



University of Management and Technology
School of Commerce and Accountancy
Quaid e Azam Campus

Course Outline

Course Title: <i>Advanced Financial Management</i> (FN-398)	
Program	
Credits Hours	3
Duration	15 Weeks / 30 Sessions
Prerequisites	Financial Management FN-390
Resource Person	
Contact/Email	

Course Description:

This course is about financial decisions made by corporations. We should start by talking about what these decisions are and why they are important. Corporations face two broad financial questions: what investments should the firm make? And how should it pay for those investments? The first question involves spending money; the second involves raising it.

This course identifies the discipline that the external financial market imposes on the financial affairs of the firm. It also attempts to decipher the messages the markets sends about the proper objectives of corporate financial decision making and the appropriate tactics and strategies for achieving them. Throughout the course emphasizes value creation and the role of corporate finance in facilitating this process. The view point taken in this course is that the comparative advantage of the financial manager lays in understanding the intricacies of the modern financial marketplace and using this knowledge to full advantage to manage the firm's financial affairs

Learning Objectives:

After Studying This Course the Participants Should be able:

1. The role and responsibility of senior financial executive/advisor in meeting conflicting needs of stake holders
2. To apply the advanced investment appraisal techniques
3. Assess and plan acquisitions and merges as an alternative growth strategy
4. To understand the economic environment for multinationals
5. To formulate dividend policies
6. Role of treasury function in multinationals
7. Identify and assess the potential impact of emerging issues in finance and financial managements

Teaching-Learning Methodology:

- Lectures
- Recommended Text/Supplementary Texts
- Handouts
- Case Studies

Recommended Text Book:

1. Study text- Advanced Financial Management (Paper P4) ACCA

Latest Edition

Supplementary Text Books:

1. Financial Management and Policy

Latest Edition

By: Van Horne 12th edition

Assessment & Evaluation:

Quizzes	15%
Assignments	10%
Presentations	10%
Mid Term	25%
<u>End Term Exam</u>	<u>40%</u>
Total:	100

SCHEDULE OF ACTIVITIES

Week	Contents/Topics to be Taught	Tasks/Activities
1	<p>Conflicting stakeholders interests</p> <ul style="list-style-type: none"> • Potential sources of shareholders conflict • Strategies for the resolution of stakeholders conflict • Emerging governance structures • Institutional differences 	Course Outline Distribution
2	<p>The role and responsibility of senior financial executive</p> <ul style="list-style-type: none"> • Financial goals and objectives • Financial management decision • Strategies for achieving financial goals 	
3	<p>Financial strategy formulation</p> <ul style="list-style-type: none"> • Optimal capital structure • Dividend policy • Capital investment monitoring • Risk management 	Assignment 1
4	<p>Impact of financing on investment decisions and adjusted present value</p> <ul style="list-style-type: none"> • Overview • Financing mix and the cost of capital • Alternative explanations of capital structure • Different theories • Adjusted present value approach 	Quiz 1
5	<p>Application of option pricing theory in investment decisions</p> <ul style="list-style-type: none"> • Basic decisions • Determinants of option values • Real options • Pricing models 	Assignment 2
6	<p>Impact of capital incitement on financial reporting</p> <ul style="list-style-type: none"> • Effect of alternative financing strategies on financial reporting • Effect of foreign exchange translation on financial reporting • Effect of double taxation • Degree of financial leverage 	Quiz 2
7	<p>Acquisition and mergers versus other growth strategies</p> <ul style="list-style-type: none"> • Mergers and acquisitions as a method of corporate expansions • Criteria for choosing and appropriate target for acquisitions • Synergy evaluation • cost synergy 	
8	MID TERM EXAMINATION	
9	<p>Financing merger and acquisition</p> <ul style="list-style-type: none"> • Methods of financing mergers 	

	<ul style="list-style-type: none"> Assessing a given offer methods 	
10	Predicting corporate failure <ul style="list-style-type: none"> Financial and non-financial characteristics of companies Financial ratios Weaknesses of prediction methods Financial distress models 	Assignment 3
11	The role of treasury functions in multinational <ul style="list-style-type: none"> The role of financial and money markets Bank and other financial institutions in the money markets Money market instruments CD, Repos , Treasury bills 	Quiz 3
12	The use of financial derivatives to hedge against foreign exchange risk <ul style="list-style-type: none"> Exchange rates The foreign exchange derivatives market Hedging strategies with forward contracts Money market hedges Currency swap 	
13	The use of financial derivatives to hedge against interest rate risk <ul style="list-style-type: none"> Hedging with FRAs Hedging with interest futures Hedging with interest rate swaps Reaching hedging decisions 	Assignment 4
14	Management of international trade and finance <ul style="list-style-type: none"> Theory and practice of international trade Trade agreements WTO Resolving global debt crises 	Quiz 4
15	Recent development and trend in world financial markets and international trade <ul style="list-style-type: none"> Recent developments in financial markets Integrations and globalization Growth of derivatives markets Money laundering legislations International trade and finance Political risks 	Presentations
16	END TERM EXAMINATION	