

Courseguide



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Minor Treasury Management – Accounting module

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1 Course Description

Entities are exposed to financial risks arising from many aspects of their business. Different companies are concerned about different risks (for example, some entities might be concerned about exchange rates or interest rates, while others might be concerned about commodity prices). Entities implement different risk management strategies to eliminate or reduce their risk exposures.

The objective of hedge accounting is to represent, in the financial statements, the effect of risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (P&L) or other comprehensive income (OCI).

In simple terms, hedge accounting is a technique that modifies the normal basis for recognising gains and losses (or revenues and expenses) on associated hedging instruments and hedged items, so that both are recognised in P&L (or OCI) in the same accounting period. This is a matching concept that eliminates or reduces the volatility in the statement of comprehensive income that otherwise would arise if the hedged item and the hedging instrument were accounted for separately under IFRS. Under IFRS 9, hedge accounting continues to be optional, and management should consider the costs and benefits when deciding whether to use it.

2 Course Goals and Learning Objectives

Purpose of the course is to extend knowledge and skills to students to successfully manage (hedge) accounting issues. Emphasize is on hedged items, hedging instruments and hedged risks.

We will use a real life case and exercises to make the learning effect as realistic as possible.

TABLE 1: LEARNING GOALS AND LEARNING OBJECTIVES

Learning Goals (Dublin Descriptor)	Associated General Learning Goals	Learning Objective fine tuned to the course	Assessment
DD1: Knowledge & Understanding	Student will recognize and understand the nature, the impact of and the concepts of hedge accounting in a globalizing context.	Obtain knowledge on hedge accounting within a firm. Understanding the background of hedge accounting. The workings of fair value hedge and cashflow hedge	Paper and presentation
DD2: Applying Knowledge	Student will identify and apply the appropriate methods and tools to solve contemporary business challenges.	Exercises and real life case in which issues and dilemma's of hedge accounting are exposed and evaluated. Real life case will be analysed and commented on.	Paper and presentation
DD3: Judgment	Student will evaluate and determine the general hedge accounting requirements.	Being able to oversee the solutions and to apply general hedge accounting requirements. Understanding hedged items, hedging instruments (derivates) and hedged risks.	Paper and presentation

DD4: Communication	Student will be able to discuss, debate as well as provide convincing ideas to a variety of multicultural stakeholder groups.	Communicate the analysis made on problems and cases to his/her colleagues and to the instructor in a paper and in professional meetings.	Paper and presentation
DD5: Self-Direction	Student will be able to work autonomously and determine their own learning needs.	How to find relevant information using online resources. How to conduct an independent research of analyzing and evaluating the performance of some hedge accounting related matter. How to develop and deliver written and oral presentations and respond to different inquiries and questions.	Paper and presentation

3 Place in the Curriculum and Related Courses

This practical course comes with the other minor courses; students should be able to understand balance sheets, profit- & loss accounts and cash flow statements on beforehand.

4 Assessment

After completion of the 7 week term the final paper and presentation will be graded. To pass, the grade has to be at least a 5.5.

Assessment (2,5EC):

Write a paper and give a presentation on hedge accounting.

- The paper should include:
 - a. What are the hedged risks, hedged items and hedging instruments?
 - b. What is hedge accounting?
 - c. What are the arguments pro and con?
 - d. Explain the different categories of hedges
 - e. Give examples showing numbers, graphs etc

The paper should have a maximum of 2500 words. The presentation is 15 minutes.

TABLE 3 SCORING RUBRIC PAPER

	Criteria	Weight
DD4	Overall Structure of the subject set How well is the explanation of the issue structured in general? Does it make sense? Is it easy for the reader to follow what the students are doing?	10%
DD3	Structured and clear answer Is your argumentation logical, clear and convincing? Are your arguments consistent?	30%
DD3	Presentation Are the answers presented clearly?	20%
DD2	Analysis Is the analysis correct? To what extent does the analysis deviate from the correct analysis?	40%

The paper is written in groups of two. In the exceptional case three students can work on one paper.

Group grades are assigned. If there is reason to suspect that individual group members do not actively or not sufficiently participate in assignments, the lecturer has the right to lower the grade for the respective person accordingly. The group can propose to the lecturer a differentiated score per group member based on member's contribution.

As this project invites to group-loyalty in order to obtain the full benefit of the project, being present and taking part in the lectures contribute to achieving a good grade. Absence and freeriding contribute to an insufficient grade and not passing the course.

The assignments will be graded based on the following criteria (not conclusive and assignment specific):

- Content
- Structure
- Correctness
- Analysis
- Argumentation
- Innovativeness
- Engagement
- Completeness
- Proposed solutions
- Persuasiveness
- Reasonability
- Referencing

Each group member has to present approximately for the same length as an other group member. The presentation will be graded on the following:

Criteria	Very poor (4)	Poor (5)	Sufficient (6)	Good (8)	Excellent (10)
Time Management (10%)	The presentation is based on the set time too long or too short.		The presentation stays within the set time. The speaker does not have to rush. The time could have been spread better over the various parts of the presentation.	The presentation is within the set time (not too short not too long). The speaker does not have to rush. The time is spread well over the various subjects.	
Content (30%)	The relevance is unclear, the goal is not clearly defined. From the presentation it shows that the student has insufficient understanding of the used sources. Statements are not sufficiently supported by adequate arguments and relevant examples.		Relevance is clear, goals is clearly formulated. From the presentation it shows that the student understand the outlines of the sources used and relevant terms but this could be better formulated. Statements can be better supported by adequate arguments and relevant examples.	Relevance is clear, the goal is clearly formulated. From the presentation it shows that the student has a good understanding of the used sources and relevant terms and is able to formulate this clearly. Statements are supported by adequate arguments and well chosen examples.	
Structuring (20%)	The structuring is messy and/or does not serve the content. The presentation is hard to follow.		The structuring fits to the purpose of the content. The presentation can be followed, however the steps in the arguments can be made clearer.	The structuring is logical and fits to the purpose of the content. The presentation is easy to follow. The steps in the arguments are clear.	
Presenting (20%)	Has little contact with the audience and therefore struggles to keep the attention. Hardly recovers from a mistake. Does not finetune the way of presenting for the type of audience and the situation.		Makes contact with the audience and is in general able to keep the attention (e.g. by making eye contact, body language, posture and speed of speech. Recovers after making a mistake and aligns the way of presenting to the audience and situation.	Makes good contact with the audience and knows how to keep the attention (e.g. by making eye contact, body language, posture and speed of speech. Recovers quick after making a mistake. The way of presenting is aligned to the audience and situation. Relevant terms are used in a clear and understandable way.	
Respond to questions (10%)	Has difficulties to respond to questions. Does hardly react on and hardly reacts on critical comments.		Can answer most questions. Reacts on critical comments.	Has convincing answers for most of the questions. Uses critical comments for a reflection on the presentation.	

5 Work load

2.5 EC, being 70 hours workload:

- Instruction lectures 7 x 120 min. 14 hrs.
- Study materials 36 hrs.
- Prepare and present draft and final paper 20 hrs.

6 Pre-requisites

Three years of the bachelor program have to be completed successfully of Business Economics, Finance, Tax & Advice, Technical Business Management or comparable bachelor programs.

7 Exemption Possibilities

Not Applicable.

8 Didactic Forms

The course consists out of lectures and work group meetings. The draft paper is reviewed by and discussed with a peer group. Presentation of the paper.

9 Student Activities

Subject to changes!

TABLE 2: SCHEDULE

Week	Subject	Preparation before class	In class activity	Deliverables
1	Kick-off		Course introduction explanation of assessment. Hedge accounting basics.	
2	What is the issue?	Watch: https://www.youtube.com/watch?v=RGgI1mYVSEs Read: PWC Practical guide General hedge accounting 1. Introduction 2. Hedge accounting	Understanding the issue of hedge accounting	Duo formed
3	Excercises	Prepare the excercises (Canvas)	Presentation by students of the answers.	
4	Real-life case	Prepare the (excel) format (Canvas)	Discuss case	
5	Excercises	Prepare the excercises (Canvas)	Presentation by	

			students of the answers.	
6	Draft paper feedback	Review paper of peer group.	General feedback on draft papers. Q&A	Final paper: deliver on Monday 21 Dec 2020.
7 4 Jan 2021	Final paper, presentation and evaluation	Final paper and presentation	Presentations of all groups	Evaluation course by 4 Jan.

10 Course Material and Literature

Case information and assignments; handouts; powerpoints

11 Course Evaluation

After completion of the course a written evaluation is conducted using the standard evaluation tool.