80 Finance

A Financial terms

Example	Meaning
*We need to **raise capital** for the new musical.*	**capital** a large amount of money you need to start a business, etc. **raise capital** find the money you need to run a business or for a particular project
*I would like to **invest** more money in wind energy.*	**invest** give money to a business or bank in order to get more money back
*The company has an **annual turnover** of $20m.*	**turnover** the total value of goods or services that a company sells in a particular period of time **annual** for the period of one year
***Inflation** is now 3%.*	**inflation** a general rise in the price of services and goods in a particular country
*We paid £1m **in tax** last year.*	**tax** money you have to pay to the government
*The company **made a pre-tax profit** of £2m.*	**profit** the money you make in a business after paying costs OPP **loss**: ***make a profit/loss*** **pre-tax** before paying tax
*We **pay** a lot of **interest** on our loan. The **interest rate** is 5%.*	**interest** extra money you pay when you borrow money. The **interest rate** is the percentage at which your interest is calculated.
*We trade in foreign **currencies**.*	**currency** [C] [U] the system or type of money that a country uses, e.g. *dollars, yen*
***Production** needs to increase to make a profit.*	**production** the action of making or growing sth. The company or country that does this is the **producer**.

SPOTLIGHT *finance*

Finance can be the money somebody borrows or receives to operate a business.
- *They need to raise more **finance**.*

It is also the activity of managing money in a company. **financial** *adj*
- *He's the new **Director of Finance / Financial Director**.*

1 Good news or bad news? Write *G* or *B*.

▶ We need to raise more capital. B
1 Pre-tax profit is down. .....
2 You can buy foreign currency online. .....
3 They want to invest in our business. .....
4 Inflation is up. .....
5 Turnover is up. .....
6 We're paying more interest. .....
7 Tax is lower. .....

2 Cover the glossary and write the answers.

▶ the money you make in a business after paying tax = profit
1 turnover every year = ... turnover
2 pre-tax profit = profit ..... paying tax
3 money you need to start a business = ...
4 the money you have to pay when you borrow money = ...
5 a general rise in the price of services and goods = ...
6 the action of making or growing something = ...

3 Complete the sentences.

▶ We can't start the business until we raise more finance.
1 The current interest ..... is 5%.
2 It has been a good year and the company should make a ..... .
3 The company has had ..... problems and they need people to ..... more money in the business.
4 It's been a bad year; we've made a pre-..... ..... of $3.5m.
5 If sales continue to rise, the annual ..... could reach £5m.
6 Brazil is one of the largest ..... of coffee.

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B Trends

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

Trend	Verbs	Nouns
↑	**go up, rise, increase** *Prices have **risen** this year.*	**rise, increase, growth** [U] *We saw some **growth** in imports last year.*
↓	**go down, fall, drop** *Sales of petrol cars **went down** last month.*	**fall, drop** *There has been a **drop in** sales.*
→	**remain stable** SYN **stay the same** *Prices have **remained stable**.*	**stability** *There is **stability** in the cotton market.*
↓ ^	**reach the highest point** *Sales **reached their highest point** in the **second quarter** (= April to June).*	**peak** *Sales **reached a peak** in 2007.*
~↗	**fluctuate** *Mobile phone sales have **fluctuated** all year.*	**fluctuation** [U, C] *There's been a **fluctuation** in mobile phone sales.*

We use adjectives and adverbs to describe changes in more detail:

ADJECTIVE	Meaning	ADVERB
*a **slight** rise in costs*	very small OPP **sharp**	*Costs rose **slightly**.* (OPP **sharply**)
*a **steady** increase in the interest rate*	slow but regular and continuing	*The interest rate has increased **steadily**.*
*a **significant** fall in profits*	clear to see and important	*Profits fell **significantly**.*

SPOTLIGHT prepositions with *rise* and *fall*

Notice how these prepositions are used to describe movement.

- *Sales fell **from** 100,000 **to** 75,000.* *Sales fell **by** 25,000.*

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

▶	There was a significant fall in sales.	Sales have fallen sharply.
1	The price of oil went up from $8 to $10.	The price of oil went up by _____.
2	There has been a significant rise in the price of oil.	The price of oil _____.
3	There was a slight fall in profits.	Profits _____.
4	There has been stability in production.	Production has remained _____.
5	There has been a steady rise in sales.	Sales have _____.
6	Sales reached their highest point in June.	Sales reached a _____ in June.
7	Sales have gone up by 4% this year.	We have seen a 4% _____ in sales this year.

5 **Complete the text. Use a different word each time.**

Last year started well. In the first ▶ quarter sales **(1)** _____ steadily. The second quarter was even better: sales increased **(2)** _____. They continued to **(3)** _____ steadily in the third quarter and reached a **(4)** _____ at 90,000. This meant that over the first nine months of the year, sales had **(5)** _____ up **(6)** _____ almost 50%. In the last quarter there was a slight **(7)** _____, but it was still a good year. This year has been very different. Sales **(8)** _____ in the first half of the year – up one month and down the next, but in the last three months they have remained **(9)** _____.

6 **Look at the arrows and complete the sentences.**

▶	There was a ↘	slight fall	in 2013.
1	Sales ↗	_____ _____	in 2014.
2	There was a ↗	_____ _____	in 2015.
3	Sales →	_____ _____	in 2016.
4	In 2017, sales ↘	_____ _____	.
5	In 2018, sales ↘	_____ _____	.

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