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“**THE RUSSIAN PRESIDENTIAL ACADEMY OF NATIONAL ECONOMY AND PUBLIC ADMINISTRATION**”

The Institute of Business Studies
Department of International Business and Business Administration

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MODULE SYLLABUS

INTERNATIONAL FINANCE

38.03.02 Management

International Management

Bachelor

Full-time

Intake Year – 2018

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1. The list of the module's intended learning outcomes, mapped to the learning goals and objectives of the educational program.

1.1. **"International Finance" ensures the development of the following competences taking into account the stage of development**:

Competence code	Competence name	Stage of competence development code	Name of the competence development stage
RK-4	Ability to use the main methods of financial management for evaluating assets, managing operating capital, making investment decisions and decisions on financing, setting dividend policy and capital structure, including decisions related to the operations on world markets in conditions of globalization.	**RK-4.3**	Studying the features of the main methods of financial management for evaluating assets, managing operating capital, making investment decisions and decisions on financing, setting dividend policy and capital structure, including decisions related to the operations on world markets in conditions of globalization.
RK-15	Ability to conduct the analysis of market and specific risks for making management decisions, including decisions on investments and financing.	**RK-15.2**	Studying specific risks of international business and acquiring skills to manage these risks.
RK-16	Ability to evaluate investment projects, financial planning and forecasting, taking into account financial markets and institutions.	**RK-16.3**	Acquiring skills of evaluating international investment projects

Upon completion of the module the students should have the following competences

General work functions	Stage of competence development code	Learning outcomes
Ability to carry out management and business functions in an international environment. Ability to analyze quantitative and qualitative indicators of a company's performance. Ability to find new business solutions and ensure their realization.	**RK-4.3**	**Knowledge** - Types of currency exchange rates; - Factors that determine currency exchange rates; - Conditions of parity of purchasing power and interest rates; - Types of term currency contracts and contexts of their use; - Value and capital structure of transnational corporations. - Advantages of raising finance on international markets; - Debt and equity financing of transnational corporations; - Direct investments as a tool of developing a

		transnational corporation..
		Competence - Calculate reverse and cross-currency exchange rates; - Calculate economic effect from operations with currency derivatives; - To formulate a financial strategy of a transnational corporation; - To calculate the value of capital of a transnational corporation.
		Skills - To estimate economic effect from spot and forward operations on the currency market; - The basics of financial and investment strategy of a company on international markets.
	PK-15.2	**Knowledge** - Causes and types of currency risks; - Notions, advantages and disadvantages of hedging risks on currency markets; - Political risks and their types in transnational corporations.
		Competence - Identify operational, economic and currency exchange risks; - Suggest tools for managing different types of political risks.
		Skills - Ability to suggest tools for managing different types of currency risks; - Ability to suggest tools for managing different types of political risks.
	PK-16.3	**Knowledge** - Peculiarities of investment analysis of foreign projects.
		Competence - Forecast cash flows if international investment projects in national and foreign currency; - Take account of inflation and risks in the analysis of international investment projects.
		Skills - Skills of analysis of international investment projects.

1. **The module's workload in credit units with the number of academic or astronomic contact hours, distributed among different types of learning experiences, students' independent study workload and the module's place in the program's structure and curriculum.**

Workload

The program curriculum specifies the following workload for the module **"International Finance"** :

- Total workload – 3 credit units,
- Contact hours – 28 hours, including 14 lecture hours and 14 seminar hours;

- Independent student work – 44 hours.
- Preparation for examination and examination: 36 hours.

The module's place in the educational program's structure

The module **"International Finance"** is designed for Year 3 students, and is delivered in Semester 6. Prerequisite modules:

- Macroeconomics
- Financial accounting
- Taxes and taxation
- Financial mathematics
- Financial management

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3. **Summary of the module's content by topics (section) with the amount of academic or astronomic hours per topic (section) and types of student learning experiences. The module's structure.**

(full time study format)

Item N	Topic/section name	Module workload, hours						Current and final module assessment
		Total	Contact hours and learning experience types				Self study	
			Lectures	**Lab work**	**Seminars**	**Course paper**		
Topic 1	Introduction Financial management in a transnational corporation	10	2		2		6	Q, P
Topic 2	Currency market.	12	2		2		8	Q, T
Topic 3	Currency market derivatives	10	2		2		6	Q, T
Topic 4	Currency risk management	10	2		2		6	Q
Topic 5	Financing of transnational corporations	10	2		2		6	Q, T
Topic 6	Foreign direct investment	10	2		2		6	Q, T
Topic 7	Financing of international trade	10	2		2		6	Q
Final module assessment		0	36	0	0	0	0	36
Total:		108	14	0	14	0	44	examination

***- – forms of current assessment:*
Quiz (Q)
Presentation(P)
Test (T)

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Summary of Module Content

Introduction

Topic 1. Financial management in a transnational corporation

The theory of comparative advantage as a basis for international trade.

Globalization as a process of a national company becoming international.

Imperfections of the market as an opportunity for creating and developing transnational corporations. Risks related to financial globalization. The peculiarities of international financial management and its difference from financial management in a national corporation.

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Topic 2. Currency market.

The definition of a currency market. Participants of a currency market. Factors that determine currency exchange rates. Currency exchange rates – direct and indirect, selling and buying rates, spot and forward rates.

Topic 3. Currency market derivatives

Types and purposes of financial derivative instruments on the currency market.

Forwards and futures contracts. Similarities and differences. Currency futures characteristics.

Currency options. Types of options contracts, call options and put options. Factors that affect options' price. The Black-Scholes formula for calculating options' price.

Topic 4. Currency risk management

Financial and operational business risks. Risk management principles Causes and types of currency risks - operational, economic, cross rate. The notion of hedging, advantages and disadvantages of hedging.

Operational risk. Types of hedging to manage operational risk.

Causes of economic risk, its differentiation form operational (transaction) risks. Economic risk in the short term, mid-term and long-term. Tools of proactive management of economic risks.

Translation (cross-rate) risk. Managing currency translation risk.

Taxation consequences of currency risks.

Topic 5. Financing of transnational corporations

Factors, that determine transnational companies' capital value. Equity value, cost of debt, capital's structure optimization in the context of international business, tax rate factor.

Reasons for entering global capital markets for transnational corporations. Market liquidity and market segmentation. Marginal capital cost and investment budget of a transnational corporation.

Investment attractiveness of a transnational corporation. Strategies and tools of attracting equity capital on international markets: cross listing, listing on foreign stock-exchanges, private investment.

Financing subsidiary companies abroad. Internal and external sources of financing. Debt tools of financing subsidiaries – bank loans, Euronotes, debt securities, project financing. Equity capital.

Topic 6. Foreign direct investment

Justification of direct investment decisions. Foreign direct investment and financial strategies.

Political risks. Corporate, country and global risks. Managing different types of politicl risks.

Investing into production assets in foreign countries. Investment analysis of a foreign project. Evaluating international projects in domestic and foreign currencies.

Profit repatriation. .

Topic 7. Financing of international trade

The structure of international trade relations. Sequence of trade operations and the conflict of interest between buyers and sellers. Documentation (letter of credit, bill of lading etc.).

Managing operating capital in a transnational corporation. The influence of currency risks on production, operations and finance cycles. Managing the components of operating capital – stock, debt, cash. Internal and external sources of finance, types and characteristics of short term loans.

4. Assessment materials and tools for current and final module assessment.

4.1. Forms and methods of current assessment and final module assessment..

4.1.1. The following methods of current assessment are used in "International Finance" module:

Topic	Current assessment methods
Topic 1. Introduction Financial management in a transnational corporation	Quiz, Presentation
Topic 2. Currency market.	Quiz, Test

Topic 3. Currency market derivatives	Quiz, Test
Topic 4. Currency risk management	Quiz
Topic 5. Financing of transnational corporations	Quiz, Test
Topic 6. Foreign direct investment	Quiz, Test
Topic 7. Financing of international trade	Quiz

4.1.2. Examination is administered in a written form.

Materials for current module assessment.

- Group presentation for Topic 1
- Tests for Topics 2-3
- Tests for Topics 5-6
- Quizzes and in-class discussions for Topics 1-7

Group presentation (**10 points,** duration 10 minutes, 10-12 Power Point slides) aimed at identifying the ability to evaluate strategic and financial prospects of entering international markets..

Sample Test questions, topics 2-3 (15 points)

1. (4 points) Steve Shee, a currency trader in в J.P. Morgan Chase, can invest может $5 million of a bank's operating capital or an equivalent in a foreign currency into an arbitrage deal with a Dutch crone. Will he received arbitrage profit, is he uses the following rates:

Currency spot rate: Dkr 6.1720/$
3-months forwards rate: Dkr 6.1980/$
3-month interest for USD: 3.0% в год (0.75% for 90 days)
3- month interest for Dkr: 5.0% в год (1.25% for 90 days)

2 (3 points) Michael Polin, a currency trader of a New York investment company, uses the following futures quotations for speculating on the British pound:

British Pound Futures, US$/pound (CME) Contract = 62,500 pounds

Maturity	Open	High	Low	Settle	Change	High	Low	Open interest
March	1.4246	1.4268	1.4214	1.4228	0.0032	1.4700	1.3810	25605
June	1.4164	1.4188	1.4146	1.4162	0.0030	1.4550	1.3910	809

c. If Michael buys three March futures for the British pound and the spot rate will be $1.4560/£, what profit (loss) will he make?
d. If Michael sells 12 June futures and the spot rate will be $1.3980/£, what profit (loss) will he make?

Samples questions for discussions:

Topic 1.

1. What is globalization? How does it manifest itself? What is the role of international business in globalization?
2. Advantages and risks of conducting business on international markets?

Reading: Shimko P.D. International Financial management, Ch. 1, p.14-32

Topic 2.

1. What factors determine currency rates?

2. How does inflation influence currency exchange rates?
   Reading: Shimko P.D. International Financial management, Ch. 2, p.33-77

Topic 3

1. What is the difference between the basic financial instruments and derivatives?
2. What is a forwards contract?
3. What is a currency option? What types of options do you know?
   Reading: Shimko P.D. International Financial management, Ch. 4, p.217-287

Topic 4

1. What types of currency risks do you know, to what operations are they related?
2. What is hedging? Advantages and risks of hedging.
3. Taxation consequences of currency risks.
   Reading: Shimko P.D. International Financial management, Ch. 2, p.79-94

Topic 5.

1. Opportunities for raising finance on foreign markets and their impact on the availability and cost of the capital of transnational corporations.
2. Possible finance sources for subsidiaries
3. Debt instruments available for transnational corporations on international markets.

Reading: Shimko P.D. International Financial management, Ch.5, p.289-232

Topic 6

1. What is FDI – Foreign direct investment?
2. What is the relationship between FDI a company's financial strategy?
3. Types of political risks.
   Reading: Shimko P.D. International Financial management, Ch. 6, pp.396-424

Topic 7

1. What is a standard sequence of international trade operations?
2. The impact of currency risks on operating capital management?
   Reading: Shimko P.D. International Financial management, Ch. 7, c.435-471

4.3. Assessment tools for final module assessment

1.3.1. The list of competences with the stages of their development in the process of the educational program.

Competence code	Competence name	Stage of competence development code	Name of the competence development stage
RK-4	Ability to use the main methods of financial management for evaluating assets, managing operating capital, making investment decisions and decisions on financing, setting dividend policy and capital structure,	**RK-4.3**	Studying the features of the main methods of financial management for evaluation assets, managing operating capital, making investment decisions, decisions on financing, setting dividend policy and

	including decisions related to the operations on world markets in conditions of globalization.		capital structure including decisions related to operations on world markets in conditions of globalization
RK-15	Ability to conduct the analysis of market and specific risks for making management decisions, including decisions on investments and financing.	**RK-15.2**	Studying specific risks of international business and acquiring skills to manage these risks.
RK-16	Ability to evaluate investment projects, financial planning and forecasting, taking into account financial markets and institutions.	**RK-16.3**	Acquiring skills of evaluating international investment projects

4.3.2 Indicators and criteria for assessing competences at different stages of their development

Stage of competence development	Indicator	Criterion
PK-4.3	Ability to calculate the economic effect of operations on the spot market and forwards currency market and with currency derivatives.	*Knowledge:* – Types of currency quotations; – Factors influencing currency exchange rates; – Conditions of parity of buying power and interest rates; – Types of term currency contracts and contexts of their use. *Competences:* – Calculate reverse and cross currency exchange rates; – Calculate the economic effect from operations with currency derivatives.
	Knows the basics of financial and investment strategies on international markets	*Knowledge:* • The main features of the cost and structure of capital of a transnational corporation; • Advantages of raising finance on international markets; • Debt and share instruments of financing a transnational corporation; • Foreign Direct Investments as a tool of developing a transnational corporation. *Competences:* • Formulate a strategy of a transnational corporation; • Calculate capital cost of a transnational corporation. *Skills:* • the basics of financial and investment

		strategies on international markets.
PK-15.2	Ability to suggest tools of managing different types of currency risks.	*Knowledge:* – Causes and types of currency risks; – The notion, advantages and disadvantages of hedging on currency markets. *Competences:* – Identify operational, economic and translational risks; – Propose instruments of managing different types of currency risks.
	Ability to suggest instruments of managing different types of political risks. риска.	*Knowledge:* Political risks in the activities of a transnational corporation and their types; *Competences:* Propose instruments of managing different types of political risks.
PK-16.3	Ability to analyze economic efficiency of international investment projects	*Knowledge:* – The peculiarities of investment analysis of foreign projects; *Competences:* – Forecast cash flows of international investment projects in national and foreign currency; – Take account of inflation and risks in the analysis of international investment projects.

4.3.3 Samples of test assignments and other materials (typical assessment materials) used for assessing knowledge, competences and skills and/or activities the stages of competences development in the process of the education program progression.

The final module assessment is delivered in the form of a written multiple choice test (40 questions).

4.4. Learning guidelines, explaining the processes used for assessing knowledge, competences and skills and/or activities at different stages of competence development in the process of the education program progression

The current assessment takes account of the grade received for the group presentation and tests and also participation in discussions and during quizzes, Maximum points for current assessment if 60 points, that are distributed between assignments:

Presentations 10
Test 1 15
Test 2 15
Participation 20
Total 60

Only the students that have received at least 30 points for current assignments can take the final exam.

The final module assessment is delivered in the form of a written multiple choice test (40 questions). Each correct answer equals 1 point thus the maximum grade for the examination is 40 points.

. **Converting points into the traditional grading scale:**

100 point scale	5 point scale	Pass/fail
85-100 points	Excellent	Pass
70-84 points	Good	Pass
55-69 points	Satisfactory	Pass
Less than 55 points	Unsatisfactory	Fail

5. Learning guidelines for students

6.The lists of essential and further reading, necessary for studying the module, a list of recommended internet sources, teaching materials and guidelines for students' independent study. .

6.1. Essential reading

1. Shimko P.D. International Financial management: a textbook and practicum for bachelor and master students, 2nd edition.— M. : Uraite press, 2016. — 494 p.

6.2. Further reading

1. Moffett, Michael H. Fundamentals of multinational finance / Michael H. Moffett, Arthur I. Stonehill, David K. Eiteman.—5th ed. – Pearson, 2016.
2. Shapiro, Alan C. Multinational financial management / Alan C. Shapiro. -Tenth Edition.- Wiley, 2014.

6.3. Self-study guides

Presentations in MS Power Point

6.4. Legal and normative documents

1. UN Convention dtd April 11 1980 . "On Contracts for the International Sale of Goods" (Wein, 1980 .) // Vestnik VAS RF. 1994. N 1. 2.

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6.5. Интернет-ресурсы

1. www.rbc.ru
2. www.vedomosti.ru
3. www.kommersant.ru/daily
4. http://www.trade-point.ru/vt
5. http://www.imemo.ru/ru/period
6. www.re-j.ru
7. http://www.economist.com.ru.
8. http://expert.ru.
9. www.economist.com

10. www.ft.com
11. www.businessweek.com

6.6. Other sources

1. Kotelkin S.V. International financial management.. M.: Publishing house INFRA-M, 2010.

7. The necessary equipment and technology used for implementing the educational process for the module, including a list of software and information databases if applicable.

For lectures and seminars:

1) Rooms with multimedia and computer presentation equipment
2) Prospect Vernadskogo, 82, building 5, Room 129 for lectures, Rooms 505 and 506 for seminars, a computer/a notebook and a multimedia projector
3) Flip chart
4) Software: MS Word, MS Excel, MS PowerPoint, Microsoft Internet Explorer.