

**amortisation**



**arbitrage**



**asset**



**audit**



**balance sheet**



**bear market**



**bond**



**bull market**



**capital**



**cash flow**



Buying and selling assets simultaneously in different markets to profit from price differences.

*"Currency arbitrage opportunities disappear within milliseconds."*

C2



The gradual reduction of a debt through regular payments over time.

*"The loan amortisation schedule showed monthly payments over 20 years."*

C1



An official examination of an organisation's financial accounts.

*"The external audit revealed several accounting irregularities."*

B2



Something of value owned by a person or company.

*"The company's main asset is its extensive property portfolio."*

B1



A period of declining stock prices, typically 20% or more from recent highs.

*"Investors moved to bonds during the prolonged bear market."*

C1



A financial statement showing a company's assets, liabilities and equity.

*"The balance sheet showed the company was technically insolvent."*

B2



A period of rising stock prices and investor confidence.

*"The tech sector led the bull market for several consecutive years."*

C1



A fixed-income security representing a loan made to a borrower.

*"Government bonds are considered low-risk investments."*

B2



The net amount of cash moving in and out of a business.

*"Positive cash flow is essential for a company's day-to-day operations."*

B2



Wealth in the form of money or assets available for investment.

*"The startup raised capital from three venture firms."*

B1



**collateral**



**compound interest**



**credit rating**



**deficit**



**depreciation**



**derivative**



**diversification**



**dividend**



**equity**



**fiscal**



Interest calculated on both the principal and accumulated interest.

*"Compound interest makes long-term savings grow exponentially."*

B2



An asset pledged as security for a loan.

*"The property was used as collateral for the business loan."*

C1



The amount by which expenditure exceeds income or assets exceed liabilities.

*"The government announced a budget deficit of € 12 billion."*

B2



An assessment of a borrower's creditworthiness.

*"A poor credit rating can prevent you from getting a mortgage."*

B2



A financial contract whose value depends on an underlying asset.

*"Options and futures are common types of financial derivatives."*

C2



A reduction in the value of an asset over time.

*"The car's depreciation was factored into the company accounts."*

C1



A portion of company profits paid to shareholders.

*"The company increased its dividend for the eighth consecutive year."*

B2



Spreading investments across different assets to reduce risk.

*"Diversification is the cornerstone of a sound investment strategy."*

C1



Relating to government revenue, especially taxes.

*"The fiscal year ends on 31 March for this company."*

B2



The value of shares issued by a company; ownership interest.

*"Employees were offered equity as part of their compensation package."*

B2



**forecast**



**hedge**



**inflation**



**insolvency**



**interest rate**



**leverage**



**liability**



**liquidity**



**margin**



**merger**



An investment that reduces the risk of another investment.

*"They used currency options to hedge against exchange rate fluctuations."*

C1



A prediction of future financial performance.

*"The analyst revised the earnings forecast downward."*

B1



The state of being unable to pay debts as they fall due.

*"The firm filed for insolvency after months of cash flow problems."*

C1



A general increase in prices and fall in purchasing power.

*"High inflation eroded the real value of savings accounts."*

B1



Using borrowed money to increase the potential return of an investment.

*"High leverage amplifies both gains and losses."*

C1



The proportion of a loan charged as interest, expressed as a percentage.

*"The central bank raised interest rates to combat inflation."*

B1



The ease with which an asset can be converted into cash.

*"Real estate has lower liquidity than publicly traded stocks."*

C1



A company's financial debts or obligations.

*"Long-term liabilities include bonds and pension obligations."*

B2



The combination of two companies into one.

*"The merger created the largest bank in the region."*

B2



The difference between revenue and costs; also a deposit for trading.

*"The profit margin on software is much higher than on hardware."*

B2



**portfolio**



**principal**



**profit margin**



**quantitative  
easing**



**recession**



**revenue**



**risk-adjusted  
return**



**shareholder**



**solvency**



**venture capital**



The original sum of money borrowed or invested.

*"After five years, she had paid off half the principal."*

B2



A collection of financial assets held by an investor.

*"Her portfolio was balanced between equities and fixed income."*

B2



A monetary policy where a central bank buys assets to increase money supply.

*"Quantitative easing was used to stimulate the economy after the crash."*

C2



The percentage of revenue that becomes profit.

*"The company's net profit margin improved to 18% this year."*

B2



The total income generated by a business before costs.

*"Annual revenue exceeded €50 million for the first time."*

B1



A period of significant economic decline lasting at least two quarters.

*"The recession led to widespread job losses across all sectors."*

B2



A person or entity that owns shares in a company.

*"Shareholders voted to approve the acquisition at the annual meeting."*

B2



Investment return measured relative to the risk taken.

*"Fund managers are evaluated on risk-adjusted return, not raw performance."*

C2



Funding provided to early-stage, high-growth companies.

*"The startup secured venture capital to scale its operations."*

C1



The ability to meet long-term financial obligations.

*"The bank stress test confirmed the institution's solvency."*

C1



**volatility**



**working capital**



**write-off**



**yield**



**zero-sum**



**acquisition**



**benchmark**



**due diligence**



**gross domestic  
product**



**initial public  
offering**



Current assets minus current liabilities; funds available for daily operations.

*"Seasonal businesses need to manage working capital carefully."*

B2



The degree of variation in an asset's price over time.

*"High market volatility makes investors nervous about short-term positions."*

C1



The earnings generated on an investment, expressed as a percentage.

*"The bond yield rose as prices fell in the secondary market."*

B2



A reduction in the recognised value of an asset; a bad debt cancellation.

*"The bank announced a €2 billion write-off on non-performing loans."*

B2



The purchase of one company by another.

*"The acquisition gave them immediate access to a new customer base."*

B2



A situation where one party's gain equals another's loss.

*"Derivatives trading is often described as a zero-sum game."*

C1



A thorough investigation before a business transaction.

*"The lawyers completed due diligence before the merger was finalised."*

C1



A standard point of reference used for comparison.

*"The fund underperformed its benchmark index for three years running."*

B2



The first sale of a company's shares to the public.

*"The tech firm raised €500 million in its initial public offering."*

C1



The total value of goods and services produced in a country in a year.

*"GDP growth slowed to 1.2% in the third quarter."*

B2

