[Glossary]

Financial Management Introduction - Part: 2

Subject:	Business Economics
Course:	B.A., 3rd Semester, Undergraduate
Paper No. & Title:	Paper – 303 Business Finance
Unit No. & Title:	Unit – 1 Financial Management Introduction
Lecture No. & Title:	Lecture – 2 Financial Management Introduction - Part: 2

Glossary

Annuity due

The stream of equal amount of payments or receipt occurring in the beginning of the period.

Annuity regular

The stream of equal amount of payments or receipt occurring in the end of the period.

Coefficient of variation

It is a measure of relative dispersion or a measure of risk per unit of expected return. It converts standard deviation of expected values to enable comparison of risks associated with the projects having different lives.

Compound interest

Compound interest is the interest earned on a given principal amount that has become a part of the principal at the end of a specified period.

Principal

It is the amount of money on which interest is received.

Present value interest factor: It is the multiplier used to calculate at a specified discount rate the present value of an amount to be received in a future period.

Present value Annuity factor

It is the multiplier to calculate the present value of an annuity at a specified discount rate over a given period of time.

Perpetuity: It's an annuity with an indefinite life. There is no maturity period.

Return

Return is the actual income received on an investment in the form of interest and dividend.

Risk

The variability in the actual returns from the expected ones. It can also be defined as a situation where probabilities can be assigned.

Standard deviation

It measures the dispersion around the expected value. It is the most common statistical technique for measurement of risk.