



FEB - 1 2001

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
School of Business
Program: Financial Management
Option: Finance

Course Outline for:
FMGT4520
Enterprise Finance
Date: March 2000

| | | | | | |
|-------------------|---|---------------------|----|--------------------|-----|
| Hours/Week | | Total Hours: | 40 | Term/Level: | 4 |
| Lecture: | 2 | Total Weeks: | 10 | Credits: | 2.5 |
| Lab: | 2 | | | | |

Instructor

Carol Edwards Office No: SE6-379 Phone: 451-6751

Office Hours

TBA

Prerequisites

FMGT 3510 – Finance I / FMGT 3610 – Security Analysis I

Course Description and Goals

The purpose of this course is to impart to the student the fundamentals of raising funds. Adequate financing from the most appropriate sources can often mean the difference between life and death to a small or even medium sized company. This course will cover the various sources, the manner in which they should be approached, the documentation they require and their own unique constraints. Included in the types of funds to be raised will be both long and short term financing. Included in the sources will be the chartered banks, the various levels of government and venture capitalists.

Evaluation

| | |
|---------------------|------|
| Final Examination | 45 % |
| Midterm | 20 % |
| Project | 20 % |
| Banker's Assessment | 15 % |



Course Learning Outcomes

- Identify the types of financing available from chartered banks.
- Identify and measure those features of a company emphasized as important in credit granting for short term loans.
- Identify and understand the requirements a bank will demand of its corporate credit customers.
- Identify from the perspective of a borrower for the purpose of credit negotiations, which factors are important in credit granting.
- Structure a line of credit to meet the needs of both borrower and lender.
- Identify the sources and types of financing in which provincial and federal government agencies are prepared to engage.
- Understand the constraints and perspectives brought to the negotiations by government agencies.
- Develop a business plan emphasizing those factors which appeal to private financial institutions.
- Identify the nature and purpose of venture capital.
- Identify current trends in equity financing by venture capitalists and the business propositions which they find most appealing.
- Critically analyze the structure of a venture capital proposal.
- Identify the sequence of events in the process of taking a company public.
- Describe the nature and purpose of a prospectus.
- Describe the pricing mechanisms employed to value the shares of a company involved in an initial public offering.



School of Business
Financial Management

Course: FMGT 4520
Enterprise Finance

Course Record

| | | | |
|---------------|---|-------|--|
| Developed by: | R.J. Dolan | Date: | August 1995 |
| | Instructor | | |
| Revised by: | C. Edwards | Date: | March 1999 |
| | Instructor | | |
| Approved by: | R.J. Dolan <i>Ellen Abbott</i> | Date: | March 1999 <i>DECEMBER 2000</i> |
| | Associate Dean | | |

Text(s) and Equipment

Required: None

Recommended: The Canadian Securities Course Text

Course Notes (Policies and Procedures)

- *Assignments:* Late assignments or projects will not be accepted for marking.
- *Ethics:* BCIT assumes that all students attending the Institute will follow a high standard of ethics. Incidents of cheating or plagiarism may, therefore, result in a grade of zero for the assignment, quiz, test, exam, or project for all parties involved and/or expulsion from the course.
- *Illness:* A doctor's note is required for any illness causing you to miss assignments, quizzes, tests, projects or exam. At the discretion of the instructor, you may complete the work missed or have the work prorated (i.e. an average is given according to your performance throughout the course).
- *Makeup Tests, Exams or Quizzes:* There will be no makeup tests, exams or quizzes. If you miss a test, exam or quiz, you will receive zero marks. Exceptions may be made for documented medical reasons or extenuating circumstances.

Assignment Details

See attached description.



* This schedule is subject to change at the discretion of the instructor.

| Week | Schedule for: FMGT 4520 – Enterprise Finance |
|------------------------|--|
| March 20 th | Introduction |
| March 27 th | Small Business Finance – Producing a Business Plan |
| April 3 rd | Small Business Financing – Bank Financing |
| April 10 th | <p>Government Assistance</p> <p>SUBMIT DRAFT OF BUSINESS PLAN on Friday, April 14th (5%)</p> <ul style="list-style-type: none">▪ Length: <i>maximum</i> 5 pages (including appendices, tables, etc.)▪ Contents: <i>I/S and B/S – Year ended Feb. 28th, 1999 and Feb. 29th, 2,000</i> <i>Projected <u>Monthly</u> Cash flow until Feb. 28th, 2001</i> <i>Stripped Down Business Plan</i> – Company description and line of business, Owners (their equity and experience), Financial plan and any other relevant info for obtaining bank financing in the form of a working capital loan / operating loan of \$100,000 to \$200,000. |
| April 17 th | <p>Good Friday – April 21st (BCIT Closed)</p> <p>Mid-term exam (20%) – Date to be determined</p> |
| April 24 th | <p>Easter Monday – April 24th (BCIT Closed)</p> <p>Venture Capital</p> |
| May 1 st | Venture Capital |
| May 8 th | <p>Going Public</p> <p>SUBMIT FINAL COPY OF YOUR BUSINESS PLAN TO ME ON: Monday, May 8th (15%)</p> |
| May 15 th | <p>Review</p> <p>BANKER'S ASSESSMENT OF YOUR BUSINESS PLAN MUST BE RECEIVED BY ME ON OR BEFORE: Monday, May 17th (15%)</p> |
| May 22 nd | <p>Final Exam – Date TBA (45%)</p> <p>Victoria Day – Monday, May 22nd (BCIT Closed)</p> |