

## Lesson 7: Business Finance Vocabulary (Reading Comprehension + Vocabulary)

### Task 1:

Read the following text:

When people want to set up or to start a company, they need **money**, called **capital**. Companies can **borrow** this money, called a **loan**, from banks. The loan must be paid back with **interest**: the amount paid to borrow the money. Capital can also come from issuing **shares** or **equities** (certificates representing units of ownership of a company). The people who **invest** money in shares are called **shareholders** and they **own** part of the company. The money they provide is known as **share capital**. Individuals and financial institutions, called **investors**, can also **lend** money to companies by buying **bonds** (loans that pay interest and are repaid at a fixed future date). Money that is **owed** (that have to be paid) to other people or businesses is a **debt**. In accounting, companies' debts are usually called **liabilities**. Long term liabilities include bonds; short term liabilities include debts to suppliers who provide goods or services on **credit** (that will be paid for later). The money that a business uses for everyday expenses or has available for spending is called **working capitals** or **funds**.

### Task 2:

Answer the following questions:

What is the general idea of the text?

What do people need when they want to set up a company?

What does the word «Capital» mean?

From where can companies borrow money? And how do we call this type of money?

What is «interest»?

Does issuing «shares» and «equities» form another source of money for people to set up a company?

How do we call people who invest money in shares?

What is «share capital»

Can investors lend money to companies? How?

What is a debt?

What are liabilities? And what are their types?

How do we call money that a business uses for everyday expenses?

Give a title to the text.

### **Task 3:**

**Extract out the finance technical terms from the text then define them:**

- \* **Capital:** money that is needed to set up a company.
- \* **Loan:** money that companies borrow from banks.
- \* **Interest:** the amount of money paid for loan.
- \* **Shares/ Equities:** certificates which represent units of ownership of a company.
- \* **Shareholders:** individuals who invest money in shares and own part of the company.
- \* **Share Capital:** the money which shareholders provide.
- \* **Investors:** financial institution or individuals that lend money to companies by buying bonds.
- \* **Bonds:** loans that pay interest and are repaid at a fixed future date.
- \* **Debt:** money that have to be paid.
- \* **Liabilities:** are the company' debts in accounting.
- \* **Credit:** are the debts which will be paid later.
- \* **Funds/ Working capitals:** money that a business uses for everyday expenses.

### **Task 4:**

**Use the following finance technical verbs into meaningful sentences:**

to borrow, to pay, to repay, to issue, to invest, to own, to provide, to lend, to buy, to owe.