

CHAPTER OVERVIEW

2: Basic Ideas of Finance

This chapter introduces the basic financial and accounting categories of **revenues**, **expenses**, **assets**, **liabilities**, and **net worth** as tools to understand the relationships between them as a way, in turn, of organizing financial thinking. It also introduces the concepts of **opportunity costs** and **sunk costs** as implicit but critical considerations in financial thinking.

[2.1: Introduction](#)

[2.2: Income and Expenses](#)

[2.3: Assets](#)

[2.4: Debt and Equity](#)

[2.5: Income and Risk](#)

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