

UNIVERSITY OF ECONOMICS - VARNA
FACULTY OF MANAGEMENT
DEPARTMENT „FINANCE“

Adopted by the FC (record №/ date):

Adopted by the DC (record №/ date):

ACCEPTED BY:

Dean:

(Prof. Stoyan Marinov, PhD)

SYLLABUS

SUBJECT: “INTERNATIONAL BUSINESS FINANCE”

DEGREE PROGRAMME: “International business”; BACHELOR`S DEGREE

YEAR OF STUDY: 4; SEMESTER: 7

TOTAL STUDENT WORKLOAD: 240 h.; incl. curricular 60 h.

CREDITS: 8

DISTRIBUTION OF WORKLOAD ACCORDING TO THE CURRICULUM

<i>TYPE OF STUDY HOURSE</i>	WORKLOAD, h.	TEACHING HOURS PER WEEK, h
CURRICULAR: incl. <ul style="list-style-type: none">• LECTURES• SEMINARS (lab. exercises)	30 30	2 2
EXTRACURRICULAR	180	-

Prepared by:

1.
(Assoc. Prof. Jordan Jordanov, Ph.D.)

2.
(Assoc. Prof. Dancho Petrov, Ph.D.)

Head of department:
„Finance“ (Prof. Stefan Vachkov, Ph. D.)

I. ANNOTATION

The course „International business finance” focuses on the specific features of the decision-making process in multinational corporations. The main objective is to provide students with in-depth knowledge that will enable them to understand the logic of modern strategic financial management in corporations, including investment policies and financing decisions.

The first part of the course presents the introduction to financial markets and the main features of Forex trade. The second part is devoted to international dimensions of the capital structure, cost of capital, working capital management, cash management and debt financing. The third part of the course reviews specific tools and techniques applicable to the valuation of the international investment projects, the analysis of global sources of long-term financing and instruments of international trade.

Upon completion of the course, students will have knowledge of:

- the main features of international financial markets and will understand why we should pay attention to exchange rates and different interest rates;*
- key hedging techniques applicable to currency and interest rate risks of international projects;*
- what instruments are used for debt and equity financing in international business;*
- the mechanism of raising the capital by multinational companies.*

After completion of the course student will be able to:

- evaluate the currency risk exposure;*
- classify the financing and investment risks of multinational corporation;*
- apply key adjusted-present-value techniques for evaluating international investment projects;*
- make the necessary calculations in the process of raising capital and to analyze the various instruments of capital markets available;*
- assess the debt/equity ratio taking into account the international nature of the business and the cost of financing.*

II. THEMATIC CONTENT

No. по ред	TITLE OF UNIT AND SUBTOPICS	NUMBER OF HOURS		
		L	S	L.E.
THEME 1. INTRODUCTION TO INTERNATIONAL BUSINESS FINANCE		2	2	
1.1.	Dimensions of international business finance			
1.2.	Brief history of money and financial systems			
1.3.	Basic classifications of financial markets			
THEME 2. INTERNATIONAL FINANCIAL MARKETS		2	2	
2.1.	Foreign exchange market			
2.2.	Global money market			
2.3.	International credit market			
2.4.	International bond market			
2.5.	International stock markets			
THEME 3. THE DETERMINATION OF EXCHANGE RATES		2	2	
3.1.	Supply-and-demand view of exchange rates			
3.2.	Imports, exports, and exchange rates			

3.3.	The factors affecting exchange rates			
3.4.	Exchange rate systems			
THEME 4. THE FOREIGN EXCHANGE (FOREX) MARKET		2	2	
4.1.	The organization of the forex market			
4.2.	Size of the market			
4.3.	Types of contracts traded			
4.4.	Forex exposure and risk			
4.5.	Hedging forex transactions			
THEME 5. DETERMINATION OF INTEREST RATES IN GLOBAL MARKETS		2	2	
5.1.	The theory of interest rate parity			
5.2.	Interpretation of interest rate parity			
5.3.	Types and term structure of interest rates			
5.4.	The term structure of forward premiums and discounts			
5.5.	Interest rate swaps			
THEME 6. MULTINATIONAL CAPITAL STRUCTURE AND COST OF CAPITAL		2	2	
6.1.	Subsidiary versus parent capital financing			
6.2.	Background on cost of capital			
6.3.	Cost of capital of foreign projects			
6.4.	Costs of capital across countries			
THEME 7. WORKING CAPITAL MANAGEMENT		3	3	
7.1.	International management of current assets and liabilities			
7.2.	Subsidiary revenue and expenses			
7.3.	Subsidiary Dividend Payments			
7.4.	Liquidity Management			
THEME 8. INTERNATIONAL DIMENSIONS OF CASH MANAGEMENT		3	3	
8.1.	The objectives of cash management			
8.2.	Constraints of international cash management			
8.3.	Investing excess cash			
8.4.	Techniques to optimize cash flows			
THEME 9. INTERNATIONAL DEBT FINANCING		3	3	
9.1.	The global sources of funds			
9.2.	The characteristics of debt instruments			
9.3.	Management of interest rate payments: fixed-rate versus floating-rate debt			
9.4.	Bonds and international portfolio diversification			
9.5.	Size and structure of the world bond market			
9.6.	The types of debt instruments in the international bond market			
THEME 10. CAPITAL BUDGETING FOR FOREIGN INVESTMENTS		3	3	
10.1.	Features of multinational capital budgeting			
10.2.	Difficulties in evaluating foreign projects			
10.3.	Selecting the appropriate discount rates			
10.4.	Forecasting cash flows of foreign projects			
10.5.	The adjusted-present-value techniques			
10.6.	Adjusting project assessment for risk - risk-adjusted discount rate, certainty equivalents, sensitivity analysis			

THEME 11. INTERNATIONAL DIMENSIONS OF LONG-TERM FINANCING		3	3	
11.1.	International equity financing			
11.2.	Bond financing			
11.3.	International bank loans			
11.4.	Comparing the cost of financing from different sources			
THEME 12. FINANCING INTERNATIONAL TRADE		3	3	
12.1.	Instruments of international trade			
12.2.	Trade finance methods			
12.3.	Methods of payment			
		Total:	30	30

III. FORMS OF CONTROL:

No. by row	TYPE AND FORM OF CONTROL	№	extra-curricular, h.
1.	Midterm control		
1.1.	Midterm test	1	50
1.2.	Assignment for midterm control (case study, scholarly essay)	1	50
Total midterm control:		2	100
2.	Final term control		
2.1.	Combined test with open and closed questions	1	80
Total final term control:		1	80
Total for all types of control:		3	180

IV. LITERATURE

REQUIRED (BASIC) LITERATURE:

1. Bekaert G., R. Hodrick (2018) International Financial Management, Cambridge University Press, 3rd Edition, Available at the university library.
2. Connolly M., (2006) International Business Finance, 1st Edition, Kindle Edition, Routledge.
3. Eiteman D., A. Stonehill, M. Moffett (2018) Multinational Business Finance, Pearson Series in Finance, 15th Edition.

RECOMMENDED (ADDITIONAL) LITERATURE:

1. Bhogal T., A. Trivedi (2019) International Trade Finance: A Pragmatic Approach, Finance and Capital Markets Series, 2nd ed.
2. Eun C., B. Resnick (2017) International Financial Management, The Mcgraw-hill/Irwin Series in Finance, Insurance, and Real Estate, 8th Edition.
3. Jacque L. (2019) International Corporate Finance: Value Creation with Currency Derivatives in Global Capital Markets, Wiley Finance, 2nd Edition
4. Krugman P., M. Obstfeld, M. Melitz (2018) International Finance: Theory and Policy, Global Edition, Pearson, 11th Edition.

5. Madura, J. (2017) *International Financial Management*, Cengage Learning; 13 edition.
6. Moffett M., A. Stonehill, D. Eiteman (2017) *Fundamentals of Multinational Finance*, The Pearson Series in Finance, 6th Edition.
7. Petrov, D. (2017) *Is the Global Syndicated Loan Market Attractive? Management and Innovation Society*, Bucharest, Niculescu, pp. 616-627.
8. Ross S. et al. (2019) *Corporate Finance*, McGRAW-HILL, *Available at the university library*.