



FACULTY OF BUSINESS
BACHELOR OF ACCOUNTING
LEARNING MODULE OUTLINE

Academic Year	2023 /2024	Semester	1
Module Code	FINA0140-411		
Learning Module	Financial Risk Management		
Pre-requisite(s)	Nil		
Medium of Instruction	English		
Credits	3	Contact Hours	45
Instructor	Huang, Guihai (Samuel)	Email	ghhuang@mpu.edu.mo
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MODULE DESCRIPTION

This module analyzes comprehensively how business should manage risk. It equips students with a general framework for understanding the effects of risk, the tools and methods used to manage risk, and the process of making risk management decisions.

It covers the tools used in financial risk management including options, forward contracts, futures contracts, and swaps.

MODULE INTENDED LEARNING OUTCOMES (ILOS)

On completion of this learning module, students will be able to:

M1.	Demonstrate how options, forward contracts, futures contracts, and swaps work.
M2.	Evaluate how these derivatives are priced.
M3.	Investigate how companies use these contracts in risk management.
M4.	Analyze how public listed companies report the use of derivatives in risk management.



These ILOs aims to enable students to attain the following Programme Intended Learning Outcomes (PILOs):

PILOs	M1	M2	M3	M4
P1. Integrate the contemporary theories, principles of accounting and business disciplines relevant to general business practice	✓	✓	✓	
P2. Assess general business scenarios with mathematical and statistical skills.		✓		
P3. Apply critical thinking and logical analysis skills and techniques to solve business problems.	✓		✓	
P4. Interpret and analyze accounting information for internal control, planning, performance evaluation, and coordination to continuously improve business process				✓
P5. Apply accounting or business software for business analysis.				
P6. Develop queries to assess management information from database to improve efficiency and effectiveness.				
P7. Synthesize the latest requirement of international accounting and auditing standards in preparing financial statements and auditing reports.				
P8. Utilize appropriate written and spoken forms to communicate effectively with stakeholders in various cultural environment.				✓
P9. Recommend an appropriate module of action by ethically examining the economic, environmental, political, legal and regulatory contexts of global business practice.				
P10. Utilize the latest empirical findings and academic studies to support the recommendation of business projects.				

MODULE SCHEDULE, COVERAGE AND STUDY LOAD

Week	Content Coverage	Contact Hours
1	Introduction and Mechanics of Futures Markets	3
2	Hedging Strategies Using Futures	3
3	Interest Rates	3
4	Determination of Forward and Futures Prices	3
5	Interest Rate Futures	3
6	Swaps	3
7	Securitization and the Credit Crisis of 2007	3
8	Mechanics of Option Markets and Properties of Stock Options	3
9	Trading Strategies Involving Options	3
10	Introduction to Binomial Trees	3
11	Project Mentoring and Discussion	3
12	The Black–Scholes–Merton Model	3



13	Project Presentations	3
14	Derivatives Disasters and What We Can Learn from Them	3
15	Final Examination	3
	Total	45

TEACHING AND LEARNING ACTIVITIES

In this learning module, students will work towards attaining the ILOs through the following teaching and learning activities:

Teaching and Learning Activities	M1	M2	M3	M4
T1. Interactive lectures	✓	✓	✓	✓
T2. In-class Exercises and quizzes	✓	✓	✓	✓
T3. Assignments	✓	✓	✓	
T4. Team project	✓		✓	✓

ATTENDANCE

Attendance requirements are governed by the Academic Regulations Governing Bachelor's Degree Programmes of the Macao Polytechnic University. Students who do not meet the attendance requirements for the learning module shall be awarded an 'F' grade.

ASSESSMENT

In this learning module, students are required to complete the following assessment activities:

Assessment Activities	Weighting (%)	ILOs to be Assessed
A1. Quizzes / Participation	10	M1, 2,3,4
A2. Assignments	20	M1,2,3
A3. Team Project	20	M1,3,4
A4. Final Exam	50	M1,2,3
Total	100	

The assessment will be conducted following the University's Assessment Strategy (see www.mpu.edu.mo/teaching_learning/en/assessment_strategy.php). Passing this learning module indicates that students will have attained the ILOs of this learning module and thus acquired its credits.



Assignments

Assignment Set 1: 1.33, 1.35, 2.26, 3.29, 3.30, 4.30, 5.30, 5.32, 6.29, 6.30 (due week 8)

Assignment Set 2: 7.23, 7.25, 8.16, 9.28, 10.26, 10.28, 11.23, 12.25, 13.25, 13.26 (due week 14)

Team Project: A group of two or three students work together to analyze how a public listed company uses and reports the use of derivatives in risk management based on its last one to three years' annual reports. Each team is required to present their analysis and findings to the class with the assistance of a PPT file. The PPT file should be submitted before the presentation and no extra word file is needed.

MARKING SCHEME (Assessment Rubrics)

	Assessment Tasks	Criteria	Excellent (A, A-)	Very Good, Good (B+, B, B-)	Satisfactory (C+, C, C-)	Pass (D+, D)	Fail (F)
			88-100	73 - 87	58 - 72	50 - 57	0 – 49
1.	Class Learning Activities	Demonstrate the understanding of the subjects covered in classes and show active learning attitude	High	Significant	Moderate	Basic	Not even reaching marginal levels
2.	Assignments	Demonstrate the ability to answer questions on topics covered in the outline	High	Significant	Moderate	Basic	Not even reaching marginal levels
3.	Team Project	Demonstrate the understanding of the subject and the arguments are articulated and organized in terms of verbal presentation and report writing	High	Significant	Moderate	Basic	Not even reaching marginal levels
4.	Final examination	Demonstrate the ability to identify and apply appropriate concepts, methods and techniques covered in classes	High	Significant	Moderate	Basic	Not even reaching marginal levels



REQUIRED READINGS

John C. Hull, 2017, Fundamentals of Futures and Options Markets, 9th edition, Pearson

(E-book or physical book)

REFERENCES

Reference book(s)

1. Don M. Chance, Robert Brooks, 2016, Introduction to Derivatives and Risk Management, 10th Edition, Cengage.
2. John C. Hull, 2023, Risk Management and Financial Institutions, 6th Edition, Wiley.

Website(s)

Prof. John C. Hull's website: <http://www-2.rotman.utoronto.ca/~hull/>

STUDENT FEEDBACK

At the end of every semester, students are invited to provide feedback on the learning module and the teaching arrangement through questionnaires. Your feedback is valuable for instructors to enhance the module and its delivery for future students. The instructor and programme coordinators will consider all feedback and respond with actions formally in the annual programme review.

ACADEMIC INTEGRITY

The Macao Polytechnic University requires students to have full commitment to academic integrity when engaging in research and academic activities. Violations of academic integrity, which include but are not limited to plagiarism, collusion, fabrication or falsification, repeated use of assignments and cheating in examinations, are considered as serious academic offenses and may lead to disciplinary actions. Students should read the relevant regulations and guidelines in the Student Handbook which is distributed upon the admission into the University, a copy of which can also be found at www.mpu.edu.mo/student_handbook/.