

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE

**SIMON KUZNETS KHARKIV NATIONAL UNIVERSITY OF
ECONOMICS**

INTERNATIONAL FINANCE

Guidelines

**to practical tasks and independent work
of Bachelor's (first) degree students
of speciality 292 "International Economic Relations",
educational program "International Business"**

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Guidelines to practical tasks and independent work on the academic discipline are presented. The main questions of the topics, which are studied according to the lecture plan, practical tasks and guidelines for doing them, tasks for independent work and topics for writing essays are given. Tasks for solution and further discussion in practical classes are provided for each topic.

For Bachelor's (first) degree students of speciality 292 "International Economic Relations".

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Introduction

The speed of movement of financial flows in the modern world is rapidly approaching the speed of movement of information. In this regard, an important competence of an international relations specialist is not only the ability to orient oneself in the world of finance, but also the ability to use various financial instruments, to respond in a timely manner to changes in the global financial markets, correctly interpret financial information. Knowledge of currency relations allows you to apply appropriate measures to reduce currency risks of international business. Familiarity with corporate finance regarding the methods, forms and tools of international settlements makes it possible to organize international payments more effectively. The ability to read and analyze the data of the country's balance of payments will help to find out the state of its economy and the reliability of international partners – residents of this country.

The object of the academic discipline "International Finance" is international financial relations and processes reflecting aspects of management decision-making.

The subject of the academic discipline is the system of financial and economic relations that arise in a business entity during its international activities and are related to its commercial and credit operations, and which are the basis of international settlements.

The purpose of the study of the academic discipline is the formation of future bachelor's knowledge of the evolution of global finance, the redistribution of financial resources in the world economy, the functioning of world financial centers, as well as the ability to make international calculations, obtain loans, use various financial instruments, and make informed decisions in the field of finance.

The main task of studying the academic discipline "International Finance" consists in studying the mechanism and tools of decision-making in the currency and credit spheres at the international level, forming a system of theoretical knowledge, applied abilities and skills in the functioning of exchange rates, determining the peculiarities of the functioning of the international currency, credit and stock markets.

In the course of independent work, the student must become an active participant in the educational process, learn to consciously approach the acquisition of theoretical and practical knowledge, navigate freely in the

information space, and take individual responsibility for the quality of one's own educational activities.

A necessary element of successful assimilation of the material of the academic discipline is the independent work of students with normative acts on the regulation of financial relations, international financial organizations, domestic and foreign special literature. Independent work is the main means of mastering the educational material in the time free from compulsory educational classes.

The main types of independent work offered to students are as follows:

1. Work on processing and studying the recommended literature.
2. Study of the main terms and concepts according to the topics of the academic discipline.
3. Preparation for practical classes, discussions, work in small groups, testing.
4. Control check of personal knowledge by each student on questions for independent in-depth study and questions for self-assessment.
5. Preparation for current and final control.
6. Work on an essay, a scientific article, abstracts of reports.

A student can do independent work on mastering educational material on the academic discipline in the library, classrooms, computer classrooms (laboratories), as well as at home.

1. General recommendations for writing an essay

A student's essay is an independent written work on a topic proposed by the teacher (the topic can be proposed by the student, but must be agreed with the teacher). The purpose of the essay is to develop skills in independent creative thinking and written expression of one's thoughts. Writing an essay is extremely useful, as it allows the author to learn to clearly and competently formulate thoughts, structure information, use the main categories of analysis, highlight cause-and-effect relationships, illustrate concepts with relevant examples, argue their conclusions; master the scientific style of speech.

The essay should contain the following: a clear statement of the essence of the formulated problem; independent analysis of this problem using the concepts and analytical tools considered within the academic discipline; conclusions summarizing the author's position on the formulated problem.

Depending on the specifics of the chosen topic, essay forms can be significantly differentiated. In some cases, it can be an analysis of available statistical data on the researched problem, an analysis of materials from mass media and the use of researched models, a detailed analysis of the proposed task with expanded opinions, selection and detailed analysis of examples illustrating the problem, etc.

Choosing the topic of the essay is an important stage of the task, since the topic should not initiate the presentation of only the definitions of concepts, its purpose is to encourage reflection. The topic of the essay should contain a question, a problem, and motivate reflection. So, the essay written by the student depends on the formulation of the proposed topic.

The essay reveals individual impressions and considerations on a specific issue and clearly does not pretend to be a definitive or exhaustive treatment of the subject. Mostly, an essay involves a new, subjectively colored word about something and can have a philosophical, historical-biographical, journalistic, literary-critical, popular science, fiction character.

The quality of any essay depends on three interrelated components, such as:

- 1) the source material that will be used (summaries of the literature read, lectures, records of the results of discussions, own considerations and accumulated experience on this problem);

- 2) the quality of processing the available source material (its organization, argumentation and evidence);

3) argumentation (how accurately it correlates with the problems raised in the essay).

The structure of the essay contains four main elements: 1) the title page; 2) the introduction; 3) the main part; 4) a conclusion; 5) a list of references.

The title page must contain information about the student's place of study, i.e.: the name of the university, the name of the academic discipline on which the essay was written; the essay topic; the course, the group, the surname and the first name of the author of the essay; the position, the scientific degree, the academic rank, the surname, the first name, the patronymic of the teacher who gave the task to write the essay and will check it.

The introductory part of the essay (or introduction) contains the rationale for the choice of this topic, which consists of several components connected logically and stylistically. At this stage, it is very important to correctly formulate the question to which you, as the author of the essay, are going to find an answer in the course of your research. During the work on the introductory part of the essay, answers to the following questions can help: "Do I need to define the terms used in the topic of the essay?", "Why is the topic that I am focused on important at this moment?", "What concepts will be involved in my reasoning on the topic?", "Can I divide the topic into several smaller subtopics?".

The main part of the essay reveals the theoretical foundations of the selected problem and contains an explanation of the main question. This part provides for the development of argumentation and analysis, as well as their justification, given the available data, other arguments and positions on this issue. This is the main content of the essay and it is the most difficult part. Therefore, subheadings are important, on the basis of which the structuring of the argumentation is carried out; this is where you need to substantiate (logically, using data or precise reasoning) the proposed argumentation/analysis. Where necessary, graphs and charts can be used as an analytical tool and tables.

In the process of writing an essay, it is necessary to remember that the main part can be divided into subsections, paragraphs that contain auxiliary questions or divide the main question into such components, that simplify the perception of the presentation of the material.

For example, the essay topic "Decentralized monetary systems: advantages and disadvantages" is proposed for the first topic of the academic

discipline. For greater structuring and simplification of the disclosure of the topic, the main part can be divided into the following subsections:

- concepts and examples of decentralized monetary systems;
- advantages of decentralized monetary systems;
- disadvantages and threats of decentralized monetary systems.

That is, one subsection of the essay topic should contain only one statement and, accordingly, the proof, possibly supported by graphic and illustrative structural material. Therefore, filling the sections of the argument (corresponding to the subheadings) with content, it is necessary to limit yourself to the consideration of one main idea within the paragraph.

A well-proven way to write any essay is to use subheadings to highlight key points. Effective use of subheadings can also indicate the presence or absence of logic in covering the topic.

The conclusion is the summing up of the essay writing and should contain a generalization and reasoned answers to the questions that formed the basis of the essay. It is recommended that the conclusion reflect the author's attitude to the highlighted problem, an indication whether the received answer is final, or perhaps the problem requires further research.

Technical recommendations for writing an essay

The total volume of the essay (not including the title page and the list of references) should be 5 – 7 pages of text. The font of the text should be Times New Roman, with line spacing of 1.5. Scanned figures and tables are not allowed.

All quotations and borrowed parts of the text must contain a reference to the source of information. For example, [2, p. 15] – this means that the information was borrowed from the 2nd source in the list, the 15th page.

The link to information from the "Internet" network must be correct, that is, contain the name of the source, its author (if available) or the name of the organization that discloses this information. For example, there is information from the website of the newspaper "Today"; in the list of sources it should be formatted as follows: Konovalova I. Incomes of Ukrainian families increased by 30 % [Electronic resource] / I. Konovalova // Today. – URL : <https://ukr.segodnya.ua/economics/enews/ukraincy-v-srednem-edyat-v-den-na-54-grivni-1118196.html>.

2. Tasks for work on the topics

Content module 1

Finance, money, world financial and monetary systems

Topic 1. The essence of finance and its role in international relations

1.1. The essence of finance, international finance and the relationship with other categories.

1.2. The structure of international finance and the main financial categories.

1.3. Functions of finance and their role in economic development.

Practical tasks on Topic 1

Task 1.1

It is necessary to determine the increase in the money of the banking system in the process of monetary multiplication if it has received 10 million hryvnias from the central bank and the established rate of mandatory reservation is 12 %.

Guidelines for doing Task 1.1

As students already know, among the functions of finance there is the formation and distribution of financial resources, in particular, money among economic entities.

This function is well illustrated by the monetary multiplier.

The monetary and credit multiplier is the value of the multiplier (coefficient) by which the amount of money in circulation increases as a result of operations on the monetary market.

It is determined by the following formula:

$$M = 1/r, \quad (1.1)$$

where M is the multiplier;

r is the rate of required reserves in fractions of a unit.

In other words, the monetary multiplier demonstrates the theoretically possible degree of growth of the money supply due to credit and deposit

banking operations, that is, it represents the coefficient by which the initial money supply should be multiplied.

This mechanism can be simplified as follows. For example, if a bank that has received deposits (contributions) must have mandatory reserves equal to 10 % of the amount of deposits, then it can spend 90 % of the received cash on loans. If customers who received loans use the received money to pay off their debts or buy goods, then this money will pass into the hands of other people, who will increase their contributions to banks. Banks, in their turn, having received 10 % in the form of reserves, spend the received funds on new assets that give profit.

So, although each bank lent only 90 % of the money received from customers, all banks eventually extended their loans to an amount 9 times the amount of the initial deposit and added 10 % of the deposit received to their reserves.

Task 1.2

The National Bank of Ukraine injected money into the banking system in the amount of UAH 500.0 million. The current mandatory reserve ratio is 6.5 %.

It is necessary to determine the growth of additional money of the banking system in the process of monetary multiplication and the amount of free funds for active operations that the bank in the multiplication chain will have.

Task 1.3

In the country at the beginning of the 20th century, for the production of 50 coins, the consumption of 900th grade gold was 300 g. In the 1930 of the last century from 1 kg of gold of the same sample, coins of the same nominal value were made in the amount of 410 pieces.

It is necessary to determine the changes in the gold content of the coin during this time.

Task 1.4

Before the First World War, 310 coins with a nominal value of 10 francs were cast in France from 1 kg of 900th grade gold (90 % pure gold).

How has the gold content of the franc changed, if it is known that in 1928 it was 58.9 mg of pure gold?

Task 1.5

15 billion gold monetary units are needed for commodity circulation.

What will be the relative gold content of a unit of paper money, if their total amount in circulation is 15, 22.5 and 30 billion dollars USA? In which of these cases does inflation occur?

Guidelines for doing Tasks 1.3 – 1.5

The gold content of money allows us to understand the essence of the inflation process. Inflation occurs when the gold content of a single coin or currency decreases. By analogy, in the modern world, inflation occurs when the value of a monetary unit decreases. In order to see the gold content of one coin (monetary unit), it is necessary to divide the weight of gold by the number of coins in circulation.

After that, you should compare the gold content of a monetary unit in the past with the gold content of a monetary unit today (at a later date).

Tasks for independent work on Topic 1

Task 1.6

Using data from the official websites of international organizations, their annual reports, summarize information on at least seven major trends in world finance over the past 10 years. Present the results in text and graphic format in the form of a presentation at the next practical session.

Task 1.7

Match as a combination of letters and numbers [11, p. 25] (Table 1).

Table 1

Definition of various concepts of financial science [11, p. 25]

Categories	Definition
1	2
1. Finances	a) a specialized field of scientific knowledge, scientific activity aimed at studying finance in theoretical and practical aspects, as well as forms of organization and functioning of their individual institutions
2. Financial science	b) the totality of funds created as a result of the activities of various business entities and individuals

Table 1 (the end)

1	2
3. Cash funds	c) a separate part of funds that has a specific purpose and relative independence of functioning
4. Financial resources	d) economic relations between economic entities regarding the creation, formation and use of monetary funds based on the distribution and redistribution of gross domestic product and national income

Task 1.8

Match as a combination of letters and numbers [11, p. 26] (Table 2).

Table 2

Definition of various concepts of financial science [11, p. 26]

Category	Definition
1. Distributive function of finance	a) ensures the creation of primary and secondary (or derivative) incomes, which is important for the final establishment of proportions in the national income
2. Regulatory function of finance	b) consists in the formation of monetary funds and the receipt of cash funds necessary for the functioning of economic entities
3. Reproductive function of finance	c) implemented through the formation by the state of an incentive financial mechanism, an optimal combination of all spheres of financial relations, which ensures the maximum integration effect on the development of subjects of the market economy and the rate of economic growth
4. Stimulating function of finance	d) carried out through the control of the hryvnia and financial bodies
5. Control function of finances	e) at the level of state finances, they are revealed through the intervention and influence of the state through finances (taxes, tariffs, state credit, subsidies, transfers, etc.) on the social and economic development of territories, branches of the national economy. entities and individual economic entities, citizens in the necessary direction of society

Questions for self-assessment

1. Name four manifestations of finance.
2. Explain between which subjects financial relations arise.

3. Name at least five objects of finance.
4. Define the concept of receivables.
5. Define the concept of creditor debt.
6. Explain exactly what kind of financial relations arise within companies and between them.
7. Give an example of financial relations between states.
8. What is the difference between centralized finance and decentralized finance?
9. What are the parts of decentralized finance?
10. What is money?
11. How does money differ from the concept of currency?
12. What are financial resources?
13. Define the following concepts: asset, income, expenses, securities, budget.
14. Name the functions of finance and explain their meaning.
15. How is the regulatory function of finance implemented in the modern world?
16. How does the finance function of regulation differ from the control function?

Questions for independent in-depth study

1. Evolution of financial science: from ancient times to the Renaissance.
2. Evolution of financial science: from the Renaissance to the 21st century.
3. The concept of financial system from different perspectives.
4. Appearance of the financial system.
5. Characteristic features of the financial system.
6. The structure of the financial system of Ukraine, its role in the world financial system.
7. Functions of the main participants in the world financial system.
8. Definition of the offshore zone.
9. Main types of offshore zones.
10. A rating that allows you to analyze the world's financial centers.

Essay topics

1. Genesis and evolution of finance: the ancient world, pre-capitalist formations, times of capitalism.
2. What is the problem of ensuring balance between the financial sphere and international relations?
3. Is it possible to abandon the financial component of the economy when money in the classical sense is not needed?
4. The financial crisis of 2008: causes, course and consequences for the world economy.

Recommended literature: [1; 3; 10; 11; 13; 17].

Topic 2. Money and its role in the world financial system

- 2.1. Theories of the origin and essence of money.
- 2.2. Forms and functions of money.
- 2.3. Evolution of the world monetary system.

Practical tasks on Topic 2

Task 2.1

The consumer price index last year was 1.01. In the current year, prices are increasing every month by 8 %.

Determine the level and index of inflation for the year. Explain what this means.

Guidelines for doing Task 2.1

1. The inflation index, or what is the same, the consumer price index is an indicator that characterizes changes in the general level of prices for goods and services purchased by the population for non-productive consumption.

In order to find the inflation index for a certain period (for example, a year), it is necessary to multiply all inflation indices for this period (for example, monthly).

2. The inflation rate reflects the change in prices over a longer period of time, usually a year (quite often the concept of the current year is used, that is, data on the indicator for the last 12 months).

The inflation rate is defined as the ratio of the price index of the current period to the price index of the previous period as a percentage minus the index base (1 or 100 %).

Task 2.2

The company "Alfa Lucky Goods" plans the costs of purchasing raw materials for its own production. The supplier of raw materials warned that at the beginning of the year the price will change taking into account the annual inflation rate. The volume of the first supply in the new year at current prices would cost 350,000 UAH.

It is necessary to find how much the first supply of raw materials will cost at the beginning of the year, taking into account inflation. The monthly inflation indices of the current year are given in Table 3.

Table 3

Indices of consumer prices for goods and services in the current year (up to the previous month), %

Months	Indexes	Months	Indexes	Months	Indexes
January	101.5	May	100.0	September	101.9
February	100.9	June	100.0	October	101.7
March	101.1	July	99.3	November	101.4
April	100.8	August	100.0	December	100.8

Guidelines for doing Task 2.2

For the convenience of calculations, it is advisable to convert the inflation index from percentages to fractions of a unit.

The annual inflation index is calculated as the product of the monthly indices:

$$I_{\text{year}} = I_{\text{January}} \times I_{\text{February}} \times I_{\text{March}} \times I_{\text{April}} \times I_{\text{May}} \times I_{\text{June}} \times I_{\text{July}} \times I_{\text{August}} \times I_{\text{September}} \times I_{\text{October}} \times I_{\text{November}} \times I_{\text{December}}, \quad (2.1)$$

where I_{year} is the annual inflation index;

I_{January} is the inflation index for January;

I_{February} is the inflation index for February;

I_{March} is the inflation index for March;

I_{April} is the inflation index for April;
 I_{May} is the inflation index for May;
 I_{June} is the inflation index for June;
 I_{July} is the inflation index for July;
 I_{August} is the inflation index for August;
 $I_{\text{September}}$ is the inflation index for September;
 I_{October} is the inflation index for October;
 I_{November} is the inflation index for November;
 I_{December} is the inflation index for December.

Tasks for independent work on Topic 2

Task 2.3

The Ukrainian enterprise "Sumykhimprom" intends to purchase new equipment. The analysis of the offers of the necessary equipment on the market showed that three offers are the most acceptable in terms of the price-quality ratio:

1) the Sky Equipment company from the USA offers the necessary equipment worth 150,000 USD, the cost of installation and adjustment is already included in the contract price;

2) the British company Chemistry Equipment offers the necessary equipment worth 115,000 GBP, the cost of installation and adjustment is 10,000 GBP;

3) the company KemiaNorge from Norway sells the necessary equipment worth 125,000 NOK, the cost of installation and configuration is 15,000 NOK.

Payment of the contract is scheduled after 3 months.

During this time, the US inflation index is 1.02; the inflation index of the United Kingdom of Great Britain is in the amount of 1.04; Norway's inflation index is 1.01.

Exchange rates of foreign currencies:

1 USD = 25.29 UAH;

1 GBP = 30.44 UAH;

1 NOK (Norwegian krone) = 27.61 UAH.

Determine which of the offers is the most profitable, taking into account the installation and configuration of the equipment, as well as the available inflation indices.

Questions for self-assessment

1. Describe the evolutionary concept of money.
2. Describe the key sections of the rationalist concept of the origin of money.
3. Explain the meaning of money circulation.
4. Name the main forms of value, explain the difference between them.
5. Name the main properties of modern money.
6. Describe the functions of money.
7. How does commodity money differ from non-commodity money?
8. Name the stages of evolution of the world currency system.
9. Explain how international politics influenced the development of the world monetary system.
10. State the reasons for abandoning the link between the US dollar exchange rate and the gold reserve.
11. On what conditions and for what purposes does the International Bank for Reconstruction and Development provide loans?

Questions for independent in-depth study

1. Structure and functions of the Ministry of Finance of Ukraine.
2. Activities of the State Financial Monitoring Service.
3. The concept of money laundering.
4. Selection of price currency and payment currency in inflation conditions.
5. The influence of agreement on the terms of supply of goods on the effectiveness of calculations.

Essay topics

1. The concept of financial mechanism: structure and levers.
2. Interventions in currency markets as a tool of exchange rate and monetary policy.
3. Derivative financial instruments: why they arose, how they are used, risks for the financial system.
4. Local financial crises and their consequences for global finance.
5. Problems of combating money laundering in global practice.

6. Globalization of the world financial environment: historical retrospective and current state.

Recommended literature: [1; 3; 6; 7; 10; 11; 13; 17].

Topic 3. International payments and currency transactions

3.1. The essence and relationship of the concepts "international settlements" and "foreign exchange transactions".

3.2. The essence of currency, currency values and exchange rate.

3.3. International currency transactions and their types.

Practical tasks on Topic 3

Task 3.1

Determine the type of currency quote and find the currency cross rate if the following data is known:

1. 1 Australian dollar = 6.14 Norwegian kroner;

1 Australian dollar = 16.31 UAH.

Find the Norwegian krone to hryvnia exchange rate.

2. 1 Canadian dollar = 0.75 US dollars;

£1 = US\$1.23.

Calculate the pounds sterling in Canadian dollars.

3. 1 Japanese Yen = 0.013 Singapore Dollar;

1 Singapore dollar = 17.54 UAH.

Find the Japanese yen in the UAH.

4. 1 Czech crown = 0.039 euros;

1 euro = 6.21 Turkish lira.

Find the Czech koruna to the Turkish lira exchange rate.

5. 1 Argentine peso = 0.017 US dollars;

1 Argentine peso = 0.12 Bolivian boliviano.

Find us dollars in Bolivian bolivianos.

6. 1 Brazilian real = 0.22 euros;
 1 euro = 117.91 Japanese yen.
 Find the Brazilian real to the Japanese yen.

7. 1 UAE dirham = 0.22 pounds sterling;
 £1 = US\$1.23.
 Find US dollars in UAE dirhams.

Guidelines for doing Task 3.1

A cross rate is a ratio between two currencies, determined on the basis of the exchange rate of these currencies against a third currency. The cross rate calculation is different for directly and indirectly quoted currencies.

Direct quotation is when the price of a foreign currency is fixed in national units. As, for example, in Ukraine.

Indirect quotation is when the price of the national currency is determined in foreign currency units. So, for example, in the United Kingdom of Great Britain.

1. For direct quotation:

$$\text{Currency cross rate 1 in currency 2} = \frac{\text{currency cross 1 in currency 2}}{\text{currency cross 1 in currency 1}}. \quad (3.1)$$

For example, it is known that 1 USD = 30.6119 KZT;
 USD = 7.8751 UAH.

Then the KZT/UAH cross rate = $7.8751 / 30.6119 = 0.2573$,
 the Kazakh tenge is worth 0.2573 UAH.

2. For indirect quotation:

$$\text{Currency cross rate 1 in currency 2} = \frac{\text{currency cross 1 in currency 3}}{\text{currency cross 2 in currency 3}}. \quad (3.2)$$

For example, you need to find the cross rate of the US dollar (USD) to the Japanese yen (JPY) if you know the rate of the dollar in Kazakh tenge (USD/KZT) 1 USD = 30.6119 KZT, the rate of Japanese yen in Kazakh tenge (JPY/KZT) 100 JPY = 36.3609 KZT.

Cross USD/JPY = (USD/KZT) / (JPY/KZT) = $(30.6119 / 36.3609) \times 100 \% = 0.8418 \times 100 = 84.18$. That is, 1 US dollar is worth 84.18 Japanese yen.

3. If one currency has a direct quote, and the other has an indirect quote:

3.1. The cross rate of the currency with an indirect quotation is calculated as the product of the available rates, according to the following formula:

Cross rate = Exchange rate 1\$ in currency 1 × Exchange rate 2 US dollar. (3.3)

For example, 1 USD = 7.8751 UAH – direct quote;

1 GBP – 1.5807 USD – indirect quote.

Cross rate GBP/ UAH is 12.4482.

3.2. The currency cross rate with direct quotation does not have a direct calculation formula, so the initial conditions must be reduced either to two direct quotations and the use of rule 1, or to two indirect quotations and the use of rule 2.

Task 3.2

Define the cross rates for buying and selling currencies:

- 1) EUR/CAD, if USD/CAD = 1.0855 – 1.0963;
EUR/USD = 1.1095 – 1.1185.
- 2) AUD/UAH, if USD/UAH = 24.3528 – 25.5508;
USD/AUD = 1.9635 – 1.9955.
- 3) GBP/UAH, if USD/UAH = 24.3528 – 25.5508;
GBP/USD = 1.2305 – 1.2535.
- 4) GBP/BRL, if GBP/USD = 1.2305 – 1.2535;
USD/BRL = 3.4951 – 3.5005.
- 5) AED/CNY, if USD/AED = 3.8121 – 3.9544;
USD/CNY = 7.0655 – 7.0765.
- 6) ARS/ EGP, if USD/ARS = 59.3912 – 60.2514;
USD/EGP = 16.0761 – 16.9537.
- 7) GEL/EEK, if USD/EEK = 37.1645 – 38.0756;
USD/GEL = 3.0897 – 3.5693.

Task 3.3

In order to renew production capacities in 2019, a Ukrainian enterprise concluded an agreement to purchase the following German equipment:

2 W638 machines – the contract value of 1 machine is 30,000 euros.

2 current lines worth 70,000 euros each.

According to the terms of the contract, payment is made in two stages:
the first stage – advance payment in the amount of 100,000 euros by simple bank transfer;

the second stage is a payment in the amount of 100,000 euros after the installation and start-up of the equipment.

The company made the first payment on March 1, 2022. The euro exchange rate at that time was UAH 31.82 for 1 euro.

The company made the second payment on September 1, 2023 at the rate of UAH 28.09 per 1 euro. At the time of making the second payment under the contract, there were no funds in euros on the company's currency account.

It is necessary to determine the profit (loss) of the Ukrainian importer from the operational currency risk.

What term agreement would you advise Ukrainian importers to use in such situations?

Model the situation based on the exchange rates of the current year. What affected the currency risk of exporters and importers for the period from January to October of the current year?

Tasks for independent work on Topic 3

Task 3.4

Build a schedule for buying and selling foreign currency in the amount of \$10,000 USA in order to receive income from changes in exchange rates in Ukraine, using the data in Table 4.

Task 3.5

Identify the trend and reasons for changes in the exchange rate of the hryvnia in relation to foreign currencies, using data from the foreign currency cash market (Table 4) and data on the official hryvnia exchange rate (find it yourself on the official website of the National Bank of Ukraine [14]).

When completing the task, answer the following questions:

1. Which of the foreign currencies – the US dollar, the euro or the Kazakh tenge – experienced the greatest fluctuations during the analyzed period?

2. Are there any restrictions on the volume of purchase/sale of foreign currency in cash form in Ukraine?

3. Are there restrictions in Ukraine regarding the maximum gap (maximum difference) between the selling rate and the buying rate of foreign currency in cash?

Table 4

The hryvnia exchange rate on the market of cash transactions with foreign currency

Date	The hryvnia exchange rate on the market of cash transactions with foreign currency					
	USD		EUR		KZT	
21.12.2019	22.00	24.41	25.00	26.11	355	411
24.12.2019	22.80	23.30	25.30	25.80	362	369
26.12.2019	23.20	24.20	25.45	26.20	365	380
27.12.2019	23.60	24.40	26.00	27.00	370	390
28.12.2019	23.80	24.40	26.30	27.00	375	390
11.01.2020	23.70	24.25	26.33	26.99	377	407
12.01.2020	23.80	24.10	26.30	26.70	380	387
13.01.2020	23.80	24.20	26.30	26.70	380	390
20.01.2020	24.15	24.35	26.70	27.00	385	393

Guidelines for doing Tasks 3.4, 3.5

A schedule for buying and selling foreign currency should consist of at least two dates: date 1 is when you sell an amount of foreign currency, date 2 is the date you buy a similar amount of foreign currency. The general rule is to sell foreign currency at a higher rate than to buy it later.

Questions for self-assessment

1. What is currency?
2. Name the components of currency values.
3. Describe current currency operations.
4. Give a description of the term "currency operations".
5. Describe the SWIFT international interbank communication system.
6. Describe the electronic systems of currency transfer.
7. Describe the features of international settlements.
8. Describe the currency and financial terms of international settlements.
9. What is price currency?
10. What is payment currency?
11. Name the main forms of calculations.

12. Name the methods of payment according to international settlements.
13. Describe the risks inherent in international settlements.
14. Describe the methods of reducing currency risk.
15. Do financial companies or banks of Ukraine provide currency risk management services?

Questions for independent in-depth study

1. Ukraine's place in international rankings and its influence on the practice of export operations.
2. The cost of international settlement risk insurance. Is there such a practice among domestic insurance companies?

Essay topics

1. How to make the hryvnia a freely convertible currency?
2. Modern practice of international risk insurance.
3. Why is it important that the hryvnia is the only legal tender in Ukraine?
4. Will the US dollar retain its dominant position forever?

Individual task

You work on a probationary period in the Ukrainian branch of an international company as a financial manager. Your first task is to justify the choice of a bank to service the company's accounts. To perform this task, it is necessary, using information from the Internet and other communication channels, to compile a comparative table that will contain information about the defined criteria for three Ukrainian banks.

Guidelines for doing the individual task

To make a decision on the choice of a bank, it is necessary to draw up a comparative table (Table 5).

Complete the table with a conclusion on the justification for choosing a bank to service important international accounts of the enterprise.

It is important to remember that when choosing banks for analysis, it is necessary to ensure that banks used for comparison by students of the same academic group are not the same.

Table 5

Generalized data for comparing banks

Comparison criteria	Bank 1*	Bank 2*	Bank 3*
How many years has the bank been operating on the market?			
Amount of bank assets, million hryvnias			
Amount of the bank's own capital, million hryvnias			
The volume of the bank's loan portfolio, million UAH			
Total number of correspondent banks, pcs			
The number of correspondent banks for settlements in dollars. USA, pcs			
The number of correspondent banks for settlements in euros, pcs			
Does the bank carry out settlements using export letters of credit			
Does the bank make payments using import letters of credit			
Does the bank carry out operations with bank guarantees			
Does the bank carry out settlements with the use of collection			
Does the bank account for promissory notes?			
Does the bank lend on the terms of a credit line			
Does the bank lend on the terms of an overdraft			
The cost of opening 3 current accounts in the bank, hryvnias			
The cost of monthly maintenance of open-closed bank accounts, hryvnias			
The cost of 100 payments in national currency, UAH			

* The task must contain the name of the analyzed bank.

During the defence of the individual task, be prepared for questions about any indicator contained in Table 5, the final choice of the bank.

Expanding the list of criteria for comparing banks is encouraged.

Additional information for the individual task

During the execution of the task by different students, none of the analyzed banks should be used twice.

To perform the task, it is necessary to use information from official websites of banking institutions.

If you cannot find certain information necessary for comparing banks on the website, it is advisable to use the phone and find out everything from a consultant.

Please note that the bank's tariffs for servicing current accounts may differ, depending on the selected service package. For example, the bank may have tariff packages "Standard", "Classic", "Premium", "Unlimited" (or tariff packages with other names).

Recommended literature: [1; 3; 6; 7; 10; 11; 13; 17].

Topic 4. The world financial system and its offshore zones

4.1. The structure and participants of the global financial system.

4.2. The main world financial centers.

4.3. Offshore zones in the global financial system.

Practical tasks on Topic 4

Task 4.1

It is necessary to determine the real exchange rate of the UAH against the US dollar using the information given in Table 6.

Use the official websites of the National Bank of Ukraine and the US Treasury, find the necessary data to supplement the data in Table 6 with current values of the exchange rate and indexes and calculate the real hryvnia exchange rate for future years.

Table 6

Information about the hryvnia nominal exchange rates and consumer price indices

Years	Nominal UAH exchange rates	Consumer price indices in USD 1 (to 1984 year)	Consumer price indices in USD 2 (December to December of the previous year)	Consumer price indices in Ukraine (December to December of the previous year)
1	2	3	4	5
2001	5.37	177.1	104.4	106.1

Table 6 (the end)

1	2	3	4	5
2002	5.33	179.9	101.6	99.4
2003	5.33	184.0	102.3	108.2
2004	5.32	188.9	102.7	112.3
2005	5.12	195.3	103.4	110.3
2006	5.05	201.6	103.2	111.6
2007	5.05	207.3	102.8	116.6
2008	5.26	215.3	103.9	122.3
2009	7.79	214.5	99.6	112.3
2010	7.94	218.1	101.7	109.1
2011	7.97	224.9	103.1	104.6
2012	7.99	229.6	102.1	99.8
2013	7.99	233.0	101.5	100.5
2014	11.88	236.7	101.6	124.9
2015	21.84	237.0	100.1	143.3
2016	25.55	240.0	101.3	112.4
2017	26.60	245.1	102.1	113.7
2018	27.20	250.5	102.2	109.8
2019	25.85	255.7	101.8	104.1
2020	26.96	258.8	101.2	105.0

Guidelines for doing Task 4.1

The official exchange rate of the hryvnia against other currencies is nominal and mainly intended for calculating customs payments. On the basis of the official exchange rate, banks that carry out the main volume of foreign exchange operations establish their exchange rates: the buying rate and the selling rate.

The dynamics of the nominal exchange rate depends on changes in the general level of prices in the country, the balance of payments, the monetary policy of the government and other factors. Therefore, just as commodity prices and macroeconomic indicators are translated from current prices into base prices, so the exchange rate can be translated into a real calculation.

The real exchange rate is a nominal exchange rate calculated taking into account changes in the price level in Ukraine and the country to which the national currency is quoted. The following formula is used to determine the real exchange rate:

$$ER_r = ER_n \times \frac{I_{pf}}{I_{pd}}, \quad (4.1)$$

where ER_r is the real rate of foreign currency against the UAH;

ER_n is the nominal rate of foreign currency against the UAH;

I_{pf} is the consumer price index in a foreign country;

I_{pd} is the consumer price index in Ukraine.

Task 4.2

Determine which currency devalued and which revalued, if such data are known.

Situation 1. The exchange rate of 1 US dollar was 5.05 UAH as of July 1, 2008 and 4.35 UAH as of August 1, 2008.

Situation 2. The exchange rate of 1 US dollar was 5.87 UAH as of September 1, 2008 and 7.93 UAH as of November 1, 2009.

Situation 3. The exchange rate of 1 US dollar was 8.35 UAH as of August 1, 2009 and 7.95 UAH as of September 1, 2009.

Explain the advantages of devaluation of the national currency. List the devices with such advantages. Describe the conditions under which the revaluation of the hryvnia may occur in Ukraine.

Guidelines for doing Task 4.2

Devaluation is a decrease in the exchange rate of the national currency in relation to gold, silver, and a certain foreign currency. Devaluation is considered as a tool of central banks for managing the national currency, the opposite of revaluation. The reasons for the devaluation of the national currency can be inflation or a deficit in the balance of payments.

Revaluation is an increase in the value of the national currency against foreign or international currencies.

Revaluation or devaluation, as well as its percentage, is determined by the following formula:

$$\% D (R) = \frac{ER_2 - ER_1}{ER_1} \times 100 \%, \quad (4.2)$$

where $\% D (R)$ is the percentage of devaluation (revaluation);

ER_1 is the exchange rate on the previous date;

ER_2 is the exchange rate for the current date.

If the calculated interest value is lower than zero, then currency devaluation has occurred, and if it is higher than zero, then currency revaluation has occurred.

Task 4.3

Using data from the Internet, make a list of the 10 most popular (most used) cryptocurrencies. Describe their common and distinctive features, find information about the issuer of each currency. Explain the main differences between cryptocurrency and other currency values. Find the dynamics of Bitcoin, Ethereum, Ripple exchange rates in the Internet for the same period of time. Compare them and propose your own scheme for buying and selling these currencies, provided that you have 10,000 UAH for this.

Guidelines for doing Task 4.3

When carrying out speculative operations with currency values, it is worth remembering that the main rule is to buy currency at the lowest price and sell it at the highest price. In the retrospective solution of this task, the points of the minimum and maximum price of the currency will be obvious. However, in real life, to successfully carry out such operations, it is necessary to use a rich arsenal of different forecasting methods, which you will learn about during your studies in senior years.

Task 4.4

Using the Law of Ukraine "On Currency and Currency Transactions", make a complete list of what constitutes foreign currency. Describe which calculations in the territory of Ukraine can be made in foreign currency.

Find interesting facts on the Internet about the peculiarities of the use of foreign currency in different countries.

Guidelines for doing Task 4.4

Various changes and additions often occur in Ukrainian legislation, therefore, to use the latest version valid today, it is necessary to use the official website [18]. The search system of this site is quite convenient and, most important, when opening the required normative legal act, it is always indicated whether this document is valid, what is its current edition (that is, when the last changes took place), possible recent events. For example, it can be indicated that the implementation of the latest changes will take place on a certain date in the future.

Tasks for independent work on Topic 4

Questions for self-assessment

1. Explain the essence of international finance.
2. Reveal the role of international finance in international relations.
3. What is international financial flow?
4. Describe international relations regarding the distribution of international financial flows.
5. Explain the concept of the world financial market.
6. Name the main participants of the world financial market.
7. Name the documents that are required to open an account for the subject of the state donation.
8. The procedure for opening, maintaining and closing accounts in foreign currency.
9. What are the reasons for the creation of the International Monetary Fund?
10. Name the governing bodies of the International Monetary Fund.
11. Justify the key functions of the International Monetary Fund.
12. Describe the conditions for participation in the activities of the International Monetary Fund.
13. Are the World Bank and the World Bank Group different?
14. Name the organizations that make up the World Bank.
15. Name the organizations that are part of the World Bank Group.
16. Describe the activities of the International Development Association.
17. What functions does the International Financial Corporation perform?
18. For what purposes and projects was the Multilateral Investment Guarantee Agency established?
19. State the principles of the International Center for Settlement of Investment Disputes.
20. Describe the features of membership in the World Bank.
21. Define the mission and goals of the International Bank for Reconstruction and Development.
22. Membership in which international organization is mandatory in order to become a member of the International Bank for Reconstruction and Development?

Questions for independent in-depth study

1. Necessary prerequisites and forms of interaction of the member countries of the European Economic Community (EEC) in the field of monetary and currency policy.
2. Evolution of the world monetary system.
3. Elements of the currency system.
4. International banking business.
5. Functions of the country's currency reserves.

Essay topics

1. Problems of formation of the currency reserve of Ukraine.
2. How does state regulation affect the state of the currency market of Ukraine?
3. Functions of authorized banks as currency control agents.
4. Evolution of currency liberalization based on the example of Ukraine.
5. Why are none of the existing currencies pegged to gold?
6. Why does the NBU introduce significant currency restrictions?
7. Current state of the currency market of Ukraine: trends and prospects.
8. The second Great Depression: how to recognize the beginning and prepare?
9. Causes of global financial crises: common features and differences.

Recommended literature: [1; 3; 4; 6; 7; 10; 11; 13; 17].

Content module 2

World capital market and international financial organizations

Topic 5. Management of stocks, bonds derivatives and other assets

- 5.1. Portfolio theory and asset pricing.
- 5.2. General analysis of securities and equity pricing models.
- 5.3. Analysis of fixed income and bond pricing.
- 5.4. Futures, options and other derivatives.

Practical tasks on Topic 5

Task 5.1

Using the website of the company you have chosen for the pre-degree internship, or its insider information (interview or questionnaire method), find and summarize information about the financial management organization.

Describe: 1) the hierarchy of financial management; 2) indicate which officials have the right to sign financial documents; 3) describe the organizational structure of those divisions that perform financial management functions.

Task 5.2

Draw up Task 5.1 in the form of a presentation and present it to the group. Have a discussion about which company has the most rational financial management structure.

Questions for independent in-depth study

1. The most popular textbooks on financial management and their reviews.
2. Peculiarities of opening, using and closing accounts in foreign currency in different countries.
3. The essence of remote banking.
4. Development and prospects of electronic data exchange systems.
5. The concept of cryptocurrency, what risks the use of this currency in international relations is exposed to.

Essay topics

1. The offshore financial sector: development trends and the influence of the international community.
2. Currency wars: historical examples and possible threats.
3. Examples of deployment and resolution of international conflicts regarding financial redistribution.

Recommended literature: [2; 6; 8; 10; 17].

Individual task
**Determination of foreign currency devaluation/
revaluation percentages**

1. Choose one of the foreign currencies of the countries of the world. A mandatory condition is that the students of the academic group do not use the same currencies.

2. Find on the official website of the central bank of the country for which the selected currency is the national currency, the monthly official exchange rate of this currency against the US dollar for the last 10 – 20 years.

3. Submit the determined data in the form of a table, as shown in Table 7. Be sure to write the source of information with a link to the site.

Guidelines for doing the individual task

1. Calculate the annual percentage change in the exchange rate. For this, it is necessary to use the formulas for calculating the percentage of currency devaluation (or revaluation).

2. Submit the results of the calculations in the form of a table, as shown on the example of Table 7.

3. Find among the determined data the years when the currency devalued and revalued the most. Using open sources of information on the Internet, find and describe the reasons for the sharp revaluation and devaluation of the currency of the respective country. Be sure to refer to primary sources of information.

4. The analyzed currencies must not be repeated in the group.

5. Write down the results of the individual task and upload the file to the PNS.

Recommended literature: [4; 6; 8; 11; 14 – 17].

Table 7

The monthly official rate of the Norwegian krone during the years 2000 – 2018 [15]

Years	Months of the year												Percentage change in the exchange rate per year	Process names
	1	2	3	4	5	6	7	8	9	10	11	12		
2000	8.0129	8.2361	8.4111	8.6081	9.0471	8.6788	8.7024	8.9556	9.2056	9.3613	9.3369	9.0662	13.15	Devaluation
2001	8.7784	8.9117	8.9742	9.0942	9.1438	9.2987	9.2636	8.9469	8.7805	8.8286	8.9192	8.9552	2.01	Devaluation
2002	8.9684	8.9484	8.8118	8.6053	8.192	7.7533	7.4641	7.5977	7.5065	7.4822	7.3094	7.168	-20.07	Revaluation
2003	6.9038	7.0027	7.2611	7.2235	6.803	7.0015	7.2902	7.4145	7.307	7.0374	7.0068	6.7085	-2.83	Revaluation
2004	6.8132	6.9393	6.9655	6.9242	6.8343	6.8267	6.9101	6.8435	6.8431	6.5951	6.2678	6.1321	-10.00	Revaluation
2005	6.2604	6.3942	6.1972	6.3199	6.3671	6.4888	6.58	6.4404	6.3723	6.5212	6.6438	6.7257	7.43	Devaluation
2006	6.6405	6.751	6.6372	6.3847	6.1082	6.2216	6.592	6.2383	6.488	6.658	6.4013	6.1741	-7.02	Revaluation
2007	6.3688	6.1863	6.1429	6.004	6.0235	6.0061	5.7879	5.8537	5.6366	5.4097	5.4154	5.4966	-13.69	Revaluation
2008	5.4065	5.3902	5.1265	5.0562	5.0546	5.1387	5.1041	5.3256	5.6775	6.4627	6.9198	7.0058	29.58	Devaluation
2009	6.962	6.8712	6.7813	6.6659	6.4449	6.3867	6.3534	6.07	5.9044	5.6428	5.642	5.7531	-17.36	Revaluation
2010	5.7336	5.9168	5.9248	5.9154	6.2784	6.4768	6.2822	6.1542	6.0606	5.8365	5.9663	5.9785	4.27	Devaluation
2011	5.8547	5.7304	5.593	5.4116	5.4579	5.4446	5.457	5.4301	5.6123	5.6552	5.7454	5.8783	0.40	Devaluation
2012	5.9483	5.7117	5.7054	5.7481	5.9104	6.0199	6.0695	5.9069	5.7524	5.7096	5.72	5.6043	-5.78	Revaluation
2013	5.5558	5.5576	5.769	5.7919	5.8238	5.869	6.0282	5.9646	5.9734	5.9562	6.0814	6.1332	10.39	Devaluation
2014	6.1666	6.1185	5.9981	5.973	5.935	6.0482	6.1955	6.1971	6.3409	6.5603	6.8081	7.2718	17.92	Devaluation
2015	7.6869	7.5941	7.9788	7.8886	7.5484	7.8082	8.1269	8.2428	8.295	8.27	8.6233	8.7008	13.19	Devaluation
2016	8.8309	8.6212	8.4937	8.2214	8.2376	8.308	8.4648	8.2981	8.203	8.1642	8.4116	8.562	-3.04	Revaluation
2017	8.4791	8.3256	8.5093	8.5804	8.5152	8.4605	8.1669	7.8943	7.829	7.9944	8.1853	8.3147	-1.94	Revaluation
2018	7.9092	7.8327	7.7655	7.837	8.1004	8.1134	8.1276	8.327	8.2523	8.2549	8.4698	8.6045	8.79	Devaluation

Topic 6. Investment decisions in the global marketplace

- 6.1. Foreign direct investment and cross-border acquisitions.
- 6.2. Structure and cost of capital of international companies.
- 6.3. Cash flow management of a multinational company.
- 6.4. International tax environment and transfer pricing.

Practical tasks on Topic 6

Task 6.1

A company, which is a client of a Ukrainian bank, intends to enter into an export contract for the sale of goods worth 70,000 USD and gives its counterparty the opportunity to pay its value over two years in four equal installments with an interval of 180 days and an annual rate of 14 %. Commodity credit is issued by promissory notes. The discount rate for promissory notes is 16 %.

It is necessary to determine the nominal value of the contract, for which bills are issued, and the real loan rate.

Guidelines for doing Task 6.1

Determine the future value of the contract using a complex interest calculation scheme. For this, use the following formula:

$$FV = PV \times \left(1 + \frac{r}{m}\right)^{m \times n}, \quad (6.1)$$

where FV is the future value of the contract;

PV is the present value of the contract;

m is the number of accruals per year;

n is the accrual period, year.

The nominal value of the contract, taking into account the future consideration of promissory notes with a discount of 16 %, is:

$$\text{Nominal value} = \frac{\text{Value}}{1 - d}. \quad (6.2)$$

The real loan rate should be found using the compound interest formula. For this, make the corresponding equation.

Task 6.2

Using the data from the accounting reporting form "Balance" of the enterprise you have chosen for the pre-diploma practice, perform analysis of the liquidity and solvency of its activities.

Tasks for independent work on Topic 6

Questions for self-assessment

1. Describe the concept of liquidity.
2. Describe the difference between liquidity and solvency.
3. What is balance sheet liquidity?
4. What is liquidity of activity?
5. Name the main methods of liquidity management.
6. Name the methods of ensuring the solvency of a company.
7. Describe the risks inherent in the international calculations of an export-oriented enterprise.
8. Describe the methods of balancing liquidity and profitability of a company.

Questions for independent in-depth study

1. Modeling of the company's liquidity management.
2. Methods that are most common in global practice to ensure sufficient liquidity and at the same time high profitability of an enterprise.
3. Cost and examples of international risk insurance, its practice among domestic insurance companies.

Essay topics

1. The procedure for controlling documents accepted for collection and funds during the use of documentary forms of settlements.
2. Directions for improving the use of documentary forms of settlement in international settlements.
3. How to determine the risk of investments in securities? Advantages and disadvantages of different methods.
4. Is it possible to invest in derivatives in Ukraine?

Recommended literature: [2; 6; 8; 11; 14 – 17].

Topic 7. Activities of international financial organizations

7.1. The International Monetary Fund.

7.2. The World Bank and its role in international relations.

7.3. The international Bank for Reconstruction and Development.

Practical tasks on Topic 7

Task 7.1

Work in small groups: make a list of characteristic features of international financial organizations, based on which they can be compared with each other.

Task 7.2

According to the list of features formed based on the results of the previous task, give a comparative description of two international financial organizations. Indicate the presence or absence of overlapping areas of their financial interests.

Guidelines for doing Tasks 7.1, 7.2

In order to fulfill the tasks, it is necessary to familiarize yourself with the activities and structure of international financial organizations in detail. Information about this is contained in the lecture materials, which can be found on the website of personal training systems.

You can also use other Internet resources to expand information.

Tasks for independent work on Topic 7

Task 7.3

After studying the organizational structure of the International Monetary Fund, draw up its scheme, taking into account the subordination of some bodies to others.

Task 7.4

Make a list of the countries whose lending is carried out by the International Monetary Fund. Based on the analysis of open sources of

information, generalize the conditions under which this fund provides loans to various countries.

Task 7.5

From open sources of information, select a successful project implemented with the funds (or with the participation) of the International Bank for Reconstruction and Development. Create a presentation of this project.

Questions for self-assessment

1. What is profit? How many types of profit can you name?
2. What is the difference between profit and profitability?
3. Name the main indicators for determining the company's profitability.

Questions for independent in-depth study

1. Modeling the profitability of a company: the most famous models.
2. The PIMS (profit impact of market strategy) model and its use in Ukrainian practice.

Essay topics

1. Practice of settlement of international financial disputes.
2. Practice of settlement of international investment disputes.
3. Importance of receiving international loans from the IMF for Ukraine.

Topic 8. Balance of payments of countries

8.1. The essence, principles of compilation, the structure of the country's balance of payments.

8.2. Balancing the articles of the balance of payments and the concept of its economic equilibrium.

8.3. International investment position of a country.

Practical tasks on Topic 8

Task 8.1

Using data from the financial statements of the company you have chosen for your pre-graduate internship, perform analysis:

- the state of the fixed and working capital;
- the equity capital adequacy;
- the structure and adequacy of financing of the company's activities.

Determine the possibility of replenishing the company's capital with the help of IPO. Write an outline of this process.

Task 8.2

Using data from the official website of the Ministry of Finance of Ukraine or the National Bank of Ukraine, analyze the Balance of Payments of Ukraine over the past three years.

Guidelines for doing Task 8.2

Useful links for doing the task [8; 9; 14 – 17].

The balance of payments is a statistical report in which, in a systematized form, for a certain period of time, total data on the foreign economic operations of a specified country with other countries of the world are given. The structure of the balance of payments of Ukraine in a generalized form has the following composition:

- A. Current account:
 - 1.1. Balance of goods and services.
 - 1.2. Balance of primary income.
 - 1.3. Balance of secondary income.
- B. Capital transactions account.
- C. Financial account:
 - 3.1. Direct investments (balance).
 - 3.2. Portfolio investments (balance).
 - 3.3. Other investments (balance).
 - 3.4. Reserve assets.
- D. Errors and omissions.
- E. Summary balance ($E = A + B - C + D$).

To carry out the analysis, it is necessary to compile a table with the initial data. The format of the table is shown based on the example of Table 8.

Table 8

**Source data for analysis of the Balance of Payments of Ukraine
during 2018 – 2020, million US dollars**

Balance sheet	Years		
	2019	2020	2021
1	2	3	4
A. Current account	-6 467	-4 208	
Balance of goods and services	-11 378	-12 556	
Balance of goods	-12 714	-14 332	
Export of goods	43 341	46 113	
Import of goods	56 055	60 445	
Balance of services	1 336	1 776	
Export of services	15 836	17 340	
Import of services	14 500	15 564	
Balance of primary income	1 259	1 885	
Receipts	11 818	13 250	
Payments	10 559	11 365	
Salary (balance sheet)	11 478	12 754	
Receipts	11 494	12 774	
Payments	16	20	
Income from investments (balance sheet)	-10 219	-10 869	
Receipts	324	476	
Payments	10 543	11 345	
including reinvested income	2 597	3 250	
Balance of secondary income	3 652	6 463	
Receipts	4 947	7 881	
Payments	1 295	1 418	
B. Capital transactions account	37	38	
Net lending (+) or net borrowing (-) (= A + B)	-6 430	-4 170	
C. Financial account	-4 724	-2 892	
Direct investments (balance = assets – liabilities)	-4 460	-5 212	
Direct investments: assets	116	621	
Direct investments: liabilities	4 576	5 833	
including reinvestment of income	2 597	3 250	
Portfolio investments (balance)	-2 080	-5 134	
Portfolio investments: assets	33	411	

Table 8 (the end)

1	2	3	4
Portfolio investments: liabilities	2 113	5 545	
Equity	-9	49	
Debt securities	2 122	5 496	
Central Bank	0	0	
Sector of public administration	2 017	4 194	
Banks	92	-795	
Other sectors	13	2 097	
Other investments (balance = assets – liabilities)	-345	3 068	
Other investments: assets	1 996	5 915	
Currency and deposits	2 087	6 574	
Credits and loans	-7	11	
Trade loans and advances	-108	-670	
Other receivables/credit	0	0	
Other equity instruments	24	0	
Other investments: liabilities	2 341	2 847	
Currency and deposits	-539	-247	
Credits and loans	1 776	672	
Sector of public administration	-452	33	
IMF loans	-1 374	-1 004	
Others short-term	0	0	
Others long-term	922	1 037	
Central Bank	658	-590	
IMF loans	658	-590	
Others short-term	0	0	
Others long-term	0	0	
Banks	85	-76	
Short-term	-100	68	
Long-term	185	-144	
Other sectors	1 485	1 305	
Short-term	358	868	
Long-term	1 127	437	
Trade loans and advances	1 104	2 422	
Reserve assets	2 161	4 386	
D. Errors and omissions	1 706	1 278	
E. Combined balance (= A + B – C + D)	0	0	

The data in table 8 are incomplete. Complete them using information from official statistics. For the analysis, it is necessary to use the formulas of absolute and relative deviations of indicators.

Absolute deviation is the arithmetic difference between the value of the indicator of the current year and the value of the indicator of the previous year.

Relative deviation is calculated according to the following formula:

$$\text{Relative deviation} = \frac{\text{balance sheet 2021} - \text{balance sheet 2020}}{\text{balance sheet 2020}} \quad (8.1)$$

After carrying out the calculations, formulate conclusions about the trends of changes in the articles of the Balance of Payments.

Tasks for independent work on Topic 8

Questions for self-assessment

1. What is the Country Balance of Payments?
2. What accounts are the main ones in the structure of the country's Balance of Payments?
3. How do primary incomes differ from secondary incomes?
4. What does the negative value of the goods balance indicate?
5. What is the cheapest method of financing the activities of an international company?
6. What does the capital of an international company consist of?
7. Do all countries of the world make a Balance of Payments?
8. How is the consolidated balance of the country's Balance of Payments determined?
9. Is it possible to compare the articles of the Balance of Payments of different countries?
10. What forms of financing their own activities are used by international companies?

Questions for independent in-depth study

1. Sources of income that are rare for Ukraine.
2. Necessary prerequisites and forms of cooperation of EU member states in the field of trade in goods and services.
3. Financial crises and their impact on citizens of different countries.

Essay topics

1. The main directions of overcoming the deficit of the Balance of Payments of Ukraine.
2. Ways to increase the attractiveness of Ukraine for foreign investors.
3. Rating of the most attractive industries for foreign investors.
4. Rating of the world's largest debtors according to the state of the balance of payments.

Recommended literature: [2; 6; 8; 11; 14 – 17].

3. The system of evaluating the success of the work

The performance of each task for practical and independent work is evaluated in accordance with the Provisional Regulation "On the procedure for evaluating the results of students' studies, according to the cumulative score-rating system" of Simon Kuznets Kharkiv National University of Economics (Table 9).

Table 9

Rating scale: national and ECTS

Total points for all types of educational activity	Rating ECTS	Evaluation on the national scale	
		for an exam, course project (work), practice	for a credit
90 – 100	A	excellent	credited
82 – 89	B	good	
74 – 81	C		
64 – 73	D		
60 – 63	E	satisfactory	
35 – 59	FX	unsatisfactory	not credited
1 – 34	F		

Recommended literature

Main

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3. Партин Г. О. Фінансовий менеджмент : підручник / Г. О. Партин, Н. Є. Селюченко. – Львів : Вид-во Львівської політехніки, 2018. – 388 с.
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Additional

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Information resources

7. 360 Degrees of Financial Literacy [Electronic resource]. – Access mode : <http://www.360financialliteracy.org>.
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10. Digital economy and society statistics – households and individuals [Electronic resource]. – Access mode : <https://ec.europa.eu/eurostat/statistics-explained/index.php>.

11. EU Statistics [Electronic resource]. – Access mode : <https://ec.europa.eu/eurostat/home?>.
12. Financial Literacy for Everyone: Practical Money Skills [Electronic resource]. – Access mode : <http://www.practicalmoneyskills.com>.
13. Official website of the Association of Ukrainian Banks. – Access mode : <http://aub.org.ua>.
14. Official website of the National Bank of Ukraine. – Access mode : <http://www.bank.gov.ua>.
15. Official website of the Statistic State Committee. – Access mode : <http://www.ukrstat.gov.ua>.
16. Portal Site of Official Statistics of Japan. – Access mode : <https://www.stat.go.jp/english>.
17. Simon Kuznets Kharkiv National University of Economics Personal Learning System Site "International finance". – Access mode : <https://pns.hneu.edu.ua>.
18. Ukrainian legislation [Electronic resource]. – Access mode : <http://zakon1.rada.gov.ua/laws/show>.

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НАВЧАЛЬНЕ ВИДАННЯ

МІЖНАРОДНІ ФІНАНСИ

**Методичні рекомендації
до практичних завдань
і самостійної роботи студентів
спеціальності 292 "Міжнародні економічні відносини"
освітньої програми "Міжнародний бізнес"
першого (бакалаврського) рівня
(англ. мовою)**

Самостійне електронне текстове мережеве видання

Укладачі: **Лебідь** Олеся Вікторівна
Литвиненко Аліна Олександрівна

Відповідальний за видання *І. П. Отенко*

Редактор *З. В. Зобова*

Коректор *З. В. Зобова*

Подано методичні рекомендації до практичних завдань та самостійної роботи з навчальної дисципліни. Надано основні питання тем, які вивчаються згідно з навчальним планом, та методичні рекомендації щодо їх виконання, завдання для самостійної роботи та теми для написання есе. До кожної теми наведено завдання для вирішення та подальшого обговорення на практичних заняттях.

Для студентів спеціальності 292 "Міжнародні економічні відносини" освітньої програми "Міжнародний бізнес" першого (бакалаврського) рівня.

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