FIN 227  FINANCE IN SMALL BUSINESS  6 CP

SPRING  2006   WOLLONGONG, BATEMANS BAY,
BEJA, MOSS VALE, SHOALHAVEN

Prerequisites: ACCY221 or FIN221 (Not to count with ACCY227)

**Subject Coordinator**

**ASSOCIATE PROFESSOR**  School of Accounting and Finance  
**MICHAEL MC CRAE**

Room:  40.323  Ph:  4221 4015  email:  michael_mccrae@uow.edu.au

Consultation  TBA  
Time:  

**Lecturer**

**MR ADHI PRAWOTO**  School of Accounting and Finance  

Room:  19.1042  Ph:  4221 5359  email:  adhi@uow.edu.au

Consultation  TBA  
Time:  

**University of Wollongong**
SECTION A: GENERAL INFORMATION

LECTURE TIMES

Lectures will be held on Tuesday 14.30 – 16.30 Building 20 Room 5

BRIEF OUTLINE

This subject deals with financial management in small and medium organisations from a largely practical perspective by applying adapted versions of traditional financial analysis to small business enterprises. The subject takes a life-cycle approach moving through the stages of starting, building and finally harvesting a successful business. Issues addressed in this subject include valuation, performance measurement, obtaining and organising finance, financial planning, cost of financial capital and exit strategies.

STUDENT LEARNING OUTCOMES

Upon completion of this subject students should be able to:

1. Explain the significance of small and medium business enterprises (SMEs) to the Australian economy.
2. Apply traditional financial analysis tools to small SMEs.
3. Recognise and use the various methods of valuing an SME.
4. Explain and recommend appropriate sources of financing for an SME at different stages in its life-cycle.

ATTENDANCE REQUIREMENTS

In order to maximise learning outcomes, it is strongly recommended that students attend all lectures. Attendance at tutorials is compulsory.

PARTICIPATION/CONTRIBUTION TO TUTORIALS

All students are expected to prepare responses to assigned questions prior to tutorials. All students are expected to attend tutorials and be prepared to discuss any questions they have regarding the assigned questions. You should note that your mere attendance at tutorials does not constitute participation. Students are required to attend a minimum of 10 tutorials to be eligible to pass the subject.
REQUIRED TEXT


This textbook is available online from the University Bookshop at
http://unishop.uow.edu.au/textbooks/

Further Recommended Reading

Any corporate finance text


*Journal of Small Business and Enterprise Development*

*Journal of Small Business Management*

*Fortune Small Business*

*Small Business Review*

References can be obtained by contacting the University of Wollongong Library.

WebCT

FIN 227 has an online website based on a WebCT platform. On this site you will find such items as downloadable lecture slides, tutorial solutions, assignment information and class notices. WebCT can be accessed by students by going to the website:

Your WebCT ID is your current UOW email ID.
Your password is your current UOW email password.
SECTION B: ASSESSMENT

GENERAL CRITERIA

Assessment during the teaching session will comprise of one in-session test, one major assignment and the ongoing requirement to prepare tutorial work each week. There will be a final exam that covers the work from the entire session, held at the end of session in the normal exam period. Students must complete all pieces of assessment. To be considered for at least a passing grade in this subject, students must also attain a minimum of 45% in the final examination and an overall mark of 50% in the course.

PERFORMANCE GRADES

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>HD</td>
<td>High Distinction</td>
<td>85 – 100%</td>
</tr>
<tr>
<td>D</td>
<td>Distinction</td>
<td>75 – 84%</td>
</tr>
<tr>
<td>C</td>
<td>Credit</td>
<td>65 – 74%</td>
</tr>
<tr>
<td>P</td>
<td>Pass</td>
<td>50 – 64%</td>
</tr>
<tr>
<td>PC/PR</td>
<td>Pass Conceded/Pass Restricted</td>
<td>45 – 49%</td>
</tr>
<tr>
<td>F</td>
<td>Fail (unsatisfactory completion)</td>
<td>0 – 44%</td>
</tr>
</tbody>
</table>

SUMMARY

<table>
<thead>
<tr>
<th>Task</th>
<th>Weighting</th>
<th>Due Date</th>
<th>Return date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task 1</td>
<td>20%</td>
<td>12^th Sep 2006</td>
<td>N/A</td>
</tr>
<tr>
<td>Task 2</td>
<td>10%</td>
<td>Each week</td>
<td>N/A</td>
</tr>
<tr>
<td>Task 3</td>
<td>10%</td>
<td>19^th Sep 2006</td>
<td>N/A</td>
</tr>
<tr>
<td>Task 4</td>
<td>60%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

SUBMISSION, RETENTION AND COLLECTION OF WRITTEN ASSESSMENT

Place of Submission: Assignments are to be placed in the Assignment box outside the enquiry and reception centre in Room 40.326 by 5.00 pm on the due date. Assignments will not be accepted by mail, fax or email.

Assignment cover sheet: You must complete and attach a Faculty of Commerce Assessment Cover Sheet to the front of your assignment (available at the following web address: http://www.uow.edu.au/commerce/ pdf/assignmentcoversheet.pdf) AND a Marking Sheet. The declaration on the cover sheet must be signed.

Collection: Assignments will be distributed in your tutorial class in the relevant week. If you missed your tutorial class, you should make arrangements with the lecturer to collect your assignment.

Extensions: Extensions may be granted if circumstances beyond the control of the student interfere with their ability to complete the task on time. These will only be granted by the subject co-ordinator and must be applied for before the due date.

Please Note: Extensions will not be granted after the due date.
## ASSESSMENT TASK DETAILS

### Assessment 1: In-Session Test

<table>
<thead>
<tr>
<th>Date:</th>
<th>To be held in lecture in Week 9; i.e. Tuesday 12th September 2006. Please note that there are no supplementary In-Session Test.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighting:</td>
<td>20%</td>
</tr>
<tr>
<td>Details</td>
<td>Questions cover Chapters 1-7; a combination of both theory and practical</td>
</tr>
<tr>
<td>Marks</td>
<td>Students will be advised of their marks via SOLS within two weeks</td>
</tr>
<tr>
<td>Instructions</td>
<td>Please arrive at the lecture theatre by 14.25 pm, and bring student card, a calculator, blue or black pen and liquid whiteout</td>
</tr>
</tbody>
</table>

### Assessment 2: Tutorial Preparation

<table>
<thead>
<tr>
<th>Topic</th>
<th>Preparation of work set for tutorials each week (12 weeks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marking criteria</td>
<td>Lecturer/tutors will check students’ tutorial preparation each week and students will be assessed on their tutorial preparation, receiving 1 mark per week for thorough preparation, ½ mark for partial preparation and 0 for inadequate preparation. The best 10 marks will be counted.</td>
</tr>
<tr>
<td>Weighting</td>
<td>10%</td>
</tr>
<tr>
<td>Due date</td>
<td>Tutorial work is to be prepared before tutorials each week and brought to tutorials. These tutorial questions will be collected by the tutors/lecturer for marking.</td>
</tr>
<tr>
<td>Marks</td>
<td>Students will be advised of their marks via SOLS by end of Week 13</td>
</tr>
</tbody>
</table>

### Assessment 3: Assignment

<table>
<thead>
<tr>
<th>Topic</th>
<th>Scandi Home Furnishings Inc. (Chapter 5 Mini Case pp. 180 – 182 textbook)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marking criteria</td>
<td>Questions A – E should be answered. Marks will be given to a clear analysis of the answers. Show all relevant workings.</td>
</tr>
<tr>
<td>Weighting</td>
<td>10%</td>
</tr>
<tr>
<td>Due date</td>
<td>Tuesday 19th September 2006</td>
</tr>
<tr>
<td>Marks</td>
<td>Students will be advised of their marks via SOLS</td>
</tr>
<tr>
<td>Assessment 4:</td>
<td>Final Examination</td>
</tr>
<tr>
<td>-----------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>Weighting</td>
<td>60%</td>
</tr>
<tr>
<td>Date</td>
<td>During official university exam period.</td>
</tr>
<tr>
<td>Time allowed</td>
<td>3 hours and 15 minutes</td>
</tr>
<tr>
<td>Structure of paper</td>
<td>To be advised</td>
</tr>
<tr>
<td>Scaling</td>
<td>Marks may be scaled</td>
</tr>
</tbody>
</table>
REQUIRED ASSIGNMENT FORMAT

1. Assignments must be typed, 1.5 spaced, on one side of the paper only.
2. You must ensure that you have the capacity to provide a duplicate, should this be requested. Problems with computers, printers, software, lost disks, etc, will NOT be accepted as excuses for late submission or inability to reproduce on short notice a second copy (if required). Always make a backup of your disks as you work.
3. Pages are to be consecutively numbered.
4. You must attach a completed (and signed) assignment Cover Sheet.
5. You must attach the appropriate Marking Sheet immediately after the Cover Sheet.
6. There must a margin of 30mm (3 cm) on all sides.
7. Referencing must follow an acceptable academic format.
8. Do not plagiarise. Plagiarism is the unacknowledged work of another person. Plagiarism will result in zero marks plus the need for resubmission and could result in expulsion.

Assignments will be penalised for failure to meet any of these requirements.

PENALTIES FOR LATE SUBMISSION OF ASSESSMENT

Assignments must be handed in by the given date and time. Late assignments will be penalised by the loss of 20% per work day (or part thereof) of the total marks achievable. The operation of this rule will not result in a negative mark being carried forward.

There is no supplementary In Session Test in this subject. Therefore, if students are unable to sit for the In-session Test for reasons beyond their control they should apply for special consideration through SOLS and provide supporting documentation. If their application for special consideration is accepted, their final exam will incorporate the In Session Test marks.

PLAGIARISM

Plagiarism means using the ideas of someone else without giving them proper credit. For example, that someone else may be an author, critic, journalist, artist, composer, lecturer, tutor or another student. Unintentional plagiarism can result if you don't understand and use the acceptable scholarly methods of acknowledgement. Whether plagiarism is deliberate or unintentional, the University may impose penalties, which can be very severe. When it is desirable, or necessary, to use other people's material, take care to include appropriate references and attribution. Plagiarism will not be tolerated and has led to expulsion from the University.

Students should visit the following University website and become familiar with the University's policy on Plagiarism.

## SECTION C: RULES, CODES OF PRACTICE & POLICIES

### C1 UNIVERSITY POLICIES

Information on the following University Policies can be found at the websites below:

<table>
<thead>
<tr>
<th>Policy</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical objection by students to the use of animal and animal products in coursework subjects</td>
<td><a href="http://www.uow.edu.au/about/policy/ethicalobjectionanimals.html">http://www.uow.edu.au/about/policy/ethicalobjectionanimals.html</a></td>
</tr>
</tbody>
</table>

* see brief explanation of policy below.

#### C1.1 Non-discriminatory Language

The Faculty of Commerce supports the University’s policy on the use of non-discriminatory language. It is the responsibility of students to ensure that they understand and abide by this policy. The policy is available at:

http://staff.uow.edu.au/eeo/nondiscrimlanguage.html

#### C1.2 Special Consideration Policy

The Faculty of Commerce recognises that it has a responsibility to ensure equity and consistency across its subjects for all students. Sometimes, in exceptional circumstances, students need to apply for special consideration in order to complete all assessable work. The University applies strict criteria to the granting of special consideration. Before applying for special consideration students should carefully read the University’s policy. The policy can be found at: http://www.uow.edu.au/handbook/courserules/specialconsideration.html.

Students must apply for special consideration through SOLS.
C1.3 Student Academic Grievance Policy

The Faculty of Commerce aims to provide a fair, equitable and productive learning environment for all its students. The Student Academic Grievance Policy seeks to support the achievement of this goal by providing a transparent and consistent process for resolving student academic grievances.

Any student who has a grievance over a result should obtain and complete a Faculty of Commerce Appeal of Assessment Form from


The student should first take the form to the marker/lecturer to discuss the matter and, if the student is still not satisfied, s/he should take the next step as outlined on the form.

Once the grievance has been considered by the Faculty, if the student still feels the situation has not been fully resolved s/he may consult the Dean of Students. However, the Dean of Students can have no input into the academic judgement of the lecturer and can only review the grievance to ensure proper procedure has been followed.

For more information, please consult the policy in full at


C2 FACULTY AND SCHOOL POLICIES

REFERENCING

WHY DO YOU NEED TO REFERENCE?

At University it is necessary to acknowledge the sources of information and ideas that you have incorporated in your assignments. Failure to do this thoroughly may result in accusations of plagiarism: this is the academic equivalent of stealing (because by not acknowledging someone else’s work, you are presenting it as your own). Plagiarism is taken very seriously by the University and may result in expulsion from the University.

Referencing is not only about acknowledging other people’s work: accurate referencing and lists of references are beneficial when researching a topic as they allow the reader to follow up information and read further into the area. In a sense, references provide readers with clues to help them explore different avenues of a topic. This aspect of referencing will become more valuable to you as you progress in your studies.

There is a correct procedure that must be followed when referencing and using footnotes. Not complying with these set techniques and format will most likely result in loss of marks.

When writing an essay it is easiest to reference as you go, making sure you are writing down all relevant information. This will save hours trying to find the source again in the library.

THE HARVARD SYSTEM OF REFERENCING

The Faculty of Commerce uses the Harvard system of referencing. This system makes use of short references within the body of the text. It is supplemented by a detailed list of references at the end of the text, which provides all the information necessary to find the source material. In-text references include the author and year of publication, and where necessary the page number(s).

It is the responsibility of students to ensure that they are familiar with the Harvard system of referencing and that they use it accurately in all written work submitted.

Students should consult the following University Library website for a detailed explanation and examples of the Harvard system of referencing.

CITATION OF ELECTRONIC SOURCES

It is necessary for students to reference all sources used in their written work, including file transfer protocol sites, worldwide web sites, telnet sites, synchronous communications (MOOs, MUDs, IRC, etc.) Gopher sites, and email, Listserv and Newsgroup citations.

*It is the responsibility of students to ensure that they are familiar with the accepted Faculty of Commerce practice for referencing electronic material and that they use it accurately in all written work submitted.*

Students should consult the following University Library website for a detailed explanation and examples of how to reference electronic material:


C3 SUPPORT SERVICES AND FACILITIES

LEARNING RESOURCE CENTRE

Learning Development offers a range of free services to all enrolled students who wish to improve their academic or English language skills. There are a range of workshops available including; essay writing and editing; reading for assignments; grammar; presentation skills; pronunciation and exam preparation.

For information on language and academic skills workshops, or to make appointments for consultations, please visit the Learning Resource Centre (LRC), Building 19, Ground Floor, Room G102, or Phone 02 4221 3977. For further information visit the website:


FACULTY LIBRARIANS

Each faculty has a Faculty Librarian who is available to help with research related enquiries. Research Help Desk staff are also available in the Library to assist with research needs.

The Faculty Librarians for Commerce can be contacted as follows:

- email: lib_commerce@uow.edu.au
- telephone: 4221 3078

DISABILITY LIAISON OFFICER

The Disability Liaison Officer (DLO) can provide advice on how particular disabilities affect university study and information on resources available at the University for assisting students with disabilities. Students commencing courses are advised to contact the Disability Liaison Officer prior to the beginning of their first session of study.

For further information on services offered, consult the Disability Services website or contact the office.

- web address: http://www.uow.edu.au/student/services/ds/
- telephone: 4221 3445
- fax: 4221 5667
FACULTY DISABILITY ADVISERS

Faculty Disability Advisers are academic staff who provide assistance and support to students with disabilities within their Faculty and act as an intermediary between the student and the Faculty's academic and general staff. They provide support, educational advice and referral to appropriate staff on issues related to teaching and learning within the Faculty and the University. Students are advised to communicate specific information about the ways in which their disability affects learning to the Faculty Disability Adviser as soon as possible after enrolment.

The Faculty of Commerce Disability Adviser is Mr. Ron Perrin. Mr Perrin can be contacted as follows:

Office location: Building 40, room 224
email address: ron_perrin@uow.edu.au
telephone: 4221 4118

WOOLYUNGA INDIGENOUS CENTRE

The Woolyunga Indigenous (WIC) provides academic and personal support for Aboriginal & Torres Strait Islander and other indigenous students. The Centre also runs an Indigenous Specific Orientation Program for students who gain entry to the University through the alternative admissions program.

For further information on services offered, consult the Woolyunga Indigenous Centre website or contact the office.

Centre location: Building 30
web address: http://www.uow.edu.au/aec/
telephone: 4221 3563
fax: 4221 4244
<table>
<thead>
<tr>
<th>Week Nos.</th>
<th>Week Commencing Dates</th>
<th>Topic</th>
<th>Text Chap/s</th>
<th>Tutorial Exercises</th>
</tr>
</thead>
</table>
| 1        | 17/07/06              | Emergency Evacuation Procedures  
Introduction & overview  
Idea to the Business Plan | 1  
2 | No tutorials this week |
| 2        | 24/07/06              | Organising & Financing a New Venture; Measuring Financial Performance | 3  
4 | Chap 1: D3, D8, D10, D13, D15, E1, E2, E6  
Chap 2: D1, D10, D13, E1, E2 |
| 3        | 31/07/06              | Evaluating Financial Performance | 5 | Chap 3: D5, D8, D13, E1, E3, E8  
Chap 4: D1, D2, D18, E1, E2 |
| 4        | 07/08/06              | Financial Planning: Short & Long Term | 6 | Chap 5: D4, D7, D9, D13, D16, E3, E4 |
| 5        | 14/08/06              | Cost of Financial Capital | 7 | Chap 6: D2, D6, D7, D10, D14, E1, E6 |
| 6        | 21/08/06              | Creation & Calibration of Value | 9 | Chap 7: D2, D6, D11, D16, E1, E3, E5, E6, E12 |
| 7        | 28/08/06              | Venture Capital Valuation Methods | 10 | Chap 9: D2, D7, D10, D14, E3 |
| 8        | 04/09/06              | Security Structure & Enterprise Value | 11 | Chap 10: D5, D7, E4, E9, E10 |
| 9        | 11/09/06              | In-Session Test (Ch 1-7) | N/A | Chap 11: D3, D5, E3, E8 |
| 10       | 18/09/06              | Assignment Due  
Professional Venture Capital | 12 | Chap 11: D6, D7, D8, E1, E2, E4, E5, E13 |

**Mid-Session Recess**

<table>
<thead>
<tr>
<th>Week Nos.</th>
<th>Week Commencing Dates</th>
<th>Topic</th>
<th>Text Chap/s</th>
<th>Tutorial Exercises</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>02/10/06</td>
<td>Other Financing Alternatives</td>
<td>13</td>
<td>Chap 12: D1, D7, D9, D15</td>
</tr>
</tbody>
</table>
| 12       | 09/10/06              | Harvesting the Business Venture Investment  
Financial Distress: Turnaround Opportunity or Liquidation | 14  
15 | Chap 13: D1, D3, D5, D13, E1  
Chap 14: D3, D4, D7  
Chap 15: D1, D6, D8, E3 |

*May be subject to change*