

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

COURSE OUTLINE

M/T Wed 9
Oct 17
Nov 14

COURSE NAME Finance and Taxation for Real Estate and Small Business

COURSE NUMBER FMGT 3223

DATE September 1994

Prepared by David K. Chan

Taught to Second Year

B. Comm., M.B.A., CA

Department Financial Management

Option Real Estate; Small Business

Division Business

Department Marketing

Date Prepared June, 1994

Division Business

Term 3 Hrs/Wk 4 Credits 4

No. of Weeks 15 Total Hours 60

Instructor(s) David K. Chan Office 2E 6-381 Local 6753

Office Hours Posted at office or by appointment

PREREQUISITES

Introductory Financial Accounting, Statistics, Business Mathematics

COURSE OBJECTIVES

(Upon successful completion of this course, the student will be able to:)

1. Understand the rationale for using various forms of business ownership for the management of real estate property.
2. Appreciate the income tax implications involved in real estate ownership and management.
3. Appreciate the financial statements of various businesses to determine financial strength and suitability for real estate ownership and management.
4. Appreciate the accounting and financial aspects of small business ownership of real estate ventures.
5. Understand the sources and uses of funds for small businesses.

EVALUATION

Final Examination	<u>40</u>	%
Mid-Terms (2)	<u>60</u>	%
Total	<u>100</u>	%

REQUIRED TEXT(S) AND EQUIPMENT

FOUNDATIONS OF FINANCIAL MANAGEMENT

Stanley Block, Geoffrey Hirt, Douglas Short

Irwin Inc. 1994

Third Canadian Edition.

REFERENCE TEXTS AND RECOMMENDED EQUIPMENT

1. Study guide to accompany above (helpful but not compulsory).
2. Canadian Financial Management by Alfred Davis and George Pinches, Harper and Row.
3. Fundamentals of Financial Management by Vanhorne, Dipchand and Hanrahan, Prentice Hall, Fifth Canadian Edition.
4. Introduction to Financial Management by Schall, Haley and Schachter, McGraw-Hill Ryerson, Second Canadian Edition.

COURSE OUTLINE
(continued)

Week Lecture or Lab Number	Topic Coverage and Specific Unit Objectives	References
1	INTRODUCTION TO CORPORATE FINANCE <ul style="list-style-type: none"> • What is Corporate Finance • Goals of Financial Management • Financial Institutions, Financial Markets and the Corporation 	Chapter 1
2	REVIEW OF ACCOUNTING <ul style="list-style-type: none"> • Income Statement and Balance Sheet • Cash Flow • Taxes and Capital Cost Allowance 	Chapter 2
3	FINANCIAL ANALYSIS <ul style="list-style-type: none"> • Ratio Analysis • Use of Ratios to Analyze a Firm 	Chapter 3
4	FINANCIAL FORECASTING <ul style="list-style-type: none"> • Pro Forma Income Statement • Balance Sheet and Cash Budget 	Chapter 4
5	MID TERM EXAM ON CH. 1, 2, 3, 4	
6	OPERATING AND FINANCIAL LEVERAGE <ul style="list-style-type: none"> • Breakeven Analysis 	Chapter 5
7	COST OF CAPITAL <ul style="list-style-type: none"> • Use of Debt, Preferred and Common Stock 	Chapter 11
8	THE CAPITAL BUDGETING DECISION <ul style="list-style-type: none"> • Use of Net Present Value and Internal Rate of Return Methods 	Chapter 12
9	RISK AND CAPITAL BUDGETING <ul style="list-style-type: none"> • Use of Coefficient of Variation • Risk Adjusted Discount Rates • Decision Trees and Simulation 	Chapter 13

COURSE OUTLINE
(continued)

Week Lecture or Lab Number	Topic Coverage and Specific Unit Objectives	References
10	MID TERM EXAM ON CH 5, 11, 12, 13	
11	REAL ESTATE FINANCING AND TAXES	Handouts
12	REAL ESTATE FINANCING AND TAXES	Handouts
13	REAL ESTATE FINANCING AND TAXES	Handouts
14	FINAL EXAMINATION	
The student is STRONGLY ADVISED to have read the chapter that will be covered BEFORE attending the class in order to improve their ability to grasp the material and allow as much time as possible for problem solving.		