FINANCE

A Financial terms

Example	Meaning
We need to **raise capital**.	**capital** the money you need to start a business (to **raise capital** is to find the money you need).
The company has an **annual turnover** of $20 million.	**turnover** the total value of goods or services that a company sells in a particular period of time (**annual** = every year). SYN **sales revenue.**
Operating costs have gone up this year.	**operating costs** the amount of money that a business needs to spend to continue as a business.
Inflation is now at 3 per cent.	**inflation** a general rise in the price of services and goods in a particular country.
We paid £1 million **in tax.**	**tax** money you have to pay to the government.
The company **made a pre-tax profit** of £2 million.	**profit** the money you make in a business after paying costs (**pre-tax** is before paying tax). OPP **loss.**
I think the company has **cash flow problems.**	**cash flow** the movement of money into and out of a business (a **cash flow problem** means more money is going out than coming in).
I need a **bank loan.** They **took out** a loan.	**bank loan** money the bank lends and sb borrows. **take out** obtain (you also **take out** insurance).
We **pay** a lot of **interest.** The **interest rate** is 4 per cent.	**interest** extra money you pay when you borrow money (the **interest rate** is the exact cost of borrowing).

1 Match 1–8 with a–i.

▶	annual f	a	a loan
1	operating	b	revenue
2	pay	c	rate
3	raise	d	a profit
4	interest	e	costs
5	take out	f	turnover ✓
6	sales	g	capital
7	make	h	flow
8	cash	i	10% interest

spotlight ***finance***

Finance can be:
1 the money somebody borrows or receives to operate a business (*They need to raise more **finance**.*). **finance** V.
OR
2 the activity of managing money in a company. **financial** ADJ. (*He's the new Director of **Finance** /**Financial** Director.*)

2 Complete the sentences.

▶ We can't start the business unless we can raise more capital.
1 If sales continue to rise, the annual .... could reach five million euros.
2 If we spend more money this month, we'll have a cash .... problem.
3 The current interest .... is 5 per cent.
4 It's been a good year; we've made a pre-.................. .... of $3.5 m.
5 .... has gone up this year because of the increase in the price of oil.
6 They needed more money so they .... another bank ....
7 We usually make a profit, but if operating .... go up, we may make a .... this year.
8 They need the loan to .... the new business.

B Financial trends

A **trend** is the general direction in which a situation is changing.

Trend	Common verbs + examples	Common nouns + examples
↑	**go up, rise, increase, grow** *Prices have **risen** by 10 per cent.*	**rise, increase, growth** *We saw some **growth** last year.*
↓	**go down, fall, drop** *Interest rates **fell** last month.*	**fall, drop** *There's been a **drop in** sales.*
→	**remain unchanged/stable** SYN **stay the same** *Prices have **remained unchanged**.*	**stability** *There has been **stability** in the markets.*
	peak *Sales **peaked** in the **third quarter**.* (**third quarter** = July to September)	**peak** *Sales **reached a peak** in 2007.*
	fluctuate *Sales have **fluctuated** all year.*	**fluctuation** *There has been some **fluctuation** in prices.*

Adjective	Meaning	Adverb
a **slight** rise in costs	very small.	*Costs rose **slightly**.*
a **gradual** rise in profits	slow and over a long period of time.	*Profits have risen **gradually**.*
a **steady** increase in the interest rate	slow but regular and continuing.	*The interest rate has increased **steadily**.*
a **significant** fall in profits	noticeable and important.	*Profits fell **significantly**.*
a **sharp** fall in sales	very large and sudden.	*Sales have fallen **sharply**.*

4 Complete the sentences on the right. The meaning must stay the same.

▶	There has been a sharp fall in sales.	Sales have fallen sharply.
1	There was significant growth in sales.	Sales ________ .
2	There was a gradual rise in the price.	The price ________ ________ .
3	There was a slight fall in profits.	Profits ________ ________ .
4	There has been stability in costs.	Costs have remained ________ .
5	There has been a steady rise in sales.	Sales have ________ ________ .

5 Complete the text. Use a <u>different</u> word each time.

Last year started well. In the first quarter sales ▶ increased significantly. The second quarter was even better: sales increased (1) ________ . They continued to (2) ________ steadily in the third quarter and reached a (3) ________ at 90,000. By the end of September, sales had (4) ________ up (5) ________ almost 50 per cent. In the last quarter there was a slight (6) ________ , but it was still a good year. This year has been very different. Sales (7) ________ in the first half of the year – up one month and down the next – but in the last three months they have remained (8) ________ .

6 Look at the arrows and complete the sentences.

▶ There was a ↘ slight fall in 2003.
1 Sales ↗ ________ ________ in 2004.
2 There was a ↗ ________ ________ in 2005.
3 Sales → ________ ________ in 2006.
4 In 2007, sales ↘ ________ ________ .
5 In 2008, sales ↘ ________ ________