

CHECK YOUR ENGLISH
VOCABULARY FOR

Banking and Finance

Second Edition

Jon Marks

All you need to improve your vocabulary

CHECK YOUR ENGLISH VOCABULARY FOR

BANKING
AND
FINANCE

Jon Marks

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Who is the book for?

This book has been written for people whose first language is not English, and who need to use English in the context of banking and finance. It covers language useful for working in retail banking, company finance departments and other situations involving financial transactions. There is a strong focus on the language needed to communicate on financial topics, discuss financial problems and plan projects. It does not cover rarely-used terms, or academic terms used by economists. All the language in the book is intended to be accessible to intermediate level students and above.

How can the book be used?

The vocabulary is arranged by topic. Choose the topics that interest you. The pages do not have to be completed in any particular order, and there is no need to complete all the pages if some are on topics which are not useful to you. It is better to complete one or two pages in a day, and remember the vocabulary, rather than completing as many pages as possible. The answers to the exercises can be found at the back of the book. There is also an index to help you find the pages which are most useful to you.

Write new words and phrases you learn in a notebook or file. Review this language regularly so that it becomes part of your active vocabulary.

A good general dictionary will be very helpful, providing pronunciation guides and more contexts. For vocabulary relating specifically to Banking and Finance, *Dictionary of Banking and Finance* (A&C Black, ISBN 978-07136-7739-3) will be a useful reference source.

1. Money – the basics



A. Put the correct word in each space.

account	•	back	•	banknotes	•	borrowed
change	•	coin	•	currency	•	earn
lent	•	note	•	salary	•	spend
sum	•	wages	•	waste	•	win

1. In the USA, "quarters" (25 cents) and "dimes" (10 cents) are types of _____.
2. In the United Kingdom, "a tenner" means a ten pound _____.
3. The US dollar, the Yen and the Euro are types of _____.
4. Hundred dollar bills and twenty pound notes are _____.
5. 2,000,000 Swiss francs is a large _____ of money.
6. I need to _____ some Euros into Australian dollars.
7. My friend _____ a hundred pounds from me.
8. I _____ a hundred pounds to my friend. When she can, she'll pay me _____.
9. I buy a lottery ticket every week, but I never _____ anything.
10. Most dentists _____ at least £30,000 a year.
11. _____ are paid to employees weekly. _____ are paid to employees monthly.
12. In business, you have to _____ money to make money.
13. A: Do you have a bank _____?
B: Yes. I bank with the Bank of Scotland.
14. In my opinion, eating in expensive restaurants is a _____ of money.

B. Match the words on the left with the words on the right.

- | | |
|----------------|----------------------|
| 1. a small | a. a profit |
| 2. an income | b. amount of money |
| 3. donate | c. cash |
| 4. high | d. cost of living |
| 5. make | e. credit card |
| 6. pay by | f. losers |
| 7. pay in | g. money to charity |
| 8. winners and | h. of £25,000 a year |

C. Choose the correct word.

1. Spain now uses the euro. Pesetas are no longer _____.
 a. good money b. legal money c. legal tender
2. I bought a TV which doesn't work. I'll take it back to the shop to get _____.
 a. my money returned b. a refund c. a repayment
3. In a shop, to get a refund, you usually have to show the _____.
 a. receipt b. recipe c. payment ticket
4. I'm paying for my new car in 36 monthly _____.
 a. instalments b. pieces c. parts
5. I earn a lot of money, but I have a lot of _____.
 a. payouts b. expenses c. paying
6. Famous paintings are usually sold by _____.
 a. bid b. highest price c. auction
7. In an auction, the item is sold to the person who makes the highest _____.
 a. bid b. price c. offer
8. In Japan, the US dollar is _____.
 a. foreign money b. strange money c. a foreign currency
9. In Britain, it's not usual to discuss your personal _____.
 a. money b. finances c. money arrangements
10. You can _____ a house and _____ a car.
 a. hire / rent b. hire / hire c. rent / rent or hire
11. Here's the fifty dollars I _____.
 a. owe you b. pay you back c. must return
12. The best things in life are _____.
 a. free b. not for sale c. not bought and sold

D. Find the opposites of these words in the grid.

1. spender / _____
2. borrower / _____
3. winnings / _____
4. losses / _____
5. high prices / _____ prices
6. sellers / _____

A	R	P	P	U	F	O	L	O	E
S	A	V	E	R	E	U	O	N	N
S	H	A	C	B	D	Y	S	F	M
T	G	S	R	L	G	C	S	L	B
R	D	E	V	E	Q	X	E	E	U
L	O	W	Q	N	V	T	S	T	Y
H	X	Z	W	D	E	I	S	K	E
N	J	O	J	E	D	W	L	I	R
K	E	E	P	R	O	F	I	T	S
I	A	Y	A	C	I	B	Z	U	O

2. Banks – the basics

A. Choose the correct words.

 **Grimleys Bank**

Open an account today!

Open an account with Grimleys Bank, and start benefiting from our great ¹ **rates / levels** of interest and ² **small / low** charges. With over 3,000 ³ **branches / outlets**, you'll never be far from us, and unlike many other ⁴ **high street / town centre** banks, we're open all day on Saturdays.

Grimleys customers can ⁵ **take money / make withdrawals** from more than a million ⁶ **cash dispensers / money machines** worldwide, and of course you'll receive a ⁷ **cheque book / book of cheques** and a ⁸ **paying card / debit card** within a few days of opening your account.

Computer-users may be interested in our e-account - all the benefits of a regular Grimley's ⁹ **current / day-to-day** account, with the added convenience of being able to view your ¹⁰ **lists / statements** and ¹¹ **make / do** payments online.

Whether you're opening your first current account, ¹² **switching / changing** from another bank or simply want to take advantage of our ¹³ **range / variety** of savings accounts, you'll be glad you chose Grimleys – the bank that always ¹⁴ **makes / puts** the customer first.



B. Match the method of payment with the definition.

- | | |
|-----------------------|---|
| 1. Credit card | a. A piece of paper which transfers money from your account to somebody else's account. |
| 2. Debit card | b. Similar to a credit card, but usually operated by a chain of shops or other retailer. |
| 3. Charge card | c. The money is deducted from your bank account almost immediately. |
| 4. Cheque | d. These can be exchanged for foreign currency, or in some cases used instead of cash. |
| 5. Traveller's cheque | e. You owe the card provider money. You can pay it back in one instalment, or over a longer period if you wish. |
| 6. Charge account | f. You owe the retailer money. |

C. Choose the best word.

The 🌀 Grimleys Bank current account

TERMS AND CONDITIONS

1. Regular bank statements will be sent to you by post, listing recent _____.
a. payments **b.** events **c.** transactions
2. New current account customers can borrow up to £200 in the form of a low-interest _____.
a. overdraft **b.** overtake **c.** overspend
3. The current rate of interest for _____ overdrafts is 6.7% APR.
a. permitted **b.** allowed **c.** authorised
4. While your account is _____ credit, there are no charges.
a. under **b.** in **c.** with
5. If your account is overdrawn, charges may _____.
a. happen **b.** apply **c.** occur
6. When you acknowledge _____ of your new debit card...
a. receipt **b.** the receiving **c.** reception
7. ...you will be sent a PIN (Personal _____ Number)
a. identifying **b.** identifier **c.** identification
8. You will need to _____ your PIN each time you use the card.
a. put in **b.** type **c.** enter
9. Two or more customers may apply for a _____.
a. two-person account **b.** joint account **c.** together account
10. Current account _____ may apply for a Grimleys Credit Card.
a. holders **b.** owners **c.** users
11. Credit cards will be issued _____.
a. if you're rich enough **b.** if you have money **c.** subject to status
12. You may _____ your account at any time.
a. close **b.** finish **c.** end

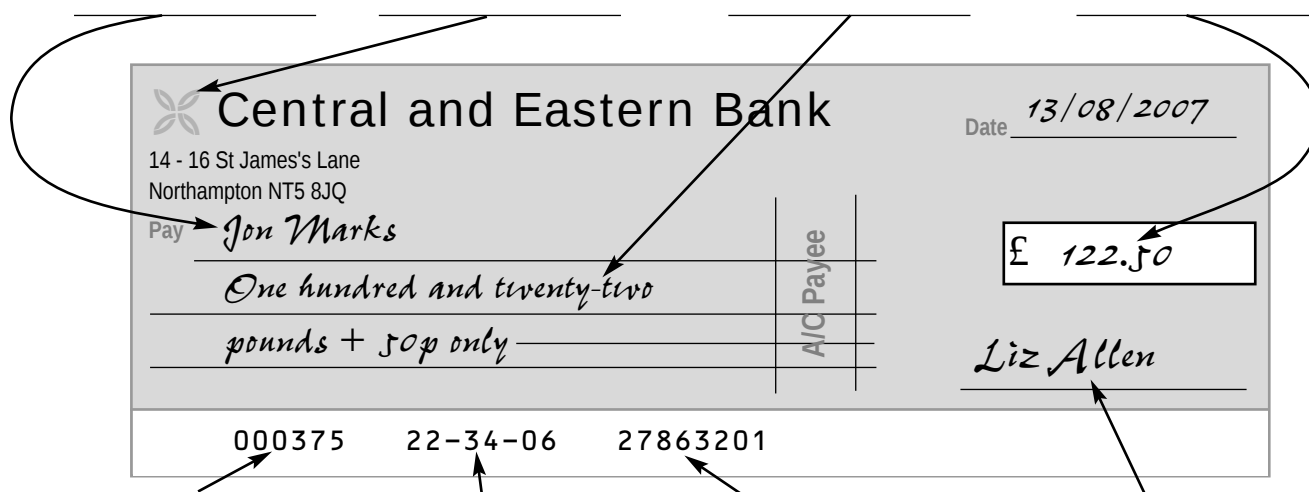
3. Operating an account

A. Match the formal phrases on the left with the informal phrases on the right.

- | | |
|-------------------------------------|---|
| 1. I deposited some money. | a. The money's been sent. |
| 2. I withdrew some money. | b. I paid in some money. |
| 3. The funds have been transferred. | c. It goes out of my account every month. |
| 4. My account is overdrawn. | d. I went to a cashpoint. |
| 5. It's paid by standing order. | e. I took out some money. |
| 6. My account was debited. | f. I'm in the red. |
| 7. My account was credited. | g. I checked my balance. |
| 8. I used an ATM. | h. It went into my account. |
| 9. I made a balance enquiry. | i. It went out of my account. |

B. Match the words with the parts of the cheque.

account number • amount in figures • amount in words • cheque number
logo • payee • signature • sort code



C. Answer the questions.

- | | |
|---|-------|
| 1. Who has this cheque been made out to? | _____ |
| 2. Has it been signed and dated? | _____ |
| 3. Is it crossed or uncrossed? | _____ |
| 4. Can it be paid into somebody else's account? | _____ |

- After they have been paid in, cheques usually take three working days to _____.
a. pass **b.** credit **c.** clear
- When I write out a cheque, I keep a record by filling in the _____.
a. receipt **b.** invoice **c.** counterfoil
- If you don't have a cheque book, you can pay by getting a _____ from a branch of your bank.
a. banker's draft **b.** bank paper **c.** bank ticket
- Unlike a personal cheque, a banker's draft can't _____.
a. be rejected **b.** bounce **c.** crash
- A banker's draft is also known as a bank draft or a _____.
a. banker's cheque **b.** banker's note **c.** banker's ticket
- If you need to borrow money, you can apply to your bank for an _____.
a. overdraft possibility **b.** overdraft facility **c.** overdraft opportunity
- If you need to borrow more money from your bank, you can ask them to increase your _____.
a. overdraft limit **b.** overdraft level **c.** overdraft supply
- If you want to borrow money from a third party*, you may have to supply a _____.
a. banker's support **b.** banker's promise **c.** banker's reference
- A banker's reference proves to a third party that you are _____.
a. moneyed **b.** creditworthy **c.** rich enough
- Regular automatic payments of the same amount (e.g. to a charity) are called _____.
a. standing orders **b.** direct debits **c.** direct orders
- Regular automatic payments of varying amounts (e.g. electricity bills) are called _____.
a. standing orders **b.** direct debits **c.** direct orders
- With my savings account, I have to _____ 30 days notice if I want to _____ a withdrawal.
a. say / do **b.** give / make **c.** ask for / take
- Many employees receive their salaries directly into their accounts by _____.
a. BACS payment **b.** BATS payment **c.** BAPS payment
- BACS stands for Bankers Automated _____.
a. cheque system **b.** cost system **c.** clearing system

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4. Credit and debit cards

EPOS and EFTPOS



A. Choose the correct words.

EPOS (electronic point of sale) terminals are cash ¹ **registers / machines** found in ² **selling / retail** outlets such as shops and restaurants. Data about each sale is ³ **entered / put** via barcode scanners, keyboards or ⁴ **touch / finger** screens. The data is used to provide an itemised ⁵ **receipt / ticket** for the customer. It can also be used for stock control and to help with marketing.

EFTPOS (electronic funds transfer point of sale) terminals are similar to EPOS terminals, but they can also ⁶ **understand / read** credit and debit cards, and ⁷ **transfer / transmit** funds directly from the customer's account to the retailer's account.

When customers pay ⁸ **by / with** card at an EFTPOS terminal, they either ⁹ **sign / signature** a sales voucher, or enter a PIN (Personal ¹⁰ **identifying / identification** number). Obviously, a PIN is a more ¹¹ **secure / safe** method of verification than a ¹² **signing / signature**, and in many countries, all EFTPOS ¹³ **transactions / sellings** are now ¹⁴ **checked / verified** by PIN.

Chip and PIN payments

A. Number the following in the correct order.

	The transaction appears on the customer's bank statement.
1	The customer arrives at a supermarket checkout.
	The card's electronic chip is read, and the customer enters his or her PIN.
	Funds are transferred from the customer's account to the retailer's account.
	The customer inserts her/his card into the chip and PIN keypad.
	The payment is authorised.
	The PIN is verified.
	The cashier scans the barcodes on the products.

Magstripes and chip cards

C. Write the words into the spaces.

encrypted	•	erased	•	expiry	•	guarantee
magnetic	•	microprocessor	•	swipes		

The stripe on the back of a credit card is a ¹ _____ strip, often called a magstripe. ATMs and EFTPOS terminals can read the information stored on the strip. If a card can't be read, it is usually because the magstripe is scratched, or has been ² _____, usually from being placed close to a strong magnet.

When the cashier ³ _____ a credit or debit card through the card reader of an EFTPOS terminal, the terminal is connected by telephone to a company which takes credit-authentication requests from retailers and provides them with payment ⁴ _____. When one of these companies receives a request, it checks for retailer identification, valid card number and card ⁵ _____ date. This information is ⁶ _____ for security reasons. Similarly, when a card is inserted into an ATM, the ATM is linked to the bank's central computer over an encrypted connection.

Chip cards (also known as smart cards) offer greater security and versatility than magstripe-only credit and debit cards. These cards also have a ⁷ _____, and each time a transaction is made, the user must enter a PIN number (in the same way that PINs are used with ATMs).

D. Number these phrases from a part of a telephone conversation.

- ☐ And finally, the name as it's printed on the card.
- ☐ And the expiry date?
- ☐ Can I take credit or debit card details, please?
- ☐ Can you give me the card number, please?
- ☐ December 2011.
- ☐ It's 4293 5274 3877 3305.
- ☐ Mr J C Smith.
- ☐ Sure. I have my card right here.
- ☐ That's fine. Your payment has gone through.

5. Internet banking

A. Write the words into the spaces below.

applications	•	authentication	•	encrypted
facilities	•	passwords	•	PINs
protected	•	transactions	•	victims



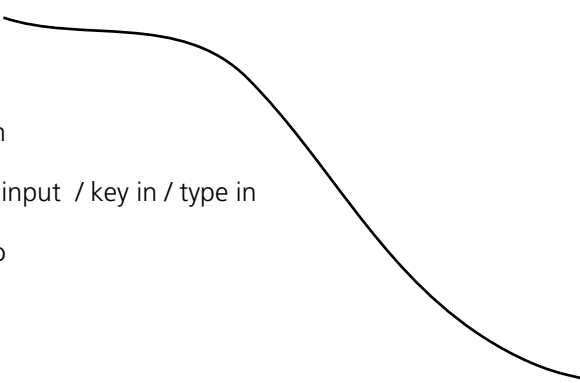
- a. Customers with facilities for Internet banking (also known as online banking) can use their bank's or building society's website to carry out payments and other ¹ _____ over the Internet. This form of banking can be done outside business hours and from anywhere with Internet access. Features of Internet banking include payment of bills, funds transfers between a customer's own accounts, transfers to a third party's account, loan ² _____ and viewing bank statements.
- b. In addition to the Internet banking ³ _____ offered by high-street banks, a new generation of banks operate exclusively online. These banks tend to offer high interest rates on savings accounts and low rates on loans because their overheads are much lower than those of traditional banks.
- c. Security has become a key issue in Internet banking. For most secure Internet sites, such as Internet shopping sites, single password ⁴ _____ is considered sufficient. In an increasing number of countries, this is no longer considered adequate for Internet banking. In these cases, entry to the site requires the input of one of a selection of passwords and multiple ⁵ _____. All information is ⁶ _____, making it almost impossible for a third party (i.e. a hacker) to access the information.
- d. However, hackers can gain access to inadequately ⁷ _____ home PCs, and can record the password as it is typed in (keylogging). Spyware and other malicious programs can record private banking details, and send them to a third party. A more commonplace danger is written passwords and PINs falling into the wrong hands.
- e. Internet banking is perceived by some as being too vulnerable to fraud to consider using. However, the number of ⁸ _____ of Internet banking fraud is very small. Statistically, in fact, conventional banking activities carry a higher risk of fraud than Internet banking – simple credit card fraud and various forms of identity theft are far more widespread. It is far easier to obtain banking and other details by going through a bag of rubbish and collecting old bank statements etc. than it is to obtain it by hacking.
- f. Generally speaking, unless users are careless or gullible, Internet banking does not carry a great level of risk. Nevertheless, criminals continue to come up with inventive ways to access accounts. An example is "phishing" – using emails purporting to be from the customer's bank to persuade people to hand over their ⁹ _____.

B. Find words in the article which mean the same as the following.

1. money (paragraph a) _____
2. another person or company (paragraph a) _____
3. only (paragraph b) _____
4. business expenses (paragraph b) _____

-
-
- | | |
|---|-------|
| 5. more than one (paragraph c) | _____ |
| 6. person who illegally access somebody else's computer (paragraph c) | _____ |
| 7. a program which steals private information from a computer (paragraph d) | _____ |
| 8. intended to do bad things (paragraph d) | _____ |
| 9. financial crime (paragraph e) | _____ |
| 10. stealing money by pretending to be somebody else (paragraph e) | _____ |
| 11. common (paragraph e) | _____ |
| 12. easily deceived / will believe anything (paragraph f) | _____ |
| 13. pretending (paragraph f) | _____ |
| 14. give (paragraph f) | _____ |

C. Match the verbs with the nouns.

- | | |
|-------------------------------------|--------------------------|
| 1. access | a. a bill online |
| 2. carry | b. a password |
| 3. click on | c. a risk |
| 4. enter / input / key in / type in | d. an electronic payment |
| 5. fall into | e. an icon |
| 6. make | f. funds |
| 7. pay | g. the internet |
| 8. transfer | h. the wrong hands |
- 

D. Match the words on the left with words on the right.

- | | |
|------------------------------|----------------------|
| 1. a high | a. business hours |
| 2. a low risk of | b. fraud |
| 3. an Internet-only | c. interest rates |
| 4. offer higher-than-average | d. level of security |
| 5. outside | e. savings account |
| 6. vulnerable | f. to fraud |

6. Mortgages

A. Choose the best words from each pair in grey type.

For the majority of ¹ **homeowners** / **houseowners**, the purchase of their property is financed by a **mortgage**. The bank or building society which lends the money to buy a property is called a mortgage ² **lender** / **giver** or **mortgagee**. The person who borrows money in the form of a mortgage is called a mortgage ³ **borrower** / **taker** or **mortgagor**.



There are several different types of mortgage ⁴ **in** / **on** the market. Probably the most common is a **repayment mortgage**, in which the ⁵ **capital sum** / **capital price** and the interest are paid in ⁶ **instalments** / **pieces** over a long period (for example 25 years).

An alternative is an **interest-only** mortgage, in which the interest is paid, and the capital sum is ⁷ **repaid** / **paid** in another way, for example with an endowment assurance policy (see unit 9). This type of mortgage is known as an **endowment mortgage**.

With an **offset mortgage**, the mortgage borrower's ⁸ **daily** / **current** account is combined with her/his mortgage. Provided the current account is usually ⁹ **in** / **with** credit, this can reduce the interest repayments ¹⁰ **on** / **for** the mortgage.

B. Match the types of mortgage with the definition (you can find some of the information above).

- | | |
|-------------------------------|---|
| 1. repayment mortgage | a. The mortgage interest rate is linked to the interest rate of country's central bank (see unit 16). |
| 2. interest-only mortgage | b. The mortgage interest rate stays the same. |
| 3. endowment mortgage | c. You pay the capital sum and the interest. |
| 4. offset mortgage | d. You pay the interest in instalments, and you pay the capital sum by another method. |
| 5. fixed rate mortgage | e. The mortgage interest rate can only rise as far as a certain level. |
| 6. base-rate tracker mortgage | f. An interest-only mortgage, with the capital repaid by an endowment (see unit 9). |
| 7. variable rate mortgage | g. Your current and mortgage accounts are combined to reduce the interest. |
| 8. capped mortgage | h. The mortgage lender can change the interest rate as they wish. |

C. Choose the best word.

1. Houses, bungalows, apartments, offices, shops and any other type of building you can own are called _____.
a. housing **b.** property **c.** buildings
2. The _____ are a document which proves who owns a property.
a. owner's deeds **b.** owner's papers **c.** title deeds
3. In some countries you can get a mortgage for _____ your annual salary.
a. times five **b.** five times **c.** five of
4. If a mortgage borrower _____ the instalments...
a. doesn't pay **b.** defaults on **c.** fails on
5. ...the mortgage lender will eventually _____ the property.
a. retake **b.** take back **c.** repossess
6. Before a property can be repossessed, the lender must apply to a court for a _____.
a. repossession order **b.** repossession paper **c.** repossession document
7. When the lender has a repossession order, the occupants of the property can be _____.
a. evicted **b.** put out **c.** ejected
8. Generally, mortgage lenders only repossess as _____.
a. a desperate action **b.** a last resort **c.** the final option
9. A mortgage lender can also be called a mortgagee or a _____.
a. mortgage provider **b.** mortgage maker **c.** mortgage producer
10. A mortgage borrower can also be known as a mortgagor or a _____.
a. mortgage owner **b.** mortgage possessor **c.** mortgage holder
11. To change your mortgage agreement is to _____ your property.
a. mortgage again **b.** remortgage **c.** unmortgage
12. A mortgage paid over 25 years is called a _____ mortgage.
a. 25 **b.** 25 year **c.** 25 years
13. When somebody's mortgage is the most they can possible afford, you can say they are "mortgaged up to the _____.
a. hilt **b.** top **c.** head
14. If property prices go down, and your house is mortgaged for more than its current value, you have _____.
a. negative money **b.** negative value **c.** negative equity
15. After you have paid your last mortgage instalment, you can say that you have _____ your mortgage.
a. paid out **b.** paid up **c.** paid off

7. The housing market

Mortgage arrears reduce building society profits

1. The growth in building society profits for this financial year is expected to be restrained due to a sharp increase in the number of buy-to-let property owners going into mortgage arrears.
2. However, the recent interest rate cut is likely to cause arrears to level off, and recently-introduced government measures aimed at supporting the buy-to-let market are likely to provide a last-minute boost to building society annual profits.
3. James Edwards, chief executive of the market leaders City and Provincial Building Society, said in a trading statement last week that he broadly concurred with analysts' forecasts of full-year profits for his company to rise by 5% to £240m. However, the fact that soaring growth in the buy-to-let market (where C&P has a 19% share) has cooled significantly coupled with concerns about arrears has knocked 7.25p off the company's share price, leaving it at 264p.
4. Despite predictions for growth across the sector as a whole averaging around 4.5%, the share prices of the five leading players in the market have declined by an average of just under 3%. Yields may be falling, but the restricted supply of new-build homes and continuing enthusiasm for buy-to-let have kept the housing market buoyant, and only the most pessimistic of analysts are predicting a slump. Nevertheless, cautious corporate investors have been reducing their holdings.
5. Such fears may well prove to be misplaced. Hints by the Bank of England regarding a further interest rate cut could underpin further growth.
6. An additional boost is likely to be provided by changes to pension rules from April 5th next year. Holders of Self Invested Personal Pensions (SIPPs) will be permitted to invest funds from their pensions in residential property.
7. Up to £15bn of pension cash is expected to flood into the market, including tax relief worth as much as £5bn. This is certain to create a boom in buy-to-let investment, shoring up building society yields, and to push up house prices, especially in areas where they have been in decline, creating more attractive investment opportunities.
8. In addition, the buy-to-let market is likely to continue to benefit from the fact that many would-be first time buyers remain priced out of the market, ensuring healthy demand for rental properties. Evidence suggests that large numbers of potential first time buyers are also delaying their plans to buy to due uncertainty on house prices, creating a build-up of demand which is likely to be released when house prices stabilise.
9. A spokesperson for the number two mortgage lender Bolton and Rochdale reported last month that new business volumes have grown steadily month on month from a low base, and that the growth of both the residential and buy-to-let mortgage markets remains robust.
10. However, this upbeat stance was offset by *Banker and Mortgage Lender* magazine, which predicted that house prices are poised to fall by an average of up to 7% across the UK. The South West in particular was viewed as over-valued, with prices in some areas set to see a drop as high as 15%. In contrast, London is now seen as slightly undervalued, following some dramatic falls over the last year and, according to the magazine, house prices there are set to rise by a minimum of 4% a year for the next three years.

A. Choose the definition which is closest to the meaning in the article.

1. buy-to-let property owners (**paragraph 1**)
 - a. people who rent their homes
 - b. people who buy homes to rent to others
2. growth has cooled significantly (**paragraph 3**)
 - a. it's growing more slowly
 - b. it's declining
3. a boom in buy-to-let investment (**paragraph 7**)
 - a. a lot more people buying-to-let
 - b. slightly more people buying-to-let
4. tax relief worth as much as £5bn (**paragraph 7**)
 - a. up to £5bn reduction in tax to be paid
 - b. up to £5bn increase in tax to be paid

-
-
5. would-be first-time buyers... (**paragraph 8**)
a. people who are going to buy their first home. b. people who would like to buy their first home
6. ...remain priced out of the market (**paragraph 8**)
a. find it very expensive b. can't afford it

B. Find words in the article with the same meaning as the following.

7. overdue mortgage payments (**paragraph 1**) m_____ a_____
8. profits (**paragraph 4**) y_____
9. support (**paragraph 7**) s_____ u_____
10. low starting point (**paragraph 9**) l_____ b_____
11. worth less than the current price (**paragraph 10**) o_____ -v_____

C. Complete the definitions.

12. **Mortgage arrears are starting to level off** means that mortgage arrears ...
a. have stopped increasing b. are decreasing
c. are increasing more slowly than they were
13. **There was soaring growth in the buy-to-let market** means that...
a. profits from buy-to-let mortgages increased b. house prices increased
c. buy-to-let mortgages became more expensive
14. **The housing market is buoyant** means that ...
a. house prices are rising b. house prices are static
c. house prices are falling
15. **Investors have been reducing their holdings** means that investors have been...
a. buying more shares b. selling all their shares
c. selling some of their shares
16. **Interest rate cuts could underpin further growth** means that interest rate cuts could...
a. cause further growth b. prevent further growth
c. be caused by further growth
17. **Pension cash will flood into the market** means that pension fund managers will...
a. avoid this market b. invest heavily in this market
c. make a lot of money from this market
18. **New business volumes have grown steadily month on month** means that...
a. business has increased every month b. profits have increased every month
c. the number of new customers has increased every month
19. **Prices are poised to fall by 7%** means that...
a. prices are falling b. prices are expected to fall
c. prices will fall

8. The consumer credit boom

A. Read the article, and put these word into the spaces.

credit rating	•	creditors	•	creditworthy	•	into the red
loans	•	owe	•	pay it back	•	write off

1. The people of the United Kingdom are estimated to _____ around a trillion pounds in personal debt, which is about £16,000 for every man, woman and child. Much of this debt is of course in the form of mortgages, but an ever-increasing proportion is in the form of consumer credit: unsecured _____ in the form of overdrafts, credit card debts, store card debts, hire-purchase agreements and the numerous other ways in which the British public are able to “buy now, pay later”.
2. An inevitable result of this is that an increasing number of people are taking on more debt than they can service. Credit cards and store cards especially can have very high APRs*, and the interest soon mounts up, pushing the borrower further and further _____. Repayment in full may simply become impossible.
3. Of particular concern are so called “loan-sharks”. While the major lenders such as banks _____ millions of pounds every year in bad debts, small credit companies sometimes resort to heavy-handed measures such as sending in the bailiffs and even (although of course this is illegal) threatening physical violence.
4. Naturally, creditors try to avoid lending money to people who won’t be able to _____. Although they may not know it, every person who has ever had dealings with a financial institution (for example, had a bank account) has a credit rating. This data is stored on computers by credit reference agencies, and before agreeing to a loan, most creditors will check the applicant’s _____. However, this information can be misleading. Apparently _____ people may already be struggling to keep up the payments on their existing debts.
5. As well as having potentially disastrous consequences for people who get too heavily into debt, the boom in consumer credit could have serious repercussions for lenders. If people are genuinely unable to repay their debts, ultimately there is very little their _____ can do about it.

*APR = Annual Percentage Rate

B. Find words in the text which mean the same as the following.

1. Money owed by people, not businesses (paragraph 1) p_____ d_____
2. Paying for something like a sofa or a car in instalments (paragraph 1) h_____ -p_____
3. Increases (paragraph 2) m_____ u_____
4. ...of all the money (paragraph 2) i_____ f_____
5. Having problems (paragraph 4) s_____
6. Maintain (paragraph 4) k_____ u_____
7. Cause big problems (paragraph 5) h_____ s_____ r_____

B. Answer these questions in your own words.

1. What's the difference between a **secured** loan and an **unsecured** loan?

2. What's a **bad debt**?

3. What does a **credit reference agency** do?

4. What does a **bailiff** do?

D. Match the phrases on the left with the alternatives on the right.

1. apply for a loan

a. arrange a loan

2. set up a loan

b. decide the borrower will never repay the loan

3. take out a loan

c. get a loan

4. pay back a loan

d. repay the loan in instalments

5. pay off a loan

e. repay all the loan at once

6. write off a loan

f. ask for a loan

E. Which of the following sentences best summarises the article?



1. Creditors have lent too much money, and are starting to have serious problems.

2. British people love to "buy now, pay later", but the majority of them are not very creditworthy.

3. Creditors are lending more and more money, and this is causing an increase in debt-related problems.

4. If more creditors used credit-reference agencies, there would be fewer debt-related problems.

9. Pensions and other financial products

A. Pensions

A pension is a ¹ **sum** / **quantity** of money paid regularly to a person who has reached a certain age or retired. It is usually paid until the ² **receiver's** / **recipient's** death, although in some cases a ³ **widow** / **wife** may continue to receive payments after her husband's death.

State pensions

Pensions paid by the state. In many countries, these are contribution-based: people who have not paid ⁴ **sufficient** / **satisfactory** contributions during their ⁵ **work lives** / **working lives** do not receive the full amount.

Occupational pension schemes

Pension schemes for employees working in a particular industry or for a particular company. In some cases, these are administered by insurance companies who invest the ⁶ **payments** / **premiums** and use the profits from this to pay out the ⁷ **benefits** / **rewards**. In other cases they are self-administered: the premiums are invested by the pension fund ⁸ **trustees** / **trusteds**.

Personal pension schemes

Schemes provided by ⁹ **pension givers** / **pension providers** such as insurance companies and banks. The premiums are invested in a ¹⁰ **pension treasure** / **pension fund**, and on retirement the pensioner receives a ¹¹ **lump sum** / **chunk sum** to invest in an annuity (see below). Personal pension schemes are also known as ¹² **"private pensions"** / **"alternative pensions"**.

B. Financial products

Match the financial product with the benefits.

- | | |
|-----------------------------|---|
| 1. annuity | a. If you're too ill to work, you receive payments. |
| 2. life insurance | b. You pay a lump sum, and receive regular payments for the rest of your life. |
| 3. life assurance | c. You receive a lump sum on a certain date (or earlier if you die). |
| 4. endowment assurance | d. Your beneficiaries receive money if you die young. |
| 5. endowment mortgage | e. You borrow money to buy a house. Many years later, your endowment repays the loan. |
| 6. private health insurance | f. You borrow money. When you die, your house is sold to repay the loan. |
| 7. sickness insurance | g. Your beneficiaries receive money when you die. |
| 8. equity release scheme | h. Your private hospital bills are paid. |

C. Choose the best word to complete the sentence.

1. A person who gives you information about financial products is a _____.
a. financial adviser **b.** financial helper **c.** financial assistant
2. Some financial advisers only earn money by giving advice. Others earn _____ from selling financial products.
a. wages **b.** payments **c.** commission
3. An actuary is a person who _____ insurance risk and calculates premiums.
a. thinks about **b.** assesses **c.** decides
4. When an endowment _____, you receive a lump sum.
a. finishes **b.** ends **c.** matures
5. Prices go up every year. This is because of _____.
a. inflation **b.** expansion **c.** evolution
6. Some pension payments increase every year _____ inflation.
a. in time with **b.** in line with **c.** at the speed of
7. Pension payments which increase in line with inflation are _____.
a. index connected **b.** index linked **c.** index controlled
8. Many financial analysts predict a _____ caused by too many pensioners and not enough workers.
a. pensions crisis **b.** pensions disaster **c.** pensions emergency
9. A small additional pension is known as a _____.
a. topper pension **b.** topping pension **c.** top-up pension
10. Banks and insurance companies are types of _____.
a. financial institution **b.** finance company **c.** financier
11. Pension funds are usually administered by a _____ of trustees.
a. group **b.** bunch **c.** board
12. Pension funds, insurance companies and other financial institutions that invest on the stock market are known as _____.
a. commercial investors **b.** institutional investors **c.** company investors
13. Individual people who invest on the stock market are known as _____.
a. private investors **b.** personal investors **c.** one-man investors
14. In most countries, financial products and services are _____ by the government.
a. watched **b.** decided **c.** regulated

10. Insurance

A. Match these types of insurance with the definitions.

- | | |
|-------------------------------|---|
| 1. Third party only | a. Home insurance covering the fabric of the building only. |
| 2. Third party fire and theft | b. Pays out if you die or after a set period - whichever is later. |
| 3. Fully comprehensive | c. Home insurance covering most risks. |
| 4. Buildings only | d. Motor insurance. Will only pay claims made against you by others. |
| 5. Buildings and contents | e. Covers the costs of private health care. |
| 6. Third party liability | f. Motor insurance. Will pay claims made against you by others plus damage caused by fire. |
| 7. Worldwide travel | g. Motor insurance covering all risks. |
| 8. Private health | h. Covers claims made against you by others, for example if you run a business. |
| 9. Indemnity insurance | i. Insurance cover for problems while on holiday abroad. |
| 10. Personal injury | j. Any insurance which covers financial loss (numbers 1 to 8 are types of indemnity insurance). |
| 11. Life | k. Pays out in the event of a personal accident. |

B. Put the words into the correct spaces.

take out	•	broker	•	quote	•	premium
covered	•	claim	•	pay out	•	fill in

How to _____ an insurance policy.

1. Choose an insurance _____, or contact an insurance company direct.
2. Phone up and get a _____ (or you can do this on the internet).
3. Pay the _____.
4. Now you're _____.
5. If you need to make a _____, contact the insurance company.
6. You will probably have to _____ a claim form.
7. You may have to wait several weeks for the insurance company to _____.

C. Choose the best words to go into each space.

1. A person who assesses insurance claims is called a _____.
a. loss adjuster b. claim adjuster c. insurance adjuster
2. Your home insurance will be expensive if you live in a _____ area.
a. big risk b. risky c. high risk
3. An insurance broker usually _____ several different insurance companies
a. deals with b. contacts c. works for
4. In many cases, the insurance company doesn't take the financial _____.
a. problem b. risk c. damage
5. The financial risk is taken by _____ such as Lloyds of London.
a. underwriters b. undertakers c. underpasses
6. Natural disasters usually mean that insurance underwriters suffer _____.
a. heavy losses b. high expenses c. big debts
7. A _____ proves you have insurance while the policy is being processed.
a. cover letter b. cover paper c. cover note
8. If you agree to pay, for example, the first £200 of a claim, then your policy has a £200 _____.
a. surplus b. extra c. excess
9. A company giving insurance cover is known as the _____.
a. insurer b. insured c. insurance
10. A person who has taken out insurance cover is known as the _____.
a. insurer b. insured c. insurance
11. ...or the _____.
a. policyholder b. policy-taker c. policy
12. A life insurance policy pays out _____ your death or after a set period, whichever is first.
a. in case of b. if c. in the event of

D. Choose the correct prepositions.

1. I've never claimed **on** / **from** my insurance.
2. Don't worry. It's covered **by** / **with** my insurance.
3. I'm insured **for** / **by** the Lion Rock Insurance Company.
4. This sculpture is insured **for** / **at** £100,000.
5. I'm insured **to** / **for** drive any car.
6. I'm covered **by** / **for** all risks.
7. Which insurance company are you **with** / **in**?



11. Wills and other legal matters

A. In each space put a word which means the same as the word in brackets. In each case, the words in the list below are more suitable than the words in brackets.

assets	•	deceased	•	estate
frozen	•	heirs	•	inherit
inheritance tax	•	intestate	•	liability
nearest and dearest	•	no-obligation		
own pockets	•	prior claim		

Have you made a will?

Millions of people have not made a will, yet dying (1. *without a will*) _____ can have disastrous consequences for the families of the (2. *dead person*) _____.

If you have not yet made a will, consider what would happen if you were to die unexpectedly. Your (3. *money and possessions of a dead person*) _____ would be (4. *stopped*) _____ while a court decided how it should be distributed. Your (5. *people inheriting money*) _____ would be left to cover funeral and other expenses from their (6. *personal money*) _____. Also, don't assume that your (7. *money and property*) _____ will automatically go to your (8. *immediate family*) _____. There may be a distant relative with a (9. *reason why they should get it*) _____.



Make sure the right people (10. *receive from a dead person*) _____. Make a will today. At Barnaby and Allen, making a will is quick, easy, and may cost less than you think. And we can also help you reduce your (11. *amount that has to be paid*) _____ for (12. *death tax*) _____. Call today for a (13. *you don't have to continue if you don't want to*) _____ consultation with a member of the team.

Barnaby and Allen

Solicitors

B. Match the word with the definition.

- | | |
|-------------------|--|
| 1. solicitor | a. (British English) a person qualified to act as a legal advocate, especially in higher courts |
| 2. barrister | b. a law firm |
| 3. advocate | c. (British English) a person qualified to draw up wills, deal with conveyancing etc, and to represent clients in lower courts |
| 4. attorney | d. somebody who represents somebody else in court |
| 5. lawyer | e. a person appointed by the deceased to carry out the terms of a will |
| 6. legal practice | f. the process of proving a will is genuine |
| 7. executor | g. (American English) a barrister |
| 8. beneficiary | h. drawing up contracts for the buying and selling of houses |
| 9. probate | i. a person who benefits from a will |
| 10. conveyancing | j. a solicitor, barrister or attorney |

C. Use the verbs below to complete the sentences.

act	•	be	•	comply	•	defend
draw up	•	exchange	•	grant	•	hear
prosecute	•	sue	•	take		

1. In the UK, it takes several weeks for the authorities to _____ probate.
2. I'll get a lawyer to _____ a contract.
3. We're going to _____ contracts on Tuesday, and then we can move into our new house.
4. We going to _____ them for a million pounds in damages.
5. If you don't _____ you will _____ in breach of contract.
6. They are going to _____ legal proceedings against us.
7. The court will _____ the case next Monday.
8. My solicitor will _____ for me in this matter.
9. The police are going to _____ him for fraud.
10. He's hired a very good barrister to _____ him against the charges.

12. Money and work

A. Put words into the spaces.

a year	•	by	•	good money	•	hourly	•	for
makes	•	on the staff	•	package	•	payroll	•	on
salary	•	staff member	•	wage	•	well paid	•	well

Set 1:

1. She's _____ 40k a year.
2. She's on forty thousand _____.
3. Her monthly _____ is about £3,300.
4. She _____ forty thousand pounds a year.
5. Parker Publishing offer an excellent remuneration _____ to executives.

Set 2:

6. He works _____ Parker Publishing.
7. He's employed _____ Parker Publishing.
8. He's _____ of Parker Publishing.
9. He's on the _____ of Parker Publishing.
10. He's a Parker Publishing _____.

Set 3:

11. Parker Publishing pay their delivery drivers a good _____ rate.
12. Parker Publishing pay their delivery drivers _____.
13. Parker Publishing delivery drivers are on _____.
14. Parker Publishing delivery drivers are _____.
15. Parker Publishing delivery drivers get a good weekly _____.

B. Choose the best words to go into the spaces.

1. Tony doesn't pay tax. He gets paid _____.
a. cash in pocket b. cash in hand c. cash in fingers.
2. Anna is a _____ illustrator. She works for many different _____.
a. freelance / customers b. free / clients c. freelance / clients
3. Anna is _____.
a. self-employed b. self-working c. self-paid
4. Steve works for BurgerPlanet. He only earns about £6 _____.
a. for an hour b. an hour c. the hour

5. Working in a fast-food restaurants is usually a _____ occupation.

a. bad-pay

b. short-pay

c. low-pay

6. Many company executives receive a performance-related _____.

a. bonus

b. gift

c. extra

7. Extra benefits from employers such as free health insurance, free cars and free mobile phones are called _____.

a. presents

b. extras

c. perks

8. Factory workers who get paid for each item they make are _____.

a. in pieces

b. on piecework

c. on pieces

C. Which two of these sentences are not possible?

1. I think you should ask for a pay rise.

2. I think you should ask for a pay increase.

3. I think you should ask for more pay.

4. I think you should ask for higher money.

5. I think you should ask for a salary increase.

6. I think you should ask for bigger money.

D. Put the words / phrases into the correct boxes.

attractive salary	•	boss	•	committed
dynamic	•	highly motivated	•	huge salary
line manager	•	loads of money	•	member of a team
remuneration package	•	they pay peanuts	•	worked off your feet

JOB ADVERTISEMENT	INFORMAL CONVERSATION

13. Currency markets 1

Today's exchange rates

1 US dollar =	Euro 0.82	GB Pound 0.53
1 Euro =	US dollar 1.23	GB Pound 0.65
1 GB pound =	US dollar 1.90	Euro 1.54

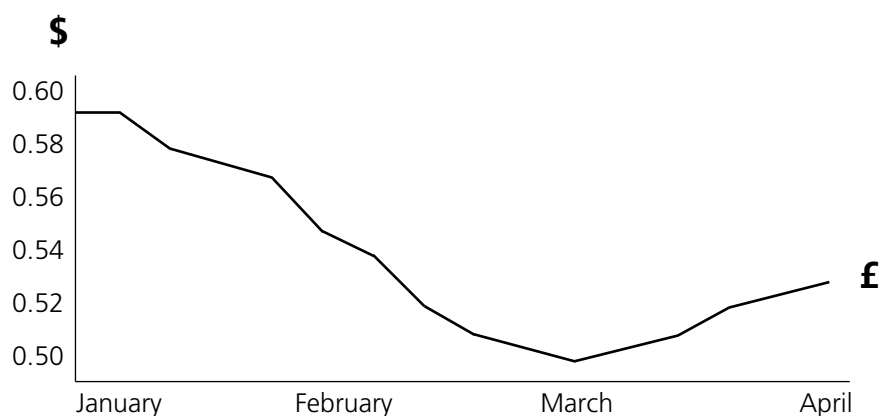
A. Which is correct? (Choose one from each group.)

- There are 1.23 dollars to a Euro.
 - There are 1.23 dollars for a Euro.
 - There are 1.23 dollars to the Euro.
 - There are 1.23 dollars to a Euro.
- The euro is currently at 1.23 against the dollar.
 - The euro is currently at 1.23 for the dollar.
- No. 1 above is how ordinary people say it; no. 2 is how it's reported in the news.
 - No. 2 above is how ordinary people say it; no. 1 is how it's reported in the news.

B. Look at the exchange rate chart, and write words or numbers into the spaces.

- At the moment there are _____ euros to the pound.
- The pound is standing _____ against the dollar.
- You'll get just _____ two dollars to the pound.
- A dollar is worth just _____ fifty pence.
- How many euros will I _____ for £100?
- How much is \$39.95 _____ pounds?
- I'd like to change these pounds _____ euros please.
- I'd like to exchange these pounds _____ euros please.

C. Look at the chart, and answer true or false.



14. Currency markets 2

A. Put the words into the spaces below.

black market	•	hard currency	•	pegged
stability	•	transactions	•	convertible

A soft currency

The Kzarnian florint is not ¹_____ outside the Republic of Kzarnia. Until recently, the official exchange rate was KF20 to the US dollar, although the ²_____ rate was at least double that. However, last month the government ³_____ the currency to the dollar at a lower level, and the gap between the official and unofficial rates has narrowed. The official rate currently stands at around KF35. Despite the improved ⁴_____ of the currency, most major ⁵_____ within the country are still carried out in ⁶_____. Tourists may never even see a Kzarnian florint, as all goods and services they are likely to require can be paid for in euros or US dollars.

B. Look at the article. Are the following sentences true or false?

1. The Kzarnian florint can be bought in any bureau de change that has them in stock. **TRUE / FALSE**
2. At the moment, the black market rate is only slightly better than the official rate. **TRUE / FALSE**
3. KZ are mostly used for small everyday transactions. **TRUE / FALSE**
4. In Kzarnia, you can pay for you hotels, restaurants and taxi drivers in any hard currency. **TRUE / FALSE**

C. Put the words into the spaces below.

cost of living	•	denominations	•	Eurozone
legal tender	•	monetary unit	•	rounding up

A hard currency

The euro is the ¹_____ of the majority of countries within the European Union. Notes come in ²_____ of 5, 10, 20, 50, 100 and 500 euros. The currency was introduced on 1st January 2002, and shortly afterwards the national currencies of the countries in the ³_____ ceased to be ⁴_____.

One effect of the introduction of the euro was "euro inflation", with the ⁵_____ rising sharply as a result of the ⁶_____ of prices.

D. Choose the best words.

1. When the government doesn't control the exchange rate in any way, the currency is _____.
a. freely convertible **b.** totally convertible **c.** absolutely convertible
2. The Japanese yen is trading for less than its usual value. You can talk about _____.
a. a small yen **b.** a bad yen **c.** a weak yen
3. The Mexican peso is trading for more than its usual value. You can talk about _____.
a. a big peso **b.** a good peso **c.** a strong peso
4. A sovereign is a coin made of 7.3 grams of gold, and is worth a lot of money. However, its _____ is just one pound.
a. front value **b.** face value **c.** written value
5. Changes in the values of currencies are called _____.
a. currency fluctuations **b.** currency alterations **c.** currency changes
6. An Internet site which does currency calculations based on the latest exchange rates is called a _____.
a. currency changer **b.** currency converter **c.** currency setter
7. When you change money, you usually have to pay a _____.
a. commission **b.** percentage **c.** fee
8. When changing money, banks tend to offer a _____ exchange rate than bureaux de change.
a. better **b.** nicer **c.** fatter
9. Traders sometimes agree to trade currency in the future for an agreed rate. A "long position" means that the trader will make a profit if the currency _____.
a. goes up **b.** goes down **c.** stays the same
10. A "short position" means that the trader will make a profit if the currency _____.
a. goes up **b.** goes down **c.** stays the same

E. Which two of the following are not a way of saying €1.50?

1. One euro fifty
2. One-and-half-euros
3. One euro fifty cents
4. One euro and fifty cents
5. One point fifty euros
6. One point five euros
7. A euro with fifty



15. International payments

A. Match the type of payment with the description, and choose the best word from each pair in grey type.

Four methods of payment for imports/exports

advance payment

documentary credit (or **letter of credit**)

bill of exchange

open account

a. _____

The exporter sends the goods and ¹ **documents** / **papers** to the foreign buyer. The buyer pays the invoice when the goods arrive, or within a certain period from the invoice date. This can be risky, as the exporter trusts the buyer to ² **respect** / **honour** the original sales contract.

b. _____

A foreign bank issues ³ **a promise** / **an undertaking** to the exporter (through a bank in the exporter's country) to pay for the goods as long as the exporter ⁴ **matches** / **complies** with the conditions of the contract. This is a much safer form of payment for the exporter. To be even safer, the exporter can arrange for the bank in his/her country to ⁵ **act as** / **be** "confirming bank", which means that the bank in the exporter's country is responsible for the transaction.

c. _____

A ⁶ **legally-binding** / **legally-holding** agreement that the importer will, on acceptance of the bill, pay the exporter for the goods. The risks are that the importer does not accept the bill even though the goods have arrived, or ⁷ **doesn't pay** / **dishonours** an accepted bill when it ⁸ **matures** / **is time to pay**.

d. _____

The exporter does not ⁹ **send** / **dispatch** the goods until payment has been received from the importer. There is no risk for the exporter - all the risk is ¹⁰ **taken by** / **with** the importer.

B. Put words below into the spaces in the sentences.

bill of lading	•	consignments	•	courier
defer	•	forwarded	•	import duty
issuing bank	•	payment on delivery	•	penalty
release	•	remit	•	remittance
shipment	•	shipped	•	tariffs
title	•	vessel	•	wire

1. We are expecting two _____ of computer printers from China.
2. Another word for a consignment is a _____, even if it doesn't travel on a ship.
3. The consignment _____ ten days ago. I'm surprised you haven't received it yet.
- 4 A detailed list of a ship's cargo is called a _____.
5. Another word for ship is _____.
6. In many cases, when goods are imported, an _____ has to be paid.
7. Another word for import duties is _____.
8. A document proving that you own a consignment of goods is called a _____ to the goods.
9. After payment, the bank will _____ the title to the goods.
10. The bank took a long time to _____ payment to my account.
11. If we don't deliver on time, we'll have to pay a late-delivery _____.
12. We would like to _____ payment until delivery of the shipment.
13. We usually ask our customers for _____.
14. If there's a problem with the letter of credit, I suggest you contact the _____.
15. The quickest way to send money to another country is to _____ it, for example, by Western Union.
16. Thank you for sending the _____ by Western Union. I collected it this morning.
17. An effective way to ship consignments is to use a _____ such as UPS, DHL or FedEx.
18. The exporter's bank has _____ the bill of exchange to the importer's bank.

16. International banking and investments

A. Choose the best words to go into the spaces.

1. Because Britain is an island, in British English, a bank account in another country is known as an _____ account.
a. off-island **b.** off-coast **c.** offshore
2. Transferring money from Britain to another country is called sending money _____.
a. overseas **b.** over-water **c.** over-waves
3. A country with very low taxes is known as a _____.
a. tax heaven **b.** tax haven **c.** tax paradise
4. The principal aim of offshore banking in tax havens is to reduce the customer's tax _____.
a. liabilities **b.** expenses **c.** costs
5. A person of any nationality who normally lives in the UK is called a UK _____.
a. resident **b.** inhabitant **c.** citizen
6. A person with a UK passport is called a _____, even if they don't live in the UK.
a. UK resident **b.** UK inhabitant **c.** UK citizen
7. A person who is has a UK passport but doesn't normally live in the UK is called a _____.
a. non-resident **b.** non-inhabitant **c.** non-citizen
8. Jim mostly lives in Spain, but for tax _____ he's resident in the UK.
a. purposes **b.** registration **c.** payment
9. Jim is _____.
a. UK taxed **b.** UK taxable **c.** a UK tax-payer
10. Although she lives and works in Germany, Maria's company is _____ in Liechtenstein.
a. registered **b.** recorded **c.** officially situated
11. An informal way of saying that Maria lives in Germany is that Maria is _____ in Germany.
a. housed **b.** domiciled **c.** based
12. A formal way of saying that Maria lives in Germany is that Maria is _____ in Germany.
a. housed **b.** domiciled **c.** based
13. A _____ payment is a fast and secure way to make an international payment.
a. fast-track **b.** priority **c.** top priority
14. SWIFT is an international _____ payment system.
a. electric **b.** electrical **c.** electronic
- 15 A person who receives an international payment is called the _____.
a. getter **b.** beneficiary **c.** receiver

B. Fill in the missing words. Then number these stages in order, 1 to 6.

funds • identification • prevailing
sterling • tradable • working days

Making a priority payment from the UK

If the payment is in a foreign currency, the bank carries out the currency exchange at the _____ rate.

The payment is sent by SWIFT.

Instruct your bank to make the payment. If transferring _____ to a bank account, quote the beneficiary's IBAN (International Bank Account Number).

The transfer usually takes three or four _____

The payment is credited to the beneficiary's account, or can be collected by the beneficiary upon production of a suitable means of _____

Decide if you want to send the payment in _____ or in another _____ currency.

C. Complete the chart below. Is each sentence true for UK-based unit trusts*, offshore funds, both or neither?

	UK-based unit trust	offshore fund
Aimed at private investors	x	x
Aimed at institutional investors, such as pension funds		
Usually operated by fund managers		
Liable for UK tax		
Based in a tax haven		
Usually based on a portfolio of stocks and shares		
Regulated by UK authorities		
May carry additional risks		
A no-risk investment		
Called a "mutual fund" in the United States		

* For a definition of unit trust, see Unit 24 Investments

17. National central banks (NCBs)

Bank of England raises interest rate to 5%

1. Mortgage repayments, along with the cost of overdrafts and credit card debts, are set to rise after the Bank of England surprised the City yesterday by announcing its first rise in interest rates for more than a year.
2. News of the quarter-point rise to 5% was cautiously welcomed by some financial institutions, but was largely condemned by industry and trades unions.
3. A statement from the Bank of England's monetary policy committee said that strong growth, a recent recovery in consumer spending, buoyant export markets and signs of a pick-up in investments meant that action was necessary in order to meet the government's 2.5% inflation target.
4. The statement said: "With inflation likely to remain above target for some while, it was judged necessary to bring consumer prices inflation back to target in the medium term."
5. A response from the London Board of Businesses and Exporters described the move as premature, and likely to damage businesses, especially those dependent on export earnings.
6. Many homeowners will face higher monthly bills through increased mortgage costs, especially those with variable rate and base-rate tracker mortgages. If mortgage lenders pass on the rise in full, it will add around £20 to the monthly repayments on a £100,000 mortgage. According to Sarah Parker of the Family Income Monitoring Unit, the average family will need to find around another £40 a month.
7. Few analysts predicted a rate increase, and some had even been expecting a decrease to help boost a subdued housing market. Many were talking about the increase being a pre-emptive strike, with the small increase in borrowing costs now intended to ward off the need for a more painful rise later.
8. In the City's money markets, however, there were expectations of a further tightening of the Bank's policy and further interest rate rises - perhaps up to 5.75% - unfolding over the next twelve months. Fears that further rate increases would affect consumer spending wiped £17bn off the value of the London stock market.

A. Choose the definition which is closest to the meaning in the article.

- | | |
|--|---|
| 1. the City (paragraph 1) | |
| a. the people of London | b. financial professionals working in London |
| 2. a quarter-point rise (paragraph 2) | |
| a. a 0.25% rise | b. a 2.5% rise |
| 3. consumer spending (paragraph 3) | |
| a. money spent by businesses | b. money spent by ordinary people |
| 4. a pick-up in investments (paragraph 3) | |
| a. an increase in share prices | b. a drop in share prices |
| 5. in the medium term (paragraph 4) | |
| a. over the next few months | b. over the next few years |
| 6. a pre-emptive strike (paragraph 7) | |
| a. an action taken before it becomes necessary | b. an action taken after it becomes necessary |

B. Find words in the article with the same meaning as the following.

- | | |
|--|---------------|
| 7. steady economic expansion (paragraph 3) | s_____ g_____ |
| 8. higher than desired (paragraph 4) | a_____ t_____ |
| 9. too soon (paragraph 5) | p_____ |
| 10. avoid (paragraph 7) | w_____ o_____ |
| 11. occurring (paragraph 8) | u_____ |

C. Complete the definitions.

12. **The move was condemned by industry** means businesspeople thought the action was _____.
a. a good thing b. a bad thing c. neither good nor bad
13. **Most banks passed on the 0.25% rise in full** means that most banks increased their lending rates by...
a. less than 0.25% b. 0.25% c. more than 0.25%
14. **Base-rate tracker mortgages** are _____ the Bank of England's interest rate.
a. lower than b. the same as c. linked to
15. **I'll need to find an extra £40 a month** means that I'll have to _____ another £40 a month.
a. pay b. earn c. save
16. **A further tightening of policy** is another _____.
a. review of targets b. policy reversal c. unpopular implementation of policy
17. **£17bn was wiped off the value of the London stock market** means that
a. fewer shares were traded in the UK b. UK share prices mostly went down
c. a lot of UK companies went bankrupt

D. Which of the following are not usually done by the NCBs of Developed Economies?

- a. Implement the government's monetary policy
- b. Decide monetary policy
- c. Hold reserves of foreign currency
- d. Hold reserves of gold
- e. Hold reserves of jewels and valuable paintings
- f. Set exchange rates
- g. Help the government manage the exchange rate if necessary
- h. Manage the government's accounts
- i. Provide current accounts for businesses
- j. Issue banknotes
- k. Control the money supply
- l. Control banks' lending rates
- m. Manage share issues

18. National economies and international trade

A. Match the terms with the definitions.

- | | |
|----------------------------------|--|
| 1. trade surplus | a. Money owed by a country to foreign creditors |
| 2. trade deficit | b. The accounts setting out a country's transactions with the rest of the world |
| 3. balance of trade | c. The value of a country's imports exceeds its exports |
| 4. balance of payments | d. The accounts setting out a country's total imports and exports. |
| 5. external debt | e. The value of a country's exports exceeds its imports |
| 6. debt servicing | f. Expansion of the economy |
| 7. devaluation | g. The value of all the goods and services produced by an economy over a period (e.g. one year). |
| 8. growth | h. Contraction of the economy |
| 9. recession | i. GDP plus other forms of income such as interest, profits and dividends received from abroad. |
| 10. gross domestic product (GDP) | j. The national income divided by the population |
| 11. gross national product (GNP) | k. The payment of interest on debts |
| 12. national per capita income | l. Reduction in the value of a currency |

B. Look at these sentences about the economy of the United Kingdom. Do you think the answers are TRUE or FALSE? (If you don't know, guess.)

- | | |
|--|--------------|
| 1. The UK is a market economy. | TRUE / FALSE |
| 2. Most major industries are state-owned. | TRUE / FALSE |
| 3. Many state-owned industries were privatised in the 1980s. | TRUE / FALSE |
| 4. The pound was floated in 2006. | TRUE / FALSE |
| 5. The UK owes several trillion pounds to the IMF (International Monetary Fund). | TRUE / FALSE |
| 6. The UK spends nearly a quarter of its GNP on servicing external debt. | TRUE / FALSE |
| 7. The UK has never experienced hyperinflation. | TRUE / FALSE |
| 8. The UK has never had a trade deficit. | TRUE / FALSE |
| 9. In 2006 the UK economy shrank slightly. | TRUE / FALSE |
| 10. From 1990 to 2005, the UK economy experienced double-digit growth. | TRUE / FALSE |

C. Write the words into the spaces in the sentences.

"boom and bust"	•	budget deficit	•	budget surplus
crops	•	deregulation	•	disposable income
free trade	•	globalisation	•	industrial base
infrastructure	•	market forces	•	natural resources
private sector	•	public sector	•	quota
Retail Price Index (RPI)	•	social security	•	subsidies
trade barrier	•	trading partners		

- European farmers receive large sums of EU money in the form of _____.
- If government expenditure is higher than government income, the result is a _____.
- If government income is higher than government expenditure, the result is a _____.
- In a _____ economy periods of growth are followed by periods of recession.
- People who work for state-owned organisations such as public hospitals and state schools work in the _____.
- People who work for privately-owned organisations work in the _____.
- Payments by the government to people with little or no other income is called _____.
- Buildings, roads, railway lines, telephone networks and power supplies are all part of a country's _____.
- A limit on the amount of particular type of import is a _____.
- Import tariffs and quotas are types of _____.
- The absence of trade barriers is known as _____.
- Britain's most important _____ are France, Germany and the USA.
- "The world is one big market". This is one way of describing _____.
- The world price of coffee is not fixed. It is largely controlled by _____.
- When a government makes something easier and less bureaucratic, this is called _____.
- One of the main ways to measure inflation is the _____ which is based on the prices of goods and services.
- The money people have after paying for food, housing and other necessities is called _____.
- Manufacturing, mining and oil refining are parts of the UK's _____.
- Oil, coal and water are _____.
- Wheat, potatoes and apples are _____.



19. Taxation



My name's Marcus. I work for a bank. I'm on PAYE (Pay As You Earn). This means that tax is automatically deducted from my salary. My salary isn't particularly high, so I only pay tax at the basic rate. My personal allowance is £5,000 a year. Then I pay 10% on the next £2,500, and 22% on everything above that. I also have to pay National Insurance, of course, which is another 9%. My gross pay is about £19,000 but my take-home pay is around £15,000.

My name's Yvonne. I'm a self-employed dentist. Every year I have to fill in a tax return. Dentists can earn quite a lot of money, and my income is usually well into the higher rate. In other words, I have to pay 40% on everything I earn over £45,000 a year. However, the salary I pay my receptionist, the rent for my surgery and the cost of my equipment are all tax deductible. Only about half my turnover counts as taxable income. The National Insurance rules are quite complicated for self-employed people, but my accountant takes care of that for me.



A. Does each sentence describe Marcus, Yvonne, both or neither?

	Marcus	Yvonne
1. Is a tax payer	x	x
2. Works for himself / herself		
3. Has tax deducted at source		
4. Submits an annual tax return		
5. Income exceeds the personal allowance		
6. Income exceeds the 10% band		
7. Income exceeds the 22% band		
8. Pays tax at the higher rate		
9. Net earnings are about £4,000 lower than gross earnings		
10. Gross earnings are below the National Insurance threshold		
11. Pays National Insurance		
12. Has tax-allowable expenses		
13. Employs an accountant		
14. Lives entirely on unearned income		

B. Match the type of tax with the definition.

- | | |
|--------------------------|---|
| 1. Income tax | a. Tax on profits made by selling assets such as businesses, rented houses and shares. |
| 2. Capital gains tax | b. A tax on specific transactions. For example, in the UK, it is payable by the buyer of a house. |
| 3. Value Added Tax (VAT) | c. Tax on earnings, profits from investments and any other sources of personal income. |
| 4. Stamp duty | d. Tax on goods and services. In the UK it is charged at 17.5%. |
| 5. Wealth tax | e. In the UK, this is the name for the tax paid by companies. |
| 6. Inheritance tax | f. Tax on assets (such as houses) payable in some countries, but not in the UK. |
| 7. Corporation tax | g. Tax on the assets of a person who has died. Used to be called "death duties". |

C. Match the terms with the examples. It's not easy – some of the terms have close meanings.

- | | |
|----------------------|---|
| 1. tax relief | a. Ms Brown is British, but to save tax she lives in Monaco. |
| 2. tax break | b. No tax is payable on winnings from the National Lottery. |
| 3. tax exile | c. From April 6th next year, theatres will not have to pay tax on profits below £20,000. |
| 4. direct taxation | d. VAT |
| 5. indirect taxation | e. Ms Smith pays an accountant to find legal ways to reduce her tax liability. |
| 6. tax avoidance | f. income tax |
| 7. tax evasion | g. Liability for capital gains is reduced by 7.5% for each year of ownership of the asset. |
| 8. tax free | h. Mr Jones made a profit of £100,000 from selling a business, but didn't declare it to the Inland Revenue. |

D. Choose the best word from each pair in grey type.

1. Alan's company is registered in his wife's name for tax **reasons** / **motives**.
2. Until last year, some companies paid part of their executives' salaries in valuable antiques, to save tax. However, the government has now closed this **wormhole** / **loophole**.
3. In the UK, food and children's clothes are **free** / **exempt** from VAT.
4. Only about 4% of the population are in the highest tax **bracket** / **level**.
5. Any company which relocates to Wales will pay not tax for the first two years. This tax **incentive** / **gift** is designed to help reduce unemployment in the region.
6. Last year I paid too much tax, so this year I received a tax **refund** / **rebate**.

20. Profit and loss accounts

Parker Publishing Group Plc	
Summary Profit and Loss Account	
<i>Audited for the year to March 31st 2007</i>	
	£ million
Income	
Revenue from main business, magazine publishing:	228
Revenue from other activities:	17
Total turnover:	245
Expenses	
Pay and other employee costs:	69
Depreciation of fixed assets:	3
Selling and marketing costs:	38
Other operational costs:	61
Total operating costs:	171
Profits	
Operating profit:	157
Profit from sale of fixed assets:	6
Net interest payable:	2
Profit before tax:	149
Tax:	32
Profit after tax:	117
Shareholder dividends:	55
Profit retained in the business:	62
Earnings per share:	17.4p

A. Match the words from the account summary with the definitions.

- | | |
|-----------------|---|
| 1. audited | a. reduction in value of an asset over time |
| 2. revenue | b. money paid to shareholders |
| 3. turnover | c. asset purchased for long-term use, such as land, buildings and equipment |
| 4. fixed asset | d. after any deductions |
| 5. depreciation | e. accounts checked by an independent examiner |
| 6. net | f. a person who has invested in the company through buying shares |
| 7. shareholder | g. income |
| 8. dividend | h. total income |

B. Look at the account summary, and answer true or false.

- | | |
|--|---------------------|
| 1. Turnover is income after outgoings have been deducted. | TRUE / FALSE |
| 2. Salaries and wages were the only major operating cost. | TRUE / FALSE |
| 3. Depreciation of fixed assets seriously reduced operating profits. | TRUE / FALSE |
| 4. Parker Publishing spent a lot on sales and marketing. | TRUE / FALSE |
| 5. The company sold some assets. | TRUE / FALSE |
| 6. Nearly all the profits went to the shareholders. | TRUE / FALSE |
| 7. Dividends were only 17.4p per shareholder. | TRUE / FALSE |
| 8. It was a very bad year for Parker Publishing. | TRUE / FALSE |

C. Choose the best words to fill the spaces.

1. The year to March 31st can also be called the year _____.
a. finishing b. ending c. terminating
2. Another term for "main business" is _____ business.
a. central b. first c. core
3. A company which makes a profit can be described as profitable or _____.
a. profit-getting b. profit-making c. profit-having
4. A company which makes a loss can be described as _____.
a. loss-getting b. loss-making c. loss-having
5. "Profit before tax" can also be called _____.
a. pre-tax profit b. without-tax profit c. non-tax profit
6. Another word for shareholders (especially in American English) is _____.
a. ticket-holders b. stockholders c. paper-holder
7. Another word for "operating costs" is _____.
a. overheads b. headings c. heads
8. A company which makes neither a profit or a loss is said to _____.
a. fall even b. drop even c. break even

The profit and loss account summary on the previous page is simplified.

21. Balance sheets

Parker Publishing Group Plc	
Balance Sheet	
<i>Audited for the year to March 31st 2007</i>	
	£ million
Fixed assets	
Property	47
Fleet	9
Computers and other equipment	2
Total fixed assets:	58
Current assets	
Stock	5
Money outstanding	12
Other current assets	2
Total current assets:	19
Liabilities	
Current liabilities:	7
Long-term liabilities:	23
Assets less liabilities:	47
Money invested in Parker Publishing	
Share capital (40m 50p shares)	20
Reserves:	98
Total:	118

A. Match the words from the balance sheet with the definitions.

- | | |
|--------------------------|---|
| 1. property | a. vehicles (cars, delivery vans, lorries etc.) |
| 2. fleet | b. not yet paid (in this case, not yet paid to Parker Publishing) |
| 3. stock | c. money in deposited in bank accounts |
| 4. outstanding | d. land, buildings and parts of buildings |
| 5. current liabilities | e. money which must be paid out within one year |
| 6. long-term liabilities | f. money which must be paid out after one year |
| 7. share capital | g. goods not yet sold |
| 8. reserves | h. money raised by issuing shares in the company |

The balance sheet above is simplified.

B. Write the words into the spaces.

arm	•	cash flow	•	founded	•	in its own right
liabilities	•	outstanding	•	pounds' worth	•	sale or return
subsidiary	•	tied up	•	trading	•	went public

Parker Publishing was ¹_____ in 1872 by Hieronymous Parker, originally as the publisher of a religious periodical called *The Preacher*. It now specialises in lifestyle magazines, and, through its ²_____ Tekpress, also publishes several highly successful periodicals on consumer interest subjects such as computing and hi-fi. The distribution ³_____ also distributes magazines from other publishers, and has become highly profitable ⁴_____.

The company ⁵_____ in 1987. The shares, originally priced at 50p, are ⁶_____ at the time of writing for around £3.20.

Like many magazine publishers, Parker are vulnerable to ⁷_____ problems. As their magazines are on ⁸_____, they usually have millions of pounds ⁹_____ from retailers, and have ¹⁰_____ of several million more in printers' bills. In addition they have to keep large sums of money ¹¹_____ in stock – the firm's warehouses in London and Manchester usually contain around five million ¹²_____ of magazines.

C. Look at the article above and the balance sheet on the opposite page. Answer the questions.

1. What are Parker Publishing's main current liabilities?
 - a. money owed to other companies (particularly printers).
 - b. salaries and wages
2. The article doesn't mention long-term liabilities. In the case of Parker Publishing are these more likely to be...?
 - a. money that must be paid to printers in the distant future.
 - b. repayments on a bank loans used to buy a fleet of lorries and the warehouse in Manchester.
3. The company's share capital is £20m. Does this mean that...?
 - a. their shares are currently worth a total of £20m
 - b. the shares were worth £20m when issued, but are now worth much more
4. What's the company currently worth?
 - a. £20,000,000
 - b. £98,000,000
 - c. £118,000,000

22. Corporate finance

A. Money TV was a financial news Cable TV station. Put the story in order.

	After a shaky start, Money TV went into profit after three years.
	They raised some capital from a merchant bank.
	As a result, Money TV's advertising revenue fell dramatically.
1	Three companies, Tennant Entertainment, Planet Media and K9 Communications formed a consortium.
	Money TV started to make heavy losses.
5	A new station, The Money Channel was launched by Wolf Media Group, the US media empire.
	Money TV went into liquidation.
	They bought equipment, rented premises, hired staff and set up Money TV.
	Viewing figures dropped sharply because of competition from The Money Channel.

B. Put the words into the spaces.

annual report	•	capital intensive	•	cost-benefit analysis
into partnership	•	joint venture	•	lease
monopoly	•	profit margin	•	recoup
start-up costs	•	supply and demand	•	working capital

1. Before deciding to invest in a new computer system, we need to do a _____ to see if it's going to be worth it.
2. The new machinery cost a lot, but we'll _____ the investment in just a few months.
3. You can read about the company's finances, performance and plans for the future in its _____.
4. We don't actually own our delivery lorries. We _____ them.
5. We'd like to launch a new airline, but the _____ are very high.
6. Airlines are a very _____ form of business, as aeroplanes are extremely expensive.
7. Jewellery retailers need a lot of _____, as the cost of their stock is high.
8. Petrol filling stations operate on a very narrow _____. They only make about 1p a litre.

-
9. All business are subject to the laws of _____.
10. The new mobile phone banking service is a _____ between ÜberBank and Telkom.
11. ÜberBank and Telkom have gone _____ with each other.
12. In Italy, Telecom Italia used to have a _____ on telecommunications.

C. Choose the best words to go into the spaces.

1. I sold my furniture shop as _____.
a. an operating company b. a going concern c. an active business
2. We can get a government _____ to help build a new factory in an area with high unemployment.
a. grant b. money c. payment
3. Before building the new factory, we'll have to do an environmental _____.
a. check b. survey c. audit
4. We don't employ our own cleaning staff. We've _____ the cleaning to an outside firm.
a. contracted out b. contracted c. contracted over
5. We need a building firm to build a new warehouse. We're going to put the contract _____.
a. out to price b. under offer c. out to tender
6. Three firms have _____ for the contract.
a. tendered b. offered c. given prices
7. Due to several years of falling sales, we're going to _____ the company.
a. stop b. finish c. wind up
8. The company _____ trading in 2006.
a. gave up b. finished c. ceased
9. Money invested in helping other people start new businesses is called _____.
a. venture capital b. adventure capital c. start capital

D. Which of the options in not possible?

- As a result of online ticket purchases, several independent travel agents have _____.
a. gone under
b. gone out of business
c. gone past their sell-by dates
d. gone bust
e. gone into liquidation
f. gone to the wall

**E. Three of the phrases above are informal.
Which three?**



23. Mergers and acquisitions

A. Choose the best word from each pair in grey type.

1. Anderson Accounting has been **taken over** / **taken up** by Berlin Brothers.
2. Collins Corporation has made a **bid** / **play** for Dacher Deutsche
3. The board of Dacher Deutsche **rejected** / **denied** Collins Corporation's offer.
4. Eastern Electricity has **joined** / **merged** with Grampian Gas
5. Inter-tek has been sold by its **father** / **parent** company, Harrison Holdings.
6. Inter-tek has been **acquired** / **got** by Johnson & Johnson
7. Harrison Holdings is expected to sell more of its **subsidiaries** / **children** in the future.

B. Put the words below into the correct spaces.

conditional bid	•	controlling interest	•	hostile takeover
merger	•	"poison pill"	•	shareholders
target company	•	unconditional bid	•	"white knight"

Takeover bids

In a takeover bid, another person or business makes an offer to the ¹_____ to buy their shares at a fixed price. The aim of this is to take control of the ²_____.

If it is a welcome takeover bid, the directors of the company advise the shareholders to accept the offer. If the shareholders accept the offer, the result is usually called a ³_____.

If the bid is unwelcome, the directors advise the shareholders against accepting it. The bidders may then write to the shareholders explaining the advantages of the takeover, and perhaps improving the offer for the shares. This is known as a ⁴_____ bid.

To avoid an unwelcome takeover bid, the directors may devise a ⁵_____ – a tactic that will mean the company is worth much less if the takeover bid is successful. Alternatively, they may look for a ⁶_____ – an alternative bidder for the company whose takeover would be more welcome.

In an ⁷_____, the bidder offers a price for each share regardless of how many shares it can buy. In a ⁸_____, the offer price depends on the bidder being able to buy enough shares to gain a ⁹_____ in the target company.

C. Choose the best word to go into the space.

1. Berlin Brothers bought a _____ shareholding in Anderson Accounting.
a. more-than-half b. biggest c. majority
2. In the UK, mergers and acquisitions are not _____ by the government.
a. controlled b. checked c. regulated
3. However, they are subject to a voluntary _____.
a. code of conduct b. code of practice c. way of doing things
4. Buying a company for less than the value of its assets, then selling those assets to make a profit is called _____.
a. asset stripping b. profiteering c. exploitation
5. Sometimes a controlling interest in a company is bought by its managers. This called a management _____.
a. buy-out b. buy-up c. buy-in
6. In the past, a lot of small banks were _____ by larger ones.
a. bought up b. eaten up c. chewed up
7. In other words, there was _____ in the banking industry.
a. amalgamation b. combining c. consolidation
8. A takeover of a foreign company is known as a _____ deal.
a. cross-boundary b. cross-border c. cross-state

D. Match the words on the left with the words on the right.

- | | |
|---|-------------------------------|
| 1. make / reject / accept / improve / retract | a. a code of practice |
| 2. buy up some | b. a controlling interest |
| 3. subscribe to / follow / ignore | c. a deal |
| 4. an unregulated | d. activity / industry |
| 5. do / close | e. unwanted subsidiary |
| 6. gain | f. an offer / a bid |
| 7. consolidate | g. our position in the market |
| 8. sell off an | h. shares / smaller companies |

24. Investments

Make a profit and make a difference

The Aware Finance Ethical Investment Fund aims to offer everything you would expect from an ethical investment: capital growth, a competitive yield and the knowledge that your gain isn't at the expense of the environment or exploited workers. Naturally, we only invest in companies that have been thoroughly screened, and fully match up to ethical investment criteria.

Yet Aware Finance goes one step further. 20% of the fund is invested in small, unquoted companies developing the next generation of renewable energy technologies. Of course, most of these technologies are in their infancies, and this fund is particularly aimed at investors looking for long-term growth potential.

With Aware, the return on your investment isn't just financial.



The Neptune Tracker Fund



Sometimes the simple things in life are the best. With The Neptune Tracker Fund there are no investment strategies and no fund managers to pay. The fund is invested in the 100 companies that comprise the Financial Times-Stock Exchange 100 Share Index. If the FTSE 100 goes up by 5%, the value of your holding goes up 5%. It's as simple as that.

Despite the promises of high growth and high return associated with managed funds, the truth is that in seven out of the last ten years on average tracker funds have equalled or out-performed managed funds.

And unlike managed funds, there are no hefty fees to pay. Entry to the fund costs 1.75% of the sum invested, with a tiny 0.5% administration fee payable each year thereafter. Yields can be reinvested in the fund or can be taken as income – the choice is yours.

A. Find words in the advertisements which mean the same as the words below.

- | | |
|---|--------------------------|
| 1. a specific investment | h _____ |
| 2. as good, in financial terms, as others on the market | c _____ |
| 3. checked | s _____ |
| 4. give a higher return than | o _____ -p _____ |
| 5. income from an investment | y _____ |
| 6. increase in value of a holding | c _____ g _____ |
| 7. an increase in value over several years | l _____ -t _____ g _____ |
| 8. not listed on a stock exchange | u _____ |
| 9. principles for deciding how to invest | i _____ c _____ |

B. Answer the questions.

- | | |
|--|------------------------|
| 1. Which fund is probably higher risk? | AWARE / NEPTUNE |
| 2. which fund is likely to have higher fees? | AWARE / NEPTUNE |
| 3. Which fund is more suitable for investors needing a reliable yield? | AWARE / NEPTUNE |
| 4. Which fund is entirely invested on the stock market? | AWARE / NEPTUNE |
| 5. Which fund would you prefer to invest in? | AWARE / NEPTUNE |

C. Match the term with the definition.

- | | |
|-----------------------|--|
| 1. bond | a. An agreement to buy commodities, currencies or shares at a fixed price on a fixed date in the future. |
| 2. futures contract | b. Private investors can buy a small interest in a large fund invested in many companies. |
| 3. share option | c. An investment in which the issuer (often a government) promises to pay back the invested sum plus interest. |
| 4. trust fund | d. Prices are going down / up. |
| 5. unit trust | e. A fund which is managed by the trustee(s) for the beneficiary / beneficiaries. A common example is money held in a trust for a child or young person. |
| 6. bear / bull market | f. Employees are offered shares in the company at a reduced price. |

D. Put the words in the spaces in the sentences.

blue chip	•	closing price	•	commission	•	commodities
downturn	•	financial adviser	•	fixed-interest	•	flotation
issue price	•	portfolio	•	public company	•	put some money into
		share certificates	•	speculate		

1. I've decided to _____ stocks and shares.
2. I bought a five-year _____ government bond.
3. Unfortunately for investors, there has been a significant _____ in the market
4. When I bought the bond, I didn't realise that the agent who sold it to me would get a 3% _____.
5. To get advice on personal investments, you can see an independent _____.
6. Shell, British Airways, Sony and Nestlé are _____ companies.
7. Coffee, cotton, coal and aluminium are _____.
8. A _____ is owned by its shareholders, and its share price is quoted on a stock exchange.
9. Shares in Western Gas were launched with an _____ of 50p per share.
10. The _____ of Western Gas on the stock exchange was in 1990.
11. Yesterday's _____ for Western Gas was 178p per share, down 2p on the day before.
12. Jason has a _____ of shares worth about half-a-million pounds.
13. Unfortunately, all Jason's _____ were destroyed in a fire.
14. Investing is a form of gambling. As the saying goes "You have to _____ to accumulate".

25. The dot.com bubble

1. At the height of the high-tech stocks gold-rush, private investors were piling money into internet and technology companies. In many cases, these were little known businesses that had been in existence for only a few months. Nevertheless, investors were hungry for stocks, with many buying large holdings simply on the basis of wildly optimistic internet bulletin boards tips.
2. Then in March and April 2000 share prices crashed. A lucky minority had got out in the nick of time, but the majority of dot-com investors suffered substantial paper losses. Looking back at the frenzy that led up to the crash, it now seems amazing that so many were taken in by the glitter of fool's gold, and were willing to part with their cash so readily. Dot-com shares doubtless seemed to many to be a casino where they couldn't lose, but as the old saying goes, "If it seems too good to be true, it probably is".
3. London Stock Exchange figures show how cheap online share-trading services caused net-based share-dealing to rocket in the months leading up to the crash. The average number of transactions ballooned to 134,000 a day in January, and hit a peak of 157,000 a day in March – just days before the first signs of disaster.
4. Many of the new share-dealing services were struggling to cope with the demand, and some had to close their doors to new customers. There were numerous complaints from investors having to wait on the phone for an hour or more to get through to a broker.
5. Following the crash, high-tech stocks continued to be traded, of course. But many investors, nursing burnt fingers, pulled out of the market altogether. Others scaled down their trading. The result was a dramatic drop in trading volumes. In the May following the crash, transactions were down to around 100,000 a day, with subsequent months mostly seeing further declines in the number of shares changing hands. In other words, there was a full-blown slump.
6. Although the party was over for private investors, online share-dealing services mostly continued to be profitable, with many new companies joining the already crowded market.
7. However, despite the fact that there was still money to be made, shares in the sector fared poorly, and in late 2000 some were standing at just a tenth of their value prior to the crash – comparable losses to those seen by the dot-coms whose shares they had once been trading so frenetically.
8. In the years following one of the most talked-about crashes in recent history, some investors who hung on to their shares have partially recouped their losses, particularly when smaller companies have been bought out by larger ones. In the majority of cases, though, the recovery has been modest, and accompanied by a strong sense of caution in investors. In general it can be said that the bubble has well and truly burst.

A. Choose the definition which is closest to the meaning in the article.

1. gold-rush (**paragraph 1**)
 - a. lots of people investing
 - b. lots of people making money
2. online bulletin board tips (**paragraph 1**)
 - a. advice from internet services
 - b. information about internet services
3. share prices crashed (**paragraph 2**)
 - a. share prices fell dramatically
 - b. share prices stopped rising
4. paper losses (**paragraph 2**)
 - a. losses of banknotes
 - b. losses of money which never really existed
5. fool's gold (**paragraph 2**)
 - a. good profits for stupid people
 - b. something worth much less than many people believed

B. Find words in the article with the same meaning as the following.

- | | |
|---|----------------|
| 6. only available on the internet (paragraph 3) | n_____ -b_____ |
| 7. reduced (paragraph 5) | s_____ d_____ |
| 8. being bought and sold (paragraph 5) | c_____ h_____ |
| 9. taken over (paragraph 8) | b_____ o_____ |

C. Complete the definitions.

10. **Investors piled money into the market** means that people ...
a. invested cautiously b. invested heavily c. invested all their money
11. **People parted with their cash readily** means that people were...
a. able to spend money b. spending too fast c. happy to spend their money
12. **Small investors got their fingers burnt** means that small investors...
a. were unhappy b. were cheated c. lost money
13. **There was a drop in stock exchange trading volumes** means that ...
a. fewer shares were traded b. more shares were traded c. many shares went down in value
14. **Many investors pulled out of the market altogether** means that many investors...
a. sold all their shares b. stopped buying shares c. sold their shares at the same time
15. **In financial terms, the party's over** means that it's no longer possible to...
a. enjoy making money b. make money easily c. lose more money
16. **Investors have partially recouped their losses** means that investors have got...
a. all their money back b. most of their money back c. some of their money back

D. These sentences use vocabulary from the article. Write "up" or "down" next to each.

- | | |
|--|-------|
| 17. share prices rocketed. | _____ |
| 18. share prices slumped. | _____ |
| 19. share prices recovered. | _____ |
| 20. share prices hit a new peak. | _____ |
| 21. share prices soared. | _____ |
| 22. share prices dropped dramatically. | _____ |
| 23. share prices ballooned. | _____ |
| 24. share prices crashed. | _____ |
| 25. There was a sizeable drop in share prices. | _____ |

26. Banking and financial problems

A. Write the problem in the correct box.

capital flight	•	conflict of interests	•	credit card cloning
embezzlement	•	foreclosure	•	forgery
fraud	•	identity theft	•	insider dealing / trading
insolvency	•	money laundering	•	undercapitalisation

Lemon Industries borrowed money to buy a new factory. They have been unable to repay the loan. The factory was the security for the loan, and the bank is now going to take possession of it and sell it to recover the debt.

Susan Green is a scientist. She has been appointed by the government to investigate any health risks connected with fizzy drinks. However, she also regularly works as a consultant for ColaCo, a major fizzy drinks manufacturer.

Shootemup is a developer of computer games. Producing new computer games is expensive, and they don't have enough money to bring out new games as often as their competitors.

Jane Jackson looked at her bank statement, and found that somebody had used her bank details to pay for 1,000 litres of diesel fuel in Moscow. She has never been to Russia.

A criminal gang used money from drug-dealing to buy antiques for cash, which they then sold at public auction.

Greg Davis knew that his company was secretly planning to buy a profitable subsidiary. He bought a lot of shares in his own company. When the acquisition was announced, the share price went up, and he made a lot of money.

The democratically elected president of the country was deposed in a military coup. Many investors withdrew their capital in order to deposit it in other countries.

Until she was discovered, Tina Edwards managed to steal £100,000 from the pension fund she was managing.

When Ian Barlow paid for a restaurant meal, the waiter took his credit card away for several minutes. A month later, Ian found that a copy of his card had been used to buy some diamonds in Colombia.

Geoff Parker persuaded several people to invest substantial sums of money in a company which didn't exist. He then took the money and disappeared.

Turkey Trading owe large sums of money to several creditors. There is virtually no chance that they will be able to repay these debts, and the company will probably go into liquidation.

Using some special paper and a colour photocopier, Henry Black has been making counterfeit 100 euro notes in his garden shed.

B. Choose the best words to go into each space.

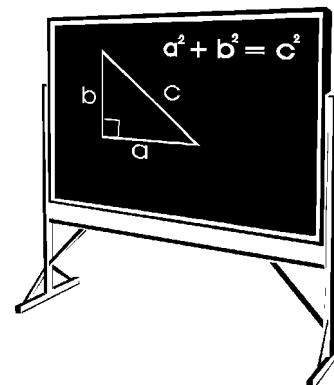
1. An insolvent company often goes into liquidation. A private individual who cannot pay his/her debts may be declared _____ by a court.
a. bankrupt **b.** indebted **c.** penniless
2. A bankrupt person's _____ can be taken and used to repay his/her debts.
a. things **b.** items **c.** property
3. A person who has not yet completed this process is called an _____ bankrupt
a. unfinished **b.** incomplete **c.** undischarged
4. The technical meaning of *insolvency* is that a person or company's _____ exceed their assets.
a. payments **b.** liabilities **c.** expenses
5. When a limited company* becomes insolvent, it is likely to go into _____.
a. liquid **b.** liquidity **c.** liquidation
6. The person responsible for winding up a company which has gone into liquidation is called the _____.
a. liquid **b.** liquidator **c.** liquidiser
7. When all the assets of a company have been used as security for a loan, and the company defaults on repayments, the lender may force the company to go into _____.
a. receivership **b.** reception **c.** reciprocation.
8. In this case, a receiver will be appointed to _____ the assets of the company in order to repay the debt.
a. sell **b.** trade **c.** realise
9. A mistake in an account is often called a _____.
a. disturbance **b.** distraction **c.** discrepancy
10. Supermarket chains have a _____ interest in keeping agricultural subsidies high, as they make food cheaper to buy from farmers.
a. invested **b.** vested **c.** vestal
11. A *force majeure* is an _____ event such as strike, riot or natural disaster which prevents a contract from being _____.
a. unforeseen / fulfilled **b.** unseen / fulfilled **c.** unforeseen / filled
12. Many contracts contain a *force majeure* _____ to cover this situation.
a. sentence **b.** phrase **c.** clause

* A limited company is a company whose members have only limited liability for that company's debts. In other words, if the company cannot pay its debts, the members of the company don't have to pay the debts out of their own pockets.

27. Numbers and statistics

A. Match the numbers with the phrases.

- | | | |
|-----|-------------------|-------------------------------------|
| 1. | 1,000,000 | a. one percent |
| 2. | 1,000,000,000 | b. a thousand |
| 3. | 1,000,000,000,000 | c. a trillion |
| 4. | 1% | d. "nought point oh oh one percent" |
| 5. | 0.1% | e. "nought point oh one percent" |
| 6. | 0.01% | f. "nought point one percent" |
| 7. | 0.001% | g. a billion (often written 1bn) |
| 8. | >1 | h. a million (often written 1m) |
| 9. | <1 | i. greater than 1 |
| 10. | ≥ 1 | j. greater than or equal to 1 |
| 11. | ≤ 1 | k. less than or equal to one |
| 12. | 1k | l. less than one |



Notes

For American English, change *nought* and *oh* to zero: 0.01 = "zero point zero one"

An alternative to "nought point one" is "point one".

In the past the US and the UK had different meanings for *billion* and *trillion*. Occasionally, therefore, in the UK, *billion* may mean [1 plus 12 zeros], and *trillion* may mean [1 + 18 zeros].

B. Match the numbers with the phrases.

- | | | |
|----|-----------------|---|
| 1. | 3 - 2 | a. the square root of three |
| 2. | 3 + 2 | b. three cubed |
| 3. | 3 x 2 | c. three divided by two (or three over two) |
| 4. | 3 / 2 | d. three minus two |
| 5. | 3 ² | e. three multiplied by two (or three times two or three by two) |
| 6. | 3 ³ | f. three plus two |
| 7. | 3 ¹⁰ | g. three squared |
| 8. | $\sqrt{3}$ | h. three to the power of ten (or three to the tenth) |

c. Answer the questions.

1. "Three plus two _____ five." Which is **not** possible?
a. equals b. makes c. is d. comes to e. does

2. Which is not a very usual way to say \$7.90?
a. seven ninety b. seven dollars ninety c. seven dollars and ninety cents
d. seven point nine dollars

3. Choose the best words to fill the spaces
In PC Planet, the Micron X9000 desktop computer _____ \$999.95.
a. is for sale at b. retails at c. is bought at

4. I'll work it out and give you the _____ tomorrow morning.
a. figures b. numbers c. numerals

5. "I don't care how you worked it out. Just tell me the bottom line." Bottom line =
a. amount of profit b. final result of a calculation c. total losses

6. What's the best way to say anna.brown@globalindustries.com
a. "Anna point brown at global industries dot com"
b. "Anna dot brown at global industries dot com"

7. Alan earns £10k a year, Bella earns £20k a year and Cathy earns £60k a year. What's their mean annual income?
a. £20,000 b. £30,000 c. £60,000

8. Reference code 14/689G. What's the best way to say this?
a. "fourteen slash six eight nine G" b. "fourteen, six hundred and eighty-nine G"

9. The subtotal of credits is £8m and the subtotal of debits is £10m. What's the total?
a. "less two million pounds" b. "negative two million pounds"
c. "minus two million pounds"

10. In most English-speaking countries, how do you write "minus two thousand five hundred and seventy"?
a. -2.570 b. 2.570- c. -2,570

11. Which **two** are **not** another way to say "about fifty"
a. around fifty b. fifty-ish c. fifty, up or down
d. fifty, more or less e. fifty or thereabouts f. fifty or so
g. in the region of fifty h. on the fifty i. fifty, give or take

28. Phrasal verbs for banking and finance

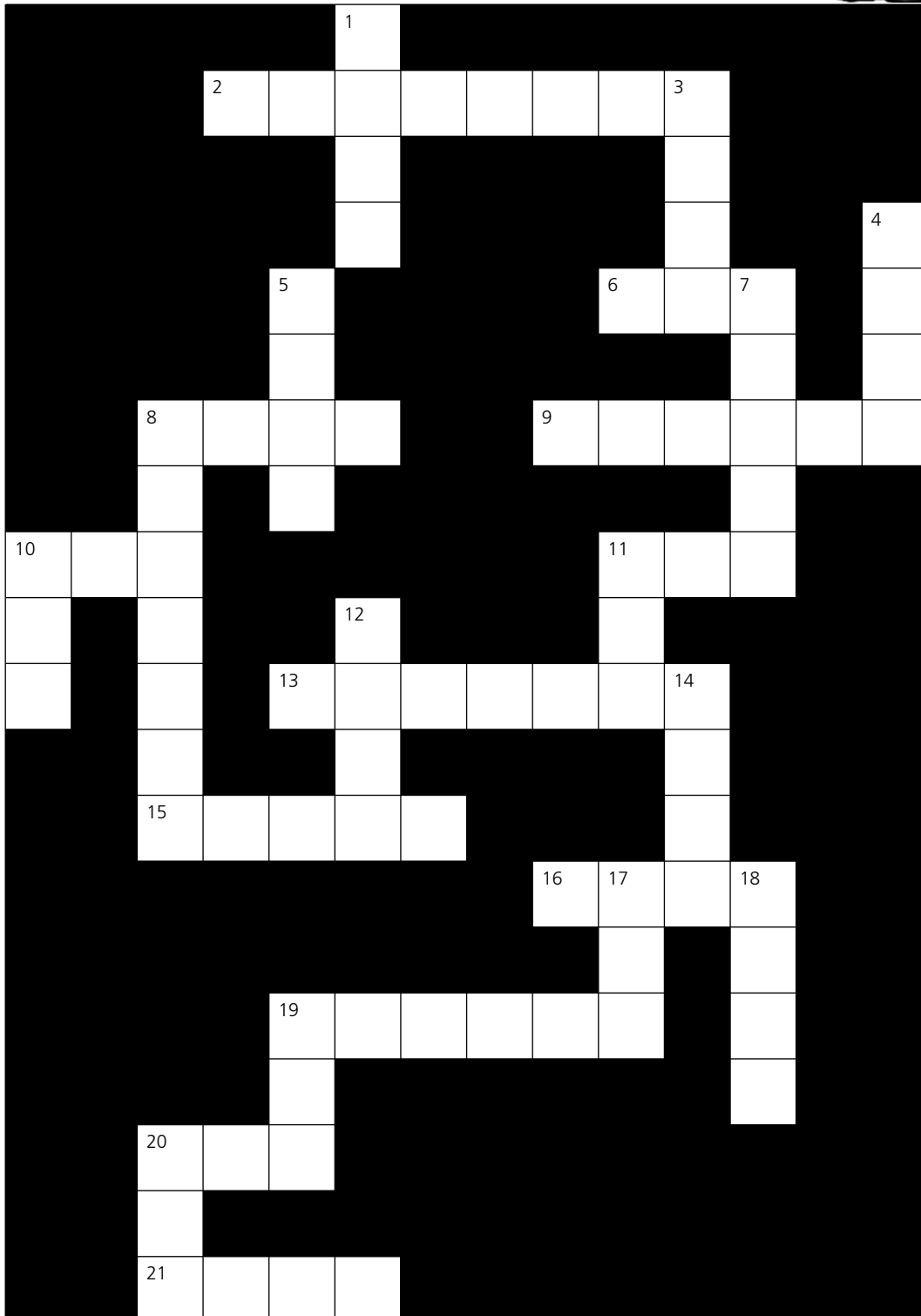
ACROSS

2. They're _____ **by** their original offer. = Their offer is unchanged.
6. I've _____ **up** a trust fund. = I've arranged a trust fund.
8. Do you want to _____ **off** the meeting? = Do you want to cancel the meeting?
9. They **b**_____ **out of** the deal. = They withdrew from the deal.
10. They've _____ **down** a deposit. = They've paid a deposit.
11. We've _____ **out of** money. = We don't have any more money.
13. I'm _____ **out** the figures. = I'm calculating the figures.
15. We've _____ **up on** the debt. = We've stopped trying to collect the debt.
16. I want to _____ **in** my ISA.* = I want to take the money out of my ISA.
19. They **p**_____ **out of** the deal. = they withdrew from the deal.
20. He's _____ **in** an offer. = He's made an offer.
21. We'll _____ them **up on** their offer. = We'll accept their offer.

DOWN

1. We can _____ 10% **off** the price. = We can reduce the price by 10%.
3. The company has _____ **under**. = The company has collapsed.
4. Her money is _____ **up in** property. = Her money is invested in property.
5. I hope the deal doesn't _____ **through**. = I hope the deal happens.
7. The bank has been _____ **over**. = The bank has been bought by another company.
8. We're _____ **back on** production costs. = We're reducing production costs.
10. We _____ **in** an order for new computers. = We ordered new computers.
11. The costs _____ **into** six figures. = The costs were more than £100,000.
12. They haven't _____ **up with** the money yet. = They haven't paid yet.
14. I hope the deal _____ **through**. = I hope the deal happens.
17. The costs _____ **up to** six figures. = The costs total around £100,000.
18. They're going to **h**_____ **over** the money. = They're going to give us the money.
19. We can _____ 10% **on** the price. = We can add 10% to the price.
20. The company has been _____ **up for** sale. = The company has been put on the market.

* *Individual Savings Account, a UK tax-free investment*



29. Financial idioms and expressions

A. For each sentence, decide whether the people being described are rich or poor.



- | | |
|--|--------------------|
| 1. We'll have to tighten their belts. | RICH / POOR |
| 2. He's raking it in at the moment. | RICH / POOR |
| 3. They're very hard up. | RICH / POOR |
| 4. He's finding it hard to make ends meet. | RICH / POOR |
| 5. She's absolutely loaded. | RICH / POOR |
| 6. They're a lot better off than most. | RICH / POOR |
| 7. She's rolling in money. | RICH / POOR |
| 8. He's fallen on hard times. | RICH / POOR |
| 9. They've got money to burn. | RICH / POOR |
| 10. She seems very down at heel. | RICH / POOR |
| 11. We're totally broke. | RICH / POOR |
| 12. They don't have two pennies to rub together. | RICH / POOR |

Most of these expressions can also be used to describe businesses. For example, "EnTex have fallen on hard times".

B. In each sentence, has the share price gone up, down or both?

- | | |
|---|------------------|
| 1. Since the merger was announced, the share price has gone crazy. | UP / DOWN |
| 2. Following the news, the share price has gone through the roof. | UP / DOWN |
| 3. As a result of the strike, the share price has gone through the floor. | UP / DOWN |
| 4. We believe the share price has hit rock bottom. | UP / DOWN |
| 5. The share price has been going up and down like a yo-yo. | UP / DOWN |
| 6. A lot of investors have lost their nerve. | UP / DOWN |
| 7. News of the takeover bid has caused a lot of investors to get cold feet. | UP / DOWN |
| 8. Investors are queuing up to buy shares. | UP / DOWN |
| 9. Shares in the new company have been changing hands for silly prices. | UP / DOWN |
| 10. Those shares? You can't give them away. | UP / DOWN |
| 11. The collapse EnTek has had a knock-on effect on our share price. | UP / DOWN |
| 12. After two years of bad news, the share price has finally rallied. | UP / DOWN |

1. "In the red" means your bank account is overdrawn. "In the _____" means your account is in credit.

a. blue b. black c. green
2. They're a very rich company. \$10,000 is just _____ to them.

a. small money b. coins c. loose change
3. At the moment plasma-screen TVs are a _____ on the market. Everybody who wanted one has now got one.

a. glut b. surplus c. excess
4. Suppliers have been _____ the market with cheap MP3 players.

a. filling b. flooding c. dumping
5. The market for holiday apartment rentals is now _____.

a. over-full b. too many c. saturated
6. The new computer game console has been a huge hit. Just before Christmas, you couldn't get one for _____.

a. gold b. diamonds c. love nor money
7. The publishers of *School for Wizards* have _____ the book's success, and have negotiated a series of lucrative merchandising deals.

a. maximised cash with b. cashed in on c. cashed up
8. Following the success of Banco Credito's internet share-trading service, a lot of other banks have jumped _____ and launched similar services.

a. on the bandwagon b. into the sea c. onto the table
9. In those days, you could buy a house for £50,000 and let it out for £800 a month. It was a licence to _____.

a. make money b. mint money c. print money
10. If we want a new photocopier, we'll have to ask the Resources Manager. She _____.

a. holds the purse strings b. guards the money c. opens the purse
11. It doesn't matter how much we spend on designing the front cover. Money is _____.

a. no limit b. no object c. no maximum
12. A large payment to somebody when they leave a job is called a _____.

a. golden goodbye b. golden hand c. golden handshake
13. I get an accountant to fill in my tax return for me. I don't have a very good _____ for figures.

a. mind b. brain c. head
14. Do I have any savings? yes, I've got a little put by for a _____.

a. rainy day b. bad day c. hard time

30. Pronunciation and word-building

A. Put the words into the correct column.



authorise
bankruptcy
billion
borrower
capital
consignment
creditor
currency
dividend
economy
encrypted
endowment
executor (*of a will*)
financial
flotation
fluctuate
foreclosure
homeowner
inflation
insolvent
insurance
internet
intestate
monetary
monopoly
overheads
percentage
profiting
remittance
repayment
salary
shareholder
signature
solicitor
subsidy
taxable
taxation
transaction
turnover
withdrawal

[illegible]

B. Complete each sentence using a word based on the root word given in bold type. Then mark the stress of the word you have written. You may need a prefix (for example un-).

1. **certify** My share ^xcertificates are deposited with my bank.
2. **partner** JKK Industries and Marlowe Manufacturing have gone into _____ with each other.
3. **convey** A large part of many solicitors' work is _____ house purchases.
4. **percent** They pay us a small _____ in commission.
5. **inherit** Jake spent his _____ on champagne and fast cars.
6. **globe** The clothes are made in China, packaged in Italy, and sold in the USA. This is an example of _____.
7. **liquid** As they are unable to repay debts, Northern technologies will have to go into _____.
8. **benefit** Who are the main _____ of the will?
9. **insure** This building cannot be insured. It is _____.
10. **convert** This currency only became _____ outside the country last year.
11. **possess** Malcolm defaulted on his mortgage repayments, so eventually the bank _____ his house.
12. **receive** Who was the _____ of this payment?

C. Complete the table, and underline the stress in each word.

abstract noun	verb	adjective/past participle used as adjective	person
<u>finance</u>	to <u>finance</u>	<u>financial</u>	<u>financier</u>
		<u>regulated</u>	
		<u>insurable</u> / <u>insured</u>	
		<u>credit</u> -worthy	
		<u>donated</u>	
		<u>guaranteed</u>	
		<u>economic</u> / <u>economical</u>	
		<u>invested</u>	
		<u>analysable</u> / <u>analysed</u>	
		<u>signed</u>	

Answer key

1. Money – the basics

A: 1 coin, 2 note, 3 currency, 4 banknotes, 5 sum, 6 change, 7 borrowed, 8 lent / back, 9 win, 10 earn, 11 wages / salaries, 12 spend, 13, account, 14 waste

B: 1 b, 2 h, 3 g, 4 d, 5 a, 6 e, 7 c, 8 f

C: 1 c, 2 b, 3 a, 4 a, 5 b, 6 c, 7 a, 8 c, 9 b, 10 c, 11 a, 12 a

D: 1 save, 2 lender, 3 losses, 4 profits, 5 low, 6 buyers

							L		
S	A	V	E	R			O		
							S		
				L			S		B
				E			E		U
L	O	W		N			S		Y
				D					E
				E					R
			P	R	O	F	I	T	S

2. Banks – the basics

A: 1 rates, 2 low, 3 branches, 4 high street, 5 make withdrawals, 6 cash dispensers, 7 cheque book, 8 debit card, 9 current, 10 statements, 11 make, 12 switching, 13 range, 14 puts

B: 1 e, 2 c, 3 b, 4 a, 5 d, 6 f

C: 1 c, 2 a, 3 c, 4 b, 5 b, 6 a, 7 c, 8 c, 9 b, 10 a, 11 c, 12 a

3. Operating an account

A: 1 b, 2 e, 3 a, 4 f, 5 c, 6 i, 7 h, 8 d (also known as a cash dispenser, cash machine and "hole-in-the-wall"), 9 g

B (from left to right): payee, logo, amount in words, amount in figures;
cheque number, sort code, account number, signature

C: Jon Marks, Yes, Crossed, No (because it's been crossed)

D: 1 c, 2 c, 3 a, 4 b, 5 a, 6 b, 7 a, 8 c, 9 b, 10 a, 11 b, 12 b, 13 a, 14 c

4. Credit and debit cards

A: 1 registers, 2 retail, 3 entered, 4 touch, 5 receipt, 6 read, 7 transfer, 8 by, 9 sign, 10 identification, 11 secure, 12 signature, 13 transactions, 14 verified

B:

1. The customer arrives at a supermarket checkout.
2. The cashier scans the barcodes on the products.
3. The customer inserts her/his card into the chip and PIN keypad.

Answer key

4. The card's electronic chip is read, and the customer enters his or her PIN.
5. The PIN is verified.
6. The payment is authorised.
7. Funds are transferred from the customer's account to the retailer's account.
8. The transaction appears on the customer's bank statement.

C: 1 magnetic, 2 erased, 3 swipes, 4 guarantees, 5 expiry, 6 encrypted, 7 microprocessor

D:

1. Can I take credit or debit card details, please?
2. Sure. I have my card right here.
3. Can you give me the card number, please?
4. It's 4293 5274 3877 3305.
5. And the expiry date?
6. December 2011.
7. And finally, the name as it's printed on the card.
8. Mr J C Smith.
9. That's fine. Your payment has gone through.

5. Internet banking

A: 1 transactions, 2 applications, 3 facilities, 4 authentication, 5 PINs, 6 encrypted, 7 protected, 8 victims, 9 passwords

B: 1 funds, 2 third party, 3 exclusively, 4 overheads, 5 multiple, 6 hacker, 7 spyware, 8 malicious, 9 fraud, 10 identity theft, 11 widespread, 12 gullible, 13 purporting, 14 hand over

C: 1 g, 2 c, 3 e, 4 b, 5 h, 6 d, 7 a, 8 f

D: 1 d, 2 b, 3 e, 4 c, 5 a, 6 f

6. Mortgages

A: 1 homeowners, 2 lender, 3 borrower, 4 on, 5 capital sum, 6 instalments, 7 repaid, 8 current, 9 in, 10 on

B: 1 c, 2 d, 3 f, 4 g, 5 b, 6 a, 7 h, 8 e

C: 1b, 2 c, 3 b, 4 b, 5 c, 6 a, 7 a, 8 b, 9 a, 10 c, 11 b, 12 b, 13 a, 14 c, 15 c

7. The housing market

1 b, 2 a, 3 a, 4 a, 5 b, 6 b, 7 mortgage arrears, 8 yields, 9 shore up, 10 low base, 11 over-valued, 12 c, 13 a, 14 a, 15 c, 16 a, 17 b, 18 c, 19 b

8. The Consumer Credit Boom

A:

Paragraph 1 – owe / loans

Paragraph 2 – into the red

Paragraph 3 – write off

Paragraph 4 – pay it back / credit rating / creditworthy

Paragraph 5 – creditors

B: 1 personal debt, 2 hire-purchase, 3 mounts up, 4 in full, 5 struggling, 6 keep up, 7 have serious repercussions

C:

1. A secured loan is money lent against collateral (for example a car or a house). If the loan is not repaid, the lender can take the collateral. With an unsecured loan, there is no collateral.
2. A loan which will never be repaid.
3. They hold details of people's credit ratings, and supply these details to potential creditors.
4. Enters a debtor's home, and takes away any valuable objects to repay a debt. Although legal, this is no longer widely practised in the UK by corporate lenders such as banks, as it attracts a lot of negative publicity.

Answer key

D: 1 f, 2 a, 3 c, 4 d, 5 e, 6 b

E: sentence 3

9. Pensions and other financial products

A: 1 sum, 2 recipient's, 3 widow, 4 sufficient, 5 working lives, 6 premiums, 7 benefits, 8 trustees, 9 pension providers, 10 pension fund, 11 lump sum, 12 private pension

B: 1 b, 2 d, 3 g, 4 c, 5 e, 6 h, 7 a, 8 f

C: 1 a, 2 c, 3 b, 4 c, 5a, 6 b, 7 b, 8 a, 9 c, 10 a, 11 c, 12 b, 13 a, 14 c

10. Insurance

A: 1 d, 2 f, 3 g, 4 a, 5 c, 6 h, 7 i, 8 e, 9 j, 10 k, 11 b

B: 0 take out, 1 broker, 2 quote, 3 premium, 4 covered, 5 claim, 6 fill in, 7 pay out

C: 1 a, 2 c, 3 a, 4 b, 5 a, 6 a, 7 c, 8 c, 9 a, 10 b, 11 a, 12 c

D: 1 on, 2 by, 3 by, 4 for, 5 to, 6 for, 7 with

11. Wills and other legal matters

A: 1 intestate, 2 deceased, 3 estate, 4 frozen, 5 heirs, 6 own pockets, 7 assets, 8 nearest and dearest, 9 prior claim, 10 inherit, 11 liability, 12 inheritance tax, 13 no-obligation

B: 1 c, 2 a, 3 d, 4 g, 5 j, 6 b, 7 e, 8 i, 9 f, 10 h

C: 1 grant, 2 draw up, 3 exchange, 4 sue, 5 comply / be, 6 take, 7 hear, 8 act, 9 prosecute, 10 defend

12. Money and work

A: 1 on, 2 a year, 3 salary, 4 makes, 5 package, 6 for, 7 by, 8 on the staff, 9 payroll, 10 staff member, 11 hourly, 12 well, 13 good money, 14 well paid, 15 wage

B: 1 b, 2 c, 3 a, 4 b, 5 c, 6 a, 7 c, 8b

C: 4 and 6 are not possible

D:

JOB ADVERTISEMENT	INFORMAL CONVERSATION
attractive salary	boss
committed	huge salary
dynamic	loads of money
highly motivated	they pay peanuts
line manager	worked off your feet
member of a team	
remuneration package	

13. Currency markets 1

A: 1 c, 2 a, 3 a

B: 1 1.54, 2 at 1.90, 3 under / below, 4 over, 5 get; 6. in, 7 into / for, 8 for

Answer key

C: 1 T, 2 T, 3 F (*levelled off* means it stayed at the same low level for a while), 4 T, 5 F (it's made a partial recovery), 6 F (see 5), 7 T, 8 F (it went down by about 15%), 9 T, 10 T

D:

				
hit a new high gained strongly rose sharply soared shot up	rose gently went up half a cent gained slightly gained some ground	levelled off remained steady remained level bottomed out	dropped slightly weakened fell very slightly slid a little slipped half a cent	fell sharply went into free fall hit a new low went down several cents plummeted plunged

14. Currency markets 2

A: 1 convertible, 2 black market, 3 pegged, 4 stability, 5 transactions, 6 hard currency

B: 1 F, 2 T, 3 T, 4 F

C: 1 monetary unit, 2 denominations, 3 Eurozone, 4 legal tender, 5 cost of living, 6 rounding up

D: 1 a, 2 c, 3 c, 4 b, 5 a, 6 b, 7 a, 8 a, 9 a, 10 b

E: 5 and 7 are not possible

15. International payments

A: a. open account, b. documentary credit, c. bill of exchange, d. advance payment

1 documents, 2 honour, 3 an undertaking, 4 complies with, 5 act as, 6 legally-binding, 7 dishonours, 8 matures, 9 dispatch, 10 taken by

B: 1 consignments, 2 shipment, 3 shipped, 4 bill of lading, 5 vessel, 6 import duty, 7 tariffs, 8 title, 9 release, 10 remit, 11 penalty, 12 defer, 13 payment-on-delivery, 14 issuing bank, 15 wire, 16 remittance, 17 courier, 18 forwarded

16. International Banking and investments

A: 1 c, 2 a, 3 b, 4 a, 5 a, 6 c, 7 a, 8 a, 9 c, 10 a, 11 c, 12 b, 13 b, 14 c, 15 b

B:

1. Decide if you want to send the payment in sterling or in another tradable currency.

2. Instruct your bank to make the payment. If transferring funds to a bank account, quote the beneficiary's IBAN (International Bank Account Number).

3. If the payment is in a foreign currency, the bank carries out the currency exchange at the prevailing rate.

4. The payment is sent by SWIFT.

5. The transfer usually takes three or four working days.

6. The payment is credited to the beneficiary's account, or can be collected by the beneficiary upon production of a suitable means of identification.

Answer key

C:

	UK-based unit trust	offshore fund
Aimed at private investors	x	x
Aimed at institutional investors, such as pension funds		
Usually operated by fund managers	x	x
Liable for UK tax	x	
Based in a tax haven		x
Usually based on a portfolio of stocks and shares	x	x
Regulated by UK authorities	x	
May carry additional risks		x
A no-risk investment		
Called a "mutual fund" in the United States	x	

17. National central banks (NCBs)

A, B & C: 1 b, 2 a, 3 b, 4 a, 5 a, 6 a, 7 strong growth, 8 above target, 9 premature, 10 ward off, 11 unfolding, 12 b, 13 b, 14 c, 15 a, 16 c, 17 b

D: b, e, f, i, l, m

18. National economies and international trade

A: 1 e, 2 c, 3 d, 4 b, 5 a, 6 k, 7 l, 8 f, 9 h, 10 g, 11 i, 12 j

B:

1. True
2. False
3. True
4. False. To float a currency means to let it trade freely instead of fixing the exchange rate. The UK has not had a fixed exchange rate in modern times.
5. False
6. False
7. True. Hyperinflation is inflation of around 100% a year or more.
8. False. Trade deficits have occurred regularly.
9. False. It grew slightly.
10. False. "double digit" means more than 10% a year.

C: 1 subsidies, 2 budget deficit, 3 budget surplus, 4 "boom and bust", 5 public sector, 6 private sector, 7 social security, 8 infrastructure, 9 quota, 10 trade barrier, 11 free trade, 12 trading partners, 13 globalisation, 14 market forces, 15 deregulation, 16 Retail Price Index (RPI), 17 disposable income, 18 industrial base, 19 natural resources, 20 crops

Answer key

19. Taxation

	Marcus	Yvonne
1. Is a tax payer	x	x
2. Works for himself / herself		x
3. Has tax deducted at source	x	
4. Submits an annual tax return		x
5. Income exceeds the personal allowance	x	x
6. Income exceeds the 10% band	x	x
7. Income exceeds the 22% band		x
8. Pays tax at the higher rate		x
9. Net earnings are about £4,000 lower than gross earnings	x	
10. Gross earnings are below the National Insurance threshold		
11. Pays National Insurance	x	x
12. Has tax-allowable expenses		x
13. Employs an accountant		x
14. Lives entirely on unearned income		

A:

B: 1 c, 2 a, 3 d, 4 b, 5 f, 6 g, 7 e

C: 1 g, 2 c, 3 a, 4 f, 5 d, 6 e, 7 h, 8 b

D: 1 reasons, 2 loophole, 3 exempt, 4 bracket, 5 incentive, 6 rebate

20. Profit and loss accounts

A: 1 e, 2 g, 3 h, 4 c, 5 a, 6 d, 7 f, 8 b

B:

1. False. Turnover is total income.
2. False. Others were depreciation of fixed assets and selling and marketing cost.
3. False. The reduction was very small percentage.
4. True – nearly a quarter of their total expenses.
5. True
6. False – less than half went to the shareholders.
7. False. Dividends were 17.4p per share.
8. False. They made a healthy profit

C: 1 b, 2 c, 3 b, 4 b, 5 a, 6 b, 7 a, 8 c

21. Balance sheets

A: 1 d, 2 a, 3 g, 4 b, 5 e, 6 f, 7 h, 8 c

B: 1 founded, 2 subsidiary, 3 arm, 4 in its own right, 5 went public, 6 trading, 7 cash flow, 8 sale or return, 9 outstanding, 10 liabilities, 11 tied up, 12 pounds' worth

C: 1 a, 2 b, 3 b, 4 c

Answer key

22. Corporate finance

- A:
- 4 After a shaky start, Money went into profit after three years.
 - 2 They raised some capital from a merchant bank.
 - 7 As a result, Money TV's advertising revenue fell dramatically.
 - 1 Three companies, Tennant Entertainment, Planet Media and K9 Communications formed a consortium.
 - 8 Money TV started to make heavy losses.
 - 5 A new station, The Money Channel was launched by Wolf Media Group, the US media empire.
 - 9 Money TV went into liquidation.
 - 3 They bought equipment, rented premises, hired staff and set up Money TV.
 - 6 Viewing figures dropped sharply because of competition from The Money Channel.

B: 1 cost benefit analysis, 2 recoup, 3 annual report, 4 lease, 5 start-up costs, 6 capital intensive, 7 working capital, 8 profit margin, 9 supply and demand, 10 joint venture, 11 partnership, 12 monopoly

C: 1 b, 2 a, 3 c, 4 a, 5 c, 6 a, 7 c, 8 c, 9 a

D: c

E: a, d, f

23. Mergers and acquisitions

A: 1 taken over, 2 bid, 3 rejected, 4 merged, 5 parent, 6 acquired, 7 subsidiaries

B: 1 shareholders, 2 target company, 3 merger, 4 hostile takeover, 5 "poison pill", 6 "white knight", 7 unconditional bid, 8 conditional bid, 9. controlling interest

C: 1 c, 2 c, 3 b, 4 a, 5 a, 6 a, 7 c, 8 b

D: 1 f, 2 h, 3 a, 4 d, 5 c, 6 b, 7 g, 8 e

24. Investments

A: 1 holding, 2 competitive, 3 screened, 4 out-perform, 5 yield, 6 capital growth, 7 long-term growth, 8 unquoted, 9 investment criteria

B: 1 Aware, 2 Aware, 3 Neptune, 4 Neptune, 5 your choice!

C: 1 c, 2 a, 3 f, 4 e, 5 b, 6 d

D: 1 put some money into, 2 fixed-interest, 3 downturn, 4 commission, 5 financial adviser, 6 blue chip, 7 commodities, 8 public company, 9 issue price, 10 flotation, 11 closing price, 12 portfolio, 13 share certificates, 14 speculate

25. The dot.com bubble

1 a, 2 a, 3 a, 4 b, 5 b, 6 net-based, 7 scaled down, 8 changing hands, 9 bought out, 10 b, 11 c, 12 c, 13 a, 14 a, 15 b, 16 c, 17 up, 18 down, 19 up, 20 up, 21 up, 22 down, 23 up, 24 down, 25 down

26. Banking and financial problems

A:

foreclosure	conflict of interest	undercapitalisation
identity theft	money laundering	insider dealing / trading
capital flight	embezzlement	credit card cloning
fraud	insolvency	forgery

Answer key

B: 1 a, 2 c, 3 c, 4 b, 5 c, 6 b, 7 a, 8 c, 9 c, 10 b, 11 a, 12 c

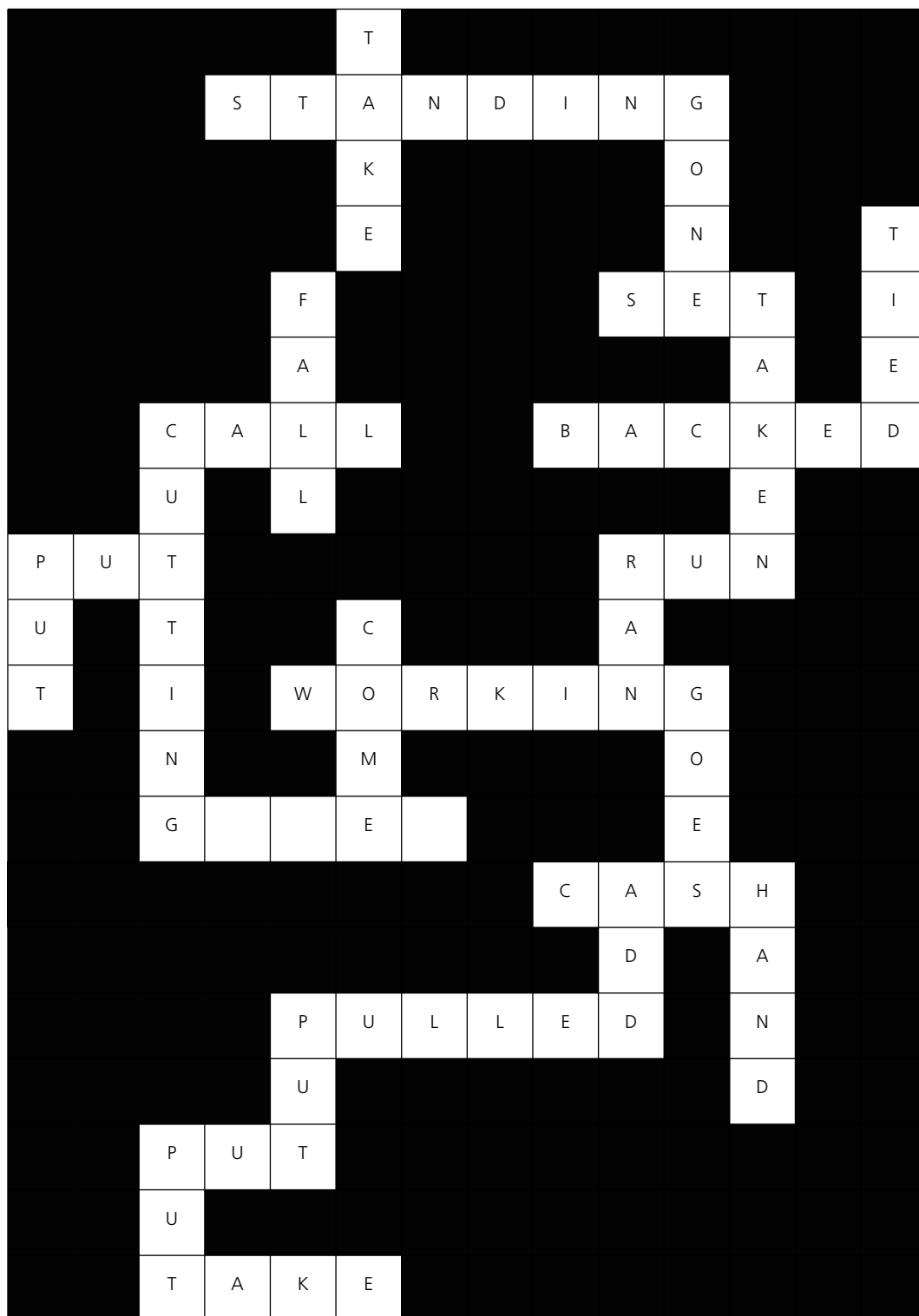
27. Numbers and statistics

A: 1 h, 2 g, 3 c, 4 a, 5 f, 6 e, 7 d, 8 i, 9 l, 10 j, 11 k, 12 b

B: 1 d, 2 f, 3 e, 4 c, 5 g, 6 b, 7 h, 8 a

C: 1 e, 2 d, 3 b, 4 a, 5 b, 6 b, 7 b, 8 a, 9 c, 10 c, 11 c / h

28. Phrasal verbs for banking and finance



Answer key

29. Financial idioms and expressions

A: RICH: 2, 5, 7, 9
All others: POOR

B: UP: 1, 2, 8, 9
UP and DOWN: 5, 12
All others: DOWN

C: 1 b, 2 c, 3 a, 4 b, 5 c, 6 c, 7 b, 8 a, 9 c, 10 a, 11 b, 12 c, 13 c, 14 a

30. Pronunciation and word-building

A:

	
authorise	consignment
bankruptcy	economy
billion	encrypted
borrower	endowment
capital	executor (of a will)
creditor	financial
currency	flotation
dividend	foreclosure
fluctuate	inflation
homeowner	insolvent
internet	insurance
monetary	intestate
overheads	monopoly
profiting	percentage
salary	remittance
shareholder	repayment
signature	solicitor
subsidy	taxation
taxable	transaction
turnover	withdrawal

Answer key

B: 2 *partnership*, 3 *conveyancing*, 4 *percentage*, 5 *inheritance*, 6 *globalisation*, 7 *liquidation*, 8 *beneficiaries*, 9 *uninsurable*, 10 *convertible*, 11 *repossessed*, 12 *recipient*

(stressed syllables in *italic*)

C:

abstract noun	verb	adjective/past participle used as adjective	person
<i>f</i> inance	to <i>f</i> inance	<i>f</i> inancial	<i>f</i> inancier
regulati <u>n</u>	to regulat <u>e</u>	regulat <u>e</u> d	regulat <u>e</u> r
insur <u>a</u> nce	to insur <u>e</u>	insur <u>a</u> ble / insur <u>e</u> d	insur <u>e</u> r
<i>c</i> redit	to <i>c</i> redit (with / to)	<i>c</i> redit-worthy	<i>c</i> reditor
donati <u>n</u>	to donat <u>e</u>	donat <u>e</u> d	donat <u>e</u> r
guarant <u>ee</u>	to guarant <u>ee</u>	guarant <u>ee</u> d	guarant <u>ee</u> r
econom <u>i</u> cs	to econom <u>i</u> se	econom <u>i</u> c / econom <u>i</u> cal	econom <u>i</u> st
investm <u>e</u> nt	to invest <u>e</u>	invest <u>e</u> d	invest <u>e</u> r
analysi <u>s</u>	to analys <u>e</u>	analysab <u>e</u> / analys <u>e</u> d	analys <u>e</u> r
signat <u>u</u> re	to sign <u>u</u>	sign <u>u</u> d	signat <u>u</u> ry

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