



# ECFS850

## Corporate Treasury Management

AFC Term 4 City 2019

*Department of Applied Finance*

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#### **Disclaimer**

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## General Information

Unit convenor and teaching staff Unit Convenor / Lecturer Alison Belot <a href="mailto:alison.belot@mq.edu.au">alison.belot@mq.edu.au</a> Contact via Email
Credit points 2
Prerequisites (Admission to MAppFin or MAppFin(Adv) or GradDipAppFin) and ECFS867
Corequisites
Co-badged status
Unit description This unit aims to give students an insight into treasury management for non-financial corporations. It will examine cash forecasting and liquidity management, financing, financial risk management, and managing relationships with financial institutions, ratings agencies and within the business. We consider the issues confronting the treasurer today and the changing role of treasury in today's environment. A key focus is how treasury fits within the broader corporation, understanding how and why a corporate treasury differs from financial institutions, how it can add value to the corporation and work to support broader corporate objectives.

## 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:

Analyse and explain the scope of corporate Treasury responsibilities and its role within the broader corporation, and how Treasury can support the business and add value to the corporation, both as an individual and a group.

Identify and implement appropriate strategies to manage key treasury risks, including short term liquidity, interest rate, FX and commodity price risks for a variety of time horizons.

Understand, apply and interpret appropriate Treasury management and funding techniques to 'real world' situations.

Critically analyse the systems and governance of Treasury activities.

## General Assessment Information

To pass this unit the student needs to (1) Achieve an aggregate mark of 50 or more, and; (2) Pass the Final Exam.

## Assessment Tasks

Name	Weighting	Hurdle	Due
<u>Group In Class Case Study</u>	10%	No	Conducted in class on Sunday
<u>Assignment</u>	30%	No	Refer to iLearn
<u>Final Exam</u>	60%	Yes	Refer to Timetable

### Group In Class Case Study

Due: **Conducted in class on Sunday**

Weighting: **10%**

#### Summary of Assessment Task

**Individual / Group:** Group.

**Due Date:** Lecturer to advise in class.

**Submission Method:** During class.

**Duration:** Lecturer to advise in class.

#### Extension Requests:

- Students who do not attend receive a mark of zero. This penalty does not apply in cases where an application for Special Consideration has been made and approved.
- Note: Applications for Special Consideration must be made within 5 (five) business days of the due date and time.
- Refer to MAFC Program Rules at <https://mafcstudents.mq.edu.au/> for information on the University's [Special Consideration Policy](#).

**Other Information:** The lecturer will distribute the case study problems during the classes, which will apply concepts learnt during class and from the lecture notes.

On successful completion you will be able to:

- Analyse and explain the scope of corporate Treasury responsibilities and its role within

the broader corporation, and how Treasury can support the business and add value to the corporation, both as an individual and a group.

- Identify and implement appropriate strategies to manage key treasury risks, including short term liquidity, interest rate, FX and commodity price risks for a variety of time horizons.
- Understand, apply and interpret appropriate Treasury management and funding techniques to 'real world' situations.

## Assignment

Due: **Refer to iLearn**

Weighting: **30%**

### Summary of Assessment Task

**Individual / Group:** Individual.

**Due Date:** Refer to iLearn.

**Submission Method:** Online via Turnitin on iLearn.

**Duration:** Refer to Assignment Cover Sheet.

### Extension Requests:

- No extensions will be granted. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission incurs a 20% penalty). This penalty does not apply for cases in which an application for Special Consideration is made and approved.
- Late submissions will be accepted up to 96 hours after the due date and time.
- Note: Applications for Special Consideration must be made within 5 (five) business days of the due date and time.
- Refer to MAFC Program Rules at <https://mafcstudents.mq.edu.au/> for information on the University's [Special Consideration Policy](#).

**Other Information:** The assignment is available via iLearn.

On successful completion you will be able to:

- Identify and implement appropriate strategies to manage key treasury risks, including short term liquidity, interest rate, FX and commodity price risks for a variety of time horizons.
- Understand, apply and interpret appropriate Treasury management and funding techniques to 'real world' situations.

## Final Exam

Due: **Refer to Timetable**

Weighting: **60%**

**This is a hurdle assessment task (see [assessment policy](#) for more information on hurdle assessment tasks)**

### Summary of Assessment Task

**Individual / Group:** Individual.

**Due Date:** Refer to Timetable.

**Submission Method:** As per MAFC Program Rules at <https://mafcstudents.mq.edu.au/>.

**Duration:** 2 hours plus 10 minutes reading time.

### Examination Conditions:

- All examinations are closed book.
- Questions may be asked on the material in the readings and case studies included in the lecture notes. More information on the exam format will be given during classes.
- Exam times and locations are noted in the unit timetable at <https://www.mq.edu.au/about/about-the-university/faculties-and-departments/business/study-with-us/macquarie-applied-finance-centre/timetables>.
- Refer to MAFC Program Rules at <https://mafcstudents.mq.edu.au/>.

### Extension Requests:

- You are expected to present yourself for examination at the time and place designated in the relevant MAFC Timetable at <https://www.mq.edu.au/about/about-the-university/faculties-and-departments/business/study-with-us/macquarie-applied-finance-centre/timetables>.
- Deferral of an examination is not permitted unless an application for Special Consideration is made and approved.
- Students who do not attend receive a mark of zero. This penalty does not apply in cases where an application for Special Consideration has been made and approved.
- Note: Applications for Special Consideration must be made within 5 (five) business days of the due date and time.
- Refer to MAFC Program Rules at <https://mafcstudents.mq.edu.au/> for information on the University's [Special Consideration Policy](#).

On successful completion you will be able to:

- Analyse and explain the scope of corporate Treasury responsibilities and its role within

the broader corporation, and how Treasury can support the business and add value to the corporation, both as an individual and a group.

- Identify and implement appropriate strategies to manage key treasury risks, including short term liquidity, interest rate, FX and commodity price risks for a variety of time horizons.
- Understand, apply and interpret appropriate Treasury management and funding techniques to 'real world' situations.
- Critically analyse the systems and governance of Treasury activities.

## **Delivery and Resources**

### **CLASSES**

**Face-to-Face Teaching:** Generally 20 hours.

**Timetable:** Detailed timetable for classes are available at <https://www.mq.edu.au/about/about-the-university/faculties-and-departments/business/study-with-us/macquarie-applied-finance-centre/timetables>.

#### **Consultation Times:**

Students who wish to contact any of the teaching staff may do so through:

- The unit's iLearn site, in relation to general queries (so that all students may benefit); or
- Individual consultation with the lecturer by email in the first instance, if necessary.

### **REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS**

**Text:** Nil

**Additional Readings:** Readings will be supplied, as well as case study materials for class discussion, via iLearn.

**Lecture Notes:** Available electronically via iLearn.

**Study Problems:** Students are required to work systematically through suggested problem sets. These problems will not be collected but they will help you prepare for the exams. Answers to the problems will be discussed in class.

**Pre-unit Materials:** Nil

**Useful References:** Students should read financial press widely, and have a strong interest in corporate financial activity.

#### **Calculators:**

- A basic calculator would be of assistance for the completion of in class exercises.
- In examinations, hand held calculators are permitted. Mobile phones and computers are

not permitted.

**Assumed Knowledge:** Students are expected to be familiar with relevant material from the ECFS868 Financial Risk Management unit.

**Assumed Access:** Access to a computer with word processing and spreadsheet capability is assumed, as is general student computer literacy.

## **TECHNOLOGY USED AND REQUIRED**

### **Unit iLearn Site:**

- Found by logging on to iLearn [ilearn.mq.edu.au](https://ilearn.mq.edu.au), then clicking on **ECFS850 Corporate Treasury Management**.
- This is where you will find forums, downloadable resources and links to important pages.
- The forum allows you to communicate with other students and lecturer(s) and may provide supplementary material.
- You are requested to post your questions on the forums at least 24 hours prior to the assignment submission date or the examination date. Questions posted after that time may not be answered. **Please try to not leave your questions to the last few days.**

**Laptops:** A laptop per group would be beneficial to enable students to present the results of the in class case study.

### **Important:**

- It is important that you familiarise yourself with the unit's iLearn site.
- Students should check the unit's iLearn site regularly (minimum twice a week and prior to all lectures) and look for updates and distribution of materials (including case studies) related to the unit or assessments and, if relevant, participate in forum discussions.

## **Unit Schedule**

This course is intended to give students a working understanding of the day-to-day activities and issues facing a corporate Treasury. A general working knowledge of the corporate environment and current financial events would be beneficial. The knowledge of financial markets and instruments gained through the successful completion of the core subjects will be sufficient for students undertaking this subject.

### **1. INTRODUCTION TO CORPORATE TREASURY**

#### **Topics:**

- 1.1 The role of a corporate Treasury
- 1.2 What are the objectives of a corporate Treasury?

1.3 Where does Treasury sit within the broader company?

1.4 Treasury organisational design

1.5 What is risk?

1.6 What risks does a corporate Treasury take responsibility for?

1.7 What broader activities can a Treasury engage in to add value to the company?

1.8 How is a corporate Treasury different to a bank Treasury?

## **2. SHORT TERM CASH MANAGEMENT**

### **Topics:**

2.1 Producing an accurate cash flow forecast

2.2 Cash flow forecast exercise

2.3 Measuring and improving cash flow forecast accuracy

2.4 Bank account structuring, including pooling and sweeping

2.5 Short term funding options

2.6 Short term investment options

## **3. BALANCE SHEET MANAGEMENT**

### **Topics:**

3.1 Debt vs equity

3.2 Equity

3.3 Debt

3.4 Working capital management

3.5 Long term cash flow forecasting and stress testing

3.6 Identification and management of debt-related risks

3.7 Case study – debt portfolio

3.8 Accessing the bond markets

3.9 Case study – international bond issue

3.10 Case study – local bond issue

3.11 Balance sheet management exercises

## **4. MANAGING MARKET RISK**

### **Topics:**

4.1 Review of hedging basics

4.2 Risk identification and quantification



4.3 Foreign exchange risk management

4.4 Interest rate risk management

4.5 Commodities are different

4.6 Commodity price risk management

4.7 Credit risk management

4.8 Managing the risks of a bond issue

## **5. GROUP IN CLASS CASE STUDY**

## **6. MANAGING TREASURY RELATIONSHIPS**

### **Topics:**

6.1 Key external relationships

6.2 Relationship banks

6.3 Credit rating agencies

6.4 Debt investors

## **7. SYSTEMS AND GOVERNANCE**

### **Topics:**

7.1 Creating a Treasury policy

7.2 The right control environment

7.3 When it all goes wrong

7.4 Impacts from the external environment

7.5 Treasury reporting

7.6 Measuring Treasury's performance

7.7 Treasury systems

7.8 Business continuity protocol

7.9 Information and dealing platforms

## **Learning and Teaching Activities**

### **Strategy**

The Master of Applied Finance degree adopts a deep teaching and learning strategy, in which students acquire and retain knowledge and also are able to make sense of the issues and concepts and apply them in the “real world”. The degree relies heavily on student engagement and participation by: (a) Continuous learning throughout the term. This is encouraged through a combination of students undertaking prescribed reading throughout the units and/or completion of practice problems, case studies, assignments, class presentations etc and interaction via

forums in the unit's iLearn site; and (b) Assessments, which enable the student to demonstrate his/her understanding of the learning objectives achieved through the continuous learning.

## Student Participation

Students participate in this unit by: (a) Attending lectures and participating in class discussion; (b) Before each class, completing the recommended readings of notes and text, and working systematically through suggested problem sets; (c) Interacting on the unit's iLearn site; and (d) Completing all assessment tasks and exams. On average, the unit will require students to complete, for every hour of class time, approximately 3 hours private study.

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** *The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.*)

Undergraduate students seeking more policy resources can visit the [Student Policy Gateway](https://students.mq.edu.au/support/study/student-policy-gateway) (<https://students.mq.edu.au/support/study/student-policy-gateway>). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/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/study/getting-started/student-conduct>

## Results

Results published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit [ask.mq.edu.au](https://ask.mq.edu.au) or if you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

Students should also consult the MAFC Program Rules at <https://mafcstudents.mq.edu.au/>.

## 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 enquiry service (MAFC-specific)

For all student enquiries, please contact [studentsupport@mafc.mq.edu.au](mailto:studentsupport@mafc.mq.edu.au)

## 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)

If you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

## IT Help

For help with University computer systems and technology, visit [http://www.mq.edu.au/about\\_us/offices\\_and\\_units/information\\_technology/help/](http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/).

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

## Graduate Capabilities

### PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

## Learning outcomes

- Analyse and explain the scope of corporate Treasury responsibilities and its role within the broader corporation, and how Treasury can support the business and add value to the corporation, both as an individual and a group.
- Identify and implement appropriate strategies to manage key treasury risks, including short term liquidity, interest rate, FX and commodity price risks for a variety of time horizons.
- Understand, apply and interpret appropriate Treasury management and funding techniques to 'real world' situations.
- Critically analyse the systems and governance of Treasury activities.

## Assessment tasks

- Group In Class Case Study
- Assignment
- Final Exam

## 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

- Analyse and explain the scope of corporate Treasury responsibilities and its role within the broader corporation, and how Treasury can support the business and add value to the corporation, both as an individual and a group.
- Identify and implement appropriate strategies to manage key treasury risks, including short term liquidity, interest rate, FX and commodity price risks for a variety of time horizons.
- Understand, apply and interpret appropriate Treasury management and funding techniques to 'real world' situations.
- Critically analyse the systems and governance of Treasury activities.

## Assessment tasks

- Group In Class Case Study
- Assignment

- Final Exam

## 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

- Analyse and explain the scope of corporate Treasury responsibilities and its role within the broader corporation, and how Treasury can support the business and add value to the corporation, both as an individual and a group.
- Identify and implement appropriate strategies to manage key treasury risks, including short term liquidity, interest rate, FX and commodity price risks for a variety of time horizons.
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- Critically analyse the systems and governance of Treasury activities.

### Assessment tasks

- Group In Class Case Study
- Assignment
- Final Exam

## Important Notice

This Unit Guide may be subject to change. Students will be advised, via an "Announcement" on iLearn, if the Unit Guide is changed.

The latest version is available at <https://unitguides.mq.edu.au/>.

Students should read the Unit Guide carefully at the start of term. It contains important information about the unit. If anything is unclear, please consult one of the unit lecturers.