

## 2017/18 Second Semester

### GCIN 2016 Financing for Creative Industries

<b>COURSE INSTRUCTOR</b>	Mr. Lawrence Lai
<b>LECTURE TIME</b>	Friday 12:30 p.m. – 2:20 p.m.
<b>VENUE</b>	CRT-4.28

#### COURSE OVERVIEW

Cultural industries often receive many supports from the government. However, what makes a creative enterprise grow is its ability to get strong financial supports in the market. As the cultural industries are characterised by a high level of volatility and a strong dependence on human capital, its fundraising solutions are unique and innovative. This course discusses and examines different financing solutions to high-growth creative industries and how they are different from the traditional solutions for manufacturing-based industries. With in-depth discussions on theories and case studies, students will have gained comprehensive understanding on business plan evaluation, economics of different financial solutions for creative industries and the key to a successful financing. Students will be also encouraged to critically examine the interplay of cultural, economic and governmental influences upon financing effectiveness. Special attention will be placed on China where the industries are booming.

This course is designed for non-business major students who are assumed to have limited background in fundamental concepts and practices of financing. Interaction is encouraged in classes, and fundamental theories are followed by practical suggestions and opportunities to apply them to the case studies discussed in class.

**COURSE SCHEDULE (subject to change)**

Week	Date	Content
1	19 Jan	<p>Forms of businesses and General Accepted Accounting Principles</p> <p>Various forms of business and some basic concepts underlying financial statements will be discussed to equip the students with the understanding of some basic concepts of Accounting which will be useful to understand the finance of a business.</p> <p>Suggested references:</p> <p>1) Wayne A. Label. (2006). <i>Accounting for Non-Accountants – the fast and easy way to learn the basics</i>. Illinois: Sourcebook Inc.. Chapter 1, 2 and 6.</p>
2	26 Jan	<p>Understanding and interpretation of financial statements</p> <p>Using the financial statements of Most Kwai Chung Limited, an integrated advertising and media services provider (“毛記電視”), in Hong Kong, as an illustration, we will try to understand the basics of financial statements including balance sheet, profit and loss and cashflow statements, auditors’ / accountant’s report</p> <p>Suggested references:</p> <p>1) Wayne A. Label. (2006). <i>Accounting for Non-Accountants – the fast and easy way to learn the basics</i>. Illinois: Sourcebook Inc.. Chapter 3 -6 and 11</p> <p>2) Most Kwai Chung Limited. (2017). <i>Application Proof</i>. Hong Kong: Stock Exchange of Hong Kong</p> <p><a href="http://www.hkexnews.hk/APP/SEHK/2017/2017072502/Documents/SEHK201707260011.pdf">http://www.hkexnews.hk/APP/SEHK/2017/2017072502/Documents/SEHK201707260011.pdf</a></p> <p>with focus on Appendix I- Accountant’s Report</p> <p><a href="http://www.hkexnews.hk/APP/SEHK/2017/2017072502/a12098/EMKCL-20170725-27.PDF">http://www.hkexnews.hk/APP/SEHK/2017/2017072502/a12098/EMKCL-20170725-27.PDF</a></p>
3	02 Feb	<p>Understanding and interpretation of financial statements (continued)</p> <p>Continue the topic in Week 2</p>
4	09 Feb	<p>Financial management and internal financing</p> <p>Focus of this week will be on the internal operating cash flow which is the cheapest yet an overlooked source of finance. Sound financial management is also the foundation for good business health and external financing.</p> <p>Suggested references:</p> <p>1) Wayne A. Label. (2006). <i>Accounting for Non-Accountants – the fast and easy way</i></p>

		<p><i>to learn the basics.</i> Illinois: Sourcebook Inc.. Chapter 8.</p> <p>2) Philip J. Adelman &amp; Alan M. Marks. (2009) <i>Entrepreneurial Finance</i>, Ohio: Prentice Hall. Chapter 2 - 7</p> <p>3) Mark Blayney. (2006) <i>Raising finance for your business – a nuts and bolts guide for SME owners and managers.</i> Devon: How to Books Ltd. Chapter 3- 5</p>
5	23 Feb	<p>Financial management and internal financing</p> <p>Continue the topic in Week 4</p>
6	02 Mar	<p>Business plan and financial plan</p> <p>Before considering any external financing, we need to prepare to tell the prospective financier(s) why we should be supported and how much we need. How to prepare a business and financial plan will be discussed.</p> <p>Suggested references:</p> <p>1) Mark Blayney. (2006) <i>Raising finance for your business – a nuts and bolts guide for SME owners and managers.</i> Devon: How to Books Ltd. Chapter 4</p> <p>2) John Bradberry.(2011). <i>6 Secrets to Startup Success – How to turn your entrepreneur passion into a thriving business.</i> New York: Amacom</p> <p>3) Louise Levison. (2013). <i>(Filmmakers and Financing – Business Plans for Independents.</i> Burlington: Focal Press.</p>
7	23 Mar	<p>External financing to business</p> <p>Different sources of external financing and their implications to the business including, owner equity, loans, grant, venture capital, crowdfunding and initial public offerings will be discussed.</p> <p>Suggested references:</p> <p>1) Mark Blayney. (2006) <i>Raising finance for your business – a nuts and bolts guide for SME owners and managers.</i> Devon: How to Books Ltd.</p> <p>2) Steven Dresner.(2014) <i>Crowd Funding – A guide to raising capital on the internet.</i> New Jersey : John Wiley &amp; Son Inc..</p>
8	06 Apr	<p>External financing to business (continued)</p> <p>Continue the topic in Week 6</p>
9	13 Apr	<p>Industry case study: Film</p> <p>Film industry is a capital intensive creative industry. We will review some financing practices in the industry which is specific to this industry</p> <p>Suggested references:</p>

		<p>1) Louise Levison. (2013). <i>Filmmakers and Financing – Business Plans for Independents</i>. Burlington: Focal Press.</p> <p>2) 卓伯棠. (2016). <i>華語電影-融資、市場與製片管理</i>. 香港: 天地圖書有限公司及香港浸會大學電影學院.</p>
10	20 Apr	<p>Industry case study: Music / Performing Arts and Culture / Publishing / Toy and Games</p> <p>Review financing practices of some other creative industries</p> <p>Suggested references:</p> <p>1) Harold L. Vogel.(2011). <i>Entertainment Industry Economics – A Guide for Financial Analysis</i>. New York: Cambridge University Press</p> <p>Presentation of group projects</p>
11	27 Apr	Presentation of group projects

### Assessment

1) Attendance and short quiz in each class (30%) – short quiz will be completed in the class to test the understanding of some basic concepts discussed in the class

2) Written Assignment (20%): (around 1,000 words) (due on 16 March 2018)

The assignment materials will be given to students on Moodle in the week of 28 January 2018.

The written assignments shall be submitted to Moodle and a hard copy be submitted to the instructor on or before 16 March 2018

3) Group Project (total 50%) - a business plan for financing of a business in any creative industry of your own choice (due on 27 April 2018). Each group comprise 3-4 students.

Deliverables:

- 1) Project plan stating the name of the company, industry and group members submitted to Moodle on or before 3 March 2018
- 2) Hard copy of the presentation and the written business plan submitted to the instructor on 27 April 2018
- 3) Group presentation on 20 or 27 April 2018 (25%)
- 4) A written business plan submitted to Moodle on or before 27 April 2018 (25%)

The purpose of the project is to let students go through and gain the understanding of the process of preparation of a coherent and reasonable business plan. Focus will be on the students' understanding of their chosen industry, own business strategies and the financing need as well as

the presentation of such clearly. In view of the confidentiality and availability of financial and other information, the business strategies and financial data need not all be real but assumptions made must be reasonable. A simple financial forecast template will also be given to students for reference on Moodle in the week of 9 February 2018.

The company can be a new or an existing one in any creative industry. Some company reference may be found on the web site of InvestHK of the Government of Hong Kong Special Administrative Region.

<http://www.investhk.gov.hk/publications-resources.html>

Suggested references:

- 1) Mark Blayney. (2006) *Raising finance for your business – a nuts and bolts guide for SME owners and managers*. Devon: How to Books Ltd.
- 2) John Bradberry.(2011). *6 Secrets to Startup Success – How to turn your entrepreneur passion into a thriving business*. New York: Amacom
- 3) Louise Levison. (2013). *Filmmakers and Financing – Business Plans for Independents*. Burlington: Focal Press.