

Module Code	ICF
Module Title	International Corporate Finance
Credit	20
Module Leader	Prof. dr Vesna Bogojevic Arsic

Aims

The aim of this course is to give the broader insight into the corporate finance, and especially to give certain knowledge of international aspects of corporate finance, which is of great importance today for financial managers, non-financial managers and academic. Particular aims of the module are:

- Systematic understanding of corporate finance tools in international corporate decision making process;
- Developing students' abilities to explore the complexity and the dynamic nature of international corporate finance;
- Systematic understanding of exchange rates and its influence on international corporate decisions;
- Developing students' abilities to explore the significance of international taxation;
- Practical applying the present value, risk and return models, and currency derivatives usage in international corporate decision making;
- Developing students' abilities to evaluate the practice in context of relevant international financial business and its theoretical approaches;
- Identifying major trends in international corporate finance.

Learning Outcomes

Knowledge

The course will give the students enough knowledge about all important areas of international corporate finance, such as: investment analysis, financing, dividend policy, risk management etc.

On successful completion of this module, the student will be able to demonstrate a systematic and practical understanding informed by current research and relevant professional practice of:

1. Key concepts in international corporate finance;
2. Exchange rate identification, measurement and forecasting;
3. Corporate finance decision making under geographic and political risk.

Skills

The graduate students will be able to solve all kind of problems in international corporate finance, e.g., financing and evaluation of international projects, decision making of short-term international financing, risk management etc.

On successful completion of this module, the student will be able to:

1. manage the exchange rates exposure;
2. evaluate the cross-border projects;
3. identify the possibilities for financing in global market;
4. apply methods for evaluating the performance of foreign operations.

Syllabus

- Introduction to International Corporate Finance
- International Financial Markets
- Determination of Exchange Rates
- Currency Derivatives
- Exchange Rate Behaviour and Relationship among Inflation, Exchange Rates, and Interest Rates
- Forecasting Exchange Rates
- Measuring Exposures to Exchange Rate Fluctuations
- Exchange rate risk management
- International Capital Budgeting
- Country Risk Analysis
- International Long-Term Financing
- Financing International Trade
- International Cash Management

Learning, Teaching and Assessment Strategies

While the course focus on understanding the basic theory behind these issues, it also examines empirical evidence and examples of firms' real world activities with the goal of preparing a student for a career dealing with financial decision making in an international environment. The course is mostly lecture style with some discussion of topics through case studies.

Assessment Scheme

This module is assessed using coursework and examination.

40% Individual coursework (learning outcomes 1, 2, 3, 4) where students are expected to write an essay. Essays will be related to the consideration of issues influence changes in exchange rates and interest rates on corporate decision-makers, and the use of currency derivatives to hedge risks. Students will receive essay topics on week 1, deadline for final version is week 9.

30% Group coursework (learning outcomes 3, 4, 6, 7) where students are expected to implement creative problem solving method in small group written presentation related to selected case study from practice. Students are expected to be able to formulate the problem and offer solutions. Case studies will refer to examples from practice (practical examples) and will require consideration of evaluation of international investment projects in presence of country risk and exchange rate risk management accordingly. Students will receive assignments on week 1, and deadline for final version is week 12.

30% Examination (learning outcomes 1, 2, 3, 4, 5, 6, 7, 8) occurs during the university examination period and is a 2-hour examination. Students are expected to answer closed and open ended questions.

Students will get feedback on their draft versions if submitted three weeks before the deadline for individual coursework and two weeks before the deadline for group coursework. After that period their submitted papers will be considered as final versions. They will have at least one week to correct and improve the paper according to feedback. After submission of final versions, students' papers will be assessed in max three weeks. Students are expected to strictly respect the deadlines.

Students need to pass coursework and examination and have minimum 50% in order to pass the module according to the following structure: individual coursework (minimum 20%), group coursework (minimum 15%) and examination (minimum 15%).

Assessment Weighting

Individual coursework 40%

Coursework 30%

Examination 30%

Learning Materials***Essential***

- Madura, J., Fox R., *International Financial Management*, Cengage, 2011.
- Shapiro, A.C., *Multinational Financial Management*, International Student Version, 9th Edition, Wiley-Blackwell, 2009.
- Bogojevic Arsic, V., *Korporativne finansije*, Fakultet organizacionih nauka, Beograd, 2005.

Recommended

- Indian Institute of Banking and Finance, *International Corporate Finance*, McMillan, 2007.
- Kim, S., Kim, S., *Global Corporate Finance: Text and Cases*, Wiley-Blackwell, 2005.
- Claessens, S., Laeven, L., *A Reader in International Corporate Finance*, Volume 2, World Bank Publications, 2006.
- Cornelius, P., Juttman, K., Langelaar, B., *Home bias in leveraged buyouts*, *International Finance*, Volume 12, Issue 3, pages 321–349, Winter 2009.

Total Notional Learning Hours

200