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ENGLISH FOR THE FINANCIAL SECTOR

Courses for Master's Degrees in Finance and Banks

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INTRODUCTION

English for the financial sector is reading, speaking, and writing courses for undergraduate students in finance and accounting who need to understand and express the key concepts of finance and accounting and even other related areas of business and economics.

These courses aim to:

- * present you with the language and concepts found in books, newspapers, magazine articles, and websites on finance and accounting.
- * develop your comprehension of finance and accounting texts.
- * provide you with opportunities to express finance and accounting concepts by reformulating them in your own words while summarizing and discussing ideas.

UNIT 2 BUSINESS FINANCE

A- CAPITAL

When people want to set up or start a company, they need money, called capital, companies can borrow this money, called a loan, from banks. The loan must be paid back with interest; the amount paid to borrow the money. Capital can also come from issuing shares or equities — certificates representing units of ownership of a company. The people who invest money in shares are called shareholders and they own part of the company. The money they provide is known as share capital. Individuals and financial institutions, called investors, can also lend money to companies by buying bonds — loans that pay interest and are repaid at a fixed future date.

Money that is owed — that will have to be paid — to other people or businesses is a debt. In accounting, companies' debts are usually called liabilities. Long-term liabilities include bonds; short-term liabilities include debts to suppliers who provide goods or services on credit — that will be paid for later. The money that a business uses for everyday expenses or has available for spending is called working capital or Funds.

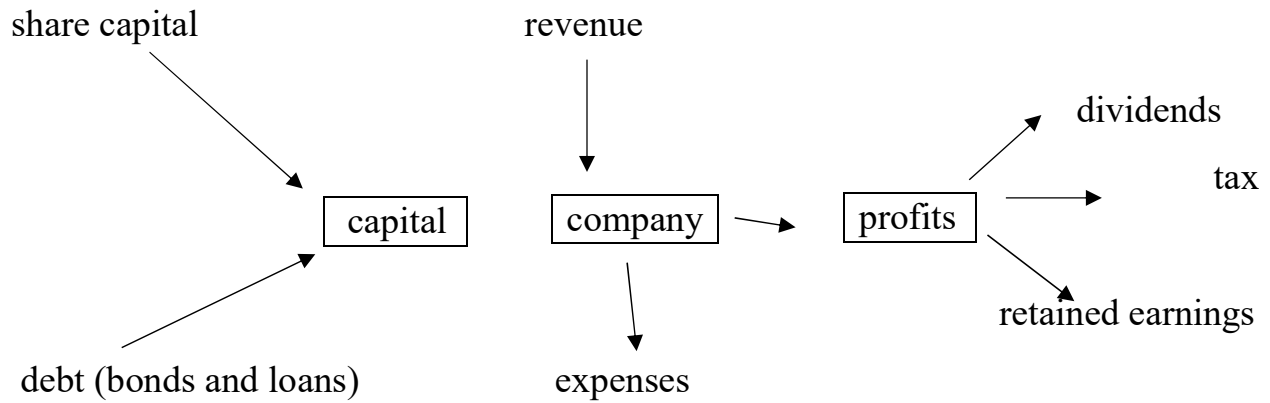
BrE: shares; AmE: stocks

BrE: shareholder; AmE: stockholder

B- REVENUE

All the money coming into a company during a given period is revenue. Revenue minus the cost of sales and operating expenses, such as rent and salaries, is known as profit, earnings, or net income. The part of its profits that a company pays to its shareholders is a dividend. Companies pay a proportion of their profits to the

government as tax, to finance government spending. They also retain, or keep, some of their earnings for future use.



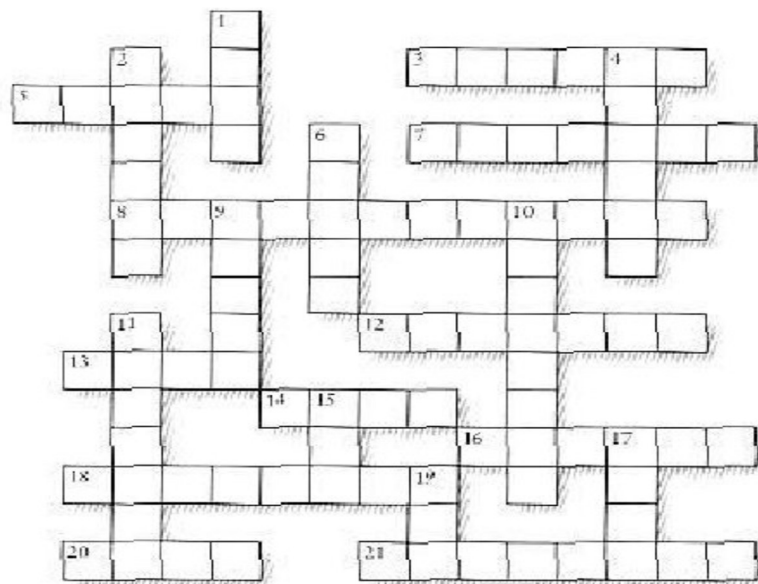
C- FINANCIAL STATEMENTS

Companies give information about their financial situation in financial statements. The balance sheet shows the company’s assets — the things it owns; its liabilities - the money it owes; and its capital. The profit and loss account shows the company’s revenues and expenses during a particular period, such as three months or a year.

BrE: profit and loss account; AmE: income statement

D- HOMEWORK

Complete the crossword. Look at A, B and C opposite to help you.



Across

- 3 Small companies often try to get bank loans when they need to money. (6)
- 3 We don't have sufficient _ to build a completely new factory. (5)
- 7 and 6 down Details of a company's liabilities are shown on the(7,5)
- 8 We're going to raise more money by selling new shares to our existing (12)
- 12 We had to raise €50,000 in order to start the business. (7)
- 13 We're going to pay back some of the people who lent us money and reduce our.....(4)
- 14 I decided to buy a \$10,000..... instead of shares, as it's probably safer. (4)
- 16 Another term for profit is net (6)
- 18 I think this is a good investment: it pays 8%.....(8)
- 20 When they saw our financial statements, the bank refused to..... us any more money. (4)
- 21 Profit is the difference between revenue and... (8)

Down

- 1 The profit and account shows if a company is receiving more money than it's spending. (4)
- 2 If you don't like taking risks, you should only in very successful companies. (6)
- 4 A company's retained earnings belong to its(6)
- 6 See 7 across.
- 9 Anything a company uses to produce goods or services is an..... (5)
- 10 The company made such a big profit, I expected a higher (8)
- 11 We sold a lot more last year, so our Went up. (7)
- 15 We... our suppliers \$100,000 for goods bought on credit. (3)
- {7 Everyone who buys a sharepart of the company. (4)
- 19 Thirty percent of our profits goes straight to the government in..... (3)

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- 3- Ian Mackenzie, Professional English in Use, Publisher: Cambridge University Press, Year: 2006.