SYLLABUS

Finance and Accounting for Entrepreneurs BUS 412
Fall 2007
http://mgt.ncsu.edu/eei/students/resources/index.php

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Course Prerequisites:

Junior Standing and either (1) BUS 310 and BUS 311; or (2) you are a Business or Accounting major

Texts:


Course Objective:

• Understand fundamental challenges of the financial affairs of a new business venture.
• Interpret basic financial statements for a new venture.
• Forecast revenues, expenditures, assets, and capital requirements for a new venture; and produce pro forma financial statements.
• Converse with prospective investors and financially sophisticated individuals using appropriate accounting and finance terminology.
• Have a thorough understanding of funding options and the environments that surround various funding sources

Expectations:

The cornerstone of your learning experience will revolve around lectures, class discussions and interactions, experiential learning, guest speakers, reading and research, presentations and a course project. You are expected to represent yourself professionally. This includes showing up, on time, to every scheduled “business meeting” fully prepared and ready to expand and share your knowledge and skills. Entrepreneurs face a complex and demanding environment. A key to entrepreneurial success is the ability to gather, interpret, and retain information utilizing the acquired knowledge towards action. With respect to this approach, all students will be encouraged to think and perform in entrepreneurial terms.

Electronic Communication:

An email address is required for this course. Course announcements will be distributed using the email address listed with Registration and Records. It is the responsibility of the student to ensure that their correct email address is listed. It is highly recommended that you review the new NC State email policies and procedures at http://www.ncsu.edu/it/essentials/email_messaging/address-changes-2007.html

Attendance Policy:

Attendance is mandatory and expected. If you do not sign the attendance sheet at the onset of class for any reason, you will be considered absent during the entire class period. Students entering the classroom after class has started WILL NOT be permitted to sign the attendance sheet, and therefore will be counted absent for the entire class period. Students leaving the classroom before the conclusion of class will be counted absent for the entire class period. Each unexcused absence will result in a grade deduction of 50 points. It is the responsibility of the student to keep track of their attendance status. Absences that are excused according to University Policy will not affect a student’s grade. It is a violation of academic integrity to sign for a student who is not present in class.
Each student must turn in a Request for Excused Absence Form for each absence on the day that they return to class. All assignments not turned in due to the absence must be attached. Upon review of the Request for Excused Absence Form, the instructor will either approve or disapprove the request. All disapproved requests will be treated as unexcused absences. Failure to submit the completed Request for Excused Absence Form on the day that the student returns to class will automatically result in an unexcused absence and any work missed due to the absence will be penalized according to the syllabus.

Additional Request for Excused Absence Forms can be found at http://mgt.ncsu.edu/eei/students/resources/index.php

Grading Policy:

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Analysis &amp; Sales Projections</td>
<td>100</td>
</tr>
<tr>
<td>Pro Forma Income Statement and Pro Forma Statement of Cash Flows</td>
<td>150</td>
</tr>
<tr>
<td>Pro Forma Balance Sheet, Break Even and Ratio Analysis</td>
<td>150</td>
</tr>
<tr>
<td>Interviews and Write-Ups (5)</td>
<td>200</td>
</tr>
<tr>
<td>Class Participation</td>
<td>100</td>
</tr>
<tr>
<td>Final Project - Complete set of Pro Forma Financial Statements</td>
<td>200</td>
</tr>
<tr>
<td>Final Exam</td>
<td>100</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>1000</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Grade</th>
<th>Points Range</th>
</tr>
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<tbody>
<tr>
<td>A+</td>
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<tr>
<td>A</td>
<td>930 - 959</td>
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<tr>
<td>A-</td>
<td>900 - 929</td>
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<tr>
<td>B+</td>
<td>860 - 899</td>
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<tr>
<td>B</td>
<td>830 - 859</td>
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<tr>
<td>B-</td>
<td>800 - 829</td>
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<tr>
<td>C+</td>
<td>760 - 799</td>
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<td>C</td>
<td>730 - 759</td>
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<td>C-</td>
<td>700 - 729</td>
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<tr>
<td>D+</td>
<td>660 - 699</td>
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<td>D</td>
<td>630 - 659</td>
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<tr>
<td>D-</td>
<td>600 - 629</td>
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<tr>
<td>F</td>
<td>0 - 599</td>
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</table>

Interviews and Write Ups:

Each student will be required to do a series of interviews throughout the course of the semester. Students will turn in a write up of each interview that is no less than one full page, single spaced, typed synopsis and be prepared to present the information to the class. Grading will be based on the quality and completeness of the write-up and interview. (40 points each). Failure to submit the write-ups by each individual due date will result in an “F” for that assignment. The write-ups are due at the beginning of class on the due date. All assignments must be submitted in hard copy format on the assigned due date. Electronic copies will not be accepted. The subjects of your interviews will be individuals who can provide information that will assist the development of the financial components of your business plan.

Your interviews may be directed toward learning information that is relevant to the business plan that you are developing for BUS 413. In all interviews, you may use your status as a student to ask broader questions about entrepreneurial ventures. It is your responsibility to identify the interviewees and to arrange the interviews. Treat each person you contact with the professionalism, bearing in mind that you are representing yourself, our Entrepreneurship Education Initiative, and our university. Professionalism includes but is not limited to: arriving on time and prepared, treating your contact and their valuable time with respect and following up with a thank you note. Being prepared includes writing in advance a list of the key questions that you want to ask. Requesting 30 minutes with the interviewee is suggested and you stick to this limit during the actual interview.

The five interviews must be focused on the following subjects:

1. Banker with a focus on start up lending and 10 years experience.  
   DUE: 9/7/2007
2. Angel Investor.  
   DUE: 9/21/2007
3. Venture Capitalist with at least 5 years experience.  
   DUE: 10/5/2007
4. CPA with a focus on publicly traded or venture backed companies.  
   DUE: 10/19/2007
   DUE: 11/2/2007

The interviews will not be returned to the student. Review of your current status may be obtained by arranging an appointment with the instructor. Grading will be based on the qualifications of the interviewee and quality and completeness of the interview as evidenced in the write-up.

Assignments:

Since we will be discussing the documents that are necessary to obtain funding for a new venture, it is essential that students have a thorough understanding of how to create these documents properly. Students will be required to create pro-forma documents for the funding environment based on the guidelines discussed in class, and be prepared to present these assignments to the class. Assignments will be graded based on the completeness, quality, and correct format and presentation of the information. Failure to submit the write-ups by each individual due date will result in an "F" for that assignment. The write-ups are due at the beginning of class on the due date. All assignments must be submitted in hard copy format on the assigned due date. Electronic copies will not be accepted. A breakdown of required assignments is below.

New Venture Market Analysis and Sales Projections:  
Each student must perform and document an analysis of the market for their business as well as document and explain their projected sales figures by month for the first year of operations.  
DUE: 9/24/2007

New Venture Pro-Forma Income Statement and Pro-Forma Statement of Cash Flows:  
Each student must create and present a pro-forma income statement and pro-forma statement of cash flows for a new venture as well as document and be prepared to present all assumptions and research that the information is based on. Statements should be broken down by month for the first year of operations.  
DUE: 10/22/2007

New Venture Pro-Forma Balance Sheet, Break Even and Ratio Analysis:  
Each student must create and present at least 2 pro-forma balance sheets, a break even analysis, and ratio analysis for a new venture as well as document and be prepared to present all assumptions and research that the information is based on.  

Final Project:  
Each student must create and present a complete set of 3 year pro-forma financial statements for a new venture as discussed in class, as well as document and be prepared to present all assumptions and research that the information is based on.  
DUE: 11/26/2007

Participation:

During our meetings, individual students will have the opportunity to discuss a particular issue related to the topic of the day. The performance of the student during discussions will be graded according to the following criteria:

1) Preparation
2) Subject Matter Knowledge
3) Communication

'No shows' will receive a grade of zero.
Final Examination:

The exam will consist of essay questions. All areas of our studies are possible questions. Anyone arriving after the scheduled start time for the exam will receive an unexcused absence for the final exam. An unexcused exam absence will receive a grade of "zero".

Entrepreneurs Club:

The Entrepreneurs Club is a student driven organization that promotes entrepreneurship at NC State University through the College of Management. The club typically meets at least twice a month to hear exceptional speakers share their insights on entrepreneurial topics. Since learning from the experiences of others is a critical component to entrepreneurship, all students are encouraged to attend these meetings.

Road Trips:

Throughout the course of the semester, there will be events that you will be required to attend outside of regularly scheduled class time. These events will be announced as soon as they are determined. Each road trip is considered as a class period and the normal attendance policy will apply. Since you are required to attend these events, you will be given one class period exchange day for each road trip. On these exchange days, you will not be required to attend class in exchange for your attendance at these outside events. Road Trips and Road Trip Exchange Days will be announced throughout the semester.

Academic Integrity:

It is the expectation of the instructor that every student abides by the NC State Honor Pledge and that your signature indicates that you have abided by the Honor Pledge and have neither given nor received unauthorized aid on the assignment or examination: http://www.ncsu.edu/policies/student_services/student_discipline/POL11.35.1.php

Other Issues:

- **Do Not** call the instructor at his home.
- Retain Copies of all work turned in as all originals will be retained by the instructor.
- All assignments handed in must be typed. Any assignment handed in that is not typed will receive a grade of “F”.
- All assignments must be submitted in hard copy format. Electronic copies will not be accepted.
- All grades of an "F" will receive a numerical grade of “zero”.
- Due dates are considered to be the date given in the syllabus at the onset of class. Any assignments turned in after the onset of class will be considered past the due date and will be penalized according to the syllabus.
- Any unexcused absence on a due date resulting in an assignment not being turned in will result in an “F” for that assignment.
- Unexcused absences are defined by university policy.
- Grades will only be discussed in person. Phone, email, or other means will not be utilized.
- Each road trip is considered as one class period.
- Students are expected to provide their own transportation for all course activities.
Course Schedule:

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1</td>
<td>Introduction / Importance of Financials</td>
</tr>
<tr>
<td>2</td>
<td>Creating &amp; Funding a Business Venture / Research Sources</td>
</tr>
<tr>
<td>3</td>
<td>Funding Environment / Overview of Accounting and Financial Reports / New Venture Market Analysis and Sales Projections</td>
</tr>
<tr>
<td>4</td>
<td>New Venture Market Analysis and Sales Projections</td>
</tr>
<tr>
<td>5</td>
<td>Capital Equipment List / New Venture Pro-Forma Income Statement and Statement of Cash Flows / Research / Assumptions</td>
</tr>
<tr>
<td>6</td>
<td>Presentations - New Venture Market Analysis and Sales Projections</td>
</tr>
<tr>
<td>7</td>
<td>New Venture Pro-Forma Income Statement and Statement of Cash Flows / Research / Assumptions</td>
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<tr>
<td>8</td>
<td>Key Ratio Analysis / Presenting and Defending Financials</td>
</tr>
<tr>
<td>9</td>
<td>New Venture Pro-Forma Balance Sheet, Break Even and Ratio Analysis / Research / Assumptions</td>
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<tr>
<td>10</td>
<td>Presentations - New Venture Pro-Forma Income Statement and Pro-Forma Statement of Cash Flows</td>
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<tr>
<td>11</td>
<td>New Venture Pro-Forma Balance Sheet, Break Even and Ratio Analysis / Research / Assumptions</td>
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<tr>
<td>12</td>
<td>Presentations - New Venture Pro-Forma Balance Sheet, Break Even and Ratio Analysis</td>
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<tr>
<td>13</td>
<td>Taxation: Personal &amp; Business</td>
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<tr>
<td>14</td>
<td>Capital to Finance Your New Venture</td>
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<tr>
<td>15</td>
<td>Presentations - Final Project</td>
</tr>
<tr>
<td>16</td>
<td>Special Topics in New Venture Funding</td>
</tr>
</tbody>
</table>

FINAL EXAM – 12/10/2007 - 1-2 pm