



UNIVERSITY
OF TASMANIA

Economics

Faculty of Commerce

BEA384
International Finance

Semester 1, 2003

Unit Outline

Dr Bruce Felmingham

CRICOS Provider Code: 00586B

Contact details

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Unit details

School: Economics
Faculty: Commerce
Unit Title: International Finance
Unit Code: BEA384
**Prerequisites/
Corequisites** BFA181/281 Financial Management
**Campus &
Mode:** Hobart Campus, WebCT supported
Unit Weight: 12.5%
**Teaching
Staff:** Dr Bruce Felmingham

This unit is a compulsory unit in the Finance Major in the BCom and BEc degrees.

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Unit description

Aim

This unit is designed to provide you with the skills necessary to understand and address some of the multi-faceted issues of the international financial environment. International finance draws upon ideas and techniques from various fields including financial management, macroeconomics and microeconomics, basic statistics, and investment theory.

Learning outcomes

On completion of this unit, you should be able to:

- To understand the international financial market.
- To be able to identify, measure and manage foreign exchange risk exposure from an international business perspective.
- To understand how working capital management decisions can be effectively executed within the context of cross-border operations.
- To understand how long-term asset and liability management decisions are affected by multinational sources of capital and country-specific risk.
- To understand the significance of international capital market equilibria.
- To analyse the role of the international financial institutions in world capital markets

Prerequisites/corequisites

Assumed skills

Basic knowledge of statistics.

Prerequisite/corequisite units

You need to have satisfactorily completed the unit *BFA181/281 Financial Management* or its equivalent.

Texts, references and learning resources

Prescribed text(s)

Madura, J., 2003, *International Financial Management*, 7th Edition, International Thomson Publishing. (The sixth edition has an identical chapter structure and can be used, although there is new material in each chapter).

Recommended readings

Eiteman, D.K., Stonehill, A.I., and Moffett, M.H., 1995, *Multinational Business Finance*, 7th ed, Addison-Wesley.

Eng, M.V., Lees, F.A., and Mauer, L.J. 1995, *Global Finance*, Harper Collins

Juttner, D.J., 1992, *International Finance & Global Investments*, 2nd Edition, Longman Cheshire.

Moosa, I., 1998, *International Finance: An Analytical Approach*, McGraw-Hill.

Shapiro, A.C., 1996, *Multinational Financial Management*, 5th edn, Allyn and Bacon.

Access to WebCT

The WebCT entry page is at <http://webct.utas.edu.au:8900/>. Click 'Log on to myWebCT' and enter the same username and password that you use for your University email account. Your personal WebCT page will appear, with the units in which you are enrolled listed at the top left of the screen. Click on the 'International Finance' link to gain access to the home page for this unit. Details about WebCT features are available on <http://www.webct.com/quickstart>. If you run into problems with WebCT, contact the Help Desk on Telephone: 6324 3888, or Email: HelpDesk@weboffice.utas.edu.au.

Teaching arrangements

Lectures/Workshops

There will be one 2 hour session on Fridays at 9.00am to 11.50am. Each session will be organised as a composite lecture, tutorial and workshop and all continuous assessment will take place in this three hour program.

From week 2 class sessions will include:

9.00am to 10.50am Lecture
10.50am to 11.00am Break
11.00am to 11.50am Workshop

Note that the workshop assignments form part of the final assessment in this unit. Details are provided under Study Program.

Consultation

Instructor is available at any time convenient to both parties. Appointments can be made with the secretaries in the School of Economics (Sue Abel - Room 403, ext 2308, or with Tracy Kostiuik - Room 407, ext 7672), located on the 4th Level of the Commerce building.

Occupational health and safety (OH&S)

The University is committed to providing a safe and secure teaching and learning environment. In addition to specific requirements of this unit you should refer to the University's policy at: http://www.admin.utas.edu.au/hr/ohs/pol_proc/ohs.pdf

Unit schedule

The weekly guide to instruction is shown on the following list. Note that marks allotted in the final assessment of the unit to each workshop assignments.

Date	Lecture	Prescribed Text	Worksh op Ass No.	Marks Allocated to Assignment %	
Week 1 Fri 28 Feb		Course Organisation/Overview	Madura – Ch 1	None	
Week 2 Fri 7 Mar		Balance of Payments	Madura – Ch 2	Ass 1	3
Week 3 Fri 14 Mar	a	International Finance Markets	Madura – Ch 3	Ass2	3
	b	Markets and Institutions	Madura – Ch 3		
Week 4 Fri 21 Mar	a	Exchange Rate Determination (1)	Madura – Ch 4	Ass 3	3
	b	Exchange Rate Mechanisms	Madura – Ch 4, 5		
Week 5 Fri 28 Mar	a	Currency Derivatives	Madura – Ch 5	Ass4	3
	b	Exchange Rate Policy Management	Madura – Ch 6		
Week 6 Fri 4 April	a	International Parity Conditions	Madura – Ch 7	Ass 5	5
	b	Inflation, Interest Rates, Exchange Rates	Madura – Ch 8		
Week 7 Fri 11 April	a	Currency Risk Management	Madura – Ch 9	Ass 6	5
	b	Currency Risk Exposure	Madura – Ch 10		
Week 8 Fri 18 April		No Lectures due to Easter Break (From 18 th April to 25 th April)			
Week 9 Fri 2 May	a	Managing Transactions Exposure	Madura – Ch 11, 12	Ass 7	5
	b	DFI	Madura – Ch 13		
Week 10 Fri 9 May	a	Capital Budgeting	Madura – Ch 14	Ass 8	3
	b	Country Risk	Madura – Ch 16		
Week 11 Fri 16 May	a	Cost of Capital	Madura – Ch 17	Ass 9	2
	b	Long Term Financing	Madura – Ch 18		
Week 12 Fri 23 May	a	Financing International Trade	Madura – Ch 19	Ass 10	3
	b	Short Term Financing of Portfolios	Madura – Ch 20		
Week 13 Fri 30 May	a	Cash Management	Madura – Ch 21	None	
	b	Review			
<i>Total Marks for Workshop Assignments</i>					35%
Other Dates to keep in mind:					
Study Period Monday June 2 – 6					
Exams Commence Saturday June 7 to Tuesday June 24					
Semester Break Commences Wednesday June 25 to Friday July 11					
Second Semester Commences Monday July 14					

Learning expectations and strategies

Expectations

The University is committed to high standards of professional conduct in all activities, and holds its commitment and responsibilities to its students as being of paramount importance. Likewise, it holds expectations about the responsibilities students have as they pursue their studies within the special environment the University offers.

The University's Code of Conduct for Teaching and Learning states:

Students are expected to participate actively and positively in the teaching/learning environment. They must attend classes when and as required, strive to maintain steady progress within the subject or unit framework, comply with workload expectations, and submit required work on time.

Learning strategies

If you need assistance in preparing for study please refer to your tutor or lecturer. For additional information refer to the Learning Development website : <http://www.utas.edu.au/learndev/>

If you will be using WebCT for the first time and would like some information on how to use WebCT refer to the following guide: http://www.utas.edu.au/coursesonline/docs/using_webct.pdf

Some of the units you will study use video conferencing to deliver lectures and tutorials. To enable you to get the best out of a video conference please refer to the following guide. <http://www.its.utas.edu.au/videoconf/vcstudentguide.pdf>

Assessment Summary

Component	Weight/Value	Due date
Workshop Assignments x 10	35%	Due at the end of each workshop (starting in week 2 to 13)
Final Exam	65%	June Examination Period

Submission of assignments

All workshop assignments will be conducted in the workshop. The assignment should be handed to your lecturer at the end of the session for grading.

Requests for extensions

Extensions will only be granted on the basis of consultation with your lecturer before the due date. If you are ill, please provide a medical certificate so that this can be noted.

Academic referencing

Student writers need to back up their ideas by referring to scholarly literature, works of art and inventions that they have used. Failure to do so constitutes academic dishonesty (plagiarism), a matter considered by the University of Tasmania as a serious offence. It is important that students understand how to correctly refer to the work of others and maintain academic integrity.

The appropriate referencing style for this unit is

Baumol, William (1986), "Productivity Growth, Convergence and Welfare", *American Economic Review*, vol. 76, pp. 1072-85.

Maddison, Angus (1970), *Economic Progress and Policy in Developing Countries*, London, Allen and Unwin.

For information on presentation of assignments :

<http://www.utas.edu.au/library/assist/gpoa/gpoa.html>

Please read the following statement on plagiarism. Should you require clarification please see your unit coordinator or lecturer.

Plagiarism

Plagiarism is a form of cheating. It is taking and using someone else's thoughts, writings or inventions and representing them as your own; for example, using an author's words without putting them in quotation marks and citing the source, using an author's ideas without proper acknowledgment and citation or copying another student's work.

In fact the intentional copying and submission of someone else's work as one's own is a serious offence tantamount to academic fraud. It is a University offence punishable by a range of penalties that may range from a fine or deduction/cancellation of marks and, in the most serious of cases, exclusion from a unit, a course, or the University. **When in doubt consult your lecturer or tutor.** Details of penalties that can be imposed are available in the Ordinance of Student Discipline or at: www.utas.edu.au/plagiarism

Additional assistance

If you are experiencing difficulties with your studies or assignments, have personal or life planning issues, disability or illness which may affect your course of study, you should raise these with your lecturer.

Student Services staff are located in Hobart, Launceston and Burnie and provide a wide range of services to assist students, they include:

- Student Counsellor
- Careers Adviser
- Disability Adviser
- Student Employment Service.

Or visit the Student Services website at :
<http://student.admin.utas.edu.au/services/>

Should you require assistance in accessing the Library visit their website for more information at <http://www.utas.edu.au/library/>

Your contact Librarian for this unit is :
<http://www.utas.edu.au/library/about/contact.html#mm>

International Services website provides information on the assistance available to international students, visit their site at :
<http://www.international.utas.edu.au/index.html>

The Learning Development website has a wide range of resources on study skills and learning strategies, visit their site at : <http://www.utas.edu.au/learndev/>

Help resolving concerns about this unit

If you have any concerns or complaints with the administration and/or management in this unit or your BEc course of either a general or personal nature, then you should in the first instance discuss the matter with your lecturer. If you feel that you would rather discuss the issue with an independent person within the School of Economics, then contact the Ombudsperson:

Dr Sarah Jennings
School of Economics
Room 413
email sarah.jennings@utas.edu.au

If the matter is still unresolved and you would like to know who to contact or the procedures for resolving your concern refer to the following website :
<http://student.admin.utas.edu.au/services/complaints/index.html>

The Hobart based Tasmanian University Union (TUU) or the Launceston/Burnie based Student Association (SA) may also be able to assist.

Unit feedback

The University of Tasmania, on a regular basis, evaluates its teaching and learning environment through the Student Evaluation of Teaching and Learning (SETL) system. The University values feedback from students and from time to time you will be asked to complete a SETL evaluation for a unit of study. For more information on SETL go to :

<http://www.admin.utas.edu.au/HANDBOOKS/UTASHANDBOOKS/STUDINFO/studeval.html>