



# ACCG905

## CPA - Financial Risk Management

S1 Day 2014

*Dept of Accounting & Corporate Governance*

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#### **Disclaimer**

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## General Information

Unit convenor and teaching staff

Unit Convenor

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E4A Level 2

By appointment or in class

Credit points

4

Prerequisites

ACCG926 or ACCG855 or admission to MAdvProfAcc

Corequisites

Co-badged status

Unit description

This unit provides extended formal academic support for students concurrently enrolled in the Financial Risk Management unit of the CPA program. This unit provides knowledge, principles, skills and an appreciation of the treasury function in a corporate environment. It presents an overview of various aspects of treasury focusing on the identification and management of financial risks that organisations face. The unit will also address investment evaluation, the sourcing of necessary funds for an organisation, and the application of and accounting for hedge instruments.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

On successful completion of this unit, you will be able to:

- Identify financial risks that companies face
- Explain derivatives and other hedging techniques
- Formulate strategies to manage financial risks
- Apply accounting standards for recording transactions
- Implement controls to safeguard against loss

## Assessment Tasks

Name	Weighting	Due
<u>Class test</u>	25%	Week 5
<u>Class test</u>	25%	Week 10
<u>Report</u>	20%	Weeks 9 and 12
<u>Final Examination</u>	30%	2 May 2014

### Class test

Due: **Week 5**

Weighting: **25%**

Open book test with up to 50 multiple choice questions covering modules 1 to 4.

**Submission** The test will be conducted during class time and submitted directly to the lecturer.

**Extension** No extensions will be granted ie there will not be any supplementary tests.

**Penalties** Students who do not sit the class test(s) in their designated class will be awarded a zero (0) mark for the task, except in cases in which an application for special consideration is made AND approved.

On successful completion you will be able to:

- Identify financial risks that companies face
- Explain derivatives and other hedging techniques

### Class test

Due: **Week 10**

Weighting: **25%**

Open book test with up to 50 multiple choice questions covering modules 5 to 8.

**Submission** The test will be conducted during class time and submitted directly to the lecturer.

**Extension** No extensions will be granted ie there will not be any supplementary tests.

**Penalties** Students who do not sit the class test(s) in their designated class will be awarded a zero (0) mark for the task, except in cases in which an application for special consideration is made AND approved.

On successful completion you will be able to:

- Explain derivatives and other hedging techniques

- Formulate strategies to manage financial risks
- Apply accounting standards for recording transactions
- Implement controls to safeguard against loss

## Report

Due: **Weeks 9 and 12**

Weighting: **20%**

A research paper will be written as a team-based task. This will be in the form of a business report with each team allocated a different company. Your team will assess the relevant financial risks and provide suitable risk management approaches. The report will be worth 15% and presentation an additional 5% of the total 20% allocated to this task.

**Submission** The written report will be given to the lecturer in class in week 9. The presentation will be given in class in week 12.

**Extension** No extensions will be granted, the task must be completed as above.

**Penalties** Teams who do not submit their assignment on time will lose 5%. An individual who does not present with their team will lose their 5%.

On successful completion you will be able to:

- Identify financial risks that companies face
- Explain derivatives and other hedging techniques
- Formulate strategies to manage financial risks

## Final Examination

Due: **2 May 2014**

Weighting: **30%**

Exam required by CPA.

**Submission/Extension/Penalties** The examination will be conducted under the rules and conditions as set out by CPA Australia.

Obtain at least a PASS assessment in the CPA external examination. Note that if you do NOT pass the CPA Australia exam then you cannot attain a pass in this unit in this session.

On successful completion you will be able to:

- Identify financial risks that companies face
- Explain derivatives and other hedging techniques
- Formulate strategies to manage financial risks
- Apply accounting standards for recording transactions
- Implement controls to safeguard against loss

## Delivery and Resources

### Classes

- The unit involves 3 hours face-to-face teaching per week consisting of a seminar
- The timetable for classes can be found on the University web page at:  
<http://www.timetables.mq.edu.au/>
- To avoid overcrowding issues, you are required to attend your allocated lecture. Please do not attend a class if you are not enrolled in it.

### Required and recommended texts and/or Materials

- CPA program: CPA Financial Risk Management, Deakin University, Geelong, 8th Edition January 2014
- Other references are given in each of the 8 modules of the CPA manual

### Technology Used and Required

- Students must be familiar with the learning management system ilearn.
- Students are required to conduct their own research and need to be familiar with Internet search engines and library databases.

### Unit Web Page

- Course material is available on the learning management system (ilearn). It is essential to visit the unit web page regularly. Unit outline, announcements, supplementary reading materials, lecture notes, and assessments are available to access and/or download via the web page.
- The web page for this unit can be found at: <http://ilearn.mq.edu.au>. To access the web page you need to enter your username and password. You should IThelpdesk if you need any assistance.

### Learning and Teaching Activities

In the lecture, you will be given practical explanations and examples to supplement the CPA materials. For every week, you are expected to read both the relevant module in the CPA manual as described in the Unit Schedule and the lecture notes. Lecture slides in pdf format will be available on the unit web page on a weekly basis. It is suggested that you bring a copy of the lecture slides to each class and make any additional notes you think are important.

### Completion of Unit

To pass this unit you must achieve reasonable results (no less than 35% of marks allocated) in each class test and made a satisfactory contribution to the team-based assignment as

determined by your team members. Overall you must obtain at least 35 marks for the 70 marks attributed to the Macquarie University component, **and** obtain at least a PASS assessment in the CPA external examination. Note that if you do NOT pass the CPA Australia exam then you cannot attain a pass in this unit in this session.

**Changes since last offering**

There have been no changes since the last offering of this unit.

## **Unit Schedule**

<b>Lecture</b>	<b>Week commencing</b>	<b>Topic</b>
1	<b>10 February</b>	Module 1, <i>Introduction to Financial Risk Management</i>
2	<b>17 February</b>	Module 2, <i>Sourcing &amp; Management of Debt &amp; Equity Funds</i>
3	<b>24 February</b>	Module 3, <i>Investment Evaluation &amp; Capital Structure</i>
4	<b>3 March</b>	Module 4, <i>Derivatives</i>
5	<b>10 March</b>	<b>1<sup>st</sup> Test</b> (modules 1 to 4) Module 5, <i>Interest Rate Risk Management</i>

6	17 March	Module 6, <i>Foreign Exchange &amp; Commodity Risk Management</i>
7	24 March	Module 7A, <i>Accounting for Derivatives</i>
8	31 March	Module 7B, <i>Accounting for Hedge Relationships</i>
9	7 April	<b>Assignment due</b> (to be handed to lecturer in class) Module 8, <i>Controlling Risks</i>
10	14 April	<b>2<sup>nd</sup> Test</b> (modules 5 to 8) and <b>revision</b>
11	21 April	Exam results and revision
		CPA Exam {FRM 2 May}
12	5 May	<i>Presentations</i>

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](#).

Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy [http://mq.edu.au/policy/docs/academic\\_honesty/policy.html](http://mq.edu.au/policy/docs/academic_honesty/policy.html)

Assessment Policy <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://mq.edu.au/policy/docs/grading/policy.html>

Grade Appeal Policy <http://mq.edu.au/policy/docs/gradeappeal/policy.html>

Grievance Management Policy [http://mq.edu.au/policy/docs/grievance\\_management/policy.html](http://mq.edu.au/policy/docs/grievance_management/policy.html)

Disruption to Studies Policy [http://www.mq.edu.au/policy/docs/disruption\\_studies/policy.html](http://www.mq.edu.au/policy/docs/disruption_studies/policy.html) *The Disruption to Studies Policy is effective from March 3 2014 and replaces the Special Consideration Policy.*

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

## **Student Code of Conduct**

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: [https://students.mq.edu.au/support/student\\_conduct/](https://students.mq.edu.au/support/student_conduct/)

## **Academic Honesty**

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at [http://www.mq.edu.au/policy/docs/academic\\_honesty/policy.html](http://www.mq.edu.au/policy/docs/academic_honesty/policy.html)

## **Grades**

Macquarie University uses the following grades in coursework units of study:

- HD - High Distinction
- D - Distinction
- CR - Credit
- P - Pass



- F - Fail

Grade descriptors and other information concerning grading are contained in the Macquarie University Grading Policy which is available at:

<http://www.mq.edu.au/policy/docs/grading/policy.html>

## Grading Appeals

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

[http://www.businessandconomics.mq.edu.au/new\\_and\\_current\\_students/undergraduate\\_current\\_students/how\\_do\\_i/grade\\_appeals/](http://www.businessandconomics.mq.edu.au/new_and_current_students/undergraduate_current_students/how_do_i/grade_appeals/)

## Special Consideration Policy

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at:

[http://www.mq.edu.au/policy/docs/special\\_consideration/policy.html](http://www.mq.edu.au/policy/docs/special_consideration/policy.html)

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

## Learning Skills

Learning Skills ([mq.edu.au/learningskills](http://mq.edu.au/learningskills)) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

## Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

## Student Enquiries

For all student enquiries, visit Student Connect at [ask.mq.edu.au](http://ask.mq.edu.au)

## IT Help

For help with University computer systems and technology, visit <http://informatics.mq.edu.au/help/>.

When using the University's IT, you must adhere to the [Acceptable Use Policy](#). The policy applies to all who connect to the MQ network including students.

## Graduate Capabilities

### PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

#### Learning outcomes

- Identify financial risks that companies face
- Explain derivatives and other hedging techniques
- Formulate strategies to manage financial risks
- Apply accounting standards for recording transactions
- Implement controls to safeguard against loss

#### Assessment tasks

- Class test
- Class test
- Report
- Final Examination

### PG - Research and Problem Solving Capability

Our postgraduates will be capable of systematic enquiry; able to use research skills to create new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

#### Learning outcomes

- Identify financial risks that companies face
- Explain derivatives and other hedging techniques

- Formulate strategies to manage financial risks

## **Assessment tasks**

- Class test
- Class test
- Report
- Final Examination

## **PG - Effective Communication**

Our postgraduates will be able to communicate effectively and convey their views to different social, cultural, and professional audiences. They will be able to use a variety of technologically supported media to communicate with empathy using a range of written, spoken or visual formats.

This graduate capability is supported by:

### **Learning outcomes**

- Identify financial risks that companies face
- Explain derivatives and other hedging techniques
- Formulate strategies to manage financial risks

### **Assessment task**

- Report

## **Research and Practice**

This unit gives you opportunities to conduct your own research and gives you practice in applying research findings in your assessment tasks.

Research required for this unit will be the investigation of companies that have reported financial issues as raised in class, as well as a thorough review of the company allocated for your team-based assignment.

Students will be required to use library resources to research beyond these materials in undertaking research necessary to complete their tasks. The unit materials have a reference list at the end of each chapter/module/text containing all references cited by the author. These provide some guidance to references that could be used to research particular issues.