

Academic Year: ( 2020 / 2021 )

Review date: 14-03-2020

Department assigned to the subject:

Coordinating teacher: GUO , BING

Type: Electives ECTS Credits : 3.0

Year : 1 Semester : 2

**STUDENTS ARE EXPECTED TO HAVE COMPLETED**

Business valuation methods and Corporate Finance.

This subject is elective but acquires mandatory character for those students who want to obtain ICAC accreditation.

**COMPETENCES AND SKILLS THAT WILL BE ACQUIRED AND LEARNING RESULTS.**

## Basic competences

CB8 That students are able to integrate knowledge and face the complexity of formulating judgments based on information that, being incomplete or limited, includes reflections on social and ethical responsibilities linked to the application of their knowledge and judgments

CB9 That the students know to communicate their conclusions and the knowledge and last reasons that sustain them to specialized and non-specialized public in a clear and unambiguous way

## General competences

CG1 Acquire the ability to locate, extract, and analyze information from multiple sources, and to form a reasoned opinion that can be defended in written or oral form to different audiences.

CG2 Acquire the ability to plan optimally in the allocation of contracted resources (selection of work team and budgeting project hours).

CG3 Acquire the ability to submit written reports orally to both the members of your team and your clients.

CG5 Ability to solve problems, from the analysis of data and structured or unstructured information, which may involve the management of databases, or information systems and business management. General

CG6 Acquire the ability to work in organized and structured work teams where each member is responsible for a part of which must subsequently inform the rest of the team.

CG7 Ability to diagnose potentially complex real problems by integrating and applying knowledge of different subjects. General

CG8 Acquire the ability to direct the search and learning of any new situation autonomously.

CG9 Ability to work in changing areas and to anticipate new situations.

## Specific competences

CE9 Ability to apply advanced techniques to determine the value of a company based on its accounting information, systematic risk and atypical projects, as well as to perform a correct and detailed financial planning in different and uncertain scenarios.

CE10 Ability to understand the concept of risk and its different types to be able to manage it, and relate it to the different corporate structures (financial and non-financial).

CE11 Ability to use advanced techniques to manage each of the risks that affect a company. CE16 Ability to apply, according to current regulations at all times, advanced management techniques and accounting design of a company taking into account their financial, accounting and economic needs in order to ensure that accounting is the instrument of control and management that investors need.

CE17 Acquire the ability to know and propose solutions to the different agency problems that arise within the company.

**DESCRIPTION OF CONTENTS: PROGRAMME**

SUBJECT: Risk Management and Reporting

1. Financial Risk Management and Firm Value
2. International Accords (Basel, Solvency)
3. Identifying Financial Risks: Evaluation and Management
4. Managing Financial Risks
5. International Regulation on reporting and measurement of financial risk
6. Measurement, reporting and disclosure of risk

#### LEARNING ACTIVITIES AND METHODOLOGY

Activities and evaluation:

Excel exercises on:

o Analysis of a company's exposure to various financial risks (especially interest rate and exchange rate): quantitative exposure analysis, sensitivity measures (VaR, CFaR, stress test, etc.).

o Different alternatives for managing the previous exposure through derivatives: non-hedging, 100% hedging, 50% hedging, hedging through options, dynamic hedging, coverage based on VaR / CFaR levels, etc.

o Different alternatives of scorecard / periodic reporting to the Management.

- Excel exercises will be carried out regarding the valuation of derivative financial instruments that companies usually use more frequently in the management of their financial risks: IRS, currency forward, forward on commodities, different types of options, etc. .

The activities and attendance will count 40% of the final grade and the exam 60%.

#### ASSESSMENT SYSTEM

SE1 Participation in class: 5%

SE2 Individual or group work carried out during the course: 25%

SE3 Final exam: 70%

In order to pass the subject, students need to meet the minimum passing score of 4 points (out of a possible 10) in the final exam. Students that do not meet the minimum passing grade should retake the subject. If the retake exam is taken, the above grade criteria also apply

**% end-of-term-examination:** 60

**% of continuous assessment (assignments, laboratory, practicals...):** 40

#### BASIC BIBLIOGRAPHY

- Allayannis, G., Ihrig, J., Weston J Exchange-Rate Hedging: Financial vs. Operational Strategies, American Economic Review Papers and Proceedings, Vol. 91 (2), pp. 391 ¿395, 2001
- Bessis, J., Risk Management in Banking, Wiley, 2015
- Blokdyk, G Financial risk management. Beginner's Guide - Third Edition, CreateSpace Independent Publishing Platform., 2017
- Hakala, J., Wystup, U Foreign Exchange Risk: Models, Instruments, and Strategies, Risk Books. London., 2002
- Kavaliova, M Foreign Exchange Risk Management: Which Hedging Techniques Can be Used by a Mid-size Company, AV Akademikerverlag, 2012
- Mitra, G. and Schwaiger, K Asset and Liability Management Handbook, Palgrave Macmillan., 2011
- Morales, J. Aspectos Contables de la Gestión del Riesgo de Tipo de Cambio (I), Revista Contable Vol. 56, pág. 8-27., 2017
- Morales, J., Delgado, D. Foreign Currency Risk Management Practices in Spanish Companies: An empirical Analysis, Aestimatio. Vol. 14, pág. 128-163., 2017
- Van Deventer, D.R., Imai, K., Mesler, M. Advance Financial Risk Management, Wiley Finance., 2005

#### BASIC ELECTRONIC RESOURCES

- Basel Committee of Banking Supervision; Bank for International Settlements . Principles for the Management and Supervision of Interest Rate Risk: <http://www.bis.org/publ/bcbs108.pdf>
- Bramwell, P . Risk management for corporate treasurers: [http://www.bobsguide.com/guide/news/2010/May/26/Risk\\_management\\_for\\_corporate\\_treasurers.html](http://www.bobsguide.com/guide/news/2010/May/26/Risk_management_for_corporate_treasurers.html)
- J.P Morgan . Best Practices: Foreign Exchange Risk Management: <https://www.chase.com/content/dam/chasecom/en/commercial-bank/documents/foreign-exchange-risk->
- Papaioannou, M . Exchange Rate Risk Measurement and Management: Issues and Approaches for Firms: <http://www.imf.org/external/pubs/ft/wp/2006/wp06255.pdf>

- The financial regulators consist of the Board of Governors of the Federal Reserve System (FRB) . Advisory on Interest Rate Risk Management: <http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20100107.pdf>