



# ACCOUNTING AND FINANCE

# International Financial Management

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# International Financial Management

# Introduction:

This program provides an understanding of the fundamentals of financial management, with a focus on some international aspects relating to areas such as foreign exchange rate and interest rate risk exposure. Risk management is of vital importance in today's dynamic, international business environment and this program will promote the understanding of key business risks and how to minimize exposure. In capital-intensive industries, capital project appraisal is vital for value-adding decision-making. Case studies will enable learning to be applied in a practical context. Hands-on models and examples will be a part of every session along with the demonstrations of how to apply particular techniques. This program will enable you to:

- Understand the importance of using appropriate financial management techniques to create and increase shareholder value in an international environment
- Appreciate the ways in which corporate behaviour impacts on achievement of corporate objectives, and the importance of corporate governance
- Identify the various categories of risk associated with foreign exchange rates and interest rates and how they may be managed and minimized
- Use and evaluate the various techniques of capital investment appraisal and capital budgeting

- Develop appropriate strategies with regard to mergers, acquisitions and reorganizations, and defenses against hostile takeovers
- Effectively manage cash and working capital to reduce costs and improve cash flow

# Who Should Attend?

Non-financial and financial personnel at every level in an organization, providing a user-friendly environment to develop knowledge of international financial management

## **Course Objectives:**

#### By the end of this course, delegates will be able to:

- Understand agency theory and corporate governance
- · Evaluate cost of equity and cost of debt
- Analyze risk and uncertainty with regard to company financing
- Identify exposure to risks associated with foreign exchange rates
- Identify exposure to risks associated with interest rates
- Evaluate the range of financial tools and techniques used to manage exposures to risk such as options, forward contracts and derivatives
- Understand the importance of the appropriate capital structure and dividend policy with regard to the financial strength of the business

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- Evaluate capital investment projects using discounted cash flow (DCF) and other appraisal methods
- Use the methods of capital budgeting
- Use alternative methods of business valuation
- Manage working capital more effectively, and identify how the company cash flow may be improved

### **Course Outline:**

#### **International Financial Management and Corporate Behaviour**

- Balance of payments
- International trade
- Corporate objectives and financial management
- Risk and company financing
- Cost of equity
- Cost of debt
- Agency theory
- Corporate governance
- Analytical tools of strategic development
- Business life cycle
- Capital structure
- Dividend policy

#### Risk, Foreign Exchange Rates and Interest Rates

- Analyzing investment risk: expected values; value of perfect information (VOPI); standard deviation
- Risk and uncertainty decision rules

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- Scenario, sensitivity, and break-even analysis techniques
- Risk management principles
- Talking to your bankers about managing risk
- The analytical tools to manage risk
- Developing the tools for your company
- How to minimize risk
- Exchange rate risk exposure
- Interest rate risk exposure
- Purchasing power parity (PPP) theory
- International Fisher effect (IFE) theory

#### **Capital Budgeting**

- Discounted cash flow (DCF)
- Future values and present values
- Annuities and perpetuities
- Methods of evaluating capital investment projects
- Accounting rate of return (ARR) and payback
- Net present value (NPV) versus internal rate of return (IRR)
- How do you choose which method to use?
- Equivalent annual cost (EAC) method
- Capital budgeting methods
- Capital asset pricing model (CAPM) versus arbitrage pricing theory (APT)

#### Mergers and Acquisitions and Corporate Restructuring

- Reasons and justifications for mergers and acquisitions
- Share valuation models
- Target company valuations
- Financing acquisitions
- Financial strategy in acquisitions
- Takeover bid defenses
- Shareholders, managers, employees, financial institutions
- Restructuring and reorganization strategies
- Demergers

- Privatization
- Management buy-outs (MBOs) and management buy-ins (MBIs)

#### **Cash and Working Capital Management**

- Cash flow, working capital and the operating cycle
- Managing working capital
- Inventory management
- Management of receivables
- Management of payables
- The operating cycle
- Methods of payment
- International payments
- Cash improvement
- Cash planning
- Cash management