MASTER OF ACCOUNTING
(CPA EXTENSION)

UNIT GUIDE

ACCG905 Financial Risk Management

Semester 1, 2010
Year and Semester: 2010, 1

Unit Convenors: Garry Morris and Katarina Djukic

Prerequisites: Students must successfully complete the 13 units (39 credit points) in the Postgraduate Diploma in Accounting at Macquarie University before commencement of the final six units in the MAcc (CPA Extension) program (24 credit points).

Students in ACCG905 should read this unit guide carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

About This Unit

This is a unit forming part of the Master of Accounting (CPA Extension) 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 course will also address investment evaluation, the sourcing of necessary funds for an organisation, and the application and accounting for hedge instruments. Learning will be facilitated through structured formal academic support for full time students concurrently enrolled in the Master of Accounting (CPA Extension) program, and the Financial Risk Management segment of the CPA program.

Teaching Staff

Convenors:

GARRY MORRIS
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Fax: 4322 3793

KATARINA DJUKIC
Location: Level 2, E4A
Email: kdjukic@efs.mq.edu.au
Fax: 9850 6196

Please Note: Only emails sent from a Macquarie University account will be opened due to virus problems.
Any student experiencing difficulties with the unit should seek help at the earliest possible opportunity.

**CLASSES**

Classes will meet on scheduled dates for a 3 hour seminar during the semester:

<table>
<thead>
<tr>
<th>Day</th>
<th>Time</th>
<th>Location</th>
<th>Lecturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday</td>
<td>3 pm – 6 pm</td>
<td>C4A 315</td>
<td>Katarina Djukic</td>
</tr>
<tr>
<td>Friday</td>
<td>12 pm – 3 pm</td>
<td>E7B 200</td>
<td>Garry Morris</td>
</tr>
</tbody>
</table>

You **MUST** attend only the class in which you are registered. In the event that you have to attend an alternative class for a particular week, you are required to notify the lecturers.

Class attendance is highly recommended.

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

All students should have the following provided from CPA Australia


These CPA segment materials comprise 7 Modules with associated readings, supplementary update, and other support materials.

**Other References**

Students will be required to use library resources to research beyond these materials in undertaking research necessary to complete their assignments.

The CPA 106 course materials have a reference list at the end of each module containing all references cited by the author. These provide some guidance to references that could be used to research an assignment on a particular issue.

**UNIT WEB PAGE**

The unit will have a World Wide Web site accessed through Macquarie University OnlineLearning @MQ, using the following URL:
http://learn.mq.edu.au (this must be entered exactly). Further technical information on the use of BlackBoard can be found at http://online.mq.edu.au/docs/tecinf.html.

The unit Web site is only available to students enrolled in ACCG905. It will be available from Monday 8 February. Students will be able to access the unit web page by the use of their normal university user/password details. Please contact the IT Help Desk in the Library if you have any difficulties accessing the unit web page:

- Phone: (02) 9850 HELP (4357) or Freecall: 1800 063 191
- Face to Face: IT Help Desk, Level 1, University Library
- Email: Just Ask. Form http://www.lib.mq.edu.au/justask/
- 24/7 Email: ithelp@mq.edu.au

The Website will contain important unit materials, including:

- Course details—An outline of the unit
- Lecture Notes for each module
- Announcements—notices updating students on important matters regarding the unit
- Group assignment
- Results—for multiple choice exams, assignment and any other assessable material, when available.

**LEARNING OBJECTIVES AND OUTCOMES**

The aim of this unit is to provide students with the opportunity to acquire knowledge and skills in managing financial risks as well as an appreciation of the necessary controls and reporting. The unit covers the CPA 106 Financial Risk Management segment content as well as including additional case studies, materials and discussions in lectures. These will reinforce understanding of the overall financial risk management concepts within Treasury. In addition, the unit aims to extend the generic skills program in the Postgraduate Diploma segment of the MAcc, by further developing practical problem solving skills, communicating and participating in a group setting.

The specific objectives of the concurrent CPA 106 Financial Risk Management segment, as outlined in the CPA Segment Outline 2010, include the ability to demonstrate knowledge and skills in the following areas:

1. the nature of financial risk faced by corporations, other business entities and government
2. the nature of the financial risk management function, including roles, responsibilities, performance measurement and relevant accounting practices
3. recognising and controlling financial risk within an organisation’s governance structure
4. sources of long-term and short-term funding
5 the nature and function of derivative financial instruments
6 the place of derivatives in an organisation's risk management structure
7 analysis of capital structure decisions
8 various risk management instruments and strategies
9 general principles of hedge accounting for financial risk management transactions

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop students’ generic skills in a range of areas. One of the aims of this unit is that students gain the following personal skills:
   A. a good standard of oral and written communication
   B. a capacity for teamwork and collaboration
   C. an ability for critical thinking, analysis and problem solving
   D. organizational and personal management
   E. information technology literacy

**TEACHING AND LEARNING STRATEGY**

**Classes:**
Classes will meet on scheduled dates for a 3 hour seminar during the semester. Most weeks this will consist of a lecture on issues involving the relevant content from the CPA106 module topics. Additional time will be spent on examples from the CPA module notes. Lectures will provide students with the main concepts and techniques. The CPA course notes provide many questions and extra detail which lectures may not cover and it is expected that students will cover this material in their own time.

In between classes ALL students are required to work through the relevant module(s) in the CPA program, CPA106 segment module, as well as work on assessment tasks.

**Lecture:**
Lecture slides MUST be downloaded and brought to each class. These are available on the World Wide Web site accessed through Macquarie University OnlineLearning @MQ.

These notes will be the core lecture notes presented in lectures. They are NOT intended to, nor do they, stand alone, nor in place of lecture attendance or FULL READING OF THE CPA Modules. You must properly construct your own notes based on your own readings. Any additional comments, supplements and corrections to these notes WILL occur during lectures – which you MUST attend.

Students are encouraged to read the CPA module notes prior to attending each class in order to gain maximum benefit from the class.
CRITICAL COMMENT. You are not entitled to rely on lecturer-provided notes for full study purposes nor as being a defined indicator of CPA exam content.

Active participation in class is encouraged and expected of every student. This helps clarify your ideas, understanding and problem areas with the material, as well as enhancing your communication skills.

Ways to enhance your chance of success in this unit:
During 2007 the Master of Accounting program engaged in a significant research project that was designed to investigate and find ways to enhance student participation in the classroom.

Students who were interviewed during the research project stated that participating in classroom discussions, answering lecturer’s questions and engaging in meaningful discussion with colleagues when directed by the lecturer:

1. assists them in retaining information and maintaining interest and concentration
2. allows them to clarify or check their understanding
3. provides opportunities to enhance and reinforce knowledge and learn from other students
4. improves their English proficiency
5. supports their development of communication skills
6. develops skills needed in professional practice

Lecturers expect students to participate in class as it:
1. provides opportunities for students to review or clarify lecture content and benefit from the experience of other students
2. assists students to think about concepts and test whether their understanding is correct
3. develops confidence in speaking
4. provides opportunities to think in a different way

The research concluded that the benefits of participation include:

- enhancing the learning process
- meeting lecturers’ expectations of students
- helping to increase communication skills.

This unit expects ALL students to participate in the classroom and engage with this exciting material. The 10 marks allocated to this portion of the assessment will be carefully monitored by your lecturer (see Assessment).
Relationship between Assessment and Learning Outcomes

Assessment Summary

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Weight</th>
<th>Due Date</th>
<th>Brief description</th>
<th>Linked unit outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation</td>
<td>10%</td>
<td>Throughout semester</td>
<td>In each class</td>
<td>1 – 9 A, B, C, D &amp; E</td>
</tr>
<tr>
<td>Quiz</td>
<td>5%</td>
<td>Week 3</td>
<td>Covers Module 1</td>
<td>1, 2, 5 and 6 A, C &amp; D</td>
</tr>
<tr>
<td>First examination</td>
<td>15%</td>
<td>Week 6</td>
<td>Covers Modules 2-4A</td>
<td>4, 7 and 9 A, C &amp; D</td>
</tr>
<tr>
<td>Second examination</td>
<td>20%</td>
<td>Week 10</td>
<td>Covers Modules 4B-7</td>
<td>2, 3, 5, 6 and 8 A, C &amp; D</td>
</tr>
<tr>
<td>Group assignment</td>
<td>15%</td>
<td>Week 10</td>
<td>Business report</td>
<td>1 – 9 A, B, C, D &amp; E</td>
</tr>
<tr>
<td>Presentation</td>
<td>5%</td>
<td>Week 12</td>
<td>Present Strategy</td>
<td>1 – 9 A, B, C, D &amp; E</td>
</tr>
<tr>
<td>CPA Exam</td>
<td>30%</td>
<td>6 May</td>
<td>Covers Modules 1-7</td>
<td>1 – 9 A, C &amp; D</td>
</tr>
</tbody>
</table>

To obtain a pass grade or better, it is necessary to:
- satisfactorily attempt ALL assessment components, AND
- obtain a PASS in the CPA external examination, AND
- obtain a PASS for the 70% Macquarie University assessment of the unit

Assessment Overview

**Participation**

<table>
<thead>
<tr>
<th>Content Area</th>
<th>Modules 1-7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Students read CPA materials prior to class so as to participate in discussion and answer questions.</td>
</tr>
</tbody>
</table>
| Skills       | • Analytical, problem solving skills  
                • Oral communication skills |
| Feedback     | Immediately from class and lecturer |
### Class Quiz

<table>
<thead>
<tr>
<th>Content Area</th>
<th>Module 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>20-minute open book quiz testing understanding of the management of financial risk. Consists of approximately 10 multiple choice questions similar to the CPA style in My Online Learning.</td>
</tr>
</tbody>
</table>
| Skills       | • Analytical, problem solving skills  
• Written communication skills  
• Time management |
| Feedback     | We will endeavour to post your mark in Grade Book in Blackboard during Week 4. Any variation to this will be notified through Announcements on Blackboard. Your mark will indicate how you are progressing in this unit and hence whether extra effort is required, and in what areas. Any student requiring individual feedback should email the lecturer to arrange an appointment. |

### First Examination

<table>
<thead>
<tr>
<th>Content Area</th>
<th>Modules 2-4A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>60 minute open book examination testing understanding of concepts and techniques. Consists of approximately 30 multiple choice questions similar to the CPA style in My Online Learning.</td>
</tr>
</tbody>
</table>
| Skills       | • Analytical, problem solving skills  
• Written communication skills  
• Time management |
| Feedback     | We will endeavour to post your mark in Grade Book in Blackboard during Week 7. Any variation to this will be notified through Announcements on Blackboard. Your mark will indicate how you are progressing in this unit and hence whether extra effort is required, and in what areas. Any student requiring individual feedback should email their lecturer to arrange an appointment. |

### Second Examination

<table>
<thead>
<tr>
<th>Content Area</th>
<th>Modules 4B-7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>100 minute open book examination testing understanding of concepts and techniques. Consists of approximately 45 multiple choice questions similar to the CPA style in My Online Learning.</td>
</tr>
</tbody>
</table>
| Skills       | • Analytical, problem solving skills  
• Written communication skills  
• Time management |
| Feedback     | We will endeavour to post your mark in Grade Book in |
Blackboard during Week 11. Any variation to this will be notified through Announcements on Blackboard. Your mark will indicate how you are progressing in this unit and hence whether extra effort is required, and in what areas. Any student requiring individual feedback should email their lecturer to arrange an appointment.

### Group Assignment

<table>
<thead>
<tr>
<th>Content Area</th>
<th>Modules 1-7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>This assignment will cover most topics in the unit and will be prepared in the form of a Business Report.</td>
</tr>
</tbody>
</table>
| Skills       | • Analytical, problem solving skills  
                • Written communication skills  
                • Time management  
                • Teamwork  
                • Research skills |
| Feedback     | Comments on content will be made throughout the Report by the lecturer. This will be provided in Week 12. |

Details of the Assignment will be posted on the unit website by the end of Week 2.

### Presentation

<table>
<thead>
<tr>
<th>Content Area</th>
<th>Modules 1-7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Students will present their recommendations as detailed in their Report to the Board.</td>
</tr>
</tbody>
</table>
| Skills       | • Analytical, problem solving skills  
                • Teamwork  
                • Research skills  
                • Oral communication skills |
| Feedback     | • Immediately from class and lecturer |

### CPA Exam

<table>
<thead>
<tr>
<th>Content Area</th>
<th>Modules 1-7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>3 hour open book examination testing all topics covered in the CPA materials. Consists of approximately 70 multiple choice questions similar to the CPA style in My Online Learning.</td>
</tr>
</tbody>
</table>
| Skills       | • Analytical, problem solving skills  
                • Written communication skills  
                • Time management |
| Feedback     | CPA indicates they will advise results by SMS and internet on 18 June. |

CPA generally expects students to achieve 60% to 65% to pass.
MACQUARIE UNIVERSITY RULES AND REGULATIONS:

All assessment is subject to the University's rules and information to students set out in the Handbook of Postgraduate Studies. You are particularly referred to rules of the various postgraduate awards; and with the Student Information regarding Plagiarism and Assessment.

CHEATING AND PLAGIARISM

To cheat in the context of university assignments, tests and examinations is to attempt to gain an unfair advantage by violating the principles of intellectual and scholarly integrity. Cheating also encompasses plagiarism, which is the appropriation or imitation of another person’s ideas and manner of expressing them.

WHAT IS CHEATING?

You will be guilty of cheating if you do any of the following:

1. Copy from another student during a test or examination. This is cheating whether or not there is collusion between the students involved. Collusion with another student who wishes to cheat from you exposes both parties to penalties under University Regulations.

2. Use or paraphrase the work of others, including any document, audio-visual or computer-based material, when preparing an assignment or writing an examination, and pretend it is your own work by not acknowledging where it came from.

3. Copy from another student’s coursework whether that copying is with or without the knowledge of that student. This includes:
   - copying all or part of someone else’s assignment
   - allowing someone else to copy all or part of your assignment
   - providing your assignment (or other materials for an assignment) to another student
   - having someone else do all or part of an assignment for you
   - doing all or part of someone else’s assignment for them.

4. Make up data and fabricate results in research assignments.

5. Impersonate someone else in an examination or test, or arrange such impersonation.

6. Use forbidden material in a test or examination, whether in printed or electronic form. For example, attempting to use a non-standard calculator in a restricted calculator examination.

WHY IS IT WRONG?

If you take and use the work of another person without clearly stating or acknowledging your source, you are falsely claiming that material as your own work and committing an act of plagiarism. This is wrong because it:

- violates the principle of intellectual and scholarly integrity;
- devalues the grades and qualifications gained legitimately by other students;
and

• fails to allow you demonstrate your own understanding of the material.

PREVENTING CHEATING
All students and staff have a responsibility to prevent, discourage and report cheating.

Typically students cheat because they are having difficulty with the unit content, the language of the unit, or both. Cheating and/or plagiarism can be a temptation when students are experiencing difficulty with a heavy workload in the unit and seek to save time by using others’ work.

To avoid having students resort to cheating, the University provides many services to help students with their course or to make thoughtful decisions about whether to continue. Within the Division of Economic and Financial Studies, students should first seek assistance from their lecturer. Staff at the Centre for Macquarie English are also an excellent resource for plagiarism questions and language issues. The University also offers help through the Dean of Students or the University Health and Counselling Services.

There is a difference between getting help and cheating. You are encouraged to get help if you need assistance to understand the material and any set work so that you are in a better position to create your own answers. You might also want to have group discussions with your colleagues to debate the different issues surrounding a form of assessment. However the work you submit for your assessment must be in your own words and must not be those of another person.

HOW TO PLAY SAFE
To maintain good academic practice, so that you may be given credit for your own efforts, and so that your own contribution can be properly appreciated and evaluated, you should acknowledge your sources and you should ALWAYS:

(i) State clearly in the appropriate form where you found the material on which you have based your work, using the system of reference specified by the Division in which your assignment was set;

(ii) Acknowledge the people whose concepts, experiments or results you have extracted, developed or summarised, even if you put these ideas into your own words;

(iii) Avoid excessive copying of passages by another author, even where the source is acknowledged. Find another form of words to show that you have thought about the material and understood it, but remember to state clearly where you found the ideas.

There is nothing wrong with working with other students in a group; indeed sometimes you will be encouraged to do so. But after a certain point, each student must work on their own to produce their own written answers. If no specific guidelines for group-work have been given, a reasonable interpretation is that it is acceptable for two or more students to discuss a problem among themselves or with a staff member. The group may then agree that the answer
should include certain points. But then each member of the group must independently write their own answer to the problem.

**PENALTIES**
Offences of plagiarism will attract penalties which at a minimum, will result in the deduction of marks for the test and/or assignment, to ultimately a failure in the unit and reference to the University Discipline Committee. The penalty will depend upon the extent of the plagiarism, whether it is a first or repeated offence, whether there is evidence of deliberate deceit and whether advantage has been taken of another student. In some cases this can result in the suspension of the student from enrolment in the university. In all cases however, a record of any offence and/or incident, along with correspondence, will be placed permanently on the students’ individual record file held at the university.

**UNIVERSITY POLICY ON GRADING**
Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG).

On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results.

It is important that you realise that the policy does not require that a minimum number of students are to be failed in any unit. In fact it does something like the opposite, in requiring examiners to explain their actions if more than 20% of students fail in a unit.

The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.


**STUDENT SUPPORT SERVICES**
Macquarie University provides a range of Academic Student Support Services. Details of these services can accessed at [http://www.student.mq.edu.au](http://www.student.mq.edu.au).
### Schedule of Classes

<table>
<thead>
<tr>
<th>Week</th>
<th>Commencing</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8 February</td>
<td>Module 1, <em>Introduction to Financial Risk Management</em></td>
</tr>
<tr>
<td>2</td>
<td>15 February</td>
<td>Module 2, <em>Sourcing &amp; Management of Funds, Yield Curve</em></td>
</tr>
<tr>
<td>3</td>
<td>22 February</td>
<td><strong>Class Quiz (module 1)</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Module 3, <em>Investment Evaluation &amp; Capital Structure</em></td>
</tr>
<tr>
<td>4</td>
<td>1 March</td>
<td>Module 4 A, <em>Accounting for Financial Instruments</em></td>
</tr>
<tr>
<td>5</td>
<td>8 March</td>
<td>Module 4 B, <em>Accounting for Financial Instruments</em></td>
</tr>
<tr>
<td>6</td>
<td>15 March</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; <em>Exam (modules 2 to 4A) and revision</em></td>
</tr>
<tr>
<td>7</td>
<td>22 March</td>
<td>Module 5, <em>Interest Rate Risk Management</em></td>
</tr>
<tr>
<td>8</td>
<td>29 March</td>
<td>Module 6, <em>Foreign Currency &amp; Commodity Risk Management</em></td>
</tr>
<tr>
<td>9</td>
<td>5 April</td>
<td>Module 7, <em>Controlling Risks</em></td>
</tr>
<tr>
<td>10</td>
<td>12 April</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; <em>Exam (modules 4B to 7) and revision</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Assignment due (to be handed to lecturer in class)</em></td>
</tr>
<tr>
<td>11</td>
<td>19 April</td>
<td><em>Revision Modules 1 to 7</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>CPA Exams {FRM Exam 6 May}</em></td>
</tr>
<tr>
<td>12</td>
<td>17 May</td>
<td><em>Presentations</em></td>
</tr>
</tbody>
</table>
Oral Presentation Marking Guide

Student Name: 

MARK:

<table>
<thead>
<tr>
<th>Item</th>
<th>V Good</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good structure, ie intro, body and conclusion</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spoke loudly and clearly</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Used body language to communicate, hand and body movement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Talked to the audience, not the screen, overhead, floor, etc</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The language was appropriate for the audience</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good use of overheads or other aids</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kept within time limit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Worked as a team</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complemented rather than repeated Report</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Other comments