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BUSINESS ECONOMICS 1



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BELIANUM

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FOREWORD

The concept of business economics is being defined in different ways. Some schools understand it as the application of economic methods in analysing the practical aspects of business, others, as studying the way in which enterprises use scarce resources for the production, distribution, and consumption of products and services. We favour the approach that considers business economics as the application of economic methods in analysis of business processes to explain their principles and relationships.

The publication brings basic knowledge on entrepreneuring, enterprise, and selected business processes from the economic point of view. It is the basic study literature for the subject Business economics in the study program Business Economics and Management at the Faculty of Economics, Matej Bel University in Banská Bystrica.

The publication is divided into seven chapters. In the first chapter, attention is paid to entrepreneurship, as a purposeful human activity, which is legally formalized in the form of enterprise. The chapter explains the basic features of selected types of enterprise that can operate in Slovakia and the European Union. Attention is also paid to the functions and goals of profit-oriented business units, as well as the characteristic of business production factors.

The second chapter characterizes and classifies the long-term and short-term assets of the company from several aspects. In the case of long-term assets, it deals in more detail with the economic side of their amortization. The authors present a set of basic indicators through which it is possible to measure the effectiveness of corporate assets utilisation.

The third chapter is devoted to the cost of the company, as an economic category, which quantifies the value of inputs. The authors present the basic features of individual types of costs, selected cost indicators and their use in management of the company and in-plant departments.

The fourth chapter is closely related to the previous one, as it approaches costs in terms of creating cost calculations. It presents the basic types of calculations and selected methods of indirect costs distribution.

The fifth chapter is devoted to price calculations and approaches to pricing. It contains a formalized procedure of price calculations and considers the specifics of manufacturing and trade companies as well as companies providing services.

The sixth chapter deals with revenues. It clarifies the basic types of revenues and selected economic indicators for measuring the value produced by the company in transformation process. The authors point out the differences between the revenues and cash inflow of the company, paying attention to the measurement of added value.

The seventh chapter merges the costs and revenues into the economic result of business operation. Attention is paid to the calculating of the accounting and tax economic result, its taxation, methods of profit distribution, as well as to the possibilities of the loss settlement in the company.

Many areas of the enterprise operation are a subject to legislative changes and therefore the authors recommend readers to supplement their study with up to date information.

Authors