

DSE 10: ENTREPRENEURIAL FINANCE

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Entrepreneurial Finance DSE-10	4	3	1	0	Class XII	NA

Course Objectives:

- To build the knowledge and skills in entrepreneurial finance.
- To study the financing of small and medium sized businesses from the perspective of both the entrepreneur and investors and learn about valuation methods.

Learning Outcomes:

On successful completion of his course, the students will be able to:

- Understanding the financial aspects related to setting up of new Enterprises.
- Carrying out short and long term Financial Planning and Forecasting for the Enterprises.
- Comprehend different methods for valuing new Ventures.
- Be aware of various financing alternatives and design security structures.

Course Contents

Unit 1: Introduction to Finance for Entrepreneurs (9 hours)

Principles of Entrepreneurial Finance, Role of Entrepreneurial Finance. The Successful Venture Life Cycle. Key Elements of a Business Plan. Forms of Business Organisations and Choosing the Appropriated Organization. Financing through the Venture Life Cycle, Financial Bootstrapping and Business Angel Funding. Life Cycle Approach for Entrepreneurial Finance.

Unit 2: Financial Planning for Enterprises (12 hours)

Short Term Financial Planning: Short Term Cash Planning Tools, Cash Planning from a Projected Monthly Balance Sheet. Long Term Financial Planning: Systematic Forecasting – Forecasting Sales for Seasoned Firms, Forecasting Sales for Early-Stage Ventures. Estimating Sustainable Sales Growth Rates. Estimating Additional Financing needed to support Growth.

Unit 3: Valuing Ventures (12 hours)

Valuing Early-Stage Ventures: Concept, Basic Mechanics of Valuation – Present Value Concept, Estimates and Discounted Cash Flow. Just in Time Equity Valuation. Venture Capital Valuation Methods: Review of Basic Cash Flow Based Equity Valuations, Basic Venture Capital Valuation – Using Present Values and Future Values. Earning Multipliers and Discounted Dividends.

Unit 4: Structuring Financing for Growing Venture

(12 hours)

Professional Venture Capital – History and Overview, Professional Venture Investing Cycle. Other Financing Alternatives – Business Incubators and Seed Accelerators; Intermediaries, Facilitators and Consultants; Business Crowdsourcing and Crowdfunding; Commercial and Venture Bank Lending, Foreign Investor Funding Sources. Designing Security Structures – Common Stock, Preferred Stock, Convertible Debt, Warrants and Options, Other Concerns.

Essential Readings

1. Leach, C. J. and Melicher, R.W: Entrepreneurial Finance, Cengage Learning.
2. Stancill, J.M., Entrepreneurial Finance – For New and Emerging Businesses, Thomson.

Additional Readings:

1. Rogers, S., Entrepreneurial Finance, McGraw Hill.
2. Chandra, P., Financial Management, McGraw Hill.

Examination scheme and mode:

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.