

Answers

Test 1

- | | | |
|-----|-----|------|
| 1 e | 5 c | 9 f |
| 2 h | 6 d | 10 g |
| 3 a | 7 i | |
| 4 j | 8 b | |

Test 2

- | | | |
|-----|------|------|
| 1 m | 6 j | 11 n |
| 2 b | 7 h | 12 i |
| 3 a | 8 e | 13 o |
| 4 l | 9 f | 14 g |
| 5 k | 10 c | 15 d |

Test 3

- | Verb | Personal noun | General noun | Adjective |
|--------------------|---------------|--------------|--------------------|
| 1 to analyze | analyst | analysis | analytical |
| 2 to compete | competitor | competition | competitive |
| 3 to advise | advisor | advice | advisory/advisable |
| 4 to merge | — | merger | merged |
| 5 to industrialize | industrialist | industry | industrial |
| 6 to trade | trader | trade | trading/traded |
| 7 to export | exporter | export(s) | exporting/exported |
| 8 to produce | producer | product | productive |
| 9 to supply | supplier | supply | supplied |
| 10 to consume | consumer | consumption | consuming |
| 11 to guarantee | guarantor | guarantee | guaranteed |
| 12 to credit | creditor | credit | credited |
| 13 to debit | debtor | debit | debited |
| 14 to earn | earner | earnings | earned |
| 15 to invest | investor | investment | invested |

Test 4

- 1 table
- 2 row
- 3 column
- 4 pie chart
- 5 segment
- 6 histogram/bar graph
- 7 vertical axis
- 8 horizontal axis
- 9 line graph
- 10 dotted line
- 11 solid line
- 12 broken line
- 13 curve
- 14 fluctuating line
- 15 undulating line

Test 5

- | | | |
|-----|-----|-----|
| 1 d | 4 b | 7 f |
| 2 e | 5 h | 8 i |
| 3 a | 6 g | 9 c |

Test 6

- A**
- rise/fall
 - increase/decrease
 - go up/go down
 - climb/decline
 - shrink/expand
 - deteriorate/improve
 - get better/get worse
 - collapse/escalate
 - hit bottom/peak

B

- | | | |
|-----|-----|-----|
| 1 g | 4 e | 7 f |
| 2 d | 5 b | 8 i |
| 3 a | 6 c | 9 h |

Test 7

	Public limited company	Private limited company	Sole trader	Partnership	Co-operative
Single individual owns company		possibly	✓		
Two or more owners/directors	✓	✓		✓	
Quoted on stock exchange	✓				
Workers run on the company					✓
Unlimited liability			✓	✓	
Limited liability	✓	✓			possibly
Owner is self-employed			✓	possibly	

Test 8

- | | |
|------------------|----------------------------|
| 1 VAT | Value Added Tax |
| 2 PLC | Public Limited Company |
| 3 Ltd | Limited |
| 4 & Co. | and Company |
| 5 CWO | Cash With Order |
| 6 COD | Cash On Delivery |
| 7 c.i.f | cost, insurance, freight |
| 8 PAYE | Pay-As-You-Earn (i.e. tax) |
| 9 p/e | price/earnings ratio |
| 10 P & L account | Profit and Loss account |

Test 9

- 1 profitability
- 2 turnover
- 3 core activity
- 4 gross profit margin
- 5 setting-up costs
- 6 overheads
- 7 net profit margin
- 8 cost of sales
- 9 break-even point
- 10 selling costs

Test 10

- | | |
|--------------------------|------------------------|
| fixed costs | variable costs |
| labour costs (2) | production costs (3) |
| storage costs (7) | advertising costs (1) |
| administrative costs (4) | distribution costs (5) |
| | selling costs (6) |

Test 11

- 1 fixed costs
- 2 variable costs
- 3 manufacturing costs
- 4 selling costs
- 5 labour costs
- 6 operating costs
- 7 cost price
- 8 cost analysis
- 9 cost centre
- 10 cost of sales

Test 12

A

- | | |
|------------|-------------------|
| 1 income | 7 variable |
| 2 forecast | 8 raw |
| 3 sheet | 9 capital |
| 4 budget | 10 administrative |
| 5 turnover | 11 cash |
| 6 fixed | |

B

- | | |
|------------|------------------|
| a forecast | d expenditure |
| b spending | e budget |
| c income | f banker's order |

Test 13

- 1 petty cash
- 2 hard cash
- 3 cashflow
- 4 cash on delivery
- 5 cash budget
- 6 cash advance
- 7 ready cash
- 8 cash settlement
- 9 cash price

Test 14

A Report: 2, 1, 5, 4, 3

B Memo: 4,2,5,1,3

Test 15

- 1 demand
- 2 margin
- 3 price-sensitive
- 4 has passed its sell-by-date
- 5 price cut
- 6 inelastic
- 7 annual sales
- 8 turnover

Test 16

- | | | |
|---|-----|-----|
| A | 1 b | 3 d |
| | 2 c | 4 a |
| B | 1 d | 6 i |
| | 2 f | 7 e |
| | 3 g | 8 a |
| | 4 c | 9 b |
| | 5 h | |

Test 17

- 1 sales revenue
- 2 variable costs
- 3 total
- 4 variable
- 5 fixed
- 6 fixed costs
- 7 unit contribution
- 8 elastic

Test 18**Services**

electricity account
telephone

Insurance

professional indemnity insurance
employer's liability insurance

Property

rent
mortgage payments

Vehicles

car and van hire
car hire purchase agreements

Miscellaneous costs

books, newspapers
stationery and printing

Employee costs

salaries
employee National Insurance
contributions (NICs)

Administration

secretarial support

Professional fees

accountancy fees

Equipment

equipment, machinery
leasing of computers

Test 19

- | | | |
|------|------|-------|
| 1 a) | 5 b) | 9 b) |
| 2 b) | 6 b) | 10 b) |
| 3 c) | 7 c) | |
| 4 a) | 8 a) | |

Test 20

- | | | |
|-----|-----|-----|
| 1 e | 3 f | 5 a |
| 2 c | 4 b | 6 d |

Test 21

- 1 fixed costs
- 2 variable costs
- 3 total costs
- 4 sales revenue
- 5 break-even point
- 6 loss
- 7 profit

Test 22

- 1 margin
- 2 cost plus
- 3 market price
- 4 penetration strategy
- 5 marginal cost
- 6 discount
- 7 skimming strategy
- 8 competition

Test 23

- | | | |
|-----|-----|-----|
| 1 e | 4 i | 7 a |
| 2 b | 5 c | 8 h |
| 3 d | 6 f | 9 g |

Test 24

- 1 budgeted income statement
- 2 net income
- 3 turnover
- 4 capital employed
- 5 debtors
- 6 work-in-progress
- 7 stock
- 8 current assets
- 9 current liabilities

Test 25

- | | | |
|-----|-----|------|
| 1 c | 5 f | 9 k |
| 2 a | 6 d | 10 h |
| 3 j | 7 b | 11 g |
| 4 i | 8 e | |

Test 26

- 1 extraordinary items
- 2 operating income, capital investment
- 3 consolidated
- 4 abbreviated accounts
- 5 revenue
- 6 gross
- 7 equity, debts
- 8 liquid assets

Test 27

- | | | |
|-----|-----|-----|
| 1 f | 4 i | 7 b |
| 2 e | 5 c | 8 d |
| 3 h | 6 a | 9 g |

Test 28

- 1 land
- 2 plant
- 3 stocks
- 4 creditors
- 5 bank overdraft
- 6 tax
- 7 working capital
- 8 share capital
- 9 ordinary shares
- 10 preference shares
- 11 capital reserves

Test 29

- 1 sales income
- 2 cost of sales
- 3 gross profit margin
- 4 expenses
- 5 overheads
- 6 depreciation
- 7 pre-tax profit

Test 30

- 1 payee
- 2 loan
- 3 commercial bank
- 4 savings bank
- 5 bank draft
- 6 overdraft
- 7 clearance
- 8 bank charges
- 9 standing order
- 10 statement
- 11 base rate
- 12 internet banking

Test 31

- 1 bank draft
- 2 debit card
- 3 statement
- 4 paying-in slip
- 5 cash point
- 6 PIN number (personal identification number)
- 7 chequebook, standing order
- 8 direct debit
- 9 night safe
- 10 withdrawal receipt
- 11 electronic funds transfer
- 12 home-banking

Test 32

A

Finance

allowances against bills for collection
buyer credit
foreign currency account
foreign currency loans and overdrafts
letter of credit

Services

bank transfer
banker's order
economic information
standing order
status enquiries
trade development advice
Internet banking

B

- 1 economic information
- 2 trade development advice
- 3 status enquiries
- 4 allowances against bills for collection
- 5 buyer credit
- 6 foreign currency loans and overdrafts
- 7 foreign currency account
- 8 bank transfer
- 9 letter of credit
- 10 standing order
- 11 banker's order
- 12 Internet banking

Test 33

- 1 c)
- 2 c)
- 3 b)
- 4 a)
- 5 b)
- 6 a)
- 7 b)
- 8 a) or c), but c) is not a charge
- 9 c)
- 10 b)

Test 34**Planning**

financial projections
business plan
realism of financial projections

Business background

experience
track record
marketing plan

Financial strength

assets
security
existing capital resources

Requirements

capital needs
amount requested
period of loan
purpose of borrowing

Human resources

skills

Protection of loan insurance**Repayment**

repayment method
ability to pay

Test 35

- 1 indemnity
- 2 insurance certificate
- 3 insured
- 4 risk
- 5 premium
- 6 compensation
- 7 cover
- 8 excess
- 9 life assurance
- 10 medical insurance
- 11 broker
- 12 claim
- 13 third party
- 14 schedule
- 15 policy
- 16 term

Test 36

- 1 claim
- 2 comprehensive
- 3 loss adjuster
- 4 indemnity
- 5 estimate
- 6 compensation
- 7 policy
- 8 cover
- 9 legal costs
- 10 premium
- 11 no claims bonus

Test 37**A**

R	D	P	S	H	A	R	E	S	O
E	I	N	T	E	R	E	S	T	M
T	V	F	R	T	E	G	L	O	G
U	I	N	N	I	L	Z	O	C	R
R	D	F	B	A	C	B	S	K	O
N	E	A	R	N	I	N	G	S	W
I	N	V	E	S	T	M	E	N	T
T	D	N	D	L	X	P	O	T	H
F	E	B	F	U	T	U	R	E	S
P	O	R	T	F	O	L	I	O	R

B

- 1 investments
- 2 portfolio
- 3 earnings or return
- 4 share(s)
- 5 futures

Test 38

- 1 Shares in new companies in developing markets H
- 2 Property investment in established and expensive locations L
- 3 Property investment in remote but beautiful places M
- 4 Government bonds L
- 5 High interest bank accounts L
- 6 Unit trusts in the USA and Europe M
- 7 Seed corn investment in new telecommunications, media and technology sector (TMT). H
- 8 Shares in top NASDAQ companies M/H
- 9 Unit trusts in developing markets M/H
- 10 Employee pension scheme L
- 11 ISAs (Individual Savings Accounts) L

B

- | | | |
|-----|-----|-----|
| 1 b | 3 a | 5 a |
| 2 a | 4 b | 6 b |

Test 39**A**

- 1 Axal sales have risen markedly in recent weeks
- 2 Frodo's market share has dropped suddenly.
- 3 Spino's share price fell slightly last week.
- 4 The share price will recover quickly.
- 5 FDT sales will/should level off.
- 6 The market has declined considerably.
- 7 Share prices increased sharply.
- 8 Share prices fluctuated severely because of increasing evidence of a price war.
- 9 HD's market share rose rapidly in the late 1990s.

B

- | | |
|--------------|-------------|
| 1 firmed | 5 fell back |
| 2 edged down | 6 steadied |
| 3 rallied | 7 collapsed |
| 4 stepped up | |

Test 40**Across**

- 1 Frankfurt
- 5 commodities
- 6 Dow Jones
- 7 PLC
- 9 Footsie
- 10 future
- 11 share

Down

- 2 rights issue
- 3 blue chip
- 4 bond
- 8 Bourse

Test 41**Up**

peaked
ended higher
added

improved
firmed
gaining

Down

fell back
sank

dipped
ended lower
bearish/sliding

Same

levelled off steadied

Test 42

1 f	5 h	9 c
2 j	6 b	10 e
3 g	7 i	11 a
4 k	8 d	

Test 43

1 c	4 g	7 b
2 f	5 e	8 a
3 h	6 d	9 i

Test 44

- 1 collective funds
- 2 unit trusts
- 3 trust law
- 4 redeemed
- 5 investment trusts
- 6 transaction
- 7 OEICS
- 8 trade
- 9 traded

Test 45

A

1 d	4 b
2 c	5 a
3 e	

B

- 1 True
- 2 True
- 3 False. Voluntary means optional.
- 4 True
- 5 False. Short-term investment means only a short time.
- 6 False. Tax exempt means you pay no tax on profits from the investment.
- 7 True
- 8 False. Linked to final salary means a proportion of the final salary.
- 9 True
- 10 True
- 11 True
- 12 False. PEPs are frozen. New ones are not available.
- 13 True

Test 46

1 e	5 k	9 a
2 i	6 l	10 g
3 j	7 c	11 d
4 h	8 f	12 b

Test 47

- 1 consortium
- 2 partnership
- 3 wholly-owned subsidiary
- 4 joint-venture agreement
- 5 sub-contractor
- 6 tender

Test 48

- 1 expand
- 2 rationalize
- 3 acquisition
- 4 amalgamate
- 5 subsidiary
- 6 take-over
- 7 monopoly
- 8 divestiture
- 9 holding company
- 10 cartel
- 11 price war
- 12 merger
- 13 break up

Test 49

- 1 black
- 2 loss
- 3 red
- 4 shares
- 5 break
- 6 bridging
- 7 line
- 8 retail
- 9 interim
- 10 issue
- 11 reserves
- 12 securities
- 13 intangible

Test 50

Verb	Agent	General noun	Adjective
to monopolize	–	monopoly	monopolistic
to compete	competitor	competition	competitive
to deregulate	–	deregulation	deregulated/regulatory
to authorize	–	authority/authorization	authorized
to legislate	legislator	legislation	legislative
to protect	protector	protection	protected/protective
to nationalize	–	nationalization	nationalized
to regulate	regulator	regulation	regulated/regulatory
to partner	partner	partnership	
to trade	trader	trade	traded/trading
to subsidize	–	subsidy	subsidized

B

- 1 monopoly
- 2 competitor
- 3 partnership
- 4 deregulate
- 5 trade/competition
- 6 regulated/protected
- 7 subsidized

Test 51

1 b)	3 b)	5 a)
2 c)	4 a)	6 c)

Test 52

1 a)	5 c)	9 a)
2 b)	6 c)	10 b)
3 a)	7 b)	11 a)
4 b)	8 c)	12 c)

Test 53

1 g)	5 l)	9 j)
2 d)	6 h)	10 b)
3 f)	7 k)	11 a)
4 e)	8 c)	12 i)

Test 54

- 1 International Monetary Fund
- 2 Organization of Petroleum Exporting Countries
- 3 Public Sector Borrowing Requirement
- 4 World Trade Organization
- 5 European Union
- 6 Gross National Product
- 7 Organization for Economic Co-operation and Development
- 8 Association of South East Asian Nations
- 9 International Bank for Reconstruction and Development (World Bank)
- 10 World Wildlife Fund
- 11 United Nations
- 12 World Health Organization
- 13 European Central Bank
- 14 North American Free Trade Agreement
- 15 Multinational Corporations

Test 55

- 1 True
- 2 True
- 3 False. Not always. If consumption is high there may be more jobs in some sectors of the economy, such as retailing. However, if consumers are buying a lot of imported goods, there may be negative consequences and redundancies for domestic manufacturing.
- 4 False. It is most necessary during a downturn, but paying for it is more difficult for a government when income from taxation is down, and more difficult for private industry when income from sales is down.
- 5 False. The opposite: low taxation and low government spending.
- 6 True
- 7 False. It makes products more expensive, so less attractive, for importers.
- 8 True
- 9 False. This is gross domestic product (GDP). GNP includes companies abroad.
- 10 False. This is a measure of how much an industry is working to its full potential. If a company is producing only half the products that it is physically capable of producing, its capacity utilization is only 50%. This means redundancies are possible.
- 11 False. No. Unemployment normally rises in this case.
- 12 True. Generally true, but in an age of high technology, some sectors can experience high growth without creating much employment.
- 13 True
- 14 True
- 15 False. The term is used to describe government spending (where government is acting on behalf of the national economy), not company spending.
- 16 False. Financial planning needs stability in all areas, including currency values.
- 17 True
- 18 True
- 19 False. Low government spending helps control inflation.
- 20 True

Test 56

- 1 g 5 a
- 2 c 6 f
- 3 e 7 b
- 4 d

Test 57

- 1 a 5 b
- 2 c 6 a
- 3 b 7 b
- 4 c

Test 58

- 1 building societies
- 2 interest rates
- 3 exchange rates
- 4 consumer spending
- 5 balance of payments
- 6 exports
- 7 deficit
- 8 unemployment

Test 59

- 1 bankers, politicians
- 2 inflation
- 3 monetary policy, exchange rates
- 4 high interest rates, inflation
- 5 small banks
- 6 hyper-inflation
- 7 the International Monetary Fund
- 8 disinvestment, investment fundholders
- 9 stagflation

Test 60

- 1 monopoly
- 2 competitor
- 3 competition
- 4 free trade
- 5 export subsidies
- 6 economies
- 7 scale
- 8 suppliers
- 9 consortium
- 10 market share
- 11 subsidy
- 12 resources

Word list

The numbers after the entries are the tests in which they appear.

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B

bad debts 19
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C

c.i.f (see cost, insurance, freight)
 capacity utilization 55
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