

# Contents

<b>INTRODUCTION</b>	<b>6</b>		
<b>BASIC TERMS</b>			
<b>1 Money and income</b>	<b>8</b>		
A Currency			
B Personal finance			
<b>2 Business finance</b>	<b>10</b>		
A Capital			
B Revenue			
C Financial statements			
<b>ACCOUNTING</b>			
<b>3 Accounting and accountancy</b>	<b>12</b>		
A Accounting			
B Auditing			
C Laws, rules and standards			
<b>4 Bookkeeping</b>	<b>14</b>		
A Double-entry bookkeeping			
B Day books and ledgers			
C Balancing the books			
<b>5 Company law 1</b>	<b>16</b>		
A Partnerships			
B Limited liability			
C Founding companies			
<b>6 Company law 2</b>	<b>18</b>		
A Private and public companies			
B AGMs			
<b>7 Accounting policies and standards</b>	<b>20</b>		
A Valuation and measurement			
B Historical cost and inflation accounting			
<b>8 Accounting assumptions and principles</b>	<b>22</b>		
A Assumptions			
B Principles			
<b>9 Depreciation and amortization</b>	<b>24</b>		
A Fixed assets			
B Valuation			
C Depreciation systems			
<b>10 Auditing</b>	<b>26</b>		
A Internal auditing			
B External auditing			
C Irregularities			
<b>11 The balance sheet 1</b>	<b>28</b>		
A Assets, liabilities and capital			
B Shareholders' equity			
<b>12 The balance sheet 2: assets</b>	<b>30</b>		
A Fixed and current assets			
B Valuation			
C Tangible and intangible assets			
<b>13 The balance sheet 3: liabilities</b>	<b>32</b>		
A Liabilities			
B Accrued expenses			
C Shareholders' equity on the balance sheet			
<b>14 The other financial statements</b>	<b>34</b>		
A The profit and loss account			
B The cash flow statement			
<b>15 Financial ratios 1</b>	<b>36</b>		
A Types of financial ratio			
B Liquidity and solvency ratios			
C Earnings and dividends			
<b>16 Financial ratios 2</b>	<b>38</b>		
A Profitability			
B Leverage			
<b>17 Cost accounting</b>	<b>40</b>		
A Direct and indirect costs			
B Fixed and variable costs			
C Breakeven analysis			
<b>18 Pricing</b>	<b>42</b>		
A Manufacturers' pricing strategies			
B Retail pricing strategies			

## BANKING

- 19** Personal banking 44
- A Current accounts
  - B Banking products and services
  - C E-banking
- 20** Commercial and retail banking 46
- A Commercial and retail banks
  - B Credit
  - C Loans and risks
- 21** Financial institutions 48
- A Types of financial institution
  - B Deregulation
  - C Specialized banks
- 22** Investment banking 50
- A Raising capital
  - B Mergers and acquisitions
  - C Consulting and research
- 23** Central banking 52
- A The functions of central banks
  - B The central bank and the commercial banks
  - C Central banks and exchange rates
- 24** Interest rates 54
- A Interest rates and monetary policy
  - B Different interest rates
- 25** Money markets 56
- A The money markets
  - B Common money market instruments
  - C Repos
- 26** Islamic banking 58
- A Interest-free banking
  - B Types of accounts
  - C Leasing and short-term loans
- 27** Money supply and control 60
- A Measuring money
  - B Changing the money supply
  - C Monetarism

## CORPORATE FINANCE

- 28** Venture capital 62
- A Raising capital
  - B Return on capital
- 29** Stocks and shares 1 64
- A Stocks, shares and equities
  - B Going public
  - C Ordinary and preference shares
- 30** Stocks and shares 2 66
- A Buying and selling shares
  - B New share issues
  - C Categories of stocks and shares
- 31** Shareholders 68
- A Investors
  - B Dividends and capital gains
  - C Speculators
- 32** Share prices 70
- A Influences on share prices
  - B Predicting prices
  - C Types of risks
- 33** Bonds 72
- A Government and corporate bonds
  - B Prices and yields
  - C Other types of bonds
- 34** Futures 74
- A Commodity futures
  - B Financial futures
- 35** Derivatives 76
- A Options
  - B In-the-money and out-of-the-money
  - C Warrants and swaps
- 36** Asset management 78
- A Allocating and diversifying assets
  - B Types of investor
  - C Active and passive investment
- 37** Hedge funds and structured products 80
- A Hedge funds
  - B Leverage, short-selling and arbitrage
  - C Structured products

<b>38</b> Describing charts and graphs	82	<b>47</b> Insurance	100
A Increase and decrease		A Insuring against risks	
B Rate of change		B Life insurance and saving	
C High points, low points, and staying the same		C Insurance companies	
<b>39</b> Mergers and takeovers	84	<b>48</b> The business cycle	102
A Mergers, takeovers and joint ventures		A Expansion and contraction	
B Hostile or friendly?		B Fiscal policy	
C Integration		C Monetary policy	
<b>40</b> Leveraged buyouts	86	<b>49</b> Taxation	104
A Conglomerates		A Direct taxes	
B Raiders		B Indirect taxes	
		C Non-payment of tax	
<b>41</b> Financial planning	88	<b>50</b> Business plans	106
A Financing new investments		A Market opportunities	
B Discounted cash flows		B The company, the product and the market	
C Comparing investment returns		C The financial analysis	
<b>42</b> Financial regulation and supervision	90	Language reference	108
A Government regulation		Market idioms	
B Internal controls		Numbers	
C Sarbanes-Oxley		Word stress	
		British and American vocabulary	
<b>ECONOMICS AND TRADE</b>		Answer key	114
<b>43</b> International trade	92	Index	132
A Trade		Acknowledgements	140
B Balance of payments			
C Protectionism			
<b>44</b> Exchange rates	94		
A Why exchange rates change			
B Fixed and floating rates			
C Government intervention			
<b>45</b> Financing international trade	96		
A Documentary credits			
B Bills of exchange			
C Export documents			
<b>46</b> Incoterms	98		
A Transport and additional costs			
B The E and F terms			
C The C and D terms			