FIN 428/928  MULTINATIONAL FINANCIAL MANAGEMENT 6 CP

SPRING 2006  Wollongong Campus

Subject Coordinator
ASSOCIATE PROFESSOR MICHAEL McCRAE  School of Accounting and Finance
Room:  40.323  Ph:  4221 4015  email:  michael_mccrae@uow.edu.au
Consultation:  TBA  Time:  TBA

Lecturer
Ms FRED A HUI  School of Accounting and Finance
Room:  19.1032  Ph:  4221 3679  email:  fredah@uow.edu.au
Consultation:  Wednesday  Time:  11.30 – 12.30
Thursday  9.30 – 10.30
Thursday  14.30 – 15.30
Friday  9.30 – 10.30
# SECTION A: GENERAL INFORMATION

## LECTURE TIME

Wednesday 13.30 -15.30 67.102

## LECTURE PROGRAM

<table>
<thead>
<tr>
<th>Week</th>
<th>Week Commencing Dates</th>
<th>Topics Covered</th>
<th>Chapter(s)</th>
</tr>
</thead>
</table>
| 1    | 17/07/06              | Emergency Evacuation Procedures  
Introduction to the subject                                                 | N/A        |
| 2    | 24/07/06              | Environment of International Financial Management  
The Determination of Exchange Rates                                          | 1          |
| 3    | 31/07/06              | The International Monetary System  
Parity Conditions in International Financial and Currency Forecasting       | 3          |
| 4    | 07/08/06              | The Balance of Payments and International Economic Linkages  
Country Risk Analysis                                                        | 5          |
| 5    | 14/08/06              | The Foreign Exchange Market  
Currency Futures and Options Markets                                           | 7          |
| 6    | 21/08/06              | Swaps and Interest Rate Derivatives  
Measuring and Managing Translation and Transaction Exposure                  | 9          |
| 7    | 28/0606               | Measuring and Managing Economic Exposure  
International Financing and National Capital Markets                           | 11         |
| 8    | 04/09/06              | Mid-Term Examination 06/09/06                                                | N/A        |
| 9    | 11/09/06              | The Euromarkets  
The Cost of Capital for Foreign Investments                                    | 13         |
| 10   | 18/09/06              | Assignment Due in Lectures– 20/09/09  
International Portfolio Investment                                             | 15         |
| 11   | 02/10/06              | Corporate Strategy and Foreign Direct Investment  
Capital Budgeting for the Multinational Corporation                           | 16         |
| 12   | 09/10/06              | Financing Foreign Trade  
Current Asset Management and Short-term Financing I                           | 18         |
| 13   | 16/10/06              | Current Asset Management and Short-term Financing II  
Managing the Multinational Financial System                                    | 19         |

*Please Note:* This schedule can be subjected to changes.
BRIEF OUTLINE

This subject examines international finance and investment from the perspective of the multinational corporation. Topics studied include various aspects of the international monetary system, the Euromarkets, foreign exchange markets, internal and external exposure management techniques, currency futures and options, swaps, financing multinational corporation investment, multinational corporation investment decision making, and political risk analysis.

STUDENT LEARNING OUTCOMES

Upon completion of this subject participants should be able to:

1. Demonstrate a general understanding of the international financial system and foreign exchange markets.

2. Identify and distinguish the different forms of foreign exchange risk and recommend appropriate strategies for dealing with each.

3. Assess the foreign investment decision within the context of the objective of the firm.

4. Describe the nature of political risk and identify the means by which firms mitigate its impact.

5. Examine the problems in financing overseas operations and make recommendations on appropriate capital structure.

6. Describe international derivative markets in detail and how the various financial instruments can be used.

7. Measure and compare the cost of raising finance in overseas and domestic markets.

ATTENDANCE REQUIREMENTS

In order to maximise learning outcomes, it is strongly recommended that students attend all lectures.

PERFORMANCE LEVEL

To be eligible to pass this subject, students must achieve an overall mark of at least 50%, and at least 45% on the final examination.
REQUIRED TEXT(S)


This textbook is available online from the University Bookshop at
http://unishop.uow.edu.au/textbooks/

RECOMMENDED BACKGROUND AND FURTHER READING


This is not an exhaustive list of references. Students should also use the library catalogue and databases to locate additional resources.
SECTION B: ASSESSMENT

Summary of assessments

<table>
<thead>
<tr>
<th>Task</th>
<th>Weighting</th>
<th>Due Date</th>
<th>Return date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Assignment</td>
<td>10%</td>
<td>20/09/06</td>
<td>TBA</td>
</tr>
<tr>
<td>Mid-session examination</td>
<td>30%</td>
<td>06/09/06</td>
<td>TBA</td>
</tr>
<tr>
<td>Final Exam</td>
<td>60%</td>
<td>TBA</td>
<td>N/A</td>
</tr>
</tbody>
</table>

NB. Marks may be subjected to scaling.

NB. To be awarded a Pass or higher grade in this subject, students must achieve at least 45% of the available marks in the final exam.

Performance grades

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>HD</td>
<td>High Distinction</td>
<td>85–100%</td>
</tr>
<tr>
<td>D</td>
<td>Distinction</td>
<td>75–84%</td>
</tr>
<tr>
<td>C</td>
<td>Credit</td>
<td>65–74%</td>
</tr>
<tr>
<td>P</td>
<td>Pass</td>
<td>50–64%</td>
</tr>
<tr>
<td>F</td>
<td>Fail (unsatisfactory completion)</td>
<td>0–49%</td>
</tr>
<tr>
<td><strong>ASSESSMENT 1</strong></td>
<td><strong>Practical Assignment</strong></td>
<td></td>
</tr>
<tr>
<td>-----------------</td>
<td>--------------------------</td>
<td></td>
</tr>
<tr>
<td>The International Monetary System</td>
<td>Chapter 5 page 185 - 186 (textbook), Mini-case (The Bank of Korea reassesses its reserve policy).</td>
<td></td>
</tr>
<tr>
<td>Currency Futures and Options Markets</td>
<td>Chapter 8 page 303 (textbook), Question 8 (a – c)</td>
<td></td>
</tr>
<tr>
<td>Weighting:</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Due date</td>
<td>Week 10, 20/09/2006, 13:30 To be handed in to the lecturer during lecture.</td>
<td></td>
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Any assignments submitted after the due date will incur a penalty (10% of the available marks per day) which may reduce the mark to zero, unless special consideration has been granted. All extensions must be applied prior to the due date.

*Students not submitting the assignment by the last day of classes, in the absence of accepted documented reasons, will fail the subject.*

**Mandatory assignment presentation standards are as follows:**

1. The assignment is to be typed, font size 12, 1.5 lines spaced, on one side of the paper only, maximum 12 pages, using a computer word processing package.
2. A duplicate of the assignment is required.
3. Problems with computers, software, lost disks etc will *not* be accepted as excuses for late submissions.
4. The pages should be numbered consecutively.
5. An assignment cover sheet must be attached to your assignment.
6. There must be a margin of about 30mm to allow for written comments.
7. All assignments should include a list of references in academic form. All sourced material, including direct quotations, should be appropriately acknowledged. For referencing format see *The Accounting Review*.
8. **Post:** No posted assignments will be accepted.  
   **Facsimile:** No faxed assignments will be accepted.  
   **Email:** No emailed assignments will be accepted.

The assignment will be penalised for failure to meet any of these requirements.
## EXAMINATIONS

### MID-TERM EXAMINATION

<table>
<thead>
<tr>
<th>Weighting</th>
<th>30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Week 8 during lecture 6/9/2006</td>
</tr>
<tr>
<td>Time allowed</td>
<td>1 hour 30 mins</td>
</tr>
<tr>
<td>Detail:</td>
<td>The mid-semester examination will cover all topics up to and including week 6 topics. The format of the test will be advised during the lectures. Note: There will be only one mid-semester examination (no supplementary examination)</td>
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</table>

### FINAL EXAMINATION

<table>
<thead>
<tr>
<th>Weighting</th>
<th>60%</th>
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<tbody>
<tr>
<td>Date</td>
<td>The final examination date will be confirmed during the course of the subject and published on SOLS 3 to 4 weeks before the examination period.</td>
</tr>
<tr>
<td>Time allowed</td>
<td>3 hours 15 mins</td>
</tr>
<tr>
<td>Structure of paper</td>
<td>TBA</td>
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</table>
ADDITIONAL INFORMATION

Study Times
As a general rule, each credit point per subject has a value of 2 hours study per week including attendance at lectures. Therefore, on average, a minimum of 12 hours study per week should be devoted to this subject.

Consultation Times
Consultation times will be posted on the lecturer’s office door at the beginning of session or other times could be arranged by appointment.

Medical certificates
Medical certificates for illnesses (or accidents) which have forced you to miss final examination, or to be late with assignment, must be submitted to Student Administration (not to the lecturer) as soon as possible.

Supplementary Examinations
Supplementary examinations will only be granted in exceptional circumstances and at the discretion of the Head of School. If you have submitted medical evidence and consulted the Course Co-ordinator with the expectation of being granted a supplementary exam you may be advised at very short notice so you should be prepared. However, we stress supplementary examinations are not granted to everyone submitting medical etc evidence.

PLAGIARISM
Plagiarism means using the ideas of someone else without giving them proper credit. For example, that someone else may be an author, critic, journalist, artist, composer, lecturer, tutor or another student. Unintentional plagiarism can result if you don’t understand and use the acceptable scholarly methods of acknowledgement. Whether plagiarism is deliberate or unintentional, the University may impose penalties, which can be very severe. When it is desirable, or necessary, to use other people’s material, take care to include appropriate references and attribution. Plagiarism will not be tolerated and has led to expulsion from the University.

Students should visit the following University website and become familiar with the University’s policy on Plagiarism.

### SECTION C: RULES, CODES OF PRACTICE & POLICIES

#### C1 UNIVERSITY POLICIES

Information on the following University Policies can be found at the websites below:

<table>
<thead>
<tr>
<th>Policy</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical objection by students to the use of animal and animal products in coursework subjects</td>
<td><a href="http://www.uow.edu.au/about/policy/ethicalobjectionanimals.html">http://www.uow.edu.au/about/policy/ethicalobjectionanimals.html</a></td>
</tr>
</tbody>
</table>

* see brief explanation of policy below.

#### C1.1 Non-discriminatory Language

The Faculty of Commerce supports the University's policy on the use of non-discriminatory language. It is the responsibility of students to ensure that they understand and abide by this policy. The policy is available at:

http://staff.uow.edu.au/eeo/nondiscrimlanguage.html
C1.2 Special Consideration Policy

The Faculty of Commerce recognises that it has a responsibility to ensure equity and consistency across its subjects for all students. Sometimes, in exceptional circumstances, students need to apply for special consideration in order to complete all assessable work.

The University applies strict criteria to the granting of special consideration. Before applying for special consideration students should carefully read the University’s policy. The policy can be found at:


Add any School specific procedures or information here {or delete statement}.

C1.3 Student Academic Grievance Policy

The Faculty of Commerce aims to provide a fair, equitable and productive learning environment for all its students. The Student Academic Grievance Policy seeks to support the achievement of this goal by providing a transparent and consistent process for resolving student academic grievances.

Any student who has a grievance over a result should obtain a Faculty of Commerce Appeal of Assessment Form from the Schools or the Sub-Dean’s Unit. The student should firstly take the form to the marker/lecturer to discuss the matter and, if the student is still not satisfied, s/he should take the next step as outlined on the form.

Once the grievance has been considered by the Faculty, if the student still feels the situation has not been fully resolved s/he may consult the Dean of Students. However, the Dean of Students can have no input into the academic judgement of the lecturer and can only review the grievance to ensure proper procedure has been followed.

For more information, please consult the policy in full at


C2 FACULTY AND SCHOOL POLICIES

REFERENCING

WHY DO YOU NEED TO REFERENCE?

At University it is necessary to acknowledge the sources of information and ideas that you have incorporated in your assignments. Failure to do this thoroughly may result in accusations of plagiarism: this is the academic equivalent of stealing (because by not acknowledging someone else’s work, you are presenting it as your own). Plagiarism is taken very seriously by the University and may result in expulsion from the University.

Referencing is not only about acknowledging other people’s work: accurate referencing and lists of references are beneficial when researching a topic as they allow the reader to follow up information and read further into the area. In a sense, references provide readers with clues to help them explore different avenues of a topic. This aspect of referencing will become more valuable to you as you progress in your studies.

There is a correct procedure that must be followed when referencing and using footnotes. Not complying with these set techniques and format will most likely result in loss of marks.

When writing an essay it is easiest to reference as you go, making sure you are writing down all relevant information. This will save hours trying to find the source again in the library.
THE HARVARD SYSTEM OF REFERENCING

The Faculty of Commerce uses the Harvard system of referencing. This system makes use of short references within the body of the text. It is supplemented by a detailed list of references at the end of the text, which provides all the information necessary to find the source material. In-text references include the author and year of publication, and where necessary the page number(s).

*It is the responsibility of students to ensure that they are familiar with the Harvard system of referencing and that they use it accurately in all written work submitted.*

Students should consult the following University Library website for a detailed explanation and examples of the Harvard system of referencing.


CITATION OF ELECTRONIC SOURCES

It is necessary for students to reference all sources used in their written work, including file transfer protocol sites, worldwide web sites, telnet sites, synchronous communications (MOOs, MUDs, IRC, etc.) Gopher sites, and email, Listserv and Newsgroup citations.

*It is the responsibility of students to ensure that they are familiar with the accepted Faculty of Commerce practice for referencing electronic material and that they use it accurately in all written work submitted.*

Students should consult the following University Library website for a detailed explanation and examples of how to reference electronic material.


OCCUPATIONAL HEALTH AND SAFETY WHERE RELEVANT, INCLUDING SAFETY IN LABORATORIES AND ON FIELD TRIPS

C3 SUPPORT SERVICES AND FACILITIES

{The following details of C3 are relevant to the Wollongong campus.

Off-campus sites should include their relevant support service details and delete areas which are not relevant}.  

LEARNING RESOURCE CENTRE

Learning Development offers a range of free services to all enrolled students who wish to improve their academic or English language skills. There are a range of workshops available including; essay writing and editing; reading for assignments; grammar; presentation skills; pronunciation and exam preparation.

For information on language and academic skills workshops, or to make appointments for consultations, please visit the Learning Resource Centre (LRC), Building 19, Ground Floor, Room G102, or Phone 02 4221 3977. For further information visit the website:

FACULTY LIBRARIANS
Each faculty has a Faculty Librarian who is available to help with research related enquiries. Research Help Desk staff are also available in the Library to assist with research needs.

The Faculty Librarians for Commerce can be contacted as follows:

email: lib_commerce@uow.edu.au
telephone: 42 213078

DISABILITY LIAISON OFFICER
The Disability Liaison Officer (DLO) can provide advice on how particular disabilities affect university study and information on resources available at the University for assisting students with disabilities. Students commencing courses are advised to contact the Disability Liaison Officer prior to the beginning of their first session of study.

For further information on services offered, consult the Disability Services website or contact the office.

web address: http://www.uow.edu.au/student/services/ds/
telephone: 42 213445
fax: 42 215667

FACULTY DISABILITY ADVISERS
Faculty Disability Advisers are academic staff who provide assistance and support to students with disabilities within their Faculty and act as an intermediary between the student and the Faculty's academic and general staff. They provide support, educational advice and referral to appropriate staff on issues related to teaching and learning within the Faculty and the University. Students are advised to communicate specific information about the ways in which their disability affects learning to the Faculty Disability Adviser as soon as possible after enrolment.

The Faculty of Commerce Disability Adviser is Mr. Ron Perrin. Mr Perrin can be contacted as follows:

Office location: Building 40, room 224
email address: ron_perrin@uow.edu.au
telephone: 42 214118
WOOLYUNGAH INDIGENOUS CENTRE

The Woolyungah Indigenous Centre (WIC) provides academic and personal support for Aboriginal & Torres Strait Islander and other indigenous students. The Centre also runs an Indigenous Specific Orientation Program for students who gain entry to the University through the alternative admissions program.

For further information on services offered, consult the Aboriginal Education Centre website or contact the office.

Centre location: Building 30
web address: http://www.uow.edu.au/aec/
telephone: 42 213563
fax: 42 214244