NANYANG TECHNOLOGICAL UNIVERSITY

Teaching, Learning and Pedagogy Division

Reg. No. 200604393R

ET9132 NEW VENTURE FINANCING

Academic Year		**Semester**	
Course Coordinator	Frankie Lee (frankie.lee@ntu.edu.sg)		
Course Code	ET9132		
Course Title	New Venture Financing		
Pre-requisites	None		
No of AUs	3		
Contact Hours	Seminar: 39 hours e.g. lecture, tutorial, guest speakers & startup founders.		
Proposal Date	23rd December (1pm to 8pm) 24th December (9am to 7pm) 26th December (9am to 7pm) 27th December (9am to 7pm) 30th December (9am to 6pm)		

Course Aims

This course aims to help you to better appreciate the startup formation process, in particular, in securing proper venture financing to ringfence intellectual property intangibles, undertake product developments, talent acquisitions, market expansion and ultimately leading to a viable exit strategy for all stakeholders. You will be able to understand the entrepreneurship development from a funding / financing viewpoint. At the same time, You will gain insights on the investment perspectives from both the entrepreneurs and Venture Capital firms with respect to the funding cycles and expectations. This course will clarify key financial concepts, accounting principles and market practices that will better equip aspiring entrepreneurs to secure funding for their new ventures.

This course is suitable for those who are planning and currently involved in startup creation and would like to gain suitable skillsets on how to secure funding from different channels and sources.

Intended Learning Outcomes (ILO)

By the end of the course, you should be able to:

1. Determine what are the suitable corporate structures and business entities to be registered in Singapore, ASEAN, China and the US.
2. Review of technology landscape vis-à-vis market size and expectations.
3. Prepare proper financial statements and projections.
4. Prepare a suitable valuation based on different business ventures.
5. Target different sources and types of funding for different venture verticals.
6. Negotiate effectively with potential investors for funding closure.

Course Content

Session	Description

1	**Course Introduction and Forms of Business** • Overview of the course • Forms of business organization: sole proprietorship, partnership and corporation in Singapore and the region.
2	**Fundamentals of Accounting** • Financial Reporting Standards (FRS) • Accounting Principles, Standards and Guidance • Financial elements: assets, liabilities, owners' equity • Depreciation and amortization • Differing standards: Singapore FRS, International FRS, US GAAP and others
3	**Financial Statements** • The accounting cycles • Statement of Comprehensive Income (Profit and loss report) • Statement of Financial Position (Balance sheet) • Statement of Changes in Equity • Cash Flow Statement **Financial Ratios** • Calculation of financial ratios • The significance of the financial ratios **Financial Analysis** • Cash-flow analysis • Impact of business transactions on the elements of the financial statements
4	**Budgetary Process and Projection** • Preparation of budget statement • Financial forecast and projection on the elements of the financial statements
5	**Talks by Angels, VCs and Startup Founders** • VC and PE professionals • Startup Founders • IPO companies
6	**Cost Accounting and Break-even Analysis** • Cost-volume-profit analysis • Break-even analysis • Payback period
7	**Business Models and Revenue Models** • How firms generate revenue • Ways to utilize assets efficiently • Proper company structure for growth support
8	**Sources of Funds** • Government incentive • Angel investors • Venture capitalists • Cross Sourcing • Shareholding Structure

9	**Exit Strategy** • Dilution and control • Due Diligence process • IPO and Mergers & Acquisitions • Creative sources of financing and funding • OTC, ASX, SGX, NASDAQ
10	**Valuation of Companies** • Compound interest • Discounted cash-flow and present value • EBITDA method
11	**Intellectual Properties Valuation** • The types of IP • The importance of protection of IP • The value of IP in the eyes of investors • Trademark & Branding
12	**Financial Negotiation** • The importance of negotiation • General techniques of negotiation • Techniques of negotiation with venture capitalists
13	**The Art of Negotiation** • Theory and Concept • Practical Sessions

Assessment (includes both continuous and summative assessment)

Component	Related Programme LO or Graduate Attributes	Weighting	Team / Individual	Assessment rubrics
1. Individual Class participations	Competence & Communication	10%	Individual	Appendix 1
2. Team presentation and project report submission	Analysis, Lateral thinking, Research	30%	Team	Appendix 2
3. Examination	Comprehension and Analysis	60%	Individual	Appendix 3

Formative Feedback

Describe how you would be giving feedback to students on how they are learning in this course.

Feedback is central to this course. You will receive both written and verbal feedback from the lecturer about your presentations during the designated presentation slots. You will also receive both written and verbal feedback in response to your proposals. The lecturer will also receive digital copies of your project report submission so that extensive feedback on both style and content can be provided using the "Track Changes" feature of Word.

Learning and Teaching Approach

Approach	How does this approach support students in achieving the learning outcomes?
Knowledge acquisition and synthesis	The course focuses on inculcating a culture of proactive individual and collaborative learning. There is NO mini lecture during the seminars. The roles of the instructors are to facilitate discussions and to guide you to acquire fundamental concepts and theories. You are expected to adopt, adapt and synthesis the acquired concepts and theories into practice. Consistent with this approach, self-practice questions will be made available on McGraw Hill Connect. The self-practice questions not only help to build the fundamental technical knowledge required for this course, but also help to develop participant's learning ability and attitude toward active learning.
Class Presentations	You will form groups to handle project discussions and assignments. Team work and cooperation is important, it is also an important skillset for your startup endeavor, if not, for your career development.

Reading and References

Textbook

1. Bruce R. Barringer, & R. Duane Ireland R. D. (2012) *Entrepreneurship: Successfully Launching New Ventures,* 4th Edition, Prentice Hall.
2. Charles T. Horngren, Walter T. Harrison Jr. and M. Suzanne Oliver (2011) *Financial and Managerial Accounting*, 3rd Edition, Pearson.
3. Ross Stephen Ross, Randolph Westerfield and Bradford Jordan (2013), *Essentials of Corporate Finance,* 8th Edition, McGraw Hill.

References

1. David Shelters (2012*) Start-Up Guide for the Technopreneur*, Wiley.

2. Lin, H. W. (2006) *Venture Capital Fund Management: A Comprehensive Approach to Investment Practices & the Entire Operations of a VC Firm*, Boston: Aspatore Books.

3. Annual Reports – Razer Limited, Beyond Meat, Inc.,

4. Ted Talk

Course Policies and Student Responsibilities

(1) General

Students are expected to complete all assigned pre-class readings and activities, attend all seminar classes punctually and take all scheduled assignments and tests by due dates. Students are expected to take responsibility to follow up with course notes, assignments and course related announcements for seminar sessions they have missed. Students are expected to participate in all seminar discussions and activities.

(2) Absenteeism

Absence from class without a valid reason will affect your overall course grade. Valid reasons include falling sick supported by a medical certificate and participation in NTU's approved activities supported by an excuse letter from the relevant bodies.

If you miss a lecture, you must inform the course instructor via email prior to the start of the class.

(3) Absence Due to Medical or Other Reasons

If you are sick and not able to attend a quiz or midterm, you have to submit the original Medical Certificate (or another relevant document) to the administration to obtain official leave. In this case, the missed assessment component will not be counted towards the final grade. There are no make-up quizzes or make-up midterm.

Academic Integrity

Good academic work depends on honesty and ethical behaviour. The quality of your work as a student relies on adhering to the principles of academic integrity and to the NTU Honour Code, a set of values shared by the whole university community. Truth, Trust and Justice are at the core of NTU's shared values.

As a student, it is important that you recognize your responsibilities in understanding and applying the principles of academic integrity in all the work you do at NTU. Not knowing what is involved in maintaining academic integrity does not excuse academic dishonesty. You need to actively equip yourself with strategies to avoid all forms of academic dishonesty, including plagiarism, academic fraud, collusion and cheating. If you are uncertain of the definitions of any of these terms, you should go to the academic integrity website for more information. Consult your instructor(s) if you need any clarification about the requirements of academic integrity in the course.

Course Instructors

Instructor	Office Location	Phone	Email
Frankie Lee	NTUitive Office Level 3	+65-96915078	frankie.lee@ntu.edu.sg

Planned Weekly Schedule

Day	Topic	Course ILO	Readings/ Activities
1	Business Entity & Accounting	1, 2, 3	News clippings
2	Financial Projections & Budgeting	4, 5, 6, 7	News clippings
3	Funding & Exit Strategy	8, 9, 10, 11	News clippings
4	Company valuations & Negotiation Tactics	12 & 13	News clippings
5	Team Presentations	Exams	

Appendix 1: Assessment Criteria for ET9132

Classroom discussion is vital to the learning process in this course. Each student is expected to contribute to class discussions and appropriate marks will be awarded continuously throughout the course on the basis of the quality of one's contribution. Assessment criteria will include demonstration of analytical capability, integrative thinking, and interpersonal and communication skills. Merely showing up for class does not constitute a contribution.

Excellent quality comments, remarks, and questions are those that move the discussion forward by:
(1) revealing important issues;
(2) making decisions and offering opinions that are well thought out and logical; and
(3) debating or challenging your classmates without personal attack

Criteria	7% –10%	4% – 6%	0% - 3%
Listening	Actively and respectfully listens to peers and instructor. Student incorporates or builds on the ideas of others.	Sometimes displays lack of interest in comments of others.	Projects lack of interest or disrespect for others, interrupts with no constructive & objective comments.
Preparation	Arrives fully prepared with all assignments and self-practices completed, and notes on reading, observations, questions.	Sometimes arrives unprepared or with only superficial preparation.	Exhibits little evidence of having read or thought about the course materials.
Level of Engagement, Contributions to Class	Proactively contributes to class by offering ideas and/or asks questions frequently and/or works consistently on group project the entire time. Comments are relevant and reflect understanding of course materials; previous remarks of other students; and insights about the course materials.	Often to seldom contributes to class by offering ideas and asking questions and/or works on group projects only some of the allotted time. Comments are sometimes irrelevant, displays lack of preparation, or indicate lack of attention to previous remarks of other students.	Rarely or never contributes to class by offering ideas and asking questions and/or has trouble staying on task during group project time. Comments are minimal, reflect little understanding of either the assignment or previous learnings in seminar.

Appendix 2: Assessment Criteria for ET9132

Team-based participation and discussion in this course is crucial for the participants to reinforce their learning process. Each team must do a project and present to the entire class. The participants will be organized into groups of typically 5 to 7 members. The group will be graded according to the following format and will be converted to 30%.

Category	Scoring Criteria	Total Points	Score
Organization (15 points)	The type of presentation is appropriate for the topic and audience.	5	
	Information is presented in a logical sequence.	5	
	Presentation appropriately cites requisite number of references.	5	
Content (45 points)	Introduction is attention-getting, lays out the problem well, and establishes a framework for the rest of the presentation.	5	
	Technical terms are well-defined in language appropriate for the target audience.	5	
	Presentation contains accurate information.	10	
	Material included is relevant to the overall message/purpose.	10	
	Appropriate amount of material is prepared, and points made reflect well their relative importance.	10	
	There is an obvious conclusion summarizing the presentation.	5	
Individual Presentation (40 points)	Speaker maintains good eye contact with the audience and is appropriately animated (e.g., gestures, moving around, etc.).	5	
	Speaker uses a clear and audible voice.	5	
	Delivery is poised, controlled, and smooth.	5	
	Good language skills and pronunciation are used.	5	
	Visual aids are well prepared, informative, effective, and not distracting.	5	
	Length of presentation is within the assigned time limits.	5	
	Information was well communicated.	10	
Score	**Total Points**	**100**	

Appendix 3: Assessment Criteria for <u>CASE EXAMINATION – INDIVIDUAL (60%)</u>

A formal examination (not more than 2 hours duration) will be conducted on the last day of the course. The topics coverage and examination format will be announced in class.

Examination scripts are marked and graded according to the marking guide.