

Finance is the science relating to the management of money, assets, and money-related (monetary) problems. With an asset being anything that can be owned and whose value can be expressed in monetary terms.

The verb "finance" relates to the act of raising capital, such as for a business venture or to purchase an asset (e.g. a house). Corporate Finance is the subset of Finance that deals with the financial decisions that corporations make. To achieve growth, a company must raise money. This money can be raised internally—through profitable operations—or through external channels, such as issuing equity in the company (stocks) or issuing interest bearing securities (bonds). The people who would receive these securities are investors, and investors will only part with their money if they receive something in return.

The two main principles of Finance are:

- The Time Value of money
- The relationship between Risk and Return

Much of Finance is concerned with the valuation of securities issued to raise money, and the valuation of capital assets. The risk of an asset is of primary concern to its value. All else being equal, the higher the risk of an asset, the lesser its value. Also, all else being equal, cash flows to be received now or in the near future are more desirable than cash flows to be received in the distant future, and thus are more valuable.