Subject Outline

FIN227 Finance in Small Business
Wollongong Campus

6 Credit Points
Spring Session 2004

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02 4221 3738
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School of Accounting and Finance
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Subject Details

Description
This subject is intended for those who have an interest in developing small businesses, whether as entrepreneurs as advisors to entrepreneurs or as potential investors. Such questions as how to assess the value of an endeavour or how to undertake financial forecasting in the small firm environment are taught. Strategic issues such as the tradeoffs between alternative financing choices and flexibility and control are also covered. Contemporary financial theory, grounded in studies of large listed corporations, is not always applicable to small and medium sized firms. As a consequence, some emphasis will be placed on the misspecification of traditional financial theory when applied to small firms.

Objectives
By the time students have completed this subject, they should be able to identify fallacies in the application of traditional financial theory to the small and medium business environment. They should be able to illustrate these fallacies with concrete examples and be able to offer alternative approaches to such theoretical problems as determining firm value in the absence of a market measure of systematic risk. They should also be able to assess alternative investment opportunities (whether as entrepreneurs or investors) among firms with no operating history.

Method of delivery
The subject is delivered in a combination of lectures, tutorials and web-based material, together with a hard copy textbook. In addition, some CD or internet material may be incorporated into the subject to assist student learning.

WebCT
FIN227 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.
Study time

This is a rigorous and substantive subject, and as it progresses, concepts covered in earlier material are assumed knowledge for later more difficult and more complex decisions. As FIN227 is a 6 credit point subject, students are expected to devote a minimum of 12 hours per week to this subject. This means that, in addition to the 3 hours of class time, an extra 9 hours of personal time per week should be allocated to the subject.

Lecture/tutorial times

<table>
<thead>
<tr>
<th>Lectures: Mondays</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>13:30 – 15:30</td>
<td>67.102</td>
</tr>
<tr>
<td>Tutorials: Mondays</td>
<td></td>
</tr>
<tr>
<td>11:30 – 12:30</td>
<td>40.125</td>
</tr>
<tr>
<td>12:30 – 13:30</td>
<td>19.1067</td>
</tr>
<tr>
<td>15:30 – 16:30</td>
<td>40.126</td>
</tr>
</tbody>
</table>

Further Recommended Reading


*Journal of Small Business and Enterprise Development*
*Journal of Small Business Management*
*Fortune Small Business*

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

Subject Coordinator and Lecturer
Dr Anne Abraham
School of Accounting and Finance
Building No 40, Room No 320
Telephone 61 2 4221 3738
Facsimile 61 2 4221 4297
Email anne_abraham@uow.edu.au

Consultation times
Mondays: 16:30 – 18:30 and Wednesdays: 14:30 – 16:30
If you wish to consult outside these times, please make an appointment in advance at a time of mutual convenience.

Student administration
Telephone 61 2 4221 3927
Facsimile 61 2 4221 4322
Email studenq@uow.edu.au
Student OnLine Services http://www.uow.edu.au/student/sols

Library
Telephone 61 2 4221 3548
Web http://www-library.uow.edu.au

Purchasing of books (Unishop)
Telephone 61 2 4221 8050
Facsimile 61 2 4221 8055
Email unishop@uow.edu.au
Assessment Guidelines

General Criteria

There will be 3 assessment tasks: a midsession test, a major assignment and a final examination. Details are given in the table below. Please note that marks may be scaled.

Any student failing to meet the following compulsory requirements will fail regardless of performance in other assessable components of the subject.


b. Satisfactory achievement in the final examination.

(Note: satisfactory is normally interpreted as a mark of 45%)

Attendance at lectures and tutorials is a compulsory component of this subject. Tutorial attendance will be randomly ascertained throughout the term.

Good tutorial preparation and participation is necessary for anyone seeking special consideration. Special consideration will not be granted to students who do not prepare for, attend and participate in tutorials. Preparation and participation will be considered in those cases where students are on the borderline between two grades.

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>F</td>
<td>Fail (unsatisfactory completion)</td>
<td>0–49%</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: Mid-session Test</td>
<td>15%</td>
<td>6 Sep 2004</td>
<td>NA</td>
</tr>
<tr>
<td>Task 2: Major assignment</td>
<td>30%</td>
<td>20 Sep 2004</td>
<td>Week</td>
</tr>
<tr>
<td>Final examination</td>
<td>55%</td>
<td>To be notified by the University</td>
<td></td>
</tr>
</tbody>
</table>
course requirements, to submit medical or other documented evidence as soon as possible after the event to support their request for special consideration.


**Supplementary examinations**

Students should note that supplementary examinations are **not** an automatic entitlement on the submission of a request for special consideration. In cases where the decision is made to allow a supplementary examination, students will usually be required to take the examination at a date to be determined by the School within three weeks of the end of the formal examination period. Students will be notified of the exam at least seven days beforehand. It is every student’s responsibility that the University has a correct record of your current address.

**No supplementary examinations will be granted where a student has sat for the full exam.** Those who leave the examination early due to illness will have their request for a supplementary exam considered on a case by case basis.

Full details of the University’s policy regarding special consideration are available on the web at [http://www.uow.edu.au/handbook/courserules/specialconsideration.html](http://www.uow.edu.au/handbook/courserules/specialconsideration.html) students should familiarise themselves with these policies.

**Disability Policy**

If a student with a disability requires reasonable accommodation in this subject, they are strongly advised to discuss the issues early in the session with one of the following people: the Disability Liaison Officer, Faculty Disability Adviser and/or the Subject Co-ordinator. Students with a disability should also register with the University of Wollongong Disabilities Unit. More details can be found on the web at [http://www.uow.edu.au/student/services/ds/](http://www.uow.edu.au/student/services/ds/).

**Non Discriminatory Language**

As part of its Equal Opportunity/Affirmative Action initiatives, the University of Wollongong endorses a policy of non-discriminatory language practice and presentation in all academic and administrative activities of the University. The policy is available at [http://staff.uow.edu.au/eeo/nondiscrimilanguage.html](http://staff.uow.edu.au/eeo/nondiscrimilanguage.html)

**Receipt of Assessment Tasks**

It is your responsibility to ensure that you have a receipt signed by your lecturer/tutor, acknowledging submission of written work.
Assessment Tasks

**Task 1:** Mid-session Test
Due date: 1.30 pm on 6 September 2004 in 67.102
Return date: Marks will released on SOLS within one week.
Weighting: 15%
Coverage: Chapters 1-7

**Assignment details**
30 multiple choice questions

**Task 2:** Major Assignment
Due date: 1 pm on 20 September 2004
Return date: In Tutorials in Week 13
Weighting: 30%
Group size: 3-5 students per group
Length: 3000 words

**Assignment details**
Case Study: Coral Systems, Inc.
The case study is found in Leach and Melicher on pp. 521-544. You are required to answer all 13 assignment questions (A-M) on pages 540-541. Please note that Question L will involve you finding additional information not provided in the case study.

This is a group assignment. You are to self-select your groups, and they must consist of 3 to 5 students. Please note, if you hand in an individual assignment, you will receive a mark of zero.

**Assessment Criteria/Marking Guidelines**
See Mark Sheet on WebCT

**Task 3:** Examination
Date: University examination period
Weighting: 55%
Submission Requirements

Submission

Place of Submission: In locked box outside Room 40.130 by 1 pm on 20 September

Delivery: Posted assignments must be RECEIVED by the due submission time. No faxed or emailed assignments will be accepted

Assignment cover: You must complete and attach a School of Accounting and Finance Assessment Cover Sheet to the front of your assignment (available at the following web address: http://www.uow.edu.au/commerce/forms.html)

Marking sheet: You must attach a copy of the Assignment Marking Sheet underneath the Cover Sheet. You can download a copy from the FIN227 WebCT site.

Collection: In tutorials in Week 13

Acknowledgment/Plagiarism

Plagiarism is not acceptable and may result in the imposition of severe penalties. The University provides clear guidelines on its attitude towards plagiarism and how to avoid unintentional plagiarism in the Postgraduate University Calendar, located on the web at http://www.uow.edu.au/handbook/course/rules/plagiarism.html

Students are advised to read these carefully. If any doubts remain as to what constitutes plagiarism, students should discuss the matter with the subject co-ordinator

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 coversheet.
6. There must be 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.
Due Date
The due date is the last date for the University to receive an 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.

Late submission
Loss of 10% of possible marks for each day (or part thereof) after the due time & date.

Disclaimer
The School attempts to ensure that the information herein is up to date at the time of production, however we reserve the right to amend without notice in response to changing circumstances.
<table>
<thead>
<tr>
<th>Wk</th>
<th>Date</th>
<th>Topic</th>
<th>Text Chaps</th>
<th>Tutorial Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Discussion Questions</td>
</tr>
<tr>
<td>1</td>
<td>19/7</td>
<td>Introduction and overview</td>
<td>1,2</td>
<td>No tutorials this week</td>
</tr>
<tr>
<td>2</td>
<td>26/7</td>
<td>New venture organisation</td>
<td>3</td>
<td>1:2,8,11,16 2:3,8,9</td>
</tr>
<tr>
<td>3</td>
<td>2/8</td>
<td>Measuring financial performance</td>
<td>4</td>
<td>3:10</td>
</tr>
<tr>
<td>4</td>
<td>9/8</td>
<td>Evaluating financial performance</td>
<td>5</td>
<td>4:2,3,10</td>
</tr>
<tr>
<td>5</td>
<td>16/8</td>
<td>Financial planning</td>
<td>6</td>
<td>5:4,9,13,16</td>
</tr>
<tr>
<td>6</td>
<td>23/8</td>
<td>Financial capital</td>
<td>7</td>
<td>6:6,7,10</td>
</tr>
<tr>
<td>7</td>
<td>30/8</td>
<td>Creation of value</td>
<td>9</td>
<td>7:3,12,13,14</td>
</tr>
<tr>
<td>8</td>
<td>6/9</td>
<td>MID-SESSION TEST (chs 1-7)</td>
<td>9:1,4,6</td>
<td>9:1,3</td>
</tr>
<tr>
<td>9</td>
<td>13/9</td>
<td>Venture capital &amp; security structure</td>
<td>10,11</td>
<td>Assignment discussion</td>
</tr>
<tr>
<td>10</td>
<td>20/9</td>
<td>ASSIGNMENT DUE Venture capital financing</td>
<td>12,13</td>
<td>10:4,5,8 11:3,7,10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MID-SESSION RECESS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>4/10</td>
<td>Public Holiday - No classes, but use as STUDY WEEK</td>
<td></td>
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</tr>
<tr>
<td>12</td>
<td>11/10</td>
<td>Exit strategies</td>
<td>14,15</td>
<td>12:1,4</td>
</tr>
<tr>
<td>13</td>
<td>18/10</td>
<td>Review week</td>
<td></td>
<td>14:1,4,8 15:1,5,9,16</td>
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