

**St. Joseph's College of Commerce (Autonomous)  
#163, Brigade Road, Bangalore – 560 025**

**LESSON PLAN**

**Subject Name:** EL 15 FN 504: ADVANCED FINANCIAL MANAGEMENT

**Lecture hours:** 60

**Objective:**

To familiarize the students with various advanced concepts in Financial Management. To expose students to various theories in Investment and dividend decisions. To enable students to understand risk, its measurement and its management.

Sl. No	UNIT & OBJECTIVES	No. of Lecture Hours	Methodology/ Instructional techniques	Evaluation/ learning confirmation
<b>UNIT 1</b>	<b>Finance Function</b>	<b>4 hours</b>		
1.	Overview of Financial Management- Nature and importance, goals of Financial Management - financial environment, changing role of Financial Management-	1	Lecture	Case Analysis
2.	Time Value of Money-discounting & compounding of a rupee & annuity (simple problems)	3	Flipped Classroom methodology + Lecture, online videos explanation and excel instruction	Problems and case analysis
<b>UNIT 2</b>	<b>Financing Decision-Capital Structure</b>	<b>12 hours</b>		
1.	Capital Structure- Equity & debt in capital structure,	1	Lecture	Case Analysis
2.	Leverage, effects of leverage, EBIT-EPS analysis,	2	Lecture	Problems & MCQs
3.	Factors determining capital structure, optimum capital structure.	1	Lecture + online lectures	Case Analysis
4.	Capital Structure theories - Net Income Approach, Net Operating Income approach, WACC Approach (Traditional view) & MM Approach (Modern view).	8	Illustrations, Problems and Cases	Problems

<b>UNIT 3</b>	<b>Investment Decisions-Appraisal Techniques</b>	<b>12 hours</b>		
1.	Investment Decisions & its importance; Estimating Cash Flows in an Investment decision, effect of inflation and taxation in computing cash flows and in Investment decisions.	5	Lecture with illustrations	Problems
3.	Techniques of investment appraisal -NPV, IRR, Profitability Index, Multiple IRR,	7	Lecture with problems	Problems
<b>UNIT 4</b>	<b>Investment Decisions- Risk analysis</b>	<b>12 hours</b>		
1.	Risk analysis –meaning of risk and uncertainty	1	Lecture	Case Analysis
2.	Measuring risk- Probability Approach, Standard Deviation of Cash Flows, Certainty Equivalent Approach, Risk Adjusted Discount rate, Sensitivity Analysis, Decision tree analysis.	11	Lecture with problems	Question and Answer , Problems
<b>UNIT5</b>	<b>Dividend Decisions</b>	<b>10 hours</b>		
1.	Dividend policy- Meaning, need, approaches to dividends, establishing a dividend policy.	2	Lecture	Question and Answer
2.	Walter’s Valuation model, Gordon’s Growth model. Irrelevance Theory - Modigliani and Miller’s model.	6	Lecture with illustrations	Problems
3.	Other Theories -tax differential theory, Residual theory, Gordon & Linter’s theory.	2	Lecture with illustrations	Problems
<b>UNIT 6</b>	<b>Working Capital Decisions</b>	<b>10 hours</b>		
1.	Working capital financing-trade credit, working capital from banks-Cash credit, Overdraft, Discounting. Security for short-term financing-pledge of Accounts receivables, charge on inventory	3	Lecture	Cases on different forms of financing adopted by corporates
2.	Working capital Estimation - Operating Cycle Method, Regression Analysis Method, Concept of Working Capital Leverage.	7	Lecture with illustrations	Problems

**Proposed CIA schedule:**

CIA 1: Moodle test on concepts

CIA 2: Assignment on Working Capital financing given by banks, Problems and Issues. An in-depth Analysis of live corporate cases

CIA 3: A Test involving in-depth knowledge testing and its application through a Problem/ case study.