

DICTIONARY OF
BANKING
AND
FINANCE



PETER COLLIN PUBLISHING

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P.H. Collin



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Preface

This dictionary provides a basic vocabulary of terms used in the fields of banking, investment, the Stock Exchange, and general finance. It covers both British and American usage.

The main words and phrases are defined in simple English, and many examples are given to show how the words may be used in context. In some cases, the definitions are expanded by explanatory comments. We also give quotations from newspapers and financial magazines from various parts of the world.

The supplement at the back gives additional information in the form of tables.

Aa

Schedule A schedule to the Finance Acts under which tax is charged on income from land or buildings

Table A model articles of association of a limited company set out in the Companies Act, 1985

A, AA, AAA letters indicating that a share or bond or bank has a certain rating for reliability; **these bonds have a AAA rating** (NOTE: you say 'single A', 'double A', 'triple A')

COMMENT: the AAA rating is given by Standard & Poor's or by Moody's, and indicates a very high level of reliability for a corporate or municipal bond in the US

QUOTE the rating concern lowered its rating to single-A from double-A, and its senior debt rating to triple-B from single-A

Wall Street Journal

"A" shares plural noun ordinary shares with limited voting rights or no right to vote at all

AAD = ARAB ACCOUNTING DINAR unit of account used between member states of the Arab Monetary Fund

ABA = AMERICAN BANKERS ASSOCIATION; **ABA transit number** = number allocated to an American financial institution, such as a bank (it appears on American cheques in the top right-hand corner, above the "check routing symbol")

abatement noun act of reducing; tax **abatement** = reduction of tax

above par phrase (share) with a market price higher than its par value

◇ **above the line** adjective (a) (companies) income and expenditure before tax; **exceptional items are noted above the line in company accounts** (b) revenue items in a government budget dealing with taxes and government expenditure (c) (advertising) advertising for which a payment is made (such as an ad in a magazine or a stand at a trade fair) and for which a commission is paid to the advertising agency

absolute monopoly noun situation where only one producer or supplier produces or supplies something; **the company has an absolute monopoly of imports of French wine**

absorb verb (a) to take in a small item so as to form part of a larger one; **to absorb a surplus** = to take back surplus stock so that it does not affect a business; **overheads have absorbed all our profits** = all our profits have gone in paying overhead expenses; **to absorb a loss by a subsidiary** = to write a subsidiary company's loss into the main accounts (b) **business which has been absorbed by a competitor** = a small business which has been acquired by a larger one

◇ **absorption** noun (a) making a smaller business part of a larger one (b) **absorption rate** = rate at which production costs are increased to absorb higher overhead costs

abstract noun short form of a report or document; **to make an abstract of the company accounts**

a/c or acc = ACCOUNT

accelerate verb to make something go faster; to make a maturity date become closer

QUOTE in a separate development, the Geneva-based bank confirmed that it has accelerated the six Swiss bond issues. Acceleration means the bonds become payable immediately and allows bondholders to rank alongside the company's other creditors

Times

◇ **accelerated depreciation** noun system of depreciation which reduces the value of assets at a high rate in the early years to encourage companies, because of tax advantages, to invest in new equipment

COMMENT: this applied in the UK until 1984; companies could depreciate new equipment at 100% in the first year; the system still applies in the USA

accept verb (a) to take something which is being offered; **to accept a bill** = to sign a bill of exchange to indicate that the drawee promises to pay it; **to accept delivery of a shipment** = to take goods into the

warehouse officially when they are delivered **(b)** to say yes, or to agree to something; *60% of shareholders have accepted the offer*

◇ **acceptable** *adjective* which can be accepted; *the offer is not acceptable to the shareholders*

◇ **acceptance** *noun* **(a)** (i) act of signing a bill of exchange to show that you agree to pay it; (ii) a bill which has been accepted; **to present a bill for acceptance** = for payment by the person who has accepted it; **acceptance credit** = arrangement of credit from a bank, where the bank accepts bills of exchange drawn on the bank by the debtor: the bank then discounts the bills and is responsible for paying them when they mature; the debtor owes the bank for the bills but these are covered by letters of credit; **acceptance house** or **US acceptance bank** = **ACCEPTING HOUSE** **(b)** act of accepting an offer of new shares for which you have applied **(c)** **acceptance of an offer** = agreeing to an offer; **to give an offer a conditional acceptance** = to accept provided that certain things happen or that certain terms apply; *we have his letter of acceptance* = we have received a letter from him accepting the offer

◇ **accepting house** or **acceptance house** *noun* firm (usually a merchant bank) which accepts bills of exchange (i.e. promises to pay them) and is paid a commission for this; **Accepting Houses Committee** = the main London merchant banks, which organize lending of money with the Bank of England; they receive slightly better discount rates from the Bank

◇ **acceptor** *noun* company which signs a bill of exchange, and so undertakes to pay it

access **1** *noun* to have access to something = to be able to obtain or reach something; *he has access to large amounts of venture capital; she has access to the company's deposit account **2** *verb* to call up (data) which is stored in a computer; *she accessed the address file on the computer*; **access time** = time taken by a computer to find data stored in it*

accommodation *noun* **(a)** money lent for a short time **(b)** to reach an accommodation with creditors = to agree terms for settlement **(c)** **accommodation bill** = bill of exchange where the drawee signing is helping another company (the drawer) to raise a loan; it is given on the basis of trade debts owed to the borrower

accordance *noun* in accordance with = in agreement with or according to; *in*

accordance with your instructions we have deposited the money in your current account; I am submitting the claim for damages in accordance with the advice of our legal advisers

◇ **according to** *preposition* as someone says or writes; *the shares were bought according to written instructions from the client*

◇ **accordingly** *adverb* in agreement with what has been decided; *we have received your letter and have altered the contract accordingly*

QUOTE the budget targets for employment and growth are within reach according to the latest figures

Australian Financial Review

account **1** *noun* **(a)** record of money paid or owed; *please send me your account; a detailed or an itemized account*; **expense account** = money which a businessman is allowed by his company to spend on travelling and entertaining clients in connection with his business; *he charged his hotel bill to his expense account* **(b)** (in a shop) arrangement which a customer has to buy goods and pay for them at a later date (usually the end of the month); *to have an account or a charge account or a credit account with Harrods; put it on my account or charge it to my account; (of a customer) to open an account* = to ask a shop to supply goods which you will pay at a later date; *(of a shop) to open an account or to close an account* = to start or to stop supplying a customer on credit; *to settle an account* = to pay all the money owed on an account; *to stop an account* = to stop supplying a customer until he has paid what he owes **(c)** **on account** = as part of a total bill; *to pay money on account* = to pay to settle part of a bill; **advance on account** = money paid as a part payment **(d)** customer who regularly does a large amount of business with a firm and has an account; *he is one of our largest accounts; our salesmen call on their best accounts twice a month*; **account executive** = employee who looks after certain customers or who is the link between certain customers and his company **(e)** **the accounts of a business** or **a company's accounts** = detailed record of a company's financial affairs; *to keep the accounts* = to write each sum of money in the account book; *the accountant's job is to enter all the money received in the accounts*; **annual accounts** = accounts prepared at the end of a financial year; **management accounts** = financial information (sales, expenditure, credit, and profitability) prepared for a manager so that he can take decisions; **period of account** = period usually covered

by a firm's accounts; **profit and loss account** (**P&L account**) = accounts for a company with expenditure and income over a period of time, almost always one calendar year, balanced to show a final profit or loss (the balance sheet shows the state of a company's finances at a certain date; the profit and loss account shows the movements which have taken place since the last balance sheet) (NOTE: the US equivalent is the **profit and loss statement** or **income statement**) **accounts department** = department in a company which deals with money paid, received, borrowed or owed; **accounts manager** = manager of an accounts department; **accounts payable** = money owed by a company; **accounts receivable** = money owed to a company (**f**) **bank account** or **US banking account** = arrangement to keep money in a bank; **building society account**; **savings bank account**; **Girobank account**; **Lloyds account**; *he has an account with Lloyds*; *I have an account with the Halifax Building Society*; *to put money in(to) your account*; *to take money out of your account* or *to withdraw money from your account*; **budget account** = account where you plan income and expenditure to allow for periods when expenditure is high; **current account** or **cheque account** or **US checking account** = account which pays no interest but from which the customer can withdraw money when he wants by writing cheques; **deposit account** = account which pays interest but on which notice usually has to be given to withdraw money; **external account** = account in a British bank of someone who is living in another country; **frozen account** = account where the money cannot be used or moved because of a court order; **joint account** = account for two people; *most married people have joint accounts so that they can each take money out when they want it*; **overdrawn account** = account where you have taken out more money than you have put in (i.e. where the bank is lending you money); **savings account** = account where you put money in regularly and which pays interest, often at a higher rate than a deposit account; **to open an account** = to start an account by putting money in; *she opened an account with the Halifax Building Society*; **to close an account** = to take all money out of a bank account and stop the account; *he closed his account with Lloyds* (**g**) (**Stock Exchange**) period during which shares are traded for credit, and at the end of which the shares bought must be paid for (on the London Stock Exchange, there are twenty-four accounts during the year, each running usually for ten working days); **account day** or **settlement day** = day on which shares which have been bought must

be paid for (usually a Monday ten days after the end of an account); *share prices rose at the end of the account or the account end*; **trading for the account** or **dealing for the account** or **account trading** = buying shares and selling the same shares during an account, which means that the dealer has only to pay the difference between the price of the shares bought and the price obtained for them when they are sold; **US rolling account** = system where there are no fixed account days, but stock exchange transactions are paid at a fixed period after each transaction has taken place (as opposed to the British system, where an account day is fixed each month) (**h**) (*balance of payments*) **current account balance of payments** = record of imports and exports, payments for services, and invisibles, etc.; **capital account** = items in a country's balance of payments which do not refer to the buying and selling of merchandise, but to investments made in other countries (**i**) notice; **to take account of inflation** or **to take inflation into account** = to assume that there will be a certain percentage inflation when making calculations **2 verb to account for** = to explain and record a money deal; *to account for a loss or a discrepancy*; *the reps have to account for all their expenses to the sales manager*

◇ **accountancy** *noun* work of an accountant; *he is studying accountancy* or *he is an accountancy student* (NOTE: US English uses **accounting**)

◇ **accountant** *noun* person who keeps a company's accounts and prepares financial statements; person who advises a company on its finances; person who examines accounts; *the chief accountant of a manufacturing group*; *I send all my income tax queries to my accountant*; **certified accountant** = accountant who has passed the professional examinations and is a member of the Association of Certified Accountants; **US certified public accountant** = accountant who has passed professional examinations; **chartered accountant** = accountant who has passed the professional examinations and is a member of the Institute of Chartered Accountants; **cost accountant** = accountant who gives managers information about their business costs; **management accountant** = accountant who prepares financial information for managers so that they can take decisions; **US accountant's opinion** = report of the audit of a company's books, carried out by a certified public accountant

◇ **accounting** *noun* work of recording money paid, received, borrowed or owed; **accounting methods** or **accounting**

procedures; accounting system; accounting period = period usually covered by a firm's accounts; **cost accounting** = preparing special accounts of manufacturing and sales costs; **current cost accounting** = method of accounting which notes the cost of replacing assets at current prices, rather than valuing assets at their original cost; **Accounting Standards Board** = committee set up by British accounting institutions to monitor methods used in accounting

NOTE: the word **accounting** is used in the USA to mean the subject as a course of study, where British English uses **accountancy**

QUOTE applicants will be professionally qualified and have a degree in Commerce or Accounting

Australian Financial Review

accrete *verb* to add to, especially to add interest to a fund

◇ **accretion** *noun* adding interest to a fund over a period of time

accrual *noun* gradual increase by addition; **accrual of interest** = automatic addition of interest to capital

◇ **accrue** *verb* to increase and be due for payment at a later date; **interest accrues from the beginning of the month**; **accrued interest is added quarterly**; **accrued dividend** = dividend earned since the last dividend was paid; **accrued interest** = interest which has been earned by an interest-bearing investment

acct = ACCOUNT

accumulate *verb* to grow larger by adding; **to allow dividends to accumulate**; **accumulated depreciation** = total amount by which an asset has been depreciated since it was purchased; **accumulated profit** = profit which is not paid as dividend but is taken over into the accounts of the following year; **accumulated reserves** = reserves which a company has put aside over a period of years

◇ **accumulation** *noun* growing larger by adding; **accumulation units** = type of units in a unit trust, where dividends accumulate and form more units (as opposed to income units, where the investor receives the dividends as income)

ACH *US* = AUTOMATED CLEARING HOUSE

achieve *verb* to succeed in doing something or to do something successfully; **the company has achieved great success in**

the Far East; we achieved all our objectives in 1990

QUOTE the company expects to move to profits of FFfr 2m for 1990 and achieve equally rapid growth in following years

Financial Times

acid test ratio *noun* ratio of liquid assets (that is, current assets less stock) to current liabilities, giving an indication of a company's solvency

NOTE: also called **quick ratio**

ACP states *noun* African, Caribbean and Pacific states which are linked to the European Community through the Lomé Convention (1985)

acquire *verb* to buy; **to acquire a company**
◇ **acquirer** *noun* person or company which buys something

◇ **acquisition** *noun* (i) thing bought; (ii) act of getting or buying something; (iii) takeover of a company; **the chocolate factory is his latest acquisition**; **the company has a record of making profitable acquisitions of traders in the retail sector**; **acquisition accounting or US purchase acquisition** = full consolidation, where the assets of a subsidiary company which has been purchased are included into the parent company's balance sheet, and the premium paid for the goodwill is written off against the year's earnings

across-the-board *adjective* applying to everything or everyone; **an across-the-board price increase**; **across-the-board tariff increase** = increase in duty which applies to a whole range of items

ACT = ADVANCE CORPORATION TAX

act 1 *noun* (a) law passed by a parliament which must be obeyed by the people; **GB Companies Act** = Act which rules how companies should do their business; **Finance Act** = annual Act of Parliament which gives the government power to raise taxes as proposed in the budget; **Financial Services Act** = Act of the British Parliament which regulates the offering of financial services to the public (b) **act of God** = something you do not expect to happen, and which cannot be avoided (such as storms or floods); acts of God are not usually covered by insurance policies 2 *verb* (a) to work; **to act as an agent for an American company**; **to act for someone or to act on someone's behalf** (b) to do something; **the board will have to act quickly if the company's losses are going to be reduced**; **the**

lawyers are acting on our instructions; to act on a letter = to do what a letter asks to be done; *(of several people)* **to act in concert** = to work together to achieve an aim, such as to take over a company, especially if such a way as to defraud other investors; *see also* CONCERT PARTY

◇ **action** *noun* (a) thing which has been done; **to take action** = to do something; *you must take action if you want to stop people cheating you* (b) direct action = strike or go-slow by the workforce; **to take industrial action** = to do something (usually to go on strike) to show that you are not happy with conditions at work (c) case in a law court where a person or company sues another person or company; **to take legal action** = to sue someone; **action for damages; action for libel or libel action; to bring an action for damages against someone; civil action** = case brought by a person or company against someone who has done them wrong; **criminal action** = case brought by the state against someone who is charged with a crime (d) (French) share

◇ **active** *adjective* busy; **active account** = bank account which is used (i.e., money is deposited and withdrawn) frequently; **active partner** = partner who works in the company; **an active demand for oil shares; oil shares are very active; an active day on the Stock Exchange; business is active**

◇ **activity** *noun* being active or busy; **a low level of business activity; there was a lot of activity on the Stock Exchange; activity chart** = plan showing work which has been done so that it can be compared to the plan of work to be done; **monthly activity report** = report by a department on what has been done during the past month

QUOTE preliminary indications of the level of business investment and activity during the March quarter will provide a good picture of economic activity in 1990

Australian Financial Review

actual 1 *adjective* real or correct; *what is the actual cost of one unit? the actual figures for directors' expenses are not shown to the shareholders;* **actual price** = price for a commodity which is for immediate delivery (NOTE: also called **cash price, physical price, spot price**) 2 *noun* (a) **actuals** = real figures; *these figures are the actuals for 1990* (b) **physical commodity** which is ready for delivery (as opposed to futures) (NOTE: also called **cash, physical** or **spot**)

actuary *noun* person employed by an insurance company or other organization to calculate the risk involved in an insurance, and therefore the premiums payable by persons taking out insurance;

consulting actuary = independent actuary who advises large pension funds

◇ **actuarial** *adjective* calculated by an actuary; *the premiums are worked out according to actuarial calculations;* **actuarial tables** = lists showing how long people of certain ages are likely to live, used to calculate life assurance premiums

COMMENT: in the UK, actuaries are qualified after passing the examinations of the Institute of Actuaries

ADB = AFRICAN DEVELOPMENT BANK, ASIAN DEVELOPMENT BANK

add *verb* to put figures together to make a total; *to add interest to the capital; interest is added monthly;* **added value** = amount added to the value of a product or service, being the difference between its cost and the amount received when it is sold; *see also* VALUE ADDED

◇ **add up** *verb* to put several figures together to make a total; *to add up a column of figures; the figures do not add up* = the total given is not correct

◇ **add up to** *verb* to make a total; *the total expenditure adds up to more than £1,000*

◇ **adding machine** *noun* machine which makes additions automatically

◇ **addition** *noun* putting numbers together; *you don't need a calculator to do simple addition*

◇ **additional** *adjective* extra which is added; **additional costs; additional charges; additional clauses to a contract; additional duty will have to be paid; additional voluntary contributions (AVCs)** = extra money paid by an individual into a company pension scheme to improve the benefits he will receive on retirement

address 1 *noun* details of number, street and town where an office is or a person lives; *my business address and phone number are printed on the card;* **accommodation address** = address used for receiving messages but which is not the real address of the company; **cable address** = short address for sending cables; **forwarding address** = address to which a person's mail can be sent on; **home address** = address of a house or flat where someone lives; *please send the documents to my home address;* **address list** = list of addresses; *we keep an address list of two thousand addresses in Europe* 2 *verb* to write the details of an address on an envelope, etc.; *to address a letter or a parcel; please address your enquiries to the manager; a letter*

addressed to the managing director; an incorrectly addressed package

◇ **addressee** *noun* person to whom a letter or package is addressed

◇ **addressing machine** *noun* machine which puts addresses on envelopes automatically

adequate *adjective* large enough; to operate without adequate cover = to act without being completely protected by insurance

◇ **adequacy** *noun* having enough of something; **capital adequacy ratio** = amount of money which a bank has to have in the form of shareholders' capital, shown as a percentage of its assets (this has been agreed internationally at 8%)

adjudicate *verb* to give a judgement between two parties in law; to decide a legal problem; *to adjudicate a claim; to adjudicate in a dispute*; he was adjudicated bankrupt = he was declared legally bankrupt

◇ **adjudication** *noun* act of giving a judgement or of deciding a legal problem; **adjudication order** or **adjudication of bankruptcy** = order by a court making someone bankrupt; **adjudication tribunal** = group which adjudicates in industrial disputes

◇ **adjudicator** *noun* person who gives a decision on a problem; *an adjudicator in an industrial dispute*

adjust *verb* to change something to fit new conditions; *to adjust prices to take account of inflation; prices are adjusted for inflation*

◇ **adjustable** *adjective* which can be adjusted; **adjustable peg** = currency which is pegged to another, but with the possibility of adjusting the exchange rate from time to time; **US adjustable rate mortgage (ARM)** = mortgage where the interest rate changes according to the current market rates; **adjustable rate preferred stock (ARPS)** = preference shares on which dividends are paid in line with the interest rate on Treasury bills

◇ **adjuster** *noun* person who calculates losses for an insurance company; **average adjuster** = person who calculates how much of an insurance is to be paid

◇ **adjustment** *noun* (a) act of adjusting; slight change; *tax adjustment; wage adjustment; to make an adjustment to salaries; adjustment of prices to take account of rising costs*; **average adjustment** = calculation of the share of cost of damage or loss of a ship; **US adjustment credit** =

short-term loan from the Federal Reserve to a commercial bank (b) entry in accounts which does not represent a receipt or payment, but which is made to make the accounts correct (c) change in the exchange rates to correct a balance of payment deficit; **adjustment trigger** = factor (such as a certain level of inflation) which triggers an adjustment in exchange rates

◇ **adjustor** *noun* = ADJUSTER

QUOTE inflation-adjusted GNP moved up at a 1.3% annual rate

Fortune

QUOTE Saudi Arabia will no longer adjust its production to match short-term supply with demand

Economist

administer *verb* to organize or to manage; *he administers a large pension fund*; **US administered price** = price fixed by a manufacturer which cannot be varied by a retailer (NOTE: in the UK, this is called **resale price maintenance**)

◇ **administration** *noun* (a) organization or control or management of a company; **administration costs** or **expenses of the administration** or **administration expenses** = costs of management, not including production, marketing or distribution costs (b) appointment by a court of a person to manage the affairs of a company; **administration order** = order by a court, by which a debtor repays his debts in instalments; **letters of administration** = letter given by a court to allow someone to deal with the estate of a person who has died

QUOTE his repeated failure to get any of the money paid to the UK finally exhausted the patience of bank creditors, which have been pressing for the company to put itself into administration since the end of last week. Administration involves the appointment of an outside administrator by the court to oversee a reorganization of the company's affairs and orderly disposal of its assets for the benefit of all its creditors

Financial Times

administrator *noun* (a) person who directs the work of other employees in a business (b) (i) person or bank appointed by a court to manage the affairs of someone who dies without leaving a will; (ii) person appointed by a court to administer the affairs of a company

ADR = AMERICAN DEPOSITARY RECEIPT

ad valorem *Latin phrase* meaning "according to value", showing that a tax is calculated as a percentage of the value of

the goods taxed; *ad valorem duty*; *ad valorem tax*

advance 1 *noun* (a) money paid as a loan or as a part of a payment to be made later; *bank advance*; *a cash advance*; *to receive an advance from the bank*; *an advance on account*; *to make an advance of £100 to someone*; *to pay someone an advance against a security*; *can I have an advance of £50 against next month's salary?* (b) in advance = early or before something happens; *to pay in advance*; *freight payable in advance*; *price fixed in advance* (c) early; *advance booking*; *advance payment*; *you must give seven days' advance notice of withdrawals from the account*; *Advance Corporation Tax (ACT)* = tax paid by a company in advance of its main corporation tax payments; it is paid when dividends are paid to shareholders and is deducted from the main tax payment when that falls due; it appears on the tax voucher attached to a dividend warrant (d) increase; *advance in trade*; *advance in prices* 2 *verb* (a) to lend; *the bank advanced him £10,000 against the security of his house* (b) to increase; *prices generally advanced on the stock market* (c) to make something happen earlier; *the date of the AGM has been advanced to May 10th*; *the meeting with the German distributors has been advanced from 11.00 to 09.30*

adverse *adjective* bad or not helpful; *adverse balance of trade* = situation when a country imports more than it exports; *adverse trading conditions* = bad conditions for trade

advice *noun* (a) *advice note* = written notice to a customer giving details of goods ordered and shipped but not yet delivered; *as per advice* = (i) according to what is written on the advice note; (ii) advising that a bill of exchange has been drawn (b) *opinion as to what action to take*; *to take legal advice* = to ask a lawyer to say what should be done; *the accountant's advice was to send the documents to the police*; *we sent the documents to the police on the advice of the accountant* or *we took the accountant's advice and sent the documents to the police*

advise *verb* (a) to tell someone what has happened; *we are advised that the shipment will arrive next week* (b) to suggest to someone what should be done; *we are advised to take the shipping company to court*; *the accountant advised us to send the documents to the police*

◇ **advise against** *verb* to suggest that something should not be done; *the bank manager advised against closing the account*;

my stockbroker has advised against buying those shares

◇ **adviser** or **advisor** *noun* person who suggests what should be done; *he is consulting the company's legal adviser*; *financial adviser* = person or company which gives advice on financial problems for a fee

◇ **advisory** *adjective* as an adviser; *he is acting in an advisory capacity*; *an advisory board* = a group of advisers; *advisory funds* = funds placed with a financial institution to invest on behalf of a client, the institution investing them at its own discretion

AFBD = ASSOCIATION OF FUTURES BROKERS AND DEALERS

Affärsvärlden General Index index of prices on the Stockholm Stock Exchange

affect *verb* to change or to have a bad effect on (something); *the new government regulations do not affect us*; *the company's sales in the Far East were seriously affected by the embargo*

QUOTE the dollar depreciation has yet to affect the underlying inflation rate

Australian Financial Review

affiliate *noun* company which partly owns another company, or is partly owned by the same holding company as another

◇ **affiliated** *adjective* connected with or partly owned by another company; *one of our affiliated companies*

affluent *adjective* very rich; *we live in an affluent society*

afford *verb* to be able to pay or buy; *we could not afford the cost of two telephones*; *the company cannot afford the time to train new staff*

afghani currency used in Afghanistan

AFOF = AUTHORIZED FUTURES AND OPTIONS FUND

afterdate *noun* bill of exchange payable at a date later than that on the bill

after-hours *adjective* *after-hours buying or selling or dealing or trading* = buying or selling or dealing in shares after the Stock Exchange has officially closed for the day, such deals being subject to normal Stock Exchange rules (in this way, dealers can

take advantage of the fact that because of time differences, the various stock exchanges round the world are open almost all twenty-four hours of the day)

◇ **aftermarket** *noun* market in new shares, which starts immediately after trading in the shares begins (i.e., a secondary market)

◇ **after tax** *phrase* after tax has been paid; **real return after tax** = return calculated after deducting tax and inflation; **after-tax profit** = profit after tax has been deducted

AG = AKTIENGESELLSCHAFT

against *preposition* relating to or part of; compared with; *to pay an advance against a security; can I have an advance against next month's salary? the bank advanced him £10,000 against the security of his house*

QUOTE investment can be written off against the marginal rate of tax

Investors Chronicle

QUOTE the index for the first half of 1985 shows that the rate of inflation went down by about 12.9 per cent against the rate as at December last year

Business Times (Lagos)

aged debtors analysis *or US aging schedule* *noun* list which analyses a company's debtors, showing the number of days their payments are overdue

agency *noun* (a) office or job of representing another company in an area; *they signed an agency agreement or an agency contract; sole agency* = agreement to be the only person to represent a company or to sell a product in a certain area; *he has the sole agency for Ford cars* (b) office or business which arranges things for other companies; **US agency bank** = bank which does not accept deposits, but acts as an agent for another (usually foreign) bank; **agency bill** = bill of exchange drawn on the local branch of a foreign bank; **agency broker** = dealer who acts for a client, buying and selling shares for a commission; **advertising agency** = office which plans or designs and manages advertising for companies; **employment agency** = office which finds jobs for staff; **news agency** = office which distributes news to newspapers and television stations (c) **US security** issued by a government agency, such as a Federal Home Loan Bank

agent *noun* (a) person who represents a company or another person in an area; *to be the agent for IBM; sole agent* = person who has the sole agency for a company in an area; *he is the sole agent for Ford cars; agent's commission* = money (often a

percentage of sales) paid to an agent (b) person in charge of an agency; **advertising agent; estate agent; travel agent; commission agent** = agent who is paid by commission, not by fee; **forwarding agent** = person or company which arranges shipping and customs documents; **insurance agent** = person who arranges insurance for clients; **land agent** = person who runs a farm or a large area of land for the owner; **managing agent** = person who runs the day-to-day activities of a Lloyd's syndicate (c) **US (business) agent** = chief local official of a trade union (d) **US agent bank** = bank which uses the credit card system set up by another bank

◇ **agent de change** *French* = STOCKBROKER

◇ **agente de cambio y bolsa** *Spanish* = STOCKBROKER

◇ **agente di cambio** *Italian* = STOCKBROKER

aggregate *adjective* total or with everything added together; **aggregate output; aggregate demand** = total demand for goods and services from all sectors of the economy (from individuals, companies and the government); **aggregate risk** = risk which a bank runs in lending to a customer; **aggregate supply** = total supply of goods and services to meet the aggregate demand

agio *noun* (a) charge made for changing money of one currency into another, or for changing banknotes into cash (b) difference between two values, such as between the interest charged on loans made by a bank and the interest paid by the bank on deposits, or the difference between the values of two currencies, or between a gold coin and paper currency of the same face value

AGM = ANNUAL GENERAL MEETING

agree *verb* (a) to approve; *the auditors have agreed the accounts; the figures were agreed between the two parties; we have agreed the budgets for next year; terms of the contract are still to be agreed; he has agreed your prices* (b) to say yes, or to accept; *it has been agreed that the lease will run for 25 years; after some discussion he agreed to our plan; we all agreed on the plan* (NOTE: to agree to or on a plan) (c) to agree to do something = to say that you will do something; *she agreed to be chairman; will the finance director agree to resign? the bank will never agree to lend the company £250,000*

◇ **agree with** *verb* (a) to say that your opinions are the same as someone else's; *I*

agree with the chairman that the figures are lower than normal (b) to be the same as; *the auditors' figures do not agree with those of the accounts department*

◇ **agreed** *adjective* which has been accepted by everyone; *an agreed amount; on agreed terms; agreed takeover bid* = takeover bid which is accepted by the target company and recommended by the directors to the shareholders

◇ **agreement** *noun* contract between two parties which explains how they will act; *written agreement; unwritten or verbal agreement; to draw up or to draft an agreement; to break an agreement; to sign an agreement; to witness an agreement; an agreement has been reached or concluded or come to; to reach an agreement or to come to an agreement on prices or salaries; an international agreement on trade; collective wage agreement; an agency agreement; a marketing agreement; blanket agreement* = agreement which covers many different items; *exclusive agreement* = agreement where a company is appointed sole agent for a product in a market; *gentleman's agreement or US gentlemen's agreement* = verbal agreement between two parties who trust each other; *US agreement amongst underwriters* = document which forms a syndicate of underwriters, linking them to the issuer of a new share issue

QUOTE after three days of tough negotiations the company has reached agreement with its 1,200 unionized workers

Toronto Star

AICPA = AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

airmail 1 *noun* way of sending letters or parcels by air; *to send a package by airmail; airmail charges have risen by 15%; airmail envelope* = very light envelope for sending airmail letters; *airmail sticker* = blue sticker with the words "by air mail" which can be stuck to an envelope or packet to show it is being sent by air **2** *verb* to send letters or parcels by air; *to airmail a document to New York*

Aktie *German* = SHARE

Aktiengesellschaft *German* = PUBLIC LIMITED COMPANY (PLC)

alien corporation *noun* US company which is incorporated in another country

all or none *noun* buying order which stipulates that the whole order has to be bought at a certain price

allocate *verb* to divide (a sum of money) in various ways and share it out; *we allocate 10% of revenue to publicity; \$2,500 was allocated to office furniture*

◇ **allocation** *noun* (a) dividing a sum of money in various ways; *allocation of capital; allocation of funds to a project* (b) share allocation or allocation of shares = spreading the number of shares available among a large group of people who have applied for them

allonge *noun* piece of paper attached to a bill of exchange, so that endorsements can be written on it

All Ordinaries Index index of prices on the Australian Stock Exchange

allot *verb* to share out; *to allot shares* = to give a certain number of shares to people who have applied for them

NOTE: **allotting** - **allotted**

◇ **allotment** *noun* (a) sharing out funds by giving money to various departments; *allotment of funds to a project* (b) giving shares in a new company to people who have applied for them; *share allotment; payment in full on allotment; letter of allotment or allotment letter* = letter which tells someone who has applied for shares in a new company how many shares he has been allotted (the letter acts as a temporary share certificate)

allow *verb* (a) to say that someone can do something; *junior members of staff are not allowed to use the chairman's lift; the company allows all members of staff to take six days' holiday at Christmas* (b) to give; *to allow someone a discount; to allow 5% discount to members of staff; to allow 10% interest on large sums of money* (c) to agree or to accept legally; *to allow a claim or an appeal*

◇ **allow for** *verb* to give a discount for or to add an extra sum to cover something; *to allow for money paid in advance; to allow 10% for packing; delivery is not allowed for* = delivery charges are not included; *allow 28 days for delivery* = calculate that delivery will take at least 28 days

◇ **allowable** *adjective* legally accepted; *allowable expenses* = expenses which can be claimed against tax

◇ **allowance** *noun* (a) money which is given for a special reason; *travel allowance or travelling allowance; foreign currency allowance; cost-of-living allowance* = addition to normal salary to cover increases in the cost of living; *entertainment allowance* = money which a

manager is allowed to spend each month on meals with visitors **(b) allowances against tax or tax allowances or personal allowances** = part of someone's income which is not taxed; **annual depreciation allowance or write-down allowance** = allowance for the depreciation of an asset over a period of years; **capital allowances** = allowances against tax for purchase of capital assets, such as machinery; **allowance for bad debt** = provision made in a company's accounts for debts which may never be paid **(c) money removed in the form of a discount; allowance for depreciation; allowance for exchange loss**

QUOTE most airlines give business class the same baggage allowance as first class

Business Traveller

QUOTE the compensation plan includes base, incentive and car allowance totalling \$50,000+

Globe and Mail (Toronto)

All-Share Index index based on the market price of about 700 companies listed on the London Stock Exchange (NOTE: the full name is **Financial Times Actuaries All-Share Index**)

all-time *adjective* **all-time high** or **all-time low** = highest or lowest point ever reached; *sales have fallen from their all-time high of last year*

alpha shares or alpha securities or alpha stocks *noun* shares in the main companies listed on the London Stock Exchange (about 130 companies, whose shares are frequently traded, normally in parcels of 1000 shares; transactions in alpha stocks are listed on SEAQ); *see also* BETA, DELTA, GAMMA

alternative order *noun* order to do one of two things (such as buy or sell stock at certain prices)

aluminium *noun* metal which is frequently traded on commodity exchanges such as the London Metal Exchange

American Bankers Association (ABA) association which represents US banks

American Depositary Receipt (ADR) document issued by an American bank to US citizens, making them unregistered shareholders of companies in foreign countries; the document allows them to receive dividends from their

investments, and ADRs can themselves be bought or sold

QUOTE we constantly stare at the idea of having an ADR facility, but I am not sure it would be worthwhile. We could get a NASDAQ quote as a service to institutions in the US, but when it comes to dealing they usually just pick up the phone and deal through London. There was a trend for British companies to get the Big Board listing, but I don't go for that. We get some institutional interest in our shares in the US without having an ADR

Money Observer

COMMENT: buying and selling ADRs is easier for American investors than buying or selling the actual shares themselves, as it avoids stamp duty and can be carried out in dollars without incurring exchange costs

American Stock Exchange (Amex) the smaller of the two Stock Exchanges based in New York (the other is the New York Stock Exchange or NYSE) (NOTE: also called **Curb Exchange** or **Little Board**, as opposed to the **Big Board**, or NYSE)

Amex *noun informal* = AMERICAN STOCK EXCHANGE; AMERICAN EXPRESS

amortize *verb* **(a)** to pay off (a debt) by repaying it or by putting money aside regularly over a period of time; *the capital cost is amortized over five years; see also* SINKING FUND **(b)** to depreciate or to write down the capital value of an asset over a period of time in a company's accounts

◇ **amortizable** *adjective* which can be amortized; *the capital cost is amortizable over a period of ten years*

◇ **amortization** *noun* act of amortizing; *amortization of a debt*

amount 1 *noun* quantity of money; *amount paid; amount deducted; amount owing; amount written off; what is the amount outstanding? a small amount invested in gilt-edged stock 2 verb* to amount to = to make a total of; *their debts amount to over £1m*

Amsterdam Stock Exchange the main stock exchange in the Netherlands; business is transacted by "hoekmen" (marketmakers) or directly between banks on the Amsterdam Interprofessional Market (AIM)

analog computer *noun* computer which works on the basis of electrical impulses representing numbers

analyse or **analyze** *verb* to examine in detail; *to analyse a statement of account; to analyse the market potential*

◇ **analysis** *noun* detailed examination and report; *job analysis; market analysis; sales analysis; to carry out an analysis of the market potential; to write an analysis of the sales position; cost analysis* = examination in advance of the costs of a new product; *systems analysis* = using a computer to suggest how a company can work more efficiently by analysing the way in which it works at present (NOTE: plural is **analyses**)

◇ **analyst** *noun* person who analyses; *market analyst; systems analyst; investment analyst* = person working for a stockbroking firm, who analyses the performance of companies in certain sectors of the market, or the performance of a market sector as a whole, or economic trends in general

announce *verb* to tell something to the public; *to announce the results for 1990; to announce a programme of investment*

◇ **announcement** *noun* telling something in public; *announcement of a cutback in expenditure; announcement of the appointment of a new managing director; the managing director made an announcement to the staff*

annual *adjective* for one year; *annual statement of income; he has six weeks' annual leave; the annual accounts; annual growth of 5%; annual depreciation allowance* or *write-down allowance* = allowance for the depreciation of an asset over a period of years; *annual report* = report of a company's financial situation at the end of a year, sent to all the shareholders; *annual return* = official report which a registered company has to make each year to the Registrar of Companies; *on an annual basis* = each year; *the figures are revised on an annual basis*

◇ **annual general meeting (AGM)** *noun* annual meeting of all the shareholders of a company, when the company's financial situation is presented by and discussed with the directors, when the accounts for the past year are approved, when auditors are appointed, etc. (NOTE: the US term is *annual meeting* or *annual stockholders' meeting*)

◇ **annualized** *adjective* shown on an annual basis; *annualized percentage rate* = yearly percentage rate, calculated by multiplying the monthly rate by twelve (not as accurate as the APR, which includes fees and other charges)

◇ **annually** *adverb* each year; *the figures are updated annually*

◇ **Annual Percentage Rate (APR)** *noun* rate of interest (such as on a hire-purchase agreement) shown on an annual compound basis, including fees and charges

QUOTE real wages have risen at an annual rate of only 1% in the last two years

Sunday Times

QUOTE the remuneration package will include an attractive salary, profit sharing and a company car together with four weeks annual holiday

Times

QUOTE ever since October, when the banks' base rate climbed to 15 per cent, the main credit card issuers have faced the prospect of having to push interest rates above 30 per cent APR. Though store cards have charged interest at much higher rates than this for some years, 30 per cent APR is something the banks fight shy of

Financial Times Review

COMMENT: because hire purchase agreements quote a flat rate of interest covering the whole amount borrowed or a monthly repayment figure, the Consumer Credit Act, 1974, forces lenders to show the APR on documentation concerning hire purchase agreements, so as to give an accurate figure of the real rate of interest as opposed to the nominal rate. The APR includes various fees charged (such as the valuation of a house for mortgage); it may also vary according to the sum borrowed - a credit card company will quote a lower APR if the borrower's credit limit is low

annuity *noun* money paid each year to a retired person, usually in return for a lump-sum payment; the value of the annuity depends on how long the person lives, as it cannot be passed on to another person; annuities are fixed payments, and lose their value with inflation, whereas a pension can be index-linked; *to buy or to take out an annuity; annuity for life or life annuity* = annual payments made to someone as long as he is alive; *reversionary annuity* = annuity paid to someone on the death of another person

◇ **annuitant** *noun* person who receives an annuity

antedate *verb* to put an earlier date on a document; *the invoice was antedated to January 1st*

anti-*prefix* against

◇ **anti-dumping** *adjective* which protects a country against dumping; *anti-dumping legislation*

◇ **anti-inflationary** *adjective* which tries to restrict inflation; *anti-inflationary measures*

◇ **anti-trust** *adjective* which attacks monopolies and encourages competition;

anti-trust laws or legislation = laws in the US which prevent the formation of monopolies

anticipate *verb* to expect something to happen; **anticipated balance** = balance which is forecast from a deposit when it matures

AO = ALL-ORDINARIES (index)

apply *verb* (a) to ask for something, usually in writing; *to apply for a job; to apply for shares; to apply in writing; to apply in person* (b) to affect or to touch; *this clause applies only to deals outside the EC*

◇ **applicant** *noun* person who applies for something; *applicant for a job or job applicant; there were thousands of applicants for shares in the new company*

◇ **application** *noun* asking for something, usually in writing; *application for shares; shares payable on application; application for a job or job application; application form* = form to be filled in when applying for a new issue of shares or for a job; *to fill in an application (form) for an issue of shares or a share application (form); attach the cheque to the share application form*

appoint *verb* to choose someone to do a job; *to appoint an official receiver*

◇ **appointment** *noun* being appointed to a job; *on his appointment as receiver* = when he was made receiver of the company

apportion *verb* to share out (costs); *costs are apportioned according to projected revenue*

◇ **apportionment** *noun* sharing out of (costs)

appraise *verb* to assess or to calculate the value of something

◇ **appraisal** *noun* calculation of the value of someone or something; *staff appraisals* = reports on how well each member of staff is working

appreciate *verb* (a) (of currency, stock) to increase in value; *the dollar has appreciated in terms of the yen; these shares have appreciated by 5%* (b) to notice how good something is; *the customer always appreciates efficient service; tourists do not appreciate long delays at banks*

◇ **appreciation** *noun* (a) (of currency, stock) increase in value; *these shares show an appreciation of 10%; the appreciation of the dollar against the peseta* (b) valuing

something highly; *he was given a rise in appreciation of his excellent work*

appro *noun* = APPROVAL; *to buy something on appro* = to buy something which you will only pay for if it is satisfactory

appropriate *verb* to put a sum of money aside for a special purpose; *to appropriate a sum of money for a capital project*

◇ **appropriation** *noun* act of putting money aside for a special purpose; *appropriation of funds to the reserve; appropriation account* = part of a profit and loss account which shows how the profit has been dealt with (i.e. how much has been given to the shareholders as dividends, how much is being put into the reserves, etc.)

approve *verb* (a) to approve of = to think something is good; *the chairman approves of the new company letter heading; the sales staff do not approve of interference from the accounts division* (b) to agree to something officially; *to approve the terms of a contract; the proposal was approved by the board; US approved securities* = state bonds which can be held by banks to form part of their reserves (the list of these bonds is the "approved list")

◇ **approval** *noun* (a) agreement; *to submit a budget for approval; certificate of approval* = document showing that an item has been approved officially (b) *on approval* = sale where the buyer only pays for goods if they are satisfactory; *to buy a photocopier on approval*

approximate *adjective* not exact, but almost correct; *the sales division has made an approximate forecast of expenditure*

◇ **approximately** *adverb* almost correctly; *expenditure is approximately 10% down on the previous quarter*

◇ **approximation** *noun* rough calculation; *approximation of expenditure; the final figure is only an approximation*

APR = ANNUAL PERCENTAGE RATE

arb *informal* = ARBITRAGEUR

arbitrage *noun* (a) making a profit from the difference in value of various assets, such as: selling foreign currencies or commodities on one market and buying on another at almost the same time to profit from different exchange rates; buying currencies forward and selling them forward at a later date, to benefit from a

difference in prices; buying a security and selling another security to the same buyer with the intention of forcing up the value of both securities **(b) risk arbitrage** = buying shares in companies which are likely to be taken over and so rise in price; **arbitrage syndicate** = group of people formed to raise the capital to invest in arbitrage deals

◇ **arbitrager** or **arbitrageur** *noun* (risk) **arbitrageur** = person whose business is risk arbitrage

COMMENT: arbitrageurs buy shares in companies which are potential takeover targets, either to force up the price of the shares before the takeover bid, or simply as a position while waiting for the takeover bid to take place. They also sell shares in the company which is expected to make the takeover bid, since one of the consequences of a takeover bid is usually that the price of the target company rises while that of the bidding company falls. Arbitrageurs may then sell the shares in the target company at a profit, either to one of the parties making the takeover bid, or back to the company itself. See also GREENMAIL

arbitration *noun* settlement of a dispute by the two parties concerned, using an arbitrator, an outside person, chosen by both sides; *to submit a dispute to arbitration; to refer a question to arbitration; to take a dispute to arbitration; to go to arbitration; arbitration board or arbitration tribunal* = group which arbitrates; **industrial arbitration tribunal** = court which decides in industrial disputes

ARM = ADJUSTABLE RATE MORTGAGE

at arm's length *phrase* to deal with someone at arm's length = to deal as if there were no financial link between the two parties (as when a company buys a service from one of its own subsidiaries)

QUOTE it is desirable that all dealing should be done at arm's length, but there are a number of grey areas; for example the so-called "soft" commissions, whereby fund managers can pay commission out of the fund to stockbrokers, and themselves receive back services as a form of rebate on these commissions

Financial Times Review

around *preposition* (a) approximately; *the office costs around £2,000 a year to heat; his salary is around \$85,000* (b) (in foreign exchange dealings) with a premium or discount; **5 points around** = with a 5-point premium and a 5-point discount, both calculated on the spot price

ARPS = ADJUSTABLE RATE PREFERRED STOCK

arrangement fee *noun* charge made by a bank to a client for arranging credit facilities; **scheme of arrangement** = scheme drawn up by an individual or company to offer ways of paying debts, so as to avoid bankruptcy proceedings

QUOTE on the upside scenario the outlook is reasonably optimistic, bankers say, the worst scenario being that a scheme of arrangement cannot be achieved, resulting in liquidation

Irish Times

arrears *plural noun* money which is owed, but which has not been paid at the right time; *arrears of interest; to allow the payments to fall into arrears; salary with arrears effective from January 1st; in arrears* = owing money which should have been paid earlier; *the payments are six months in arrears; he is six weeks in arrears with his rent*

arrive *noun* (a) to reach a place; *the consignment has still not arrived; the shipment arrived without any documentation; the plane arrives in Sydney at 04.00* (b) to arrive at = to calculate and agree; *to arrive at a price; after some discussion we arrived at a compromise*

article *noun* (a) product or thing for sale; *to launch a new article on the market; a black market in luxury articles* (b) section of a legal agreement; *see article 10 of the contract; article 8 currency* = strong convertible currency (according to the IMF) (c) **articles of association** = document which lays down the rules for a company regarding meetings, the appointment of directors, etc. (NOTE: in the US, called **bylaws**) **director appointed under the articles of the company; this procedure is not allowed under the articles of association of the company; US articles of incorporation** = document which sets up a company and lays down the relationship between the shareholders and the company (NOTE: in the UK called **Memorandum of Association**) **Memorandum (and articles) of Association** = legal document setting up a limited company and giving details of its aims, directors, and registered office

asap = AS SOON AS POSSIBLE

ascending tops *noun* term used by chartists to refer to an upward trend in the market, where each peak is higher than the preceding one