
International Finance, Accounting and Taxation

Professor: Luz Parrondo and Toni Prat i Jorba

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Office hours: by appointment

Course Type: Compulsory

Credits: 6 ECTS

Term: 2nd & 3rd Term

1. COURSE PRESENTATION

Course Description

Accounting

The course provides the student with the needed skills to build, understand and analyze the Financial Statements of a company. Students will apply different methods in order to evaluate the firm's financial situation. Additionally, it delivers techniques to measure the cash flows and value the companies. It also provides students with the required tools to evaluate the company's financing structure, the cost allocation systems and the implication of potential investments. Finally, students will have a better understanding of the working capital management as a key factor of the firm's financial strength.

International finance: Financial concepts and mechanisms that affect the Companies in an international environment. Foreign currency management and hedging. Capital structure, financing and cost of capital for Multinational Companies (MNC).

International Taxation

In international trade, taxation is becoming a key issue and a growing area of importance due to the complexity of operations and worldwide players and the number of rules in the international context.

In any transaction, there is a possible taxation that may be deemed either in the country where the transaction is taking place, or the residency of the companies involved. Thus,

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the correct decision will necessarily consider the risk involved and a clear picture on net investment return. This allows for an understanding of the net cash after paying the corresponding taxes that will be collected.

In a global economy, it may seem legality and taxation should be uniform, but it is not. Taxation is still regulated by bilateral agreements between countries.

That implies that it is necessary to understand the tax treaties' schemes, OCDE regulations and international rules to avoid double taxation and any liability. Such questions will be analyzed in class to have a general knowledge and understanding of the key issues that may rise on international trade.

Objectives

The course pretends to give the student the needed skills to analyze the international financial environment, not only learning different techniques of the way to hedge the risks involved in the international financial transactions, but also to take profit from them. We must learn how profit from the internationalization of the enterprises in all the different aspects, including the financial one. Topics in financial management, viewed primarily from the perspective of managers doing business overseas, include the management of foreign exchange exposure, foreign direct investment decisions, and multinational capital budgeting. Other topics covered include trends in international banking, the balance of payments, the determination of exchange rates, and the Asian meltdown. We will also examine the challenges and problems faced by firms planning to do business internationally.

International Taxation

This part comprises four classes. The main objective is to understand the tax system, especially international to apply it in international business and transactions.

This course is included in the subject Finance, which has the **following learning outcomes:**

The student will be able to recognise the most advanced knowledge and core competences in the organisation and management of the activities of a foreign trade department.

CG01.LO 01. Collaborative work: Students will be able to work jointly in group learning activities or tasks so that the student participates in achieving a common, clearly defined goal. (Emphasized)

CG01.LO02. Communication: Students will be able to communicate effectively and establish a positive and reliable relationship with any audience or interlocutor, in any context

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or field, by mastering the necessary resources. (Emphasized)

CG01.LO03. Global vision: Students will be able to manage professional projects based on their motivations, strengths and values, with a broad vision that goes beyond their own context and seeks to overcome any obstacles that may arise. (Reinforced)

CG02.LO01 Change management: Students will be able to make organisational or strategic adjustments that lead from a current state to a desired state in response to changes in the environment or needs of the situation. (Reinforced)

CG02.LO02. Data and digital competence: Students will be able to use information society technologies critically and safely for work and communication. Support basic ICT skills. (Reinforced)

CG03.LO01. Diversity and gender equality: Students will develop the ability to evaluate inequalities based on sex and gender in order to design/generate/create solutions in their field of professional activity. (Emphasized)

CG03.LO01. Sustainability: Students will be able to reflect on the rationalisation and efficiency of the use of resources in each action or project, and to assess the impact of the choices made in each specific case. (Emphasized)

RA2. Mat.4.1 Interpret data for their application in the analysis of the business potential of a country.

The student will be able to identify business opportunities in foreign markets in order to analyse the viability of business activities at an international level.

RA1. Mat.4.2 Identify the political and commercial risks inherent to international operations and their coverage through public and private insurance companies.

The student will be able to decide the optimal way for the company to enter international markets by participating in international negotiation processes in the professional context.

RA4. Mat.4.3 Distinguish the most common documents and means of payment in foreign trade and the rules of the International Chamber of Commerce that regulate them.

The student will be able to use the information technologies available at the time and the most appropriate communication techniques in the academic and professional fields applied to the internationalisation of business during the master's degree.

RA6. Mat.4.4 Integrate the sources of financing of companies in their usual international trade operations, whether of public or private origin.

Related SDGs

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SDG 8: Decent work and economic growth

SDG 9: Industry, innovation, and infrastructure

SDG 10: Reduce inequalities

SDG 12: Responsible consumption and production

2. COURSE LEARNING PLAN

Methodology

International Finance and Accounting

Classes will consist in theoretical explanations supported by different cases and exercises to be developed in the classroom. Besides that, students will be responsible for solving for the following session several cases, exercises or tests as homework.

In case of COVID-19 confinement, theoretical classes will be through an online platform (Collaborate, Zoom or equivalent) during approximately two hours. The session will be recorded for further consultations. Direct attendance is encouraged, as we will engage in class debates and exercises (including tests). These sessions will be complemented with other media material (videos and chats), and with due assignments.

The competences, the learning outcomes, the assessment elements and the quality of the learning process included in this Teaching Plan will not be affected if during the academic trimester the teaching model has to switch either to an hybrid model (combination of face-to-face and on-line sessions) or to a complete on-line model.

International Taxation

Course material will be provided at the end of every class. The class will consist in teacher explanation previous homework to introduce each subject. Exercises will be done in class to reinforce the teaching.

Evaluation criteria

The weight on the Final Grade is as follows:

International Finance and Accounting

- 5% Class tests and participation
- 15% Class tests and home exercises
- 40% Accounting exam (second term exam week)

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40% Finance exam (third term exam week)

International Taxation

A written assessment consisting of three parts:

- test question
- conceptual development questions and
- a numeric exercise 60% of the final grade.

Homework and class participation. 30 % of the final grade.

Total course

The final grade will average 80% Accounting and Finance and 20% Taxation.

Students need to obtain **a minimum of 4 in each exam** (accounting, finance and taxation) to average with the rest of the evaluation elements. This condition applies to both the regular exams and the retake exams. The final course grade of students that do not obtain **a minimum of 4 in any exam** will be the minimum between 4 and the final grade computed from the different evaluation elements (with the weights set above).

Retake conditions

Students that fail the evaluation of the course will have a retake exam opportunity that will be programmed in accordance with the academic calendar. If a student has to retake the exam, his **maximal grade for the course will be a 5,0 (out of 10,0)**.

General Issues

Students are required to attend 80% of classes. Failing to do so without justified reason will imply a Zero grade in the participation/attendance evaluation item and may lead to suspension from the program.

Students who fail the course during the regular evaluation are allowed ONE re-take of the evaluation, in the conditions specified above. If the course is again failed after the retake, the student will have to register again for the course the following year.

In case of a justified no-show to an exam, the student must inform the corresponding faculty member and the director(s) of the program so that they study the possibility of rescheduling the exam (one possibility being during the “Retake” period). In the meantime, the student will get an “incomplete”, which will be replaced by the actual grade after the final exam is taken. The “incomplete” will not be reflected on the student’s Academic Transcript.

Plagiarism is to use another’s work and to present it as one’s own without acknowledging

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the sources in the correct way. All essays, reports or projects handed in by a student must be original work completed by the student. By enrolling at ESCI UPF BSM Master of Science and signing the “Honor Code,” students acknowledge that they understand the schools’ policy on plagiarism and certify that all course assignments will be their own work, except where indicated, by correct referencing. Failing to do so may result in automatic expulsion from the program.”

Calendar and Contents

International Finance and Accounting

Term: Second term and third ter

Number of credits: 4.8 ECTS

Total number of hours committed: 48 h of class + 72 h of out-of-class work

Timetable: Second term: Thursdays, 9.30-13.00 Third term Wednesdays 9.30-13.00

International Taxation

Term: third term

Number of credits: 1.2 ECTS

Total number of hours committed: 12 h of class + 18 h of out-of-class work

Timetable: Wednesdays 9.30-13.00

1. Part 1: Basics in Financial Accounting

1.1. Main Financial Statements

1.1.1. Balance Sheet

1.1.1. Income Statement

1.1.2. Cash Flow Statement

1.1. Working capital analysis

1.2. Profitability and growth

1.3. Credit risk analysis

2. Part 2: Cost Accounting

2.1. Direct and Indirect Costs

1.1. Variable and Fixed Costs

1.2. Costs Allocation

1.3. Break-even Costs

1. Part 3: Environment of international finance economics

1.1. Introduction

1.2. The Theory of Exchange Rate Determination

1.3. The International Monetary System

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- 1.4. Parity Conditions in International Finance
- 2. Part 4: The Currency and Derivative Markets**
 - 2.1. The Foreign Exchange Market
 - 2.2. Futures, forwards and Options on Foreign Exchange
 - 2.3. Swaps
- 3. Part 5: Risk Exposure**
 - 3.1. Translation Exposure
 - 3.2. Transaction Exposure
 - 3.3. Economic Exposure
- 4. Part 6: International taxation**
 - 4.1. Introduction to taxation.
The concept of tax, tax legislation and how it is applicable to countries of the OECD framework will be analyzed. The different types of taxes will also be discussed.
 - 4.2. Different taxes that apply to OCDE countries.
Direct and indirect taxes, how they work and the implications on international trade will be examined.
 - 4.3. Taxation of non-residents.
The treatment of resident taxpayers and non-residents that act in international transactions, International taxation for companies that act as non-residents and the mechanisms to avoid double taxation will be covered.
 - 4.4. Definition of permanent establishment.
The definition of permanent establishment is a key issue where taxes are applied. Business models of multinational corporations will be studied.
 - 4.5. International tax planning.
We will analyze the different investment schemes and business models to perform investments in multinational markets.

Student workload (including self-study) 150 hours

3. PROFESSOR

International Finance and Accounting

Luz Parrondo: Senior Lecturer at UPF-BSM. Director of Master's in Financial Management and former director of the Postgraduate in Blockchain and other DLTs. Lecturer at Universitat Pompeu Fabra. PhD in Economics, Finance and Management awarded by Pompeu Fabra University (UPF). As a researcher, she specializes in the study of financial management, with special emphasis on the impact of new technologies in the financial, accounting and auditing sector, in profit management, risk management and corporate social responsibility. Member of the Academic Advisory Body (AAB) of the International Association for Trusted Blockchain. Member of multidisciplinary academic working group on the DLT BAWG – Blockchain & Academia Working Group. Since 2015, she coordinates the professional journal RCD and since 2018 is member of the REA Auditors technology commission. As a professional, Dr. Parrondo worked as Financial

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Controller and as a Financial Manager in several SMEs in Barcelona. Innovation must never stop..

International Taxation

Toni Prat is an International Partner of Andersen Tax & Legal and Managing Partner of the Barcelona office, as well as member of the Advisory Board and European Board of Andersen Global. He is the Director of the Tax Department of the Barcelona office. Toni has more than 20 years of professional experience, having started his professional career in Arthur Andersen and Garrigues, and later founding his own firm; Global Abogados.

He has experience in tax advice, commercial and corporate law, private equity.

Throughout his career, he has advised companies from different sectors; Industrial and production, energy and energy efficiency, sports and entertainment, technology, e-commerce, health, financial and consulting, among others.

Toni has extensive experience representing private equity funds and small and medium-sized enterprises in commercial transactions, including business restructuring, reporting, negotiation and legal direction in merger, acquisition, divestment, leverage, recapitalization and private investment projects.

Toni has been ranked by Best Lawyers legal directory, as one of the leading tax lawyers in Spain.

4. BIBLIOGRAPHY/RESOURCES/ READING MATERIALS

International Finance and Accounting

Accounting:

- POWERS & NEEDLES. Financial Accounting. South-Western, Cengage Learning (11th edition). 2010
- CHARLES H. GIBSON. Financial Statement Analysis. South-Western, Cengage Learning (12th edition). 2009
- POWERS & NEEDLES. International Financial Reporting Standards. An introduction. SouthWestern, Cengage Learning (3rd edition). 2010
- PALEPU, HEALY & PEEK. Business Analysis and Valuation IFRS Edition. South-Western, Cengage Learning (2nd edition). 2010
- COLIN DRURY. Management and Cost Accounting. Cengage Learning (8th edition). 2012

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Finance:

- JEFF MADURA. International Financial Management.
- ALAN C. SHAPIRO, PETER MOLES. International Financial Management.