

THE UNIVERSITY OF
NEW SOUTH WALES



Australian School of Business
School of Banking and Finance

[FINS 5516]
[INTERNATIONAL CORPORATE FINANCE]

COURSE OUTLINE
SESSION 1, 2009

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1. COURSE STAFF

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A/Prof. Donghui Li
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1.1 Communication with Staff

Consultation Hours for Donghui are:

Monday 11:00 –12:00; 17:00 --18:00

Consultation hours for Bohui are:

Friday 9:00 –12:00; 17:00 –18:00;

Outside these times, meetings are by prior appointment only. E-mail the staff in question and arrange a mutually convenient time. **Teaching staff will only respond to emails with reference to sender's student name and student number.**

2. INFORMATION ABOUT THE COURSE

2.1 Teaching Times and Locations

FINS5516 International Corporate Finance	La	Mon	14:00	17:00	Civil Engineering 101
	Lb	Mon	18:00	21:00	Civil Engineering 101

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 MCom. 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 LEARNING 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, you should be able to:

1. Understand international capital and foreign exchange market such as markets for foreign exchange, Eurocurrencies, stocks, bonds, and derivatives, as well as the global network of commercial banks.
2. Identify and appraise investment opportunities in the international environment, especially using methods in cross border capital budgeting.
3. Identify risk relating to exchange rate fluctuations and government policies and develop strategies to deal with them such as hedging with futures, forwards, and options.
4. Develop strategies to deal with other types of country risks associated with foreign operations.
5. Understand theoretical and practical issues involved in managing international investment portfolio in terms of maximizing returns and minimizing portfolio risk.

These learning outcomes will help you to develop the ASB Graduate Attributes

(http://wwwdocs.fce.unsw.edu.au/fce/EDU/asb_graduate_attributes.pdf)

3.3 Approach to Learning and Teaching

The experiential learning approach will be adopted throughout the course. This involves a reflection of the knowledge and experience gained by students in their previous academic and professional activities.

3.4 Teaching Strategies

This course is a combination of formal lectures and a computing assignment. The lectures are used to explain concepts and to give real life examples of situations in which these concepts are used. The computing assignment is designed for problem-solving and discussion of issues raised in the lectures. There is an expectation that students will engage in additional readings, as well as Butler.

4. CONTINUAL COURSE EVALUATION AND 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 is one of the ways in which student evaluative feedback is gathered.

There will be a survey every two-three weeks to collect your feedback regarding the previous a few weeks' teaching and learning. The survey basically is to help you improve your learning quality and provides an additional channel for you to express your opinions. The teaching methods and/or some teaching contents may be adjusted partially according to the consensus of the survey. This is to help you to improve course relevance and subject interests for your learning need.

5. LEARNING ASSESSMENT

5.1 Formal Requirements

In order to pass this course, you must:

- Achieve a composite mark of at least 50%

5.2 Assessment Details

Assessment	Due	Weight	Learning Outcome/s assessed
Group Assignment	Week 10	20%	TBA

In-class mid session exams	Week 6	30%	The mid session exams will test your understanding of the relevant lecture knowledge. It covers lecture contents from week 1 to week 4.
Final exam	TBA	50%	The final exam will test your understanding of lecture contents from week 7 to week 12.

Announcement: Mid-exam in week 6 is an in-class test. The format is multiple choice questions ONLY. Dr Zhang will announce the final exam format.

5.3 Assignment Format

Computer assignment in Week 5 requires maximum four people in one group. There should be maximum 20 pages in your report and the writing should be double lined.

5.4 Assignment Submission Procedure

The electronic format assignment should be emailed to donghui@unsw.edu.au no later than 6 pm on Mon of lecture Week 8.

5.5 Late Submission

There will be 20% deduction for every one hour delay.

5.6 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

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

7.1 Workload

It is expected that you will spend at least **eight 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 seminars 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. It is also your responsibility to keep the University informed of all changes to your contact details.

8. STUDENT RESOURCES

8.1 Course Resources

Required textbook:

Butler, K., 2008, Fourth Edition. Multinational Finance, *Wiley*. This book is available from the UNSW bookshop located near the Quadrangle.

Recommended textbooks:

Shapiro, A.C. Multinational Financial Management, latest 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.

WebCT Vista

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

8.2 Other Resources, Support and Information

The University and the ASB 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 G07 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

Date	Wk	Subject	Butler
9 th Mar.	1	Introduction/course information	1
16 th Mar.	2	World Trade and the International Monetary System	2
		Foreign Exchange and Eurocurrency Markets	3
23 rd Mar.	3	The International Parity Conditions	4
		Currency Futures and Futures Markets	5
30 th Mar.	4	Currency Options and Options Markets	6
		Currency Swaps and Swaps Markets	7
6 th Apr.	5	Computing Assignment—Lab Illustration (Topic: TBA; Due in Week 8)	
20 th Apr.	6	In class Mid Exam—Multiple Choice Questions Only	
27 th Apr.	7	The Rationale for Hedging Currency Risks	8
		Treasury Management of International Transactions	9
4 th May	8	Managing Transaction Exposure to Currency Risk	10
		Managing Operating Exposure to Currency Risk	11
11 th May	9	Managing Translation Exposure and Accounting for Financial Transactions	12
		Foreign Market Entry and Country Risk Management	13
18 th May	10	Cross-Border Capital Budgeting	14
		Multinational Capital Structure and Cost of Capital	15
25 th May	11	Taxes and Multinational Corporate Strategy	16
		Real Options and Cross-Border Investment Strategy	17
1 st Jun.	12	Final Exam Review	