Objectives
FINS3623 - Entrepreneurial and Small Business Finance – is an undergraduate course that addresses the applicability of traditional finance and financial management theories in an environment of closely held (small or medium) enterprises. Practical considerations are also addressed. Issues considered include:

- What is a small business
- Small Business Owners and Entrepreneurs - their role in economic activity
- Peculiar problems of small business
- Why finance issues in small firms may be different
- Venture capital and business angel finance
- Finance gaps
- Valuation of unlisted businesses

Students will be exposed to recent theoretical developments in the area as well as gaining "hands-on" experience through case study discussion.

Prerequisites
It is the responsibility of the student to ensure that the prerequisites have been met before commencing this course. The prerequisite is FINS1613 Business Finance.

Instructor
Brian Gibson, Visiting Fellow
Quadrangle Building, Room 3050
Tel: 9385-5852
Fax: 9385-6347 (marked for attention of Brian Gibson)
e-mail b.gibson@unsw.edu.au
Office hours: one hour immediately after classes or by appointment.

Web Page
Students can obtain the latest announcements, lecture overheads and supplementary materials via a web page set up for this course. Students should check the web page regularly. The web page is accessible at https://bankings.web.unsw.edu.au (select current students and then course).

Lecture and Class Times
Wednesday: 2pm – 5pm
Location: Mathews B
Lecture and Class Format
Classes will be presented as a mix of lectures and discussions. The first two hours of each week will be devoted to a semi-formal lecture highlighting the principal issues of each topic. The remaining hour will be devoted to discussion of case studies. To facilitate greater opportunity for participation in case study discussion, only one-third of the class will attend each week’s case discussion. Students whose family name commences with the letters A to J will attend as group A. Group B will be students whose family name commences with the letters K to R and Group C will be all remaining students.

Students are expected to have read the set material before class and be prepared to participate in class discussion. Where case studies are to be discussed, written summaries of key issues should be prepared before the class – see note re discussion preparation assessment.

Details of topics each week, the recommended reading, and discussion case studies are contained in the topic summary and reading list.

Resources
The prescribed textbook for this course is:

{Abbreviated in reading list as MHHF}

[Note that the book is out of print and the bookshop holds only a limited number of copies. Once these have been sold, the bookshop has authority to sell photocopies of the book. This will require students notifying the bookshop of their need for a copy and may take a week or so for copying to occur.]

Supplementary material will also be provided in a Supplementary Readings Book for this course that can also be purchased at the UNSW Bookshop.

Additional Reading Sources
Texts:


Flavel, R (1992), How to Value a small enterprise, Managing the Small Business series No 47, AGPS, Canberra.


Journals:
- Entrepreneurship Theory and Practice
- Harvard Business Review
- International Small Business Journal
- Journal of Business Venturing
- Journal of Small Business Management
- Small Business Economics
- Small Enterprise Research: the Journal of SEAANZ

Assessment
Assessment will consist of the following components:

- A discussion preparation assessment 10%
- A mid session quiz - week 8 40%
- A final exam in the official end of year examination period 50%

Discussion preparation assessment
For each nominated case for discussion (6 in total – 2 for each group class) a summary (one sheet maximum per case - double sided OK) of key issues in point form will be collected at the commencement of the discussion. Students might therefore benefit from having a copy they can refer to during the discussion. These summary sheets will not be returned. Students must clearly indicate in the top right hand corner of the front page of each case summary their name and student number. Marks will be assigned as follows:

- Good Summary 2*
- Poor Summary 1*
- No Summary (blank sheet) ½

*half marks will be awarded if a summary is received before the discussion but the student does not attend the class.

At the end of semester the worst result will be dropped and the other five summed to give a mark out of 10.

Mid session Quiz
This will take place in class on Week 8 and will cover lectures and discussions up to and including Week 7 (Topic 6b). It will be of ninety minutes duration and will contain a mix of multiple choice and short essay style questions.

Final Exam
This will be a 2 hour paper with both multiple choice and short essay style questions, administered in the official examination period in which the major coverage will be of the material from week 10 (topic 7a) to week 13 (topic 9).

Special Consideration
The attention of students is drawn to the “note on special consideration” on the current student page of the School of Banking and Finance web site.

Note that a photocopy of all material supporting an application for special consideration, as lodged with the Registrar, must also be provided to the Lecturer-in-charge within three days of any event for which special consideration is sought. Students who fail to do so automatically give up their rights for special consideration.

Students are expected to perform their work in a timely manner so that an illness in the last few days will not jeopardise the submission of their assignment. Such illness will not constitute grounds for special consideration.
**Academic Misconduct**

Attention is drawn to the following extract from the University of New South Wales Calendar “Procedures”:

“Academic Misconduct

Students are reminded that the University regards academic misconduct as a very serious matter. Students found guilty of academic misconduct are usually excluded from the University for two (2) years. Because of the circumstances in individual cases, the period of exclusion can range from one session to permanent exclusion from the University.

The following are some of the actions which have resulted in students being found guilty of academic misconduct in recent years:

1. taking unauthorised materials into an examination;
2. submitting work for assessment knowing it to be the work of another person;
3. improperly obtaining prior knowledge of an examination paper and using that knowledge in the examination;
4. failing to acknowledge the source of material in an assignment.

Students are expected to acknowledge the source of ideas and expressions used in submitted work. To provide adequate documentation is not only an indication of academic honesty but also a courtesy enabling the marker to consult sources with ease. Failure to do so may constitute plagiarism, which is subject to a charge of academic misconduct.”

The minimal penalty for plagiarism in submitted work is zero mark for that component. The case will also be reported to the Registrar for consideration of further penalty.

**Topic Summary and Reading List**

[Note: MHHF refers to the prescribed text. All other readings are contained in the supplementary reading book for this course. Abbreviations are noted in the list of texts in the course outline.]

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<tr>
<th>Week/ Date</th>
<th>TOPIC</th>
<th>Learning Focus</th>
<th>Reading</th>
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<tr>
<td></td>
<td>CLASS: Nil</td>
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<td></td>
<td>CLASS (Group A): Case Discussion – Garden City Cycles and Cowells Small Machine Tools</td>
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| 3 14/08/02 | 3. UNIQUE ASPECTS OF SMALL ENTERPRISE | • Entrepreneurial Characteristics  
• Some Small Business Management Traits  
• Differences From Large Firms | MHHF, pp74-80.  
| 4 21/08/02 | 4. FINANCIAL MANAGEMENT PRACTICE | • Liquidity and Working Capital Management  
• Fixed Asset Management  
• Planning and Control  
• External Advisers | MHHF, pp.298-329.  
MHHF, pp.211-230.  
MHHF, pp.436-446. |
| 5 28/08/02 | 5. STRATEGY AND PLANNING IN SMALL ENTERPRISE | • The Importance Of Planning  
• The Nature Of Planning  
• Entrepreneurs And Planning  
• The Formal Plan | LH, pp.68-94.  
MHHF, pp.265-270.  
LH, pp.476-500.  
| 6 04/09/02 | 6a. FINANCIAL PERFORMANCE AND GROWTH | • Performance Of Different Size Enterprises  
• Understanding Financial Problems of Small Enterprises | MHHF, pp.156-168.  
MHHF, pp.177-190.  
| 7 11/09/02 | 6b. FINANCIAL PERFORMANCE AND GROWTH | • Definition And Rates Of Failure  
• Predicting Failure And Success  
• Unique Pressures On Growing Firms | MHHF, pp.131-143.  
MHHF, pp.190-196.  
<p>| 8 18/09/02 | MID SESSION QUIZ | |
| 9 25/09/02 | NO LECTURE OR CLASS | Mid session break – 1 week |</p>
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<th>Week/Date</th>
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<th>Learning Focus</th>
<th>Reading</th>
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<tr>
<td>10 09/10/02</td>
<td>7a. FINANCIAL THEORY CONSIDERATIONS</td>
<td>• Agency, Signalling and Option Pricing Theories</td>
<td>MHHF, pp.80-95.</td>
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<td></td>
<td></td>
<td>• CAPM and the Small Firm Effect</td>
<td>MHHF, pp.101-122.</td>
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<td>• FINANCIAL THEORY CONSIDERATIONS</td>
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<td>CLASS (Group A): Case Discussion – Consetec and Vertex</td>
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<td>11 16/10/02</td>
<td>7b. FINANCIAL THEORY CONSIDERATIONS</td>
<td>• Owner Objectives</td>
<td>MHHF, pp.205-230.</td>
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<td>• Liquidity Considerations</td>
<td>MHHF, pp.238-258.</td>
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<td>• Financing Decisions</td>
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<td>• Profit Distribution Decisions</td>
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<td>• FINANCING</td>
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<td>CLASS (Group B): Case Discussion – Consetec and Vertex</td>
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<td>12 23/10/02</td>
<td>8. FINANCING</td>
<td>• Finance Access</td>
<td>MHHF, pp.143-156.</td>
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<td>• Finance Gap</td>
<td>MHHF, pp.397-416.</td>
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<td>CLASS (Group C): Case Discussion – Consetec and Vertex</td>
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<td>13 30/10/02</td>
<td>9. VALUATION OF UNLISTED BUSINESSES</td>
<td>• The Need For Business Valuation</td>
<td>MHHF, pp.260-265.</td>
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<td></td>
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<td>• Alternate Valuation Methods</td>
<td>MHHF, pp.369-393.</td>
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<td>• Estimating the Cost of Capital</td>
<td>OND, pp.268-297.</td>
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<td>CLASS: Final Review</td>
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<td>14 06/11/02</td>
<td>NO LECTURE OR CLASS</td>
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