

# INTERNATIONAL FINANCIAL MANAGEMENT

## Course Brief Description

Number of credits: 4 ECTS

Course period: 1 semester / 2 classes (1 lecture and 1 seminar) per week in the first half of the semester, 1 class (seminar) per week in the second half of the semester

Language of Instruction: English

Instructor: PhD Igor Drapkin

Name of the Institute: Graduate School of Economics and Management, UrFU

Office Phone: +7-343-350-75-68, +7-343-375-41-48

E-mail: i.m.drapkin@urfu.ru

### Course description:

The aim of the course is to give knowledge and to develop skills of making decisions in international financial management. As a result of mastering the course a student will:

Know:

- basic concepts, categories and tools of economic science and the world economy, of the laws and patterns of international economic activity, of construction principles of foreign direct investment market and international tax planning, of fundamentals of the world economy, and of the peculiarities of the main categories of international economic relations
- theoretical foundations of arranging foreign exchange transactions, of implementation of strategies and programs for different types and participants of the international economic integration, of regulatory and legal framework in the area of economic analysis of international economic activity
- key financial flows of organisations and governmental agencies, basics of accounting, international financial reporting standards
- economy of foreign countries, of foreign direct investments, of the major trends in the sector of development of international economic relations, of strategic measures in the area of modernisation of the system of international economic integration
- fundamentals of how to evaluate the effectiveness of financial measures on the basis of economic-mathematical models and information technologies in the global markets
- methods of international planning and economic processes forecasting within the framework of the international economic activity in the foreign exchange markets

Be able to:

- compile a package of initial data for conducting the calculations of economic and socio-economic indicators describing the activity of the economic agents
- calculate the economic and socio-economic indicators describing the activity of economic agents on the basis of standard methods and the existing rules and regulations
- analyse processes and tendencies of the modern world economy based on the international economic relations, using the tools of the international non-monetary economics, international operative management, and international logistics
- interpret the results of the economic analysis and synthesis, and to generate new ideas and approaches to solving the set problems
- assess markets, participants, customers of financial institutions, and competitors in the foreign exchange business
- identify the best options for management decisions and to justify promising proposals for their improvement

Possess the skills of:

- analysis of international economic relations and international economic activity, financial resources, and cash evaluation methods;

- solving problem situations arising in the course of project management, budget management, project monitoring, and sticking to the project implementation plan
- working with financial statements, of analysing internal and external financial information of the company, of analysing global and national financial markets
- implementing strategic measures for the enhancement of international economic activity of the enterprises
- assessing the suggested management decisions with a view to the effective financial management of enterprises in the world markets
- basic risk management and management of foreign exchange risks.

**Lectures and reading materials.** All lectures are supported with explicit PPT, cases from practice of leading international companies. Students are encouraged to do their own research and work with additional readings to find answers for the discussed problems. Reading of the additional teaching materials is important part of the course.

**Seminars.** The seminars are organized in a way to discuss and solve specific problems in different fields of international financial management. On the base of information given at lectures, and in additional readings as well, students are supposed to develop and prove their own ideas in teams or individually.

### **Assignments.**

The final grade for the course is calculated on the base of several components:

- 1) The course project (either individual or group)  
Sample topics are as following:
  - Foreign exchange risk management in modern conditions
  - Development of terminal market derivative tools in Russia
  - Developments in the contemporary anti-offshore legislation
  - Using the world's offshore areas for optimization of taxation
  - Russian companies attracting capital on the international markets
  - Making decisions about investing capital in transnational companies
  - Management of economic and political risks in a transnational company
  - Problems of evaluation of the cost of Russian companies
  - Current asset management in a transnational company
  - Dividend policy in transnational companies
- 2) A number of multiple choice tests after the following topics:
  - Foreign direct investment: theoretical foundations
  - Investment decisions of TNCs
  - TNC Decisions concerning International Financing
  - Management of current assets and liabilities of TNCs
  - Foreign exchange risk: assessment and management
  - Terminal Market Derivative Tools. Hedging strategies of TNCs using terminal market derivative tools
  - TNC Decisions concerning International Tax Planning Transfer pricing Offshores. Offshore Companies
- 3) Final examination when students are asked to give their opinion on two theoretical issues of the course, and solve a certain problem as a practical part of the examination.

Grading:

ECTS Grade	Points	Russian grade
A	100-91 points	"excellent": 100–80 points
B	90-81	
C	80-71	"good": 79– 60 points
D	70-61	

F: failed	less than 60 points: failed	“satisfactory”: 59–40 points
		“unsatisfactorily”: failed, less than 40 points

### Structure of the course

- Foreign direct investment: theoretical foundations
- Investment decisions of TNCs
- TNCs Decisions concerning International Financing
- Management of current assets and liabilities of TNCs
- Foreign exchange risk: assessment and management
- Terminal Market Derivative Tools. Hedging strategies of TNCs using terminal market derivative tools
- TNC Decisions concerning International Tax Planning Transfer pricing Offshores. Offshore Companies

Each lecture is followed by the problem solving tasks within the seminars.

### Core learning materials

- International Corporate Finance by Jeff Madura. 11<sup>th</sup> edition, 2012. South-Western, Cengage Learning.
- International Financial Management by Resnick & Eun. Irwin / McGraw-Hill Series in Finance, Insurance and Real Estate. 5th edition, 2008.
- Multinational Finance by Butler K.C. 4rd Edition. John Wiley & Sons, 2008.
- Multinational Financial Management by Shapiro A. 9<sup>th</sup> edition. John Wiley & Sons, 2009.
- Международный финансовый менеджмент (International Financial Management) / S.V. Kotelkin - M., Magister, 2010

### Additional readings

- V.A. Galanov Производные инструменты срочного рынка: фьючерсы, опционы, свопы (Terminal Market Derivative Tools. futures, options, swaps): Textbook / M., Finance and Statistics, 2002 - 464 p. Sections 1-4.
- Harris. J. Manville. International finance: Trans. from English. - M.: Filin, 1996.
- S.V. Cheremushkin Манипулирование финансовыми показателями и сокрытие обязательств за балансом. (Manipulating financial performance and hiding liabilities behind the balance). Part 1: "Corporate Finance Management" №4, 2009. P. 244-255 Part 2: "Corporate Finance Management" №5, 2009. P. 306-316
- V.E. Cherkasov Международные инвестиции (International investments): Manual - 2nd ed., rev. and enlarged. Moscow: Delo, 2003 - 288 p. Ch. 7.