

ADVANCED FINANCIAL MANAGEMENT			
Course Code	22MBAFM305	CIE Marks	50
Teaching Hours/Week (L:P:SDA)	4:0:0	SEE Marks	50
Total Hours of Pedagogy	50	Total Marks	100
Credits	04	Exam Hours	03
Course Learning objectives: <ul style="list-style-type: none"> To understand the concept capital structure and capital structure theories. To assess the dividend policy of the firm. To be aware of the management of working capital and it's financing. To understand the techniques of managing different components of working capital. To evaluate the impact of financial decisions on the strategic direction of the organisation To Identify and evaluate the exposure of a company to financial risk and the techniques required to manage this risk To Evaluate complex investment appraisal situations and appreciate the importance of the cost of capital to the organisation and how the capital structure chosen will impact upon this To Analyse the key strategic financial issues that must be considered in an acquisition or merger, including valuation of the target company 			
Module-1 (9 Hours)			
Capital Structure Decisions: Capital structure & market value of a firm, Factors determining capital structure, Credit agency ratings-debt ratio-debt to equity ratio-long term debt to capitalization ratio. Theories of capital structure: Net Income approach, Net Operating Income approach, Modigliani Miller approach, Traditional approach. (Theory only).			
Module-2 (9 Hours)			
Dividend Policy: Dividend policy, Theories of dividend policy: Theory of irrelevance, Bird- in –the-hand theory & Tax preference theory, Walter's & Gordon's model, Modigliani & Miller approach. Dividend policies, stable dividend, stable payout and growth. Bonus shares and stock split -corporate dividend behaviour. (Theory and Problems).			
Module-3 (9 Hours)			
Working Capital Management Policy: Management of Working capital, Types of working capital, Determination and estimation of working capital needs, Level of current assets, Sources for financing working capital- Bank finance for working capital. (No problems on estimation of working capital). Working capital financing: Short term financing of working capital- long term financing of working capital. Working capital leverage concepts. (Theory)			
Module-4 (7 Hours)			

<p>Inventory Management: Purpose and functions of inventories -Types of inventory (Raw-materials, work-in-progress (WIP), finished goods & Maintenance, Repairs and Operations (MRO). Determination of inventory control levels: ordering, reordering, danger level. Techniques of inventory management- Economic Order Quantity (EOQ model). Pricing of raw material - Monitoring and control of inventories- ABC Analysis. (Theory and problems)</p>
<p>Module-5 (7 Hours)</p>
<p>Receivables Management & Factoring: Nature and objectives of Receivables Management – Credit management through credit policy variables- marginal analysis- Credit evaluation of individual accounts and its monitoring receivables - Numerical credit scoring- Control of accounts receivables- Problems on credit granting decision.(Theory and Problems)</p> <p>Factoring: Meaning, definition, types & its benefits (Theory only)</p>
<p>Module-6 (9 Hours)</p>
<p>Cash Management: Presentation: Facets of Cash Management, Motive for holding cash, Managing cash collection and disbursement-investing surplus, cash in marketable securities, Forecasting cash flows, Cash budgets-long-term cash forecasting, optimal cash balances, Baumol model-Miller-Orr model-Strategies for managing surplus fund. (Theory and Problems)</p> <p>Recent Developments in Advanced Financial Management-Crypto currency, Block chain technology, Cloud funding, Digitization of financial transactions-Big data project finance, Behavioural finance-Derivative markets in developing countries. (Theory only)</p>

Assessment Details (both CIE and SEE)

The weightage of Continuous Internal Evaluation (CIE) is 50% and for Semester End Exam (SEE) is 50%. The minimum passing marks for the CIE is 50% of the maximum marks. Minimum passing marks in SEE is 40% of the maximum marks of SEE. A student shall be deemed to have satisfied the academic requirements (passed) and earned the credits allotted to each course if the student secures not less than 50% in the sum total of the CIE (Continuous Internal Evaluation) and SEE (Semester End Examination) taken together.

Continuous Internal Evaluation:

There shall be a maximum of 50 CIE Marks. A candidate shall obtain not less than 50% of the maximum marks prescribed for the CIE.

CIE Marks shall be based on:

- a) Tests (for 25Marks) and
- b) Assignments, presentations, Quiz, Simulation, Experimentation, Mini project, oral examination, field work and class participation etc., (for 25 Marks) conducted in the respective course. Course instructors are given autonomy in choosing a few of the above based on the subject relevance and should maintain necessary supporting documents for same.

Semester End Examination:

The SEE question paper will be set for 100 marks and the marks scored will be proportionately reduced to 50.

- The question paper will have 8 full questions carrying equal marks.
- Each full question is for 20 marks with 3 sub questions.
- Each full question will have sub question covering all the topics.
- The students will have to answer five full questions; selecting four full question from question number one to seven in the pattern of 3, 7 & 10 Marks and question number eight is compulsory.
- 40 percent theory and 60 percent problem in SEE.

Suggested Learning Resources:**Books**

1. Financial Management: Text, Problems & Cases M.Y. Khan & P.K. Jain, Tata McGraw Hill, 7/e, 2017.
2. Financial Management: Theory and Practice, Prasanna Chandra Tata McGraw Hill, 10/e, 2019.
3. Advanced Financial Management, Binoy Mathew & G. Nagarajan, Jayvee Digital Publishing, 2/e, 2022.
4. Financial Management, Prasanna Chandra, Tata McGraw Hill, New Delhi.
5. Financial Management and Policy: Text and Cases, Bhalla. V. K. (2009). 9th Edition, Anmol Publications Pvt. Ltd.
6. Corporate Finance, Vishwanath S R, Sage Publications, 3/e. 2019.
7. Financial Management & Policy, James C Vanhorne, Sanjay Dhamija, Pearson, 12/e.
8. Financial Management, Pandey, I.M., Vikas Publishing House, New Delhi.
9. Financial Management, Sheeba Kapil, Pearson Education, New Delhi.
10. Fundamentals of Financial Management, Chandrabose, PHI, New Delhi.
11. Financial Management, Kulakarni. P.V., Himalaya Publishing House Co. Ltd, Mumbai.

Web links and Video Lectures (e-Resources):

- <https://www.pdfdrive.com/advance-financial-management-e33606254.html>
- <https://www.smartworld.com/notes/advanced-financial-management-notes-pdf-afm/>
- https://www.academia.edu/33769964/Advanced_Financial_Management_Class_Notes
- <https://5y1.org/document/advanced-financial-management-pdf.html>
- <https://www.youtube.com/watch?v=BKbXjfhLf0w>
- <https://opentuition.com/acca/afm/>
- https://www.youtube.com/watch?v=CCQwz_Gwo6o
- <http://mappingyourfuture.org/money>
- <http://www.mymoney.gov/>
- <http://www.vertex42.com/Calculators/debt-reduction-calculator.html>.
- <http://www.nfcc.org/>
- Beckett-Camarata, J. (2020), "References", *Public-Private Partnerships, Capital Infrastructure Project Investments and Infrastructure Finance*, Emerald Publishing Limited, Bingley, pp. 225-241. <https://doi.org/10.1108/978-1-83909-654-920201018>
- <http://mappingyourfuture.org/money>;
- <http://www.mymoney.gov/>
- <http://www.vertex42.com/Calculators/debt-reduction-calculator.html>;
- <http://www.nfcc.org/>
- www.ft.com - Financial Times
- www.wsj.com - The Wall Street Journal Online
- www.investmentinternational.com - Investment International

Note: The aforesaid links and study materials are suggestive in nature, they may be used with due regards to copy rights, patenting and other IPR rules.

Skill Development Activities Suggested

- Study the working capital financing provided by a Bank and submit the report on the same.
- Study the annual report of any two companies and prepare a cash budget for next year.
- Study dividend policy of companies and its impact on shareholders' wealth.
- Study implications of bonus issues/stock splits of companies.
- To be able to utilise this growing demand, one needs good skills. One way to keep your financial management skills sharp and current is to gain experience and continuously handle new work but this will usually take a longer time to accomplish.
- Analysis of the performance of an organisation
- Understand the key ratios (profitability, liquidity, efficiency, gearing and investor) which are used in the evaluation of a company's performance & Interpret the results and make recommendations for improvement

Module Learning Environment

The module will be taught in a traditional classroom setting for lectures and tutorials. At commencement of the course learners are provided with a detailed course manual and a learner handbook, incorporating the module descriptor, learning outcomes and assignment briefs.

Module Teaching and Learning Strategy

The module is delivered by means of formal and participative lectures supported by the use of case studies, reflecting the importance of finance in practical situations. Tutorials are also used to discuss financial management topics in greater depth and past examination papers with suggested solutions are introduced. Learners are expected to undertake significant reading and preparation before classes.

Module Assessment Strategy

Class work and directed assignments are allocated on a regular basis. Learners are required to complete the necessary assignments throughout the module. Learners are advised how to approach the assignments both in terms of the research and the presentation involved. Assignments account for 20% of the module marks. The remaining 80% is reserved for a closed book examination on module completion.


Course outcome

At the end of the course the student will be able to :

Sl. No.	Description	Blooms Level
CO1	Demonstrate the applicability of the concept of Financial Management to understand the managerial Decisions and Corporate Capital Structure	L1
CO2	Apply the Leverage and EBIT EPS Analysis associate with Financial Data in the corporate & Analyse the complexities associated with management of cost of funds in the capital Structure	L3
CO3	Demonstrate how the concepts of financial management and investment, financing and dividend policy decisions could integrate while identification and resolution of problems	L2
CO4	Be aware of the techniques of cash, inventory and receivables management	L4

Mapping of COS and POs

	PO1	PO2	PO3	PO4	PO5	PSO 1	PSO 2	PSO 3	PSO 4
CO1	1				2	3			
CO2			2				2		
CO3				3				2	
CO4		2		2					3


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