

Module Code:	BUS665
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Module Title:	International Corporate Finance
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Level:	6	Credit Value:	16
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Cost Centre(s):	GABP	JACS3 code:	N340
		HECOS code:	100832

Faculty:	FSLS	Module Leader:	Chua Lai Poh
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Scheduled learning and teaching hours	63 hrs
Guided independent study	97 hrs
Placement	0 hrs
Module duration (total hours)	160 hrs

Programme(s) in which to be offered (not including exit awards)	Core	Option
Bachelor of Science (Hons) Finance & Accounting (Level 6 Top Up)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Pre-requisites

Office use only

Initial approval August 2018

Version no: 1

With effect from: 01/05/2019

Date and details of revision: Jan 2021 - Temporary change to assessment for 2020-21 due to Covid-19.

Version no: 3

Revised 24/09/2021 – Revert back to pre-Covid assessment

Module Aims

MA 1: To enable students to investigate the operation of the international capital and money markets with particular emphasis upon the nature and use of market instruments for raising capital finance, financing international trade, and managing interest and foreign exchange risk.

Intended Learning Outcomes

Key skills for employability

KS1	Written, oral and media communication skills
KS2	Leadership, team working and networking skills
KS3	Opportunity, creativity and problem solving skills
KS4	Information technology skills and digital literacy
KS5	Information management skills
KS6	Research skills
KS7	Intercultural and sustainability skills
KS8	Career management skills
KS9	Learning to learn (managing personal and professional development, self-management)
KS10	Numeracy

At the end of this module, students will be able to

Key Skills

1	Interpret and analyse financial data relating to the international capital and money markets.	KS5	
		KS10	
2	Analyse financial requirements in terms of the appropriate instruments.	KS5	
		KS10	
3	Devise hedging strategies for different types of risk exposure.	KS3	
		KS5	
		KS10	

Transferable skills and other attributes

Type of Skill	Skills development	Method of assessment
Problem solving skills	Presentation	Final examination
Critical thinking skills	Class interaction	Final examination
Writing skills	Lecture and presentation	Final examination

Derogations

None

Assessment:

Indicative Assessment Tasks:

1. Final exam – To test the knowledge of students that has attended the required lectures and understand the subject well enough

Assessment number	Learning Outcomes to be met	Type of assessment	Weighting (%)	Duration (if exam)	Word count (or equivalent if appropriate)
1	LO1 – LO3	Final Exam	100	3 hrs	

Learning and Teaching Strategies:

Lecture, tutorial, team production and consultation

Syllabus outline:

Introduction: international financial markets

Foreign exchange market, international money market, international credit market, international bond market, international stock market

Exchange rate determination

Exchange rate equilibrium, factors that influence exchange rates, movements in cross exchange rates

Currency derivatives

Forward market, currency futures market, currency options market

International arbitrage and interest rate parity

International arbitrage, IRP

Relationships among Inflation, interest rates and exchange rates

PPP, IFE, comparison of the IRP, PPP and IFE

Forecasting exchange rates

Forecasting techniques, forecast error, using interval forecasts

Measuring exposure to exchange rate fluctuations

Transaction exposure, economic exposure, translation exposure

Managing transaction exposure

Hedging exposure to payables, hedging exposure to receivables, limitations of hedging

Managing economic exposure and translation exposure

Managing economic exposure, hedging exposure to fixed assets, managing translation exposure
Foreign direct investment Motives for FDI, benefits of international diversification, host government views
Multinational capital budgeting Subsidiary vs parent perspective, input for multinational capital budgeting, other factors to consider
Multinational cost of capital and capital structure Domestic vs MNC cost of capital, cost of capital of foreign projects, the MNC's capital structure decision, subsidiary vs parent capital financing
Long-term financing Long-term financing decision, cost of debt financing, reducing exchange rate risk, interest rate risk from debt financing
Indicative Bibliography:
Essential reading
Madura, Jeff (2018) <i>International Corporate Finance</i> , 13th ed. South-Western
Other indicative reading
Buckley, A. (2004) <i>Multinational Finance</i> , 5th Edition, Harlow: FT Prentice Hall. Eiteman D., Stonehill A. and Moffett M. (2010) <i>Multinational Business Finance</i> , 12th Edition, Boston: Pearson.