

II Year I Semester

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Code: 20HS3002

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MANAGERIAL ECONOMICS AND FINANCIAL ACCOUNTANCY

Course Objectives:

1. The Learning objectives of this paper are to understand the concepts of Managerial Economics like Demand and Demand forecasting, understand the nature of markets, Methods of Pricing in the different market structures and to know the different forms of Business organization and the concept of Business Cycles
2. To learn different Accounting Systems, preparation of Financial Statement and uses of different tools for performance evaluation, Capital Budgeting and the techniques used to evaluate Capital Budgeting proposals.

UNIT-I

Introduction to Managerial Economics and demand Analysis: Definition of Managerial Economics -Scope of Managerial Economics and its relationship with other subjects -Concept of Demand, Types of Demand, Determinants of Demand- Demand schedule, Demand curve, Law of Demand and its limitations- Elasticity of Demand, Types of Elasticity of Demand and Measurement- Demand forecasting and Methods of forecasting, Concept of Supply and Law of Supply.

UNIT - II:

Theories of Production function- Law of Variable Proportions- Isoquants and Isocosts and choice of least cost factor combination-Concepts of Returns to scale and Economies of scale-Different cost concepts: opportunity costs, explicit and implicit costs-Fixed costs, Variable costs and total costs-cost-volume profit analysis- Determination of Breakeven point (Problems) Managerial significance and limitations of Breakeven point.

UNIT - III:

Markets & New Economic Environment: Market structures and types of Business organizations: Types of competition, Features of perfect competition, Monopoly and monopolistic competition. Price determination & Price Statistics: Price Output determination in case of perfect competition and monopoly. Pricing objectives and policies of pricing, Methods of pricing. Business features and evaluation of different forms of Business organization: Sole proprietorship, partnership, Joint Stock Company, public enterprises and corporation, Government company and their types, the modes of by which a company can raise finance: Shares (Equity and Preference shares), Debentures, short term investment programs

UNIT - IV:

Introduction to Accounting & Financing Analysis: Introduction to Double Entry Systems - Preparation of Financial Statements-Analysis and Interpretation of Financial Statements-Ratio Analysis - Preparation of Funds flow and cash flow statements (Simple Problems)

UNIT - V:

Capital and Capital Budgeting: Capital Budgeting: Meaning of Capital-Capitalization-Meaning of Capital Budgeting-Time value of money- Methods of appraising Project profitability: Traditional Methods (payback period, accounting rate of return) and modern methods (Discounted cash flow method, Net Present Value method, Internal Rate of Return Method and Profitability Index)

Text Books:

1. Dr. A. R. Aryasri - Managerial Economics and Financial Analysis, TMH 2011
2. Dr. N. Appa Rao, Dr. P. Vijay Kumar: 'Managerial Economics and Financial Analysis', Cengage Publications, New Delhi - 2011

References:

1. Dr. B. Kuberudu and Dr. T. V. Ramana: Managerial Economics & Financial Analysis, Himalaya Publishing House, 2014.
2. V. Maheswari: Managerial Economics, Sultan Chand.2014
3. Suma Damodaran: Managerial Economics, Oxford 2011.
4. Prof. J.V. Prabhakararao, Prof. P. Venkatarao. 'Managerial Economics and Financial Analysis', Ravindra Publication.
5. I.M Pandey, Financial Management, Vikas Publishing House Pvt Ltd

Weblinks /Online Resources:

- <https://nptel.ac.in/courses/110/101/110101005/>
- <https://www.sparknotes.com/economics/>
- <https://www.accountingcoach.com/accounting-basics/outline>

Course Outcomes:

By the end of the course the student will be able to:

- CO1: Estimate the Demand and demand elasticities for a product.
- CO2: Understand the Input-Output-Cost relationships and estimation of the least cost combination of inputs.
- CO3: Understand the nature of different markets and Price Output determination under various market conditions and also to have the knowledge of different Business Units.
- CO4: Prepare Financial Statements and the usage of various Accounting tools for Analysis.
- CO5: Evaluate various investment project proposals with the help of capital budgeting techniques for decision making.