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# CN5204 ECONOMICS AND FINANCE MANAGEMENT IN CONSTRUCTION

# **DETAILED SYLLABUS**

#### **UNIT I BASIC PRINCIPLES**

Time Value of Money – Cash Flow diagram – Nominal and effective interestcontinuous interest .Single Payment Compound Amount Factor (P/F,F/P) – Uniform series of Payments (F/A,A/F,F/P,A/P)– Problem time zero (PTZ)- equation time zero (ETZ). Constant increment to periodic payments – Arithmetic Gradient(G), Geometric Gradient (C).

#### UNIT II COMPARING ALTERNATIVES PROPOSALS

Comparing alternatives- Present Worth Analysis, Annual Worth Analysis, Future Worth Analysis, Rate of Return Analysis (ROR) and Incremental Rate of Return (IROR)Analysis, Benefit/Cost Analysis, Break Even Analysis.

#### UNIT III EVALUATING ALTERNATIVE INVESTMENTS

Real Estate - Investment Property, Equipment Replace Analysis, Depreciation – Tax before and after depreciation – Value Added Tax (VAT) – Inflation.

#### UNIT IV FUNDS MANAGEMENT

Project Finance – Sources of finance - Long-term and short -term finance, Working Capital Management, Inventory valuation, Mortgage Financing - International financial management foreign currency management.

#### UNIT V FUNDAMENTALS OF MANAGEMENT ACCOUNTING

Management accounting, Financial accounting principles- basic concepts, Financial statements – accounting ratios - funds flow statement – cash flow statement.

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#### REFERENCES

1. Blank, L.T., and Tarquin,a.J (1988) Engineering Economy,4th Edn. Mc-Graw Hill Book Co.

2. Collier C and GlaGola C (1998) Engineering Economics & Cost Analysis, 3nd Edn.

Addison Wesley Education Publishers.

3. Patel, B M (2000) Project management- strategic Financial Planning, Evaluation and Control, Vikas Publishing House Pvt. Ltd. New Delhi.

4. Shrivastava, U.K., (2000) Construction Planning and Management, 2nd Edn. Galgotia Publications Pvt. Ltd. New Delhi.

5. Steiner, H.M. (1996) Engineering Economic principles, 2nd Edn. Mc-Graw Hill Book, New York.

#### OBJECTIVES

To study the concepts of Construction Economic and Finance such as comparing alternatives proposals, evaluating alternative investments, management of funds, and management of accounting.