

FNANCE

FINANCIAL VOCABULARY

Profit

The money made by a company (revenue minus expenses)



Loss

When a company has not made a profit - they have lost money.

Revenue =

the money made by a business from the sale of products / services

Cash Outflow

the total amount of money that a business spends

Gross

A total before deduction of tax

Net

A total after deduction of tax



Investment

The money that a person / business put into another business in order to make a profit

Shares

If you invest in a business, you own a part of the business - this part is called a share.

Dividend

The money paid annually to people who own shares, from the company's profits.

Average

A number that is the typical value for a set of data.

Assets

Anything you own that has a value (e.g. property)

External Capital

The money received from outside sources.



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MATCH THE PHRASES WITH THEIR DEFINITIONS

Interest rate

When you owe money that you do not have.

Loan

Spending more money than is in your bank account

Debt

Money that you borrow usually from a bank.

In overdraft

The money that a company owes.

Liabilities

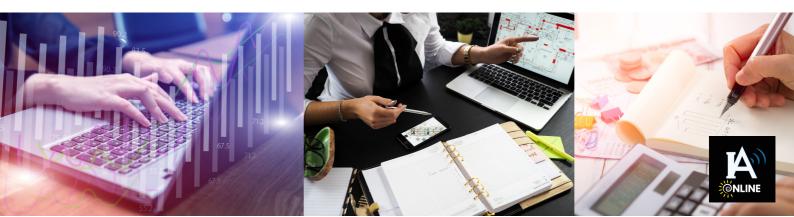
The % of loan that you pay back, on top of the loan.

Credit rating

A loan for a house / other property.

Mortgage

An assessment of someone's ability to repay a loan



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READ THE TEXT AND ANSWER THE OUESTIONS

"Hi Paul, we have a problem. The value of our shares is decreasing, so our shareholders will receive a much smaller dividend than they may be expecting. Our investment manager, John, is taking steps to inform the shareholders, but in the mean time we need to focus on increasing our profits. The turnover this quarter was the worst we have ever had - and we will potentially make a loss in the next quarter according to our forecasts. Our sales team are working hard to attract new customers, in order to increase revenue, but I need you to look at how we can reduce expenses, and our overall cash outflow. Could you write up an assessment of the possibilities for this and have it to me by end of play on Wednesday? Thanks"

1.	What has happened to the shares?
2.	What is John going to do?
3.	What might happen in the next quarter?
4.	What does Paul need to do by Wednesday evening?

