

## TLP Five-Minute Read Over Coffee – Core financial language

I am giving a series of workshops focused on developing Financial English, in a way that is accessible for all teams within an organisation.

Please find some of the core language we have worked on together. Have a good end to the week.

1) Profit! Don't make the common mistake of saying 'benefits'. To put it simply, turnover minus costs equals profit (hopefully!). In English we talk about gross and net profit, roughly before and after tax. Note that some companies use 'revenue' interchangeably with profit.

2) Turnover. The total value of sales over a defined period. Note that sales, income and revenue are also used to describe turnover. Also note that turnover has a very different meaning in HR, referring to the number of people who leave your organisation over a particular period.

3) To borrow and to lend. My company has borrowed 1.5 million euro from ING bank to finance (to fund) the development of a new xxx. Alternatively, one can say that ING bank has lent 1.5 million euro to my company xxx to finance xxx (imaginary situation!).

4) A loan. In the UK we typically talk about a loan, to describe an amount of money borrowed from a bank, for example. However, in international English, credit is also used.

5) To owe. This little word can cause confusion. If you owe money, it means you are in debt to somebody/an organization and need to repay them. In this context you are the debtor, and the other person/organization is the creditor.

6) Collateral. An asset promised by a borrower to a lender, if the borrower cannot repay a loan. For example, the bank has the right to repossess your

house, if you default on your mortgage (a specific loan for a property).

7) 'In the black' and 'in the red'. If a company is making profit or you have money in your account - you are 'in the black'. If you are losing money, or have a negative balance on your bank account, you are 'in the red!'

8) When engaging new clients, I often generate (create) an offer (quote), if accepted, this is followed by an invoice. Sometimes my invoice needs to reference the PO number (Purchase order number).

9) My invoice always states a due date, which is the date by which I expect to receive payment.

10) There is an expression 'cashflow is king', I really understand this. Sometimes you need to chase invoices (send reminders), while paying your outgoings (for example, supplier costs). It is not the total projected income but the amount of money coming in and out, at a point in time (cashflow), that can cause sleepless nights.

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