KALINGA COLLEGE OF COMMERCE, BHUBANESWAR

Core XIV **Semester VI**

Fundamentals of Financial Modelling

Course Objectives

- Understand the principles and importance of financial modeling in decision-making.
- Develop proficiency in constructing financial models using Excel.
- Apply financial modeling techniques to analyze investment decisions, forecast financial performance, and assess risk.
- Interpret and communicate the results of financial models effectively.
- Gain practical skills relevant to careers in finance, accounting, and business analysis.

Course Outcomes

After completion of the course, learners will be able to:

- Understanding Financial Modeling Principles.
- Proficiency in Excel-Based Modeling.
- Application of Financial Modeling Techniques.
- Interpretation and Communication of Results.
- Practical Skills for Finance and Business Analysis.
- Problem-Solving and Critical Thinking.
- Collaboration and Teamwork.

Unit-1: Introduction to Financial Modeling

Definition and importance of financial modelling, Types of financial models, Overview of Excel for financial modelling. Financial Statement Modeling, Building historical and forecasted financial statements, Linking income statement, balance sheet, and cash flow statement, Sensitivity analysis and scenario planning

Unit-2: Valuation Modeling

Discounted Cash Flow (DCF) analysis, Comparable company analysis (CCA), Precedent transactions analysis (PTA). Budgeting and Forecasting; Sales forecasting techniques, Expense forecasting and budgeting, Rolling forecasts and variance analysis

Unit-3: Capital Budgeting and Investment Analysis

Net Present Value (NPV) analysis, Internal Rate of Return (IRR) analysis, Payback period and profitability index, Risk Analysis and Monte Carlo Simulation, Introduction to risk analysis in financial modelling, Monte Carlo simulation methodology, Incorporating risk factors into financial models

Unit-4: Advanced Excel Techniques for Financial Modeling

Advanced functions and formulas, Data manipulation and analysis tools, Macros and VBA for automation. Case Studies and Practical Applications; Real-world case studies applying financial modeling techniques, Industry-specific applications of financial modelling, Presentation and communication of financial model results