San José State University

School: College of Business
Department: Accounting & Finance
Course Number: 177
Title: International Business Finance
Sections 1 & 2
Semester: Fall 2017
Year: 2017

Course and Contact Information

Instructor: Anu Vuorikoski

Office Location: BT 961

Telephone: 408-924-1341 (shared - not a good way to reach me)

Email: anu.vuorikoski-bullis@sjsu.edu, TEXT 530-863-7055 (Response within 24 hours)

Office Hours:
Office BT961: Physical Office Hours: Tuesdays 4:30-5:30, Wednesdays 12:45-1:15 pm and
Wednesdays 4:15-5:30pm, except on WebEx days when office hours are on-line by appointment.
On-line Office Hours: Via WebEx by appointment 7 days a week. “Open WebEX Personal
Room” Office Hours will be scheduled if there is demand for it.

Class Days/Times: Section 1: Wednesdays 1:30-4:15 pm (break at end), Section 2: Tuesdays
6:00-8:45 pm (break at end)

Classroom: Section 1 (1:30pm): BBC 321 (AIS Lab), Section 2 (6:00pm) BBC 302

Prerequisites: Bus 170 with C or above

Course Fees: None

Course Format
This course meets in BBC 321/30 for lectures and “flipped classroom” problem solving Exercises using Excel.
However, the class has 2 recorded live on-line WebEx recorded sessions with active participation earning
credits. A 3rd on-line session may be added if situation requires it. All students will need to access to WebEx,
including audio, during those sessions. All students will need to access Canvas at MINIMUM once a week and
MUST submit assignments as Canvas Assignments uploads ON TIME (times vary). NO points for late delivery
by email barring documentable medical and similar issues or documentable SJSU issues. Microsoft Office, especially Excel and PowerPoint, is a requirement in this class. While computers are available in BBC 302, student's own PC mouse may be helpful in allowing students to follow the examples. Use of your own computer is allowed during class and Final Quiz but Lockdown Browser is required for Quiz. During Exams only SJSU computers are allowed. Recording Permissions: As we have recorded WebEx Sessions, you may be asked to agree to being recorded. To record my lectures or demos, you need to inform me of your intent. Taking pictures of material on the whiteboards and walls is always allowed without specific notification.

Faculty Web Page and MYSJSU Messaging

Course materials such as syllabus, handouts, notes, assignment instructions, etc. can be found on the Canvas learning management system (LMS) course website on Canvas Learning Management System course login website at http://sjsu.instructure.com Students are responsible for regularly checking with the messaging system through MySJSU at http://my.sjsu.edu to learn of any updates. Students should connect Canvas to their regular email and phone. The Syllabus, Agenda, Deliverables and Day1 Materials can also be found on the faculty website: http://www.sjsu.edu/people/anu.vuorikoski-bullis/

Course Description

Catalogue Description: Focuses on the determination of exchange rates and the workings of international financial markets. Develops exchange rate parity relationships and techniques for hedging exchange rate risk. Strategies for managing working capital, long term debt, fixed asset selection and international financial reporting are also examined.

General Description: These Sections of Business 177 focus on the determination of exchange rates and the workings of international financial markets centering on how a multinational company operates in this environment. We discuss exchange rate parity relationships and practice techniques for hedging exchange rate risk and for forecasting rates. Company strategies for managing working capital, long term debt, fixed asset selection and international financial reporting are also examined. We focus on current events and the last 10+ years, only referring to long term history and long ago crises when they help explain current situation. As the professor is a former CFO of global companies very practical management focus will be adopted after the theory foundation has been laid. A review of necessary 170 concepts will be conducted as necessary in conjunction with review of key Excel features. Possible global guest speakers in person or via Telepresence have been invited and schedule will be adjusted to accommodate their schedule as necessary. Team Country Presentations and Company Presentations and a Trade Game (or a new one) add to the learning environment.

BSBA Goals:

Goal One: Business Knowledge

Understand basic business principles and demonstrate discipline-specific competencies as applied to local and global environments.

Goal Two: Communication

Communicate ideas clearly, logically, and persuasively in oral and written format, using technology appropriately.

Goal Three: Ethical Awareness

Recognize, analyze, and articulate solutions to ethical issues that arise in business.
Goal Four: Leadership, Teams and Diversity

Comprehend the challenges and opportunities of leading and working in diverse teams and environments.

Goal Five: Critical Thinking

Comprehend, analyze, and critically evaluate complex and unstructured qualitative and quantitative business problems, using appropriate tools and technology.

Goal Six: Innovation

Recognize, analyze, and articulate strategies for promoting creativity and innovation.

Course Learning Outcomes

From the perspective of a financial manager in a multinational company, understand the key factors and decisions that influence financial results and valuation of a multinational company.

LO1: Describe the basic theory of comparative advantage. This will be satisfied by being able to answer quiz questions about it after reviewing the class materials and lecture.

LO2: Understand the origins and development of the European Union, the Euro and recent events (such as Brexit vote in June). This will be satisfied by being able to answer quiz questions about it after reviewing the class materials and lecture.

LO3: Illustrate how nations measure their own levels of international economic activity through Balance of Payments. This will be satisfied by being able to answer quiz questions about it after reviewing the class materials and lecture and International Trade Game.

LO4: Comprehend the terminology and logistics of currency trading. Be able to communicate with currency dealers and financial institutions when conducting foreign exchange transactions for business or pleasure. This will be satisfied by being able to answer quiz questions about it after reviewing the class materials and lecture and by being able to calculate the values of one currency in terms of another on almost every homework assignment and exams.

LO5: Define and calculate foreign exchange spot, and forward transactions as well as cross rates and be able to determine if an arbitrage profit is possible. This will be satisfied by completing the Triangular Arbitrage and related homework and by being able to do those calculations on the Exam.

LO6: Understand how the spot and forward foreign currency rates are aligned with interest rate and inflation differentials and use the information to forecast rates and/or to determine if an arbitrage profit is possible. This will be satisfied by completing the Parity homework and being able to do all the calculations on the Exams.

LO7: Learn how to research a foreign country using publicly available data and to present findings to an audience. This will be satisfied by actively participating in the Country Presentation Team Project.

LO8: Distinguish between transaction, operating and translation foreign exchange exposure. This will be satisfied by completing the Hedging Homework and being able to do the calculations on the Exam.

LO9: Learn about techniques used to hedge FX exposure and be able to calculate the outcome under each method. This will be satisfied by being able to answer quiz questions about it after reviewing the class materials and lecture.

LO10: Be able to calculate future free cash flows and present values when foreign exchange rate changes cause change in pricing and or volume. [As operating and translation exposure require command of basic financial statements, financial statements and present value concept from 170 will be reviewed through Company Presentation..]. This will be satisfied by completing Company Team Presentation, Operating Exposure and Capital Budgeting Homework and being able to do the calculations on the Exam.
LO11: Understand the differences of the two main methods of currency translations and be able to calculate Income Statement and Balance sheet impact of sudden FX rate change. This will be satisfied by completing Translation Exposure Homework and being able to do the calculations on the Exams.

LO12: Understand companies’ choices for entering foreign markets. This will be satisfied by being able to answer quiz questions about it after reviewing the class materials and lecture.

LO13: Be able to determine project and parent future cash flows and to decide if a company should undertake a capital budgeting project (such as starting or acquiring and operation) in a foreign country looking at both project perspective and parent perspective. This will be satisfied by completing the Capital Budgeting Homework and being able to do the calculations on the Exam.

LO14: Understand how working capital management is complicated by multinational operations and be able to calculate the cost savings offered by centralizing cash and multilateral netting. This will be satisfied by completing the Working Capital Management Homework and being able to do the calculations on the Exam.

LO15: Be able to research and analyze the performance of a foreign multinational company. This will be satisfied by participating in the Company Team Project.

Required Texts/Readings

Textbook
RECOMMENDED: Multinational Business Finance, Eiteman et al

Other Readings

REQUIRED: All class materials in “Files” as well as Current Articles from the Economist, Wall Street Journal, Harvard Business Review, and other sources which will be distributed via Canvas Link or e-mail Link as they relate to the material being studied. Example: On January 15th, 2015 the Swiss Franc dramatically appreciated and articles describing the situation were assigned for discussion. The evolving currency markets provide lots of current material. In Fall 2017, articles will be determined by current developments.

Other equipment / material requirements

As stated above, students will need to use a computer in this class. AIS lab has computers at each seat. Computers are available to check out in BBC 302 against Student ID but students should bring their own mouse and may bring their laptop to regular classes and Final Quiz which will use Lockdown Browser. During the closed book exams ALL students will be required to use SJSU computers.

Course Requirements and Assignments

SJSU classes are designed so that in order to be successful, it is expected that students will spend a minimum of forty-five hours for each unit of credit during the semester (normally three hours per unit per week or 9 hours per week for a 3 Unit course). It fluctuates as this is an average. You should reserve sufficient time.
<table>
<thead>
<tr>
<th>Date</th>
<th>Topics/Activities</th>
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</thead>
<tbody>
<tr>
<td>Wed 1:30p and 6:00p</td>
<td>Topics/Activities</td>
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<tr>
<td>Modules I&amp;II</td>
<td>Module I: The Basics</td>
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<tr>
<td>23-Aug</td>
<td>Introduction (Ch 1, 2 referenced for those with book)</td>
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<td></td>
<td>Course Tools: Canvas, WebEx, Excel</td>
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<td>FX Rate Sources</td>
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<td>Country Presentation Outline and China Sample/Team Intros</td>
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<tr>
<td>30-Aug</td>
<td>Exercise 1: Team Warm-Up Exercise: Foreign Exchange Translation (Pre-Lecture): Exercises are IN CLASS</td>
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<td>Why do we trade. Comparative Advantage.</td>
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<td>Financial Markets</td>
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<tr>
<td>6-Sep</td>
<td>Exercise 2: International Trade Game/Calculations Practice, Country Presentations</td>
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<tr>
<td>13-Sep</td>
<td>Parity Conditions and Foreign Exchange Pass Through Calculation (Pricing Decision)</td>
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<td></td>
<td>Covered Interest Arbitrage. Definition. Calculations. Exercise 3</td>
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<tr>
<td></td>
<td>Uncovered Interest Arbitrage. Definition (Difference to Covered)</td>
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<td></td>
<td>Forecasting Rates Using Parity Conditions.</td>
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<td>Module II: Foreign Exchange Exposure</td>
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<tr>
<td>20-Sep</td>
<td>Transaction Exposure. Hedging Account Receivable and Account Payable Exposure. Exercise 4</td>
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<td>27-Sep</td>
<td>Translation Exposure. Exercise 5</td>
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<tr>
<td>4-Oct</td>
<td>Company analysis Lecture/Demo. Exercise 6 (EDIT on Canvas)</td>
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<tr>
<td>11-Oct</td>
<td>Exercise 7: On-Line Exam Review Session via WebEx at YOUR Location</td>
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<tr>
<td>18-Oct</td>
<td>EXAM I. SJSU Computers, your mouse. 5 x 8 HANDWRITTEN Notes</td>
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<tr>
<td>1-Nov</td>
<td>Capital Budgeting/Cross Border Capital Budgeting, including WACC review. Calculations.</td>
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<td></td>
<td>Cross Border Capital Budgeting with Working Capital Increases. Calculation. Exercise 9</td>
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<tr>
<td>Module III: Financial Decisions of Multinationals</td>
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<tr>
<td>8-Nov</td>
<td>Working Capital Management. Cost of Not Taking Discounts. Loan Choices (which is part of Cross Border also)</td>
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<tr>
<td>15-Nov</td>
<td>Company Presentations 9 x 25 minutes</td>
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<tr>
<td>22-Nov</td>
<td>Thanksgiving Break/No Classes held on Day Before</td>
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<tr>
<td>29-Nov</td>
<td>Exercise 11: On-Line Exam Review Session via WebEx at YOUR Location</td>
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<tr>
<td>6-Dec</td>
<td>Excel Exam II. SJSU Computers, your mouse. 5 x 8 HANDWRITTEN Notes</td>
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<tr>
<td>Exam Day</td>
<td>Mandatory Final Exam Quiz</td>
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</table>
The following “Assignments” detail the requirements of 177. The Assignments are Weekly and are uploaded to Canvas Assignments. They are subject to change via CANVAS (Syllabus will not be updated- Canvas is where current information will be) with reasonable notice in class and written notice via Canvas Announcement or Email. Students should link Canvas to their regular email and text feeds. Two weeks is a minimum notice for changes. Please also consult the Daily Agenda in Files/ModuleI/Schedule&Grading

Assignments
### All Assignments (Exercises, Homework, etc.) and Due Dates and Due Times on CANVAS

**Sections Graded Together and Scores Force Ranked. ALL HOMEWORK SUBMITTED IN EXCEL WITH CALC ON XLS**

#### Exercise 1: Team Warm-UP
- 1. Picture on Canvas
- 2. Summary of background (resume)
- 3. Excel in Finance Duplication
- 4. Student Contract
- 5. Syllabus Quiz

#### Exercise 2: International Trade Game
- 1. Exchange Rate and Triangular Arbitrage HW

#### Exercise 3: Parity Practice
- 1. Parity and Arbitrage Homework

#### Exercise 4: Transaction Practice
- 1. Transaction Exposure Homework

#### Exercise 5: Translation Practice
- 1. Translation Exposure Homework

#### Exercise 6: Recorded Exam I Review
- 1. Exam Redo Homework

#### Exam I: Excel calculations to Date (Closed Book, SJSU Computers, YOUR MOUSE) 5x8 HANDWRITTEN Note allowed
- 1. Exam Redo Homework

#### Exercise 7: Analysis Exercise
- 1. Company Presentation Excel

#### Exercise 8: Strategic Exposure
- 1. Strategic Exposure Homework

#### Exercise 9: Capital Budgeting
- 1. Capital Budgeting Homework

#### Exercise 10: Working Capital
- 1. Working Capital Management Homework

#### Exercise 11: Company Presentations PPT/Present In Class

#### Exercise 12: Recorded Exam II Review
- 1. 150 minute Excel Exam (Closed Book, SJSU computers, Your mouse) 5X8 HANDWRITTEN Note allowed

**Mandatory In-Class Concept Canvas Quiz Exam. Similar questions to sample Quizzes. (Closed Book, Lockdown Browser)

**TOTAL CLASS** 100

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### GRADING SUMMARY (Grading based on POINTS, never Percent)

<table>
<thead>
<tr>
<th>Category</th>
<th>Points</th>
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<tbody>
<tr>
<td>Excel Exam II</td>
<td>35</td>
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<tr>
<td>Excel Exam I</td>
<td>25</td>
</tr>
<tr>
<td>Final Comprehensive Concept Quiz</td>
<td>14</td>
</tr>
<tr>
<td>Exercises</td>
<td>13</td>
</tr>
<tr>
<td>Homework</td>
<td>11</td>
</tr>
<tr>
<td>Presentations</td>
<td>2</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
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**Sorry, NO points available for late deliveries of any Exercise Uploads, any Homework etc (Barring SJSU issues)**

**In documented medical and similar issues, normal SJSU accommodation.**

**Points do NOT reflect the amount of work items represent: Students stated the presentations were a lot of work but they learned a lot.**

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**No Letter Grades issued until end of semester.**

**Curve may be applied at the end of the semester if needed**

**Percent is NEVER used as a criteria for Letter Grades. Only POINTS.**
NOTE that University policy F69-24 at http://www.sjsu.edu/senate/docs/F69-24.pdf states that “Students should attend all meetings of their classes, not only because they are responsible for material discussed therein, but because active participation is frequently essential to insure maximum benefit for all members of the class. Attendance per se shall not be used as a criterion for grading.”

Final Examination or Evaluation

The Final Exam Quiz is a comprehensive cumulative Concept Quiz style exam worth 14 Points. Past smaller quizzes will be provided for practice. Quiz consists of Multiple ANSWER Questions (from 1 to all answers being correct). The Final Exam Quiz for Section 1 will be on Monday, May 22nd at 12:15 pm.

If student has a DOCUMENTED Conflict, student will be given an option to take a different version only at times to be announced.

Grading Information

Grading Policy, Grade Review Policy and Student Contract

ALL Assignments MUST be submitted ON-TIME, via correct Canvas Assignment for full credit. Only exception: Students trying to add will be given either permission to email or the Assignment will be made available for 2 days from the day add codes are provided (in Case of Open University, additional availability may be necessary). There are two Team Assignments and rest are Individual. Team Assignments below:

Research Assignment 1: Team prepares a 10 minute structured presentation on a country or group of countries. Teams are assigned via Canvas. Peer review will determine participation.

Research Assignment 2: Team researches a multinational company listed in the US and gives a report back answering questions provided. A class demo and an outline provide structure. Teams may be same as Assignment 1 or formed by students. Active participation in in class demo and/or giving the report determine participation. Peer review will determine if credit will be given to all members.

<table>
<thead>
<tr>
<th>Grading Item</th>
<th>POINTS</th>
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<tbody>
<tr>
<td>Excel Exam II</td>
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<td>Excel Exam I</td>
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<td>Final Comprehensive Concept Quiz</td>
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<tr>
<td>Presentations</td>
<td>2</td>
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<tr>
<td>TOTAL</td>
<td>100</td>
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During exams and the Final Quiz you are NOT allowed to use a cell phone or programmable calculator. You are allowed a blank sheet of paper to take notes before you answer a question and a 5 x 8 HANDWRITEN Note Card (both sides). No Internet access allowed during Exams. Any irregularities will result in “0” points.
*NO MAKE UP Exams or Final Quiz. ***NO Extra Credit Assignments without documentation.

Points for each Module will be updated weekly if at all feasible. If for ANY reason, and adjustment is necessary, it will be student’s responsibility to make sure that they request an adjustment within 5 days and check it has been made after the request. See the Grade Review Policy in Files/ScheduleAndGrading. The ONLY adjustments necessary should be for items due PRIOR to add codes being given to students. And those adjustments will be made by extending the available time for those Assignments for the specific student. All assignments will be AUDITED for being full submissions. Points may be deducted as a result of AUDIT.

NO curve, NO weights and NO Letter Grades will be assigned prior to end of semester. Only Points Count. Exams are not graded on a percent basis as partial credit requires point item counts of correct or missed. Points for Exam 2 and Semester-To-Date will be updated on Excel ONLY and Canvas will be shut down as the 2 Sections will be graded and force ranked together. With anticipated 90 students between the 2 Sections, grading of Excel exams with partial credit available takes from 20+ minutes for the early ones to an average of 7-12+ minutes per exam after that. While it varies by semester, the fastest is about 15-20 hours for 90, so Friday night is the earliest possible after a midterm. The 2nd Exam usually goes well into the weekend.

Grading Scale at end of Semester: A’s >88 points, B’s >77 points, C= 70 points, F <60. Typically, this class earns “normal distribution” of grades as many students achieve well over 90 points. It is possible that a curve will be applied at the end of semester if the distribution is really wide. All grades from A+ to F will be used. Occasionally a +/- grade is omitted if there is a wide gap in scores.

<table>
<thead>
<tr>
<th>Points</th>
<th>Grade</th>
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<tbody>
<tr>
<td>88 +</td>
<td>A-/A/A+</td>
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<tr>
<td>&gt;77 – 87.5</td>
<td>B-/B/B+</td>
</tr>
<tr>
<td>&gt;70 – 76.5</td>
<td>C/C+</td>
</tr>
<tr>
<td>&lt;60</td>
<td>F</td>
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</tbody>
</table>

The Final Quiz will be graded by Canvas and will available to view for 24 hours after 9 pm using Lockdown Browser. In a Multiple Answer quiz Canvas allocates partial credit and deducts for wrong answers. The two Excel Exams receive partial credit as long as Excel is used for calculations rather than typing in numbers calculated in some other means.

All questions/calculation are based on material assigned and/or discussed and/or presented in class. Format/wording may not be exactly the same as class materials or recommended book. For EXCEL Problems, a Data Table will be provided with all possible assumptions ready to be referred to. Data Table may include items for more than one calculation and requires understanding which data belongs to which calculation. Linking between worksheets in Exam Workbook may be the fastest way to do exam but alternate (longer) methods will be allowed. No calculators are allowed. “Hard coding” will not receive any partial credit or possibly any credit.
There are NO make-up exams under any circumstances. If an exam is missed for a documented reason (Emergency Room, Hospital, Governmental Appointment, the other exam % will be applied to the points for the other exam (i.e. more of your grade will depend on a single exam). If exams are missed for any other reason, the grade is 0.

Students who have NOT missed ANY Homework, Exercises or Exams have the OPTION to opt out of the Final Exam Quiz. Their score for the Final Exam Quiz will be calculated as Points Total After Exam 2/Total Available * 14 Points. They will still need to attend the Final Quiz session and take an ungraded Survey.

Updated Grades will be available via Excel ONLY since sections are graded together prior to MySJSU grades being finalized. Canvas will be shut down as it seems to confuse students at the end of the semester especially as the two Sections are graded together and percent is not used. No Canvas adjustments will be made unless review is requested according to policy.

All students have the right, within a reasonable time, to know their academic scores, to review their grade-dependent work, and to be provided with explanations for the determination of their course grades.

Classroom Protocol
Lucas College and Graduate School of Business: Program Goals and Classroom policy
http://www.sjsu.edu/cob/Students/policies/index.html

University Policies
Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate and Undergraduate Programs’ Syllabus Information web page at http://www.sjsu.edu/gup/syllabusinfo/”

Lucas College and Graduate School of Business:

Mission: We are the institution of opportunity in Silicon Valley, educating future leaders through experiential learning and character development in a global business community and by conducting research that contributes to business theory, practice and education.