselling support - <http://www.counselling.unsw.edu.au>

Students experiencing problems of a personal or academic nature are encouraged to contact the Counselling Service at UNSW. This consultation service is free and confidential and run by professional counsellors. The Counselling Service also conducts workshops on topics such as 'Coping With Stress' and 'Procrastination'. The Counselling Service is located on Level 2, Quadrangle East Wing, and can be contacted on 9385 5418.

Library training and support services - <http://info.library.unsw.edu.au>

Disability Support Services – Those students who have a disability that requires some adjustment in their teaching or learning environment are encouraged to discuss their study needs with the Course Coordinator or the Equity Officer (<http://www.studentequity.unsw.edu.au/disabil.html>). Early notification is essential to enable any necessary adjustments to be made.

In addition, it is important that all students are familiar with University policies and procedures in relation to such issues as:

- **Examination procedures** and advice concerning illness or misadventure
<https://my.unsw.edu.au/student/academiclife/assessment/examinations/examinationrules.html>
- **Occupational Health and Safety** policies and student responsibilities;
<https://my.unsw.edu.au/student/atoz/OccupationalHealth.html>

9. Course Schedule

Lecture Topics and Required Reading

Week	Subject	Butler Ch.
1	Overview and Background	1-2
2	International Financial Markets; Foreign Exchange and Currency Risk Management	3-4
3	The International Parity Conditions	5
4	Currency Futures and Futures Market; Currency Options and Options Market	6-7
5	Currency Swaps and Swaps Market; The Rationale for Hedging Currency Risks	8-9
6	Multinational Treasury Management Managing Transaction Exposure to Currency Risk	10-11
7	Mid session exam: Weeks 1-5 lecture & corresponding tutorial materials. No Lectures; No Tutorials	
8	Managing Operating Exposure to Currency Risk; Country Risk Management	12, 14
9	Cross-Border Capital Budgeting; Multinational Capital Structure and Cost of Capital	15-16
10	Real Options and Cross-Border Investment; Corporate Governance and the International Market for Corporate Control	18-19
11	International Portfolio Diversification; International Asset Pricing	20-21
12	Managing an International Investment Portfolio Review	22

This lecture schedule is subject to change without prior notice. Students will be able to download the lecture slides from the subject website prior to the relevant lecture.

Tutorial Schedule

Week	Butler End of Chapter	Conceptual Questions	Problem Questions
1	-	-	Introduction/ Group formation
2	1 2	1 to 11 1 to 9	1.1 -
3	3 4	1,3,6,8 1,3,4,6,8	4,5,6 1,6,7,13,14
4	5	1 to 12	1, 2,6,12,13, 14, 15
5	6 7	1,4,5,6 1,3,4,6	1,5 7,8,9
6	8 9	1 to 6 1,2,3	1,3 1,5
7	-	-	-
8	10 11	3,5,10,11,14 1,3,4,5,8	1,2 4,5,6
9	12 14	1,3,4,8,9 1,2,3,9,10,11	1,2 1,3
10	15 16	1,2,3 1,4,7,8,9	1,2,6,7,8,9 3,6
11	18 19	2,3,5,8,9 1,2,4,5,6,7,10	1,2,7 2,4
12	20 21	7,9,10,11 4,6,9,12,13,15	5,8,9 2,3,6
Note*	22	1,2,6,7	1,2

*There will be no formal tutorials for chapters 22. The solutions to these questions will be made available on WebCT. Students are advised to consult their tutor if they need further assistance.