1. **Financial Management**:

Financial management is concerned with the acquisition, financing, and management of asset with some overall goal in mind. Thus the decision function management can be broken into three areas: investment, financing, asset management decisions.

1. **Sole Proprietorships**:

It is the oldest form of business organization. It is defined as a single person owns the business. The single owner has unlimited liability for all debts of the firm. A proprietorship pays on separate income taxes. The owner merely adds any profit or loss from business. It is used in service industries.

**Partnership**:

An association of two or more people as partners.

 A legal form of business operation between two or more individuals who share management and profits. The federal government recognizes several types of **partnerships**. The two most common are general and limited **partnerships**.

1. **Corporation**:

A corporation is an organization—usually a group of people or a company—authorized by the state to act as a single entity and recognized as such in law for certain purposes. Early incorporated entities were established by charter.

1. **Limited liability companies**:

Is a hybrid form of business organization that combines the best aspects of both a corporation and partnership. It provides an owner called members with corporate style limited personal liability and the income tax of a partnership.

1. **Financial market**:

Financial Market refers to a marketplace, where **creation and trading of financial assets**, such as shares, debentures, bonds, derivatives, currencies, etc. take place. It plays a crucial role in allocating limited resources, in the country’s economy.

1. **Money market**:

It is an organized exchange market where participants can lend and borrow short term, high quality debt securities with average of one year or less.The market enable government banks, and other large institutions to sell short term securities.

1. **Capital market**:

It as a part of a financial system concerned with raising capital by dealing in shares, bonds, and other long term investments.

1. **Primary market**:

The primary market is the part of the capital market that deals with the issuance and sale of equity backed securities to investors directly by the issuer.

1. **Financial intermediary**:

An institution such as bank, building society, or unit trust company, that hold funds from lenders in order to make loans to borrowers.

1. **Financial statement**:

These are reports prepared by a company’s management to present the financial performance and point in time.

1. **Balance sheet**:

It is a statement of financial management of a business that lists the assets, liabilities, and owners equity at a particular point of time. In short balance sheet illustrates your business’s worth.

1. **Accounts payable**:

Money owed by a company to its creditors. They are legally enforceable claims for payment held by a business for goods supplied and/or services rendered that customers/clients have ordered but not paid for. These are generally in the form of invoices raised by a business and delivered to the customer for payment within an agreed time frame.

1. **Financial asset**:

It is a liquid asset that gets its value from an ownership claim. Cash, stock bonds and banks etc.

1. **Account receivable**:

Money owned by a company to its debtor.

1. **Common shares**:

Are issued to business owners and other investors as proof of the money they have paid into a company. ... **Common shares** make up one part of a company's shareholder equity, which also includes any preferred **shares** that have been issued as well as any retained earnings.

**Preferred shares**:

Are shares of a company’s stock with dividends that are paid out to shareholders before common stock dividends are issued.

1. **Bonds**:

Are the fixed income security is a debt instrument created for the purpose of raising capital.

1. **Income statement:**

Is one if a company’s core financial statements that shows their profit and loss.

1. **Cash flow statement**:

Is a statement in a financial statement that summarizes the amount of cash and cash equivalents entering and leaving a company.

1. **Time value of money**:

Is a concept that money available at the present time is worth more than the identical sum in the future due to its potential earning capacity.

1. **Simple interest**:

It is determined by multiplying the daily interest rate by the principal by number of days that elapse between payments.

1. **Compound interest:**

It is the addition of interest, to the principal sum of a loan or deposit, or in the other words interest on interest.

1. **Primary market**:

It is the part of capital market that deals with the issuance and sale of equity backed securities to investors directly by the issuer.

1. **Secondary markets**:

It is a stock market though stocks are also sold on primary market when they are first issued.