

**ST. JOSEPH'S DEGREE & PG COLLEGE**  
(Autonomous), Affiliated to Osmania University

**DEPARTMENT OF BUSINESS MANAGEMENT**  
**SEMESTER-VI**

**BBA (ENTREPRENEURSHIP)**  
**ENTREPRENEURIAL FINANCE**  
**DSE**

*w.e.f. 2020-2021 A.Y*

**SCHEME OF INSTRUCTION**

Hours per Week : 5 Hrs.

Credits : 5

Instruction Mode : Lecture

Course Code : BM.07.301.214AT

**SCHEME OF EXAMINATION**

Maximum Marks : 100

Internal Assessment : 40

External Examination : 60

External Exam Duration : 3 Hrs

**Course Objective:** To Understand the role of Entrepreneurial Finance, Planning and valuation of an Enterprise.

**Course Outcomes:** On successful completion of this course, the students will be able:

CO1: Outline the role of entrepreneurial Finance and screening venture opportunities.

CO2: Evaluate components for organizing & operating the venture.

CO3: Discuss importance of finance in venture life cycle.

CO4: Analyze mechanisms & methods to venture valuation.

CO5: Assess agencies for financing growing venture.

**Unit I: Finance for Entrepreneurs:** Principles of Entrepreneurial Finance- Role of Entrepreneurial Finance The successful venture life cycle- Financing through venture lifecycle- Life Cycle approach for teaching - Entrepreneurial finance. Developing Business Idea, Business Model. Screening venture opportunities: Pricing / Profitability considerations, Financial, / harvest Considerations. Financial Plans and Projections.

**Unit II: Organizing and Operating the Venture:** Financing a New venture, Seed, Startup and First Round Financing Sources- Financial Boot Strapping, Business Angel Funding, First Round Financing Opportunities. Preparing and Using Financial Statements: Obtaining and Recording the resources to start and Build a new venture, Asset and Liabilities and Owners Equity in Business, Sale expenses and profits Internal Operating Schedules, Statement of cash flows, Operating Break even Analysis. Evaluating operating and financial performance using ratio analysis.



**Unit III: Financial Planning:** Financial Planning throughout the Venture's life cycle, Short Term cash planning tools, projected monthly financial statements. Types and costs of Financial Capital: Implicit and Explicit financial capital costs, Financial Markets, Determining the cost of Debt Capital, Investment Risk, Estimating the cost of Equity Capital, Weighted average cost of capital.

**Unit IV: Venture Valuation:** Valuing Early stage Ventures, Venture Worth, Basic Mechanics of valuation, developing the projected financial statements for a discounted Cash Flow Valuation, Accounting Vs Equity Valuation Cash Flow. Venture Capital Valuation Methods: Basic Venture Capital Valuation Method, Earnings Multiplier, and Discounted Dividends.

**Unit V: Financing for the Growing Venture:** Professional Venture Capital, Venture Investing Cycle, Determining the fund objectives and policies, Organizing the new fund, Soliciting investments in the new fund, Capital Call, Conducting due diligence and actively investing, arranging harvest or liquidation, Other financing alternatives: Facilitators, Consultants and Intermediaries, Banking and Financial Institutions, Foreign Investors, State and Central Government Financing Programmes. Receivables Lending and Factoring, Mortgage Lending, Venture Leasing.

**Reference Books:**

1. Leach/ Melicher, Entrepreneurial Finance, 5e, 2015.
2. Steven Rogers, Entrepreneurial Finance: Finance and Business Strategies for the Serious Entrepreneur 3e, Tata Mc Graw Hill, 2014.
3. Douglas Cumming, Entrepreneurial Finance, Oxford University Press, 2012.
4. M J Alhabeeb, Entrepreneurial Finance: Fundamentals of Financial Planning and Management for Small Business, Wiley, 2015.
5. Philip J. Adelman, Alan M. Marks, Entrepreneurial Finance, 5e, Pearson, 2011.