

Module Details	
Module Title	Risk Management and Derivatives
Module Code	AFE6013-B
Academic Year	2021/2
Credits	20
School	School of Management
FHEQ Level	FHEQ Level 6

Contact Hours	
Type	Hours
Lectures	24
Tutorials	12
Directed Study	164

Availability	
Occurrence	Location / Period
BDA	University of Bradford / Semester 1
ONA	College of Banking and Financial Studies / Semester 1

Module Aims
This module aims to equip you with a sound understanding of risk governance, its methods and practicalities and its potential management through derivative products. You will develop the requisite conceptual and analytical skills for identifying the form and nature of risk, for evaluating its extent and consequences, and for formulating effective measures involving derivatives as an effective risk reduction technique. It develops new tools for risk management, but also extends those introduced in previous accounting and finance modules, enabling you to make prudent and valuable judgments.

Outline Syllabus

- 1.Rationale for risk management
- 2.Alternative forms of risk
- 3.Concepts of risk and uncertainty
- 4.Benefits of risk management
- 5.Measuring asset and portfolio volatility
- 6.VaR and ETL as risk measures
- 7.Bond Immunisation
- 8.Forwards; Futures and Swaps
- 9.Hedging cash flows and interest rate with forwards
- 10.Options
- 11.Binomial and Black-Scholes option pricing1
- 2.Hedging with options
- 13.Real Options

Learning Outcomes

Outcome Number	Description
01	1a Evaluate the role and relevance of risk management and derivatives within the context of a responsible, sustainable organization. 1b Distinguish the differential consequences of making effective and imprudent decision making in the face of risk and uncertainty. 1c Choose and apply appropriate software as a decision aid.
02	2a Identify and apply the basic probability, statistical; and analytical methods in constructing relevant risk management measures and derivative pricing models. 2b Critically appraise and use alternative risk management tools for evaluating risk and risky outcomes. 2c Critically appraise and apply various derivative pricing models used in risk management.
03	3a Apply appropriate analytical and numerical skills in problem solving. 3b Plan and manage your own applied and intellectual learning. 3c Convey through discussion, presentations and submissions complex issues in a non-technical way.

Learning, Teaching and Assessment Strategy

Blended teaching through lectures and seminars is the primary method for disseminating and evaluating the key concepts and analytical techniques. The theories and models are supplemented by a range of learning opportunities designed to instill their use and demonstrate their applicability in real-world contexts. These include relevant case studies and exercise sets, which are prepared by student groups and discussed during the weekly seminar sessions. These sessions offer you a structured opportunity to apply your theoretical and conceptual knowledge, to assess the relevance of the theories and models in real-world contexts, and to evaluate your own understanding and knowledge. You are expected to have a working knowledge of Excel, or equivalent as well as good understanding of mathematical concepts. Seminars also aid personal reflection, as well as providing a forum for discussing the practicalities in deploying risk management techniques in the real-world. Oral feedback is available at all face-to-face sessions.

The module is formally assessed by an individual course-work , LO; 1a,1b,1c, 2a,2b,2c,3a,3b,3c.

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This module has a pre-requisite of AFE4004-B.

Mode of Assessment			
Type	Method	Description	Weighting
Summative	Coursework	Individual Coursework	100%

Reading List
To access the reading list for this module, please visit https://bradford.rl.talis.com/index.html

Please note:

This module descriptor has been published in advance of the academic year to which it applies. Every effort has been made to ensure that the information is accurate at the time of publication, but minor changes may occur given the interval between publishing and commencement of teaching. Upon commencement of the module, students will receive a handbook with further detail about the module and any changes will be discussed and/or communicated at this point.

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