

Subject				
International Finance II				
ECTS code	Semester	Faculty: of Finance		
	6	Major: Finance and Accounting		
		Corporate Finance and Accounting		
Faculty:				
Lecture: Igor Styn, Ph. D.				
Classes: Igor Styn, Ph. D.				
System of studies:				
full time, first degree				
Subject status	Pass requirement	Number of contact hours		ECTS points
		Lectures	Classes	
Group E	Examination	30	30	5
Teaching language				
English				
Subject provisions and objectives (including the expected can-do of students on completion of the course)				
<p>This course is dedicated to the corporate financial management in an international context. The basics of international finance are supposed to be known by the students after the course of the first semester.</p> <p>Main objectives:</p> <ul style="list-style-type: none">- to specify the sources of opportunity and risk arising from the international context.- to develop the methodological tools and financial techniques necessary to exploit the opportunities and manage the risks associated with international economic and financial transactions. <p>At the completion of the course the student should be able to:</p> <ul style="list-style-type: none">- define and distinguish different types of foreign exchange risk and recommend appropriate management action;- design an information system relevant to a multinational company's need to control foreign exchange exposure;- assess the international capital investment decision in a manner consistent with the parent company's desire to maximize the wealth of its shareholders;- understand the sources and nature of political risk for the international company and recommend appropriate management action to mitigate its impact in different circumstances;- appreciate the problems in financing an overseas subsidiary and make recommendations on the most appropriate financial structure;- measure and compare the true cost of borrowing in the international financial arena;- understand the opportunities available to finance international trade and minimize credit risk;- understand the difficulties and possible solutions to the problem of how to measure overseas subsidiary company performance and also appreciate the complexity of treasury performance measurement.				

Teaching curriculum (in case of prescribed courses, compliance with the standards, maximum 15 topics)

This is not a prescribed course. No imposed standard exists.

1. Currency risk exposure and management

- 1.1. Definition of risk exposure
- 1.2. Principles of exposure management
- 1.3. Internal techniques of exposure management
- 1.4. External techniques of exposure management

2. Returns and acceptance criteria for cross border investment

- 2.1. Reasons for investing
- 2.2. Cash flow analysis
- 2.3. Methods and techniques for project evaluation
- 2.4. Foreign direct investment

3. Risk evaluation of cross border investment projects

- 3.1. The political risk and legal risk
- 3.2. Other market risks than currency risk
- 3.3. Risk evaluation impact on project evaluation

4. International financing

- 4.1. EU funds and funds of other international financial institutions as financing sources for international investment projects
- 4.2. Bridge financing
- 4.3. Foreign currency bonds
- 4.4. Syndicated loans
- 4.5. International equities
- 4.6. International capital structure and the cost of capital

5. Short-term capital management of international operations

- 5.1. International cash management
- 5.2. Taxation of international operations
- 5.3. Payment systems, custody, and settlement of cross-border transactions

Class topics (maximum 15 topics)

- 1. Different risk measurement in case studies.
- 2. Evaluation of investment proposals in case studies.

Introductory courses

Financial Mathematics, International Finance

Teaching methods

Lectures, exercises, and case studies

Basic literature and other sources

Eiteman D.K., Stonehill A.I., Moffett M.H., Multinational Business Finance, 12th ed., Prentice Hall, 2010.

Pass requirements for signature/examination

Final test (multiple choice test) – 50%; case studies – 50%.

Examples of questions for tests and examinations

- 1. Explain differences between legal risk and political risk.
- 2. How to calculate the effective cost of capital obtained from an EU Fund?