



### The language of finance:

- 1) **Bankruptcy:** When an individual or company cannot pay the debts, they owe to creditors.
- 2) **Bond:** An amount of money borrowed by a government or organisation. Often considered a more secure investment vehicle for individuals than shares.
- 3) **Cashflow:** The amount of money coming in and out of your company at different times.
- 4) **Collateral:** An asset promised by a borrower to a lender if the borrower cannot repay a loan. For example, your property if you default on your mortgage.
- 5) **Commission:** The percentage of money earned by a professional from the sale of a particular product or service.
- 6) **Creditor:** Somebody you owe money to.
- 7) **Debt:** When a person, company or country owes money to another person or organisation.
- 8) **Debtor:** Somebody who owes you money.
- 9) **Dividend:** The part of the earnings of a company that is distributed to its shareholders.
- 10) **Equity:** The capital (money) that a company has from shares rather than a loan.
- 11) **Exchange rate:** The price at which one currency can be bought from another.
- 12) **Instalment:** A periodic payment made against a loan.
- 13) **Intangible assets:** Non-physical assets owned by the company and includes patents, trademarks, copyrights, goodwill and brand recognition.
- 14) **Interest:** The additional money you pay when you take out a loan or earn, for example, from a savings account.
- 15) **Liability:** The debts/obligations owed by a company.
- 16) **Liquidation:** When a company stops operating and its assets are sold.
- 17) **Liquidity:** Easily accessible financial assets.
- 18) **Mortgage:** A particular type of loan used to purchase property.
- 19) **Principal:** The original amount of the loan, not including any of the interest that is paid.
- 20) **Profit:** The difference between revenue and costs.
- 21) **Share:** One of the parts in which ownership of the company is divided.
- 22) **Tangible assets:** Items owned by a company and includes machinery, buildings, land and inventory.
- 23) **Turnover/revenue:** The total value of sales over a period of time.

Source: Market Leader and Investopedia

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### Setting up a business in Luxembourg: A personal perspective!

**Cashflow** is king. What can cause me sleepless nights is 'chasing' invoices. In particular, to coincide with **outgoings** (money to be paid out).

**Savings:** Having a healthy savings account allows me to feel ready for any unexpected event connected with the business. This mattered a great deal in the crazy Covid period.

**Investment:** We primarily train online so don't have huge tangible assets. While clichéd, it is very true that investing in our trainers and team is the key to our success.

**Financial forecasting:** My accountant once told me not to be obsessed with the business plan over the longer term and focus more on setting realistic financial targets per quarter/six months.

**Loans:** Try to avoid taking out too many loans! Although I think most businesses need some borrowing to get started.

### Idioms of money:



- 1) I am **broke!** I have no money!
- 2) In the **black.** You are making money, in profit.
- 3) In the **red.** You are losing money, in debt.
- 4) You **burn** money! You are spending money at a very fast rate.
- 5) She is **loaded!** She is very rich!
- 6) Money **talks!** The most important consideration is the money we will be paid. (This feels cynical!)
- 7) On a **shoestring.** You have a very small budget.
- 8) To pay an **arm and a leg.** The item is very expensive.

### Negotiating in English: Consider the difference in the first and second conditional structures:

- 1) If you **buy** 1000 units, I **will** give you a 10% discount. (*Advantage: clear, disadvantage: too direct.*)
- 2) If you **bought** 1000 units, I **would** give you a 10% discount. (*Advantage: polite, disadvantage: outcome less certain?*)