

МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ  
ХЕРСОНСЬКИЙ ДЕРЖАВНИЙ АГРАРНО-ЕКОНОМІЧНИЙ УНІВЕРСИТЕТ

Юлія ГЛАВАЦЬКА, Катерина СОВАЧ

**ФІНАНСОВА АНГЛІЙСЬКА:  
ПРАКТИЧНИЙ КУРС  
ДЛЯ ЗДОБУВАЧІВ БАКАЛАВРАТУ**

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**Рецензенти:**

**О. С. Пристемський** – доктор економічних наук, професор (Херсонський державний аграрно-економічний університет);

**І. М. Рябуха** – доктор педагогічних наук, доцент (Херсонська державна морська академія);

**О. В. Мазур** – кандидатка філологічних наук, доцентка (Львівський національний університет імені Івана Франка)

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Навчально-практичний посібник «Фінансова англійська: практичний курс для здобувачів бакалаврату» має на меті інтегроване вивчення **фінансових процесів та управління фінансами** через призму англійської мови. Це дає змогу здобувачам 4 курсу першого (бакалаврського) рівня вищої освіти: 1) поглибити розуміння ключових фінансових концепцій; 2) розширити активний та пасивний словниковий запас професійною англійською лексикою, що використовується у фінансовій сфері; 3) практично застосовувати теоретичні знання; 4) розвинути аналітичне та критичне мислення; 5) самостійно опановувати актуальну фінансову інформацію; 6) планувати свій безперервний професійний розвиток. Кожна лекція розроблена у форматі наукової статті/наукової доповіді. Посібник сфокусований на комплексному опануванні чотирьох видів мовленнєвої діяльності англійською мовою (читання, говоріння, письмо, аудіювання) та засвоєнні **фінансової термінології**.

Посібник призначений для здобувачів вищої освіти України спеціальностей D1, D2, D3, D5 та D7 галузі знань D Бізнес, адміністрування та право, які вивчають дисципліну «Іноземна мова за професійним спрямуванням». Посібник також стане в пригоді викладачам англійської мови та всім, хто прагне вдосконалити професійну комунікацію у фінансовій галузі.

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MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE  
KHERSON STATE AGRARIAN AND ECONOMIC UNIVERSITY

**Yuliia HLAVATSKA, Kateryna SOVACH**

# **FINANCIAL ENGLISH: A PRACTICAL COURSE FOR BACHELOR STUDENTS**

**Practical Guidebook**

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H52

**Reviewers:**

**O. S. Prystemskyi** – Doctor of Economic Sciences, Professor (Kherson State Agrarian and Economic University);

**I. M. Riabukha** – Doctor of Pedagogical Sciences, Associate Professor (Kherson State Maritime Academy);

**O. V. Mazur** – Candidate of Philological Sciences, Associate Professor (Ivan Franko National University of Lviv)

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**Hlavatska Yu. L.**

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The practical guidebook “Financial English: A Practical Course For Bachelor Students” aims to provide an integrated study of **financial processes** and **financial management** through the prism of the English language. It enables the fourth-year students of the first (bachelor’s) level of higher education to: 1) deepen their understanding of key financial concepts; 2) expand their active and passive vocabulary with professional English vocabulary used in the financial sector; 3) apply theoretical knowledge in practice; 4) develop analytical and critical thinking; 5) independently master relevant financial information; 6) plan their continuous professional development. Each lecture is designed in the format of a scientific article/scientific report. The manual focuses on the comprehensive mastery of four types of speech activity in English (reading, speaking, writing, listening) and the acquisition of **financial terminology**.

The manual is intended for students of higher education in Ukraine majoring in D1, D2, D3, D5, and D7 in the field of knowledge D Business, Administration, and Law, who are studying the discipline “Foreign Language for Professional Purposes”. The practical guidebook will also be helpful for English teachers and anyone who wants to improve their professional communication in the financial industry.

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# PREFACE

Welcome to “Financial English: A Practical Course for Bachelor Students”, a practical guide to provide you with the crucial language and analytical abilities needed to thrive in the ever-evolving finance sector. This book is specifically tailored for 4th-year university students specialising in accounting and taxation, finance, banking and insurance, management, marketing, wholesale and retail sales in Ukraine and English language instructors and professionals aiming to refine their communication in this vital field.

In today’s globalised financial landscape, effective communication in English is not just an advantage – it’s a necessity. This guidebook acknowledges that achieving true mastery requires more than merely knowing vocabulary; it necessitates a profound comprehension of financial concepts, the capability to analyse intricate data, and the proficiency to express insights clearly and professionally. That’s why each of the eight units in this textbook is meticulously crafted to mirror the structure of a scientific article or research paper, providing you with a rigorous and systematic approach to learning. It’s worth noting that artificial intelligence (AI) has played a significant role in compiling this book, helping us organise and present information efficiently and effectively.

Our exploration of financial English will encompass vital topics, enhancing your knowledge gradually:

**Unit 1: Introduction to Financial Management: Key Concepts** establishes the foundation for your comprehension.

**Unit 2: Financial Planning: Key Elements** investigates the strategic facets of financial foresight.

**Unit 3: Financial Statements: Chief Distinctions** provides a comprehensive look at the core documents of financial reporting.

**Unit 4: Financial Analysis: Key Types and Ratios** hones your ability to interpret financial health through critical indicators.

**Unit 5: Projecting Revenues** focuses on the vital skill of forecasting a company’s future income.

**Unit 6: Cash Flow Management: Reasons of Its Significance** emphasises the lifeblood of any business – its cash flow.

**Unit 7: Raising Financial Resources: Equity and Debt Capital** explores how companies secure funding.

**Unit 8: Capital Budgeting, Investment Decisions and Risks** guides you through making sound long-term investment choices.

By integrating the study of financial concepts with language acquisition, this guidebook supports the development of all four key English language skills: listening, speaking, reading, and writing. You'll understand financial terms and how to use them effectively and professionally.

To support your learning and facilitate your engagement in scientific projects, research groups, and conferences – an everyday activity for 4th-year students – we've included a comprehensive set of appendices:

**Appendix I. Language Reference: Glossary of Financial Terms (alphabetically arranged)** provides quick access to essential vocabulary.

**Appendix II. Language Reference: General Rules of Derivation (Word Formation) in English** and **Appendix III. Language Reference: Derivatives in Financial Business English** equip you with powerful tools for expanding your financial vocabulary.

**Appendix IV. Academic Reference: Plan for Analysis of A Scientific Article in Financial Management** offers a structured approach to dissecting academic papers, enhancing your research capabilities.

**Appendix V. Information Reference: Valuable Online Sources for Training and Education** directs you to external resources for continuous learning and professional development, ensuring you stay current with industry trends and tools. These external resources will help you analyse academic papers and craft your scientific contributions.

**Appendix VI. Information Reference: List and Guide of Financial Documents and Analyses** provides practical examples of financial agreements, reports, and analyses, allowing you to see the language in action.



We believe that “**Financial English: A Practical Course for Bachelor Students**” will be an essential tool, enabling you to handle the intricacies of international finance with linguistic accuracy and confidence. We wish you all the best in your academic pursuits and career achievements.

*Sincerely yours,  
Yuliia Hlavatska  
Kateryna Sovach*

# UNITS AND EXERCISES

*“Financial freedom is available to those  
who learn about it and work for it”*

Robert Kiyosaki [1]

## UNIT 1

### ***INTRODUCTION TO FINANCIAL MANAGEMENT: CRUCIAL CONCEPTS***

**1. Study and comprehend the keywords. Consult the Unit 1 Vocabulary and APPENDIX I if you need it. *The appendix explains and illustrates all financial terms in the textbook in depth. It is compiled in alphabetical order.***

Accounts payable	Accrued expenses
Agreement	Loan
Assets	Working capital
Bank borrowing	Suppliers
Cash and equivalents	Accounts receivable
Failure	Financial management
Large corporation	Lease financing
Notes payable	Inventory
Small business	Trade credit
Taxes payable	Equity

**2. Read Lecture 1 attentively and be ready to translate it. If necessary, refer to the Unit 1 Vocabulary. Pay attention to crucial concepts of financial management.**

When a small business owner manages their finances, they confront unique challenges compared to large corporations. Financing

is considered one of the significant differences, as big companies can issue bonds or stocks. In contrast, small businesses traditionally depend on the following four types of financing: *trade credit*, *bank borrowing*, *lease financing*, and *owner's investment*. Let's address each of them by addressing relevant sources.

You can find a variety of synonyms for the term ***trade credit*** – *commercial credit*, *business credit*, *supplier credit*. An online search indicates that trade credit can encompass various elements. “The simplest definition is an arrangement to buy goods and/or services on account without making immediate cash or cheque payments” [2]. One more definition explains the term *trade credit* as follows: “suppliers allow you to pay for goods later; it is a form of financing where suppliers provide goods to customers on credit terms, allowing them to pay at a later date. It serves as an alternative source of finance, particularly beneficial for small firms facing financial constraints” [3]. Thus, we see that trade credit is a valuable tool, on the one hand, and a type of finance, on the other. It is an agreement between a company / a firm / a corporation and a supplier with goods/services, payments and a specified credit period in the spotlight.

The second key concept of financial management is ***bank borrowing*** or *bank loans*. The simplest way to find out the meaning of this term is given in the Cambridge Dictionary: “the act of taking money from a bank and paying it back over a period of time” [4]. Namely, everyone sometimes turns to a bank to get some funds. To find the answer to what a bank loan is, let's deal with an illustration from the web: “A loan is a sum of money that one or more individuals or companies borrow from banks or other financial institutions to manage planned or unplanned events financially” [5].

The third essential component of financial management is ***lease financing***. One can find numerous synonyms: *financial lease*, *capital lease*, and *sales lease* [6]. To be aware of the meaning of this term, let's look at the Cambridge Dictionary again: “A financial agreement in which a finance company pays for equipment that a customer wants, such as a car or a computer, and the customer pays them to use it. Depending on the agreement, the customer may own or buy goods for a reduced price at the end of the lease” [7]. Thus, it is something like a plan aiming

to achieve a goal – to allow companies to gain access to assets without requiring the significant upfront costs of ownership.

**Owner investment**, the fourth crucial financial management component, is also known as *owner's investment* or *contributed capital* [8]. In other terms, there is a sum of money or other assets the landlord provides to the business for its starting or keeping it running.

It is worth specifying that these financial methods can be useful for you to manage a small business properly. The proprietors of small companies routinely deal with these tasks themselves in contrast to large/expansive corporations with committed financial vice presidents or treasurers.

One more concept is **working capital**. It is fundamental for a business and can be called *circulating capital*. “Net working capital is calculated by subtracting liabilities from current assets” [9]. In this explanation, two essential words can be highlighted: *current assets* and *liabilities*. Let's clarify their meanings. “Current assets are things like cash, marketable securities (easily sold investments), and certificates of deposit (CDs). Liabilities are what the business owes, like accounts payable. Assets are the things businesses own, and liabilities are what businesses owe. This is important because every business occasionally has problems with cash flow, especially when starting out. If a business has too many bills to pay and not enough assets to pay those bills, it will not survive” [10].

Proper working capital management has significant implications. Poor management is a primary factor contributing to business failure. Therefore, it must be carefully scrutinised.

The main components of working capital are thoroughly described in the book “Zero to One Million” which gathers information and perspectives from contemporary entrepreneurs on various aspects of business, financing, marketing, etc. The electronic version can be found at this link [11]. To describe the constituents of working capital, we will rely on the main theses of this resource.

The first constituent of working capital is **cash and equivalents** [11]. We need a reliable budgeting system to manage our cash flow. It helps us track inflows (income, money coming in) and outflows (expenses, money going out). The magnitude (extent) of

potential shortfalls and plan for necessary bank borrowing should also be in the focus of attention.

The second component is *accounts receivable* [11]. This is the money customers owe. We must track how quickly customers pay and identify slow payers. The collection of these funds is essential.

The third component of working capital is *inventory* [11]. These are the goods a business holds for sale. You must understand the operating characteristics of the company to determine the appropriate inventory level. Moreover, we need to know the turnover rate. We want to avoid dead stock or slow-moving stock.

The fourth element is *accounts payable* and *trade notes payable* [11]. *Accounts payable* can be explained in the following manner: this is what we owe suppliers; paying on time builds a good credit rating; failure to pay on time can detract from that rating.

*Notes payable*, the sixth constituent of working capital [11]. This term covers concepts we have already dealt with, such as an *agreement*, a *loan*, and *specified amounts of cash*. The definition provided below supports this claim: “Notes payable are formal agreements, known as promissory notes, in which one party commits to paying another party a specified amount of cash. In simpler terms, a note payable is essentially a loan between two parties” [12]. Keeping watch on principal and interest payments falling due is essential.

*Accrued Expenses and Taxes Payable*, the seventh element of working capital. “Accrued expenses represent such items as salaries payable, interest payable on bank notes, insurance premiums payable, and similar items” [11]. It should be remembered that both accrued expenses and taxes payable are, first and foremost, obligations, the timely fulfilment of which is the responsibility of the company.

In the end, the above elements of working capital are integrated. Resolutions in one area influence others: providing credit to customers (accounts receivable) impacts cash flow. Besides bank loans, small businesses may seek funding through equity. To sum up, successful financial management is very important for the continuity of small businesses. By understanding and managing these key components of working capital, you can help ensure the overall economic health of any business.

## Important Vocabulary List: Unit 1 “INTRODUCTION TO FINANCIAL MANAGEMENT: CRUCIAL CONCEPTS”

- 1) **confront** [kən'frʌnt] протистояти  
*to be confronted by difficulties (prejudices, falsehood) – стикатися з труднощами (упередженнями, неправдою)*
- 2) **trade credit** [treɪd 'kredit] комерційний кредит
- 3) **financing** ['faɪnænsɪŋ] фінансування, фінансові ресурси  
*account receivable financing – фінансування дебіторської заборгованості*  
*additional financing – додаткове фінансування*  
*lease financing – лізингове фінансування*
- 4) **financial vice-president** [faɪ'næn.ʃəl ,vaɪs 'prez.ɪ.dənt] фінансовий директор
- 5) **treasurer** ['treʒərə(r)] казначей
- 6) **working capital** (current capital) ['wɜː.kɪŋ 'kæp.ɪ.təl] оборотний капітал, оборотні фонди, оборотні кошти, поточні активи
- 7) **net working capital** чистий оборотний капітал (дорівнює різниці між поточними активами і пасивами), готівкові грошові кошти для поточної діяльності
- 8) **current assets** ['kʌr.ənt 'æs.ets] оборотний капітал, оборотні кошти, оборотні фонди, поточні (легкореалізовані, ліквідні) активи
- 9) **liabilities** [ˌlaɪ.ə'bɪl.ə.tɪz] (pl) (грошові) зобов'язання, борги, заборгованість
- 10) **circulating capital** ['sɜː.kjə.leɪtɪŋ 'kæp.ɪ.təl] оборотний капітал
- 11) **crucial** ['kruːʃ(ə)l] вирішальний, ключовий  
*crucial problem – ключова (основна) проблема*
- 12) **implication** [ˌɪmplɪ'keɪʃ(ə)n] наслідок, значення, прихований смисл  
*financial implications of smth. – витрати, пов'язані з чим-небудь*
- 13) **marketable securities** ['mɑːr.kɪtəb(ə)l sɪ'kjʊrɪtɪz] ринкові цінні папери
- 14) **certificate of deposit** [sə'tɪf.ɪ.kət əv dɪ'pɒz.ɪt] депозитний сертифікат

- 15) **budgeting system** ['bʌdʒɪtɪŋ 'sɪs.təm] система бюджетування
- 16) **inflow** ['ɪn.fləʊ] притік, надходження  
*inflow of money – надходження грошей (до країни)*  
*capital inflow – притік капіталу*
- 17) **outflow** ['aʊt.fləʊ] витік; вплив, вивезення  
*outflow of money – вплив грошей*  
*capital outflow – витік капіталу*  
*profit outflow – відтік прибутку (на іноземний капітал, вкладений у країнах, що розвиваються)*
- 18) **magnitude** ['mæɡnɪtjuːd] величина  
*anticipated magnitude – очікувана величина*
- 19) **bank borrowing** [bæŋk 'bɒr.əʊ.ɪŋ] банківська позика  
*bank borrowing behavior – політика запозичень у банків*  
*(що проводиться великою корпорацією)*
- 20) **shortfall** ['ʃɔːrfɔːl] дефіцит, недостача, нестача
- 21) **slow payer** [sləʊ 'peɪ.ə] несправний платник
- 22) **inventory** ['ɪnvəntɔːrɪ] (pl) запаси, (товарно-)матеріальні запаси, оборотні фонди
- 23) **close scrutiny** [kləʊs 'skruː.tɪ.ni] ретельна перевірка
- 24) **operating characteristic** ['ɒp.ər.eɪ.tɪŋ ,kær.ək.tə'ɪs.tɪk] робоча / експлуатаційна / характеристика, (тех.) робоча характеристика
- 25) **turn over** ['tɜːn.əʊvər] (phr v) мати обіг, відновлювати, поповнювати (запаси товарів)
- 26) **dead stock** [ded stɒk] невикористаний запас, заморожені матеріальні засоби, запас товарів, що не користуються попитом, мертвий інвентар, неходові акції, акції, що не користуються попитом
- 27) **slow-moving stock** [sləʊ 'muː.vɪŋ stɒk] малорухомі запаси (рідко використовувані)
- 28) **inventory level** ['ɪn.vən.tər.i 'lev.əl] рівень запасів
- 29) **detract** [dɪ'trækt] зменшувати, віднімати, відволікати увагу
- 30) **credit rating** ['kredit 'reɪ.tɪŋ] оцінка кредитоспроможності
- 31) **collection** [kə'lek.ʃən] інкасо, грошовий збір; інкасація
- 32) **notes payable** [nəʊts 'peɪ.ə.bəl] (амер.) векселі до оплати, кредиторська заборгованість  
*note payable on demand – вексель з платежем за пред'явленням*

- 33) **equity financing** ['ek.wi.ti 'famænsɪŋ] фінансування шляхом випуску нових акцій
- 34) **principal and interest** ['prɪn.sə.pəl ənd 'ɪn.trest] капітал і відсотки
- 35) **fall due** [fɔ:l dju:] наставати (про термін платежу)
- 36) **accrued expenses** [ə'kru:d ɪk'spensɪz] (нараховані) витрати до оплати, акумульовані непогашені витрати, заборгованість
- 37) **insurance premium** [ɪn'ʃʊ:.rəns (ɪn'ʃʊə.rəns) 'pri:.mi.əm] страховий внесок
- 38) **obligation** [ˌɒblɪ'geɪʃ(ə)n] зобов'язання, угода, контракт, (юр.) боргове зобов'язання, боргова розписка  
*contractual /treaty/ obligations – договірні зобов'язання [13]*

### 3. Write the correct words in the empty spaces.

*accounts receivable, notes payable, financing, accounts payable, accrued expenses, working capital, inventory, cash*

Small firms often have limited <sup>1.</sup> \_\_\_\_\_ options in comparison to large corporations. They rely on trade credit, bank loans, and personal equity. Effective management of <sup>2.</sup> \_\_\_\_\_ is crucial for their success. It includes managing <sup>3.</sup> \_\_\_\_\_, <sup>4.</sup> \_\_\_\_\_, <sup>5.</sup> \_\_\_\_\_, <sup>6.</sup> \_\_\_\_\_, <sup>7.</sup> \_\_\_\_\_, and <sup>8.</sup> \_\_\_\_\_. Proper planning and control in these areas can prevent business failure.

### 4. Word families (Appendix II, III).

#### 4.1. Make up word families:

Verb	Analyse	Manage	Pay	Finance	Account	Invest
Noun						
Adjective						
Adverb						

4.2. Organise the provided words into their respective word families and translate them into Ukrainian:



Customary, management, devalue, value, reasoning, valuation, financially, manager, customise, custom, undervalue, accustom, unmanageable, relatively, finance, reason, evaluate, manageability, relation, reasonably, manage, relative, overvalue, financing, relate, availability, customer, reasonably, managerial, valueless, accustomed, available, financial, unavailable, relationship, reasoned, manageable

**5. Select the item that doesn't fit the pattern and give your reasoning.**

- a) asset, loan, bank, notes payable
- b) analysis, document, report, machine
- c) discount, product, tax, interest
- d) equity, cash, debt, inventory
- e) marketing, investment, working capital, finance
- f) stock, cash flow, expense, budget
- g) sales, liability, accounts receivable, purchase
- h) supplier, sale, customer, lender
- i) insurance, accrued expenses, profit, salary
- j) manager, trade credit, lease, bank financing

**6. Connect the words with their corresponding definitions.**

1	customer	a	to get or receive something from someone to give it back after a period of time
2	insurance	b	the act of buying something
3	expenses	c	money in the form of notes and coins rather than cheques or credit cards
4	guideline	d	something that protects against the possible demanding effects of something
5	accounts	e	money that you spend when you are doing your job, which is paid back to you by an employer or an organisation
6	cash	f	a detailed list of all the things in a place
7	lend	g	an official record of all the money a person or a company has spent and received
8	inventory	h	a piece of information suggesting how something should be done

9	borrow	i	to give something to someone for a short period of time, expecting it to be returned						
10	purchase	j	a person who buys goods or services						
1	2	3	4	5	6	7	8	9	10

## 7. Render the phrase combinations in Ukrainian.

Credit rating, cash budgeting system, accrued expenses control, bank borrowing, financial management, trade credit utilisation, financial health, working capital management, business failure, long-term investment, accounts receivable collection, lease financing, short-term certificate of deposit, cash inflows and outflows, notes payable financing, financial analysis, inventory turnover, investment decision, accounts payable management, personal equity

## 8. Translate the following sentences into English.

1. Малі підприємства часто стикаються з обмеженими можливостями фінансування.
2. Для успішного ведення бізнесу необхідно ефективно керувати оборотним капіталом.
3. Щоб запобігти нестачі товарів, слід контролювати рівень запасів.
4. Компанія планує взяти банківський кредит для розширення своєї діяльності.
5. Для прискорення збору коштів потрібно проаналізувати дебіторську заборгованість.
6. Для збереження доброї кредитної історії важливо вчасно оплачувати рахунки постачальників.
7. Грошові еквіваленти забезпечують компанії ліквідність.
8. Нарахування витрат дає змогу отримати достовірну картину фінансового стану компанії.

**9. Match each word with its corresponding synonym.**

<b>1</b>	available	<b>a</b>	up-to-date
<b>2</b>	current	<b>b</b>	problem
<b>3</b>	assets	<b>c</b>	standard
<b>4</b>	requirement	<b>d</b>	direct
<b>5</b>	issue	<b>e</b>	funds
<b>6</b>	immediate	<b>f</b>	accessible
<b>7</b>	alternative	<b>g</b>	option
<b>8</b>	bond	<b>h</b>	share
<b>9</b>	treasurer	<b>i</b>	essentially
<b>10</b>	primarily	<b>j</b>	chief financial officer

1	2	3	4	5	6	7	8	9	10

**10. Determine which of the following statements is the proper alternative.**

<b>1.</b> The primary financial issue small businesses face	<b>a)</b> intricate accounting processes
	<b>b)</b> constrained financing alternatives
	<b>c)</b> insufficiently qualified financial managers
	<b>d)</b> elevated tax rates
<b>2.</b> The simplest definition of the working capital is	<b>a)</b> total revenue less total expenses
	<b>b)</b> current assets less current liabilities
	<b>c)</b> current liabilities less fixed assets
	<b>d)</b> total assets less total liabilities
<b>3.</b> The most liquid type of current asset is	<b>a)</b> accounts receivable
	<b>b)</b> inventory
	<b>c)</b> cash and equivalents
	<b>d)</b> prepayments
<b>4.</b> Accounts receivable represent	<b>a)</b> long-term investment
	<b>b)</b> customer debt
	<b>c)</b> supplier debt
	<b>d)</b> prepaid costs
<b>5.</b> Accounts payable mean	<b>a)</b> supplier debt
	<b>b)</b> long-term debt
	<b>c)</b> customer debt
	<b>d)</b> cash reserves

<b>6.</b> A cash budgeting system aims to	<b>a)</b> calculate profit margins
	<b>b)</b> define inventory levels
	<b>c)</b> analyse customer credit scores
	<b>d)</b> manage cash inflows and outflows
<b>7.</b> Trade credit is	<b>a)</b> supplier credit
	<b>b)</b> bank loans
	<b>c)</b> government grants
	<b>d)</b> stock market investments
<b>8.</b> Inventory management role is	<b>a)</b> to reduce labour expenses
	<b>b)</b> to prevent shortages and excess inventory
	<b>c)</b> to increase sales income
	<b>d)</b> to improve customer satisfaction
<b>9.</b> The purpose of accounts receivable analysis is	<b>a)</b> to increase collections
	<b>b)</b> to decrease accounts payable
	<b>c)</b> to improve supplier relationships
	<b>d)</b> to increase inventory turnover
<b>10.</b> The magnitude of managing accrued expenses is	<b>a)</b> to improve inventory control
	<b>b)</b> to increase revenue
	<b>c)</b> to reduce fixed assets
	<b>d)</b> to guarantee on-time payments

## **11. Case study. Get to know the situation well and answer the questions.**

“Sunshine Bakery” is facing challenges with its working capital. They have a large inventory, but customers are slow to pay their invoices. Additionally, they have significant accounts payable to suppliers. The question is what steps can they take to improve their financial status?

### ***11.1. Insight Questions: discuss in pairs or small groups.***

1a) What is the main problem “Sunshine Bakery” faces?

- high profits
- lack of sales
- low inventory
- working capital issues

- 1b) What two main issues contribute to their working capital challenges?
- 1c) What do we imply by “accounts payable”?
- 1d) How does slow payment from customers impact a business?

**11.2. Match lexical items to their semantic equivalents.**

1) accounts receivable	a) goods available for sale
2) inventory	b) current assets minus current liabilities
3) working capital	c) money owed to suppliers
4) accounts payable	d) money owed by customers

  

1	2	3	4

**11.3. Put in order.**

“Sunshine Bakery” is going to solve its problems. Arrange the following four steps in a logical sequence:

1. Analyse and enhance the accounts receivable collection process.
2. Create a cash flow forecast.
3. Negotiate extended payment terms with suppliers for better cash flow management.
4. Evaluate and improve inventory management practices.

**11.4. Tick the statements you consider to be true or false.**

		True	False
1	Issues with working capital can result in a business's failure		
2	“Sunshine Bakery” currently has insufficient inventory		
3	Building a strong relationship with your suppliers is not important		
4	Customers promptly pay their invoices		

**12. Final Test** *15 points maximum (1 point for each correct answer).*

**12.1. MCQ (Multiple Choice Question).**

- 1. What is financial management's primary goal?**
  - a) to boost worker satisfaction
  - b) to cut costs
  - c) to increase sales
  - d) to increase shareholder wealth
- 2. What is an example of a current asset?**
  - a) inventory
  - b) buildings
  - c) long-term investments
  - d) equipment
- 3. What is meant by "accounts payable"?**
  - a) long-term debt
  - b) money owed by customers
  - c) cash reserves
  - d) money owed by suppliers
- 4. Which financial statement shows the company's equity, liabilities, and assets?**
  - a) balance sheet
  - b) income statement
  - c) statement of retained earnings
  - d) cash flow statement
- 5. Working capital: what is it?**
  - a) total revenue less total expenses
  - b) fixed assets less current liabilities
  - c) total assets less total liabilities
  - d) current assets less current liabilities
- 6. What is a cash budget used for?**
  - a) determining inventory levels
  - b) computing profit margins
  - c) predicting cash inflows and outflows
  - d) analysing customer credit ratings

7. **Trade credit includes**
  - a) bank credit
  - b) government grants
  - c) stock market investments
  - d) supplier credit
8. **Which of the following is a crucial to working capital management?**
  - a) dividend policy
  - b) capital budgeting
  - c) long-term financing
  - d) inventory management
9. **What are the goals of accounts receivable analysis?**
  - a) to speed up collections
  - b) to enhance supplier relationships
  - c) to decrease accounts payable
  - d) to increase inventory turnover
10. **What role does accrued expenses management play?**
  - a) to guarantee on-time payments
  - b) to decrease fixed assets
  - c) to enhance inventory management
  - d) to boost income

**12.2. Tick the statements you consider to be true or false.**

		True	False
1	Inventory turnover measures how quickly a company sells its inventory and collects payments from customers.		
2	Accrued expenses are expenses that have been incurred but not yet paid.		
3	Small businesses usually have a wider range of financing options compared to large corporations.		
4	Cash equivalents are assets that are very easily and quickly converted into cash.		
5	Effective management of working capital is essential for the success of a business.		

**13. Watch the video [14], make a list of words related to the topic, give answers to the following questions, and make a mind map for the subject matter discussed. Use <https://www.spiderscribe.net/>**

1. What is financial management?
2. What are three key decisions of financial management? Be specific.
3. What is investment decision?
4. What are the factors of making a decision to invest in a capital asset?

**14. Analyse any academic paper in the list according to the plan (Appendix IV).**

1. Siti Sukenti. Financial Management Concepts: A Review. (2023). Retrieved from [https://www.researchgate.net/publication/372739666\\_Financial\\_Management\\_Concepts\\_A\\_Review](https://www.researchgate.net/publication/372739666_Financial_Management_Concepts_A_Review)
2. Reshma Shaheen. A Critical Analysis of Financial Management: An Interconnected Framework for Maximizing Corporate Finances. (2023). Retrieved from [https://saudijournals.com/media/articles/SJBMS\\_810\\_243-249.pdf](https://saudijournals.com/media/articles/SJBMS_810_243-249.pdf)
3. Illmeyer M., Grosch D., Kittler M., Pamela Priess. The impact of financial management on innovation. (2017). Retrieved from [https://hal.science/hal-01724084v1/file/Illmeyer\\_The\\_impact\\_of\\_financial\\_management\\_on\\_innovation.pdf](https://hal.science/hal-01724084v1/file/Illmeyer_The_impact_of_financial_management_on_innovation.pdf)
4. Zabihullah Hashemi. A review on the importance of financial management in today's economic growth. (2019). Retrieved from <https://www.allfinancejournal.com/article/view/34/2-2-14>
5. Sitinjak C., Johanna A., Avinash B., Bevoor Bevoor. Financial Management: A System of Relations for Optimizing Enterprise Finances – a Review. (2023). Retrieved from <https://journal.ypidathu.or.id/index.php/jmf/article/view/104>



### 15. Professional Development Pathway.

To explore career paths and continuous learning opportunities in financial management, do this assignment:

- select **two professional associations or communities** from **APPENDIX V** that are relevant to financial management;
- for each chosen association;
- identify their main mission and target audience;
- list at least three benefits they offer to students or aspiring financial professionals (e.g., certifications, networking events, publications, job boards);
- discuss how membership in such an association could enhance a financial manager's career progression and ethical conduct;
- choose **one training platform or course** from **APPENDIX V**;
- describe the type of financial management skills or knowledge it aims to develop;
- explain how this specific course could complement your current academic studies;
- reflect on the importance of lifelong learning in the dynamic field of financial management.

**16. Work in pairs or groups. Select either *finance lease agreement* or *trade credit* document from Appendix VI. Prepare a short presentation, explaining:**

- What this document is.
- What it is used for.
- Who its main users are.
- What key terms are found in it.

Analyse this document as if you were a financial analyst.

**17. Fill in the three self-assessment tables. They will help you analyse your achievements and areas for development when studying the topic “*INTRODUCTION TO FINANCIAL MANAGEMENT: CRUCIAL CONCEPTS*”. Your honest and thoughtful evaluation is an integral part of your learning.**

Table 1

**How confident I am**

**Instruction:** for each learning objective, write 1–5 to assess your ability, where 1 = I don't feel confident, 5 = I feel confident

<b>Learning objective</b>	<b>How confident I am</b>
<b>1A</b> I know the four crucial financial items	
<b>1B</b> I know the synonyms for <i>trade credit</i>	
<b>1C</b> I know the synonyms for <i>bank borrowing</i>	
<b>1D</b> I know the synonyms for <i>lease financing</i>	
<b>1E</b> I know the synonyms for <i>owner investment</i>	
<b>1F</b> I know the seven components of <i>working capital</i> and can name them	
<b>1G</b> I know the meanings of all the words related to the topic	
<b>1H</b> I can express my viewpoint on the topic	
<b>1I</b> I can watch the video and list new words	
<b>1J</b> I can see the video and sort the information	
<b>1K</b> I can navigate the text and respond to questions quickly	
<b>1L</b> I can analyse a scientific paper regarding the topic and express my opinion on its relevance and practical significance, paying attention to the main structural elements	
<b>1M</b> I can create a Mind Map	
<b>1N</b> I can outline my professional development pathway	
<b>1O</b> I can analyse a financial document	

Table 2

**Which of the skills would you like to improve in? In what way?**

Skill I want to improve in	How I can improve
<i>Speaking</i>	
<i>Writing</i>	
<i>Listening</i>	
<i>Reading</i>	

Table 3

**What can you remember from this lesson?**

New words I learned and most want to remember	Expressions and phrases I liked	English I heard or read outside the class

**References:**

- 45 Inspirational Quotes for Financial Problems to Get You Motivated. (2025). Retrieved from <https://financefairygoddmother.org/quotes-for-financial-problems/> (дата звернення: 25.03.2025).
- Trade Credit. (2025). Retrieved from <https://www.accaglobal.com/gb/en/business-finance/types-finance/trade-credit.html#:~:text=Trade%20credit%20is%20probably%20the,immediate%20cash%20or%20cheque%20payments> (дата звернення: 25.03.2025).
- Trade Credit. *ScienceDirect*. (2025). Retrieved from <https://www.sciencedirect.com/topics/social-sciences/trade-credit#:~:text=Trade%20credit%20is%20a%20form,small%20firms%20facing%20financial%20constraints> (дата звернення: 01.04.2025).
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- Synonyms for Lease financing. (2025). Retrieved from [https://www.powerthesaurus.org/lease\\_financing/synonyms](https://www.powerthesaurus.org/lease_financing/synonyms) (дата звернення: 02.04.2025).

7. Finance lease. *Cambridge Dictionary*. (2025). Retrieved from <https://dictionary.cambridge.org/dictionary/english/finance-lease> (дата звернення: 02.04.2025).
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12. Notes Payable. (2025). Retrieved from <https://corporatefinanceinstitute.com/resources/accounting/notes-payable/> (дата звернення: 06.04.2025).
13. Cambridge Dictionary. *English Pronunciation*. (2025). Retrieved from <https://dictionary.cambridge.org/pronunciation/> (дата звернення: 25.03.2025).
14. Intro to Financial Management – the three key decisions. (2025). YouTube. Retrieved from <https://www.youtube.com/watch?v=2SFC849tAXo> (дата звернення: 08.04.2025).

*“A budget is telling your money  
where to go instead of wondering where it went”*

John C. Maxwell [1]

## UNIT 2

### ***FINANCIAL PLANNING: ESSENTIAL COMPONENTS***

**1. Study and comprehend the keywords. Consult the Unit 2 Vocabulary and APPENDIX I if you need it. *The appendix explains and illustrates all financial terms in the textbook in depth. It is compiled in alphabetical order.***

Financial planning	Ratio analysis
Financial plan	Break-even analysis
Physical resources	Relative (financial) strengths and weaknesses
Critical determinant	Pro forma income statement
Balance sheet	Short- and long-term planning
Budget	Forecast

**2. Read Lecture 2 attentively and be ready to translate it. If necessary, refer to the Unit 2 Vocabulary. Pay attention to key components of financial planning and management.**

Being aware and implementing financial planning in any business is essential to avoiding failure. Virtually every new (fledgling) company faces failure (the risk of loss) chiefly due to inadequate financial planning. Financial planning influences the conditions under which you can secure the funding necessary to start, sustain, and grow your business.

Financial planning determines the goods and services you can purchase and/or create, as well as your capability to market them

profitably. Furthermore, it can influence the human and physical resources you can access to run your business. And this may present an obstacle in the pursuit of profit.

These simple explanations are reflected in the traditional definition of financial planning, one of them found in the web: “Financial planning is the process of assessing the current financial situation of a business to identify future financial goals and how to achieve them. The financial plan itself is a document that serves as a roadmap for a company’s financial growth. It reflects the current status of the business, what progress they intend to make, and how they intend to make it” [2].

To have a fighting chance for success in the current dynamic business environment, a small business owner or company manager must clearly understand the fundamentals of financial planning and management. A well-considered factual financial plan that establishes goals and incorporates projection reports and budgets to guarantee financial control will also show your objectives and the means of achieving them.

Financial management and financial planning are deeply connected as the first one is the use of financial reports that reflect the economic state of a business to determine its relative financial strengths and weaknesses. It allows you to project future financial performance concerning capital, asset, and personnel needs using forecasts to maximise shareholder investment returns.

Having analysed the number of valid sources on the Internet, we can outline some essential components of financial planning. Let’s study them. Firstly, one should know that financial planning encompasses more than just forecasting; it is a well-ordered process that involves several key steps.

**Step 1. Goal-setting:** set practical financial goals, ensuring they are clear, measurable (quantifiable), attainable, relevant, and time-bound.

**Step 2. Assessing current position:** review the firm’s financial health by analysing financial statements, including the *balance sheet*, *income statement*, and *cash flow statement*. “The cash flow statement reports the cash generated and spent during a specific period of time (e.g., a month, quarter, or year). The statement of cash flows acts as

a bridge between the income statement and balance sheet by showing how cash moved in and out of the business” [3].

**Step 3. *Planning for future needs:*** estimate future financial needs based on sales forecasts, operational plans, and market trends.

**Step 4. *Creating pro forma statements:*** the *pro forma income statement* and the *pro forma balance sheet* are included to make projected financial statements to see how planned actions affect finances. “The Pro Forma Statement of Income is a method used to forecast future profitability” [4]. The pro forma income statements are important for the feasibility of investment projects if they are possible and figuring out how much funding is needed.

**Step 5. *Setting up control systems:*** create methods to track and manage financial performance to ensure you stick to the plan.

There are some more tools for financial planning. This is their brief analysis so that you can be aware of the essence of new concepts strongly correlated with effective financial planning.

**Tool 1. *A sales forecast:*** “it is an estimate of expected sales revenue within a specific time frame, such as quarterly, monthly, or yearly. It expresses how much a company plans to sell. Forecasters analyze economic conditions, consumer trends, past purchases, and competitors to make accurate predictions. This helps the business plan, allocate resources, and identify opportunities and risks” [5].

Correct sales forecasts are vital for financial planning. They help determine how much to produce, what inventory to hold, and how much financing is needed. According to R. Brealey, S. Myers, and F. Allen, in “Principles of Corporate Finance”, sales forecasts are often the most critical determinant in a company’s financial health [6].

**Tool 2. *A budget*** is a detailed financial plan showing expected income and expenses for a specific period. It helps managers keep track of performance and spot any differences from the plan. L. Gitman and C. Zutter state in “Principles of Managerial Finance” that budgeting provides a way to organise and control financial activities [7].

**Tool 3. “*Ratio Analysis*** is a means by which individual business performance is compared to similar businesses in the same category” [4]. This analysis can determine a company’s financial strengths and weaknesses.

**Tool 4. *Break-even analysis*** determines the sales volume required to cover all fixed and variable costs. It helps managers assess the profitability of different products and services. In other terms “Break-even analysis is a small-business accounting process for determining at what point a company, or a new product or service, will be profitable. It’s a financial calculation used to determine the number of products or services you must sell to at least cover your production costs” [8].

**Tool 5. *Pricing formulas and policies*** serve to determine profitable selling prices for products and services. “Pricing policies help companies make sure they remain profitable and give them the flexibility to price separate products differently” [9].

**Tool 6. *Capital Structure and Sources of Funding*.** Capital is the company’s lifeblood/foundation. It is the company’s base. Where you source the capital (debt or equity) will significantly affect the cost and terms applicable to that capital. Your capital structure combines debt and equity, which the company implies to finance business operations and growth.

**Tool 7. *Short- and long-term planning*.** *Long-term planning* typically spans several years (5–10). It involves making key investments (strategic decisions), budgeting for perspective needs, and understanding how to receive funding over time.

*Short-term planning*, on the other hand, aims at short-term goals (one year or less). It can help the company achieve its main objectives. Besides, it mainly focuses on operational budgets and cash flow management. The time scope considerably impacts the likelihood of achieving accurate results.

Thus, effective financial planning should incorporate not only accurate forecasting and realistic assumptions, but also flexibility to adapt to varying situations, effective interaction and management. Thereby, the financial plan is effective. Moreover, a business owner or manager who understands and effectively uses these concepts to manage the business is practising sound financial management. It increases the chances of success.



**Important Vocabulary List:**  
**Unit 2 “FINANCIAL PLANNING”**

- 1) **funding** ['fʌndɪŋ] фінансування, виділення коштів
- 2) **market** ['mɑ:kit] (v) продавати, збувати, торгувати  
*the firm markets many types of goods – фірма пропонує різноманітні товари*
- 3) **determinant** [di'tɜ:mi.nənt] основний (визначальний) фактор, показник  
*cost determinants – визначальні фактори витрат*
- 4) **fundamentals** [ˌfʌn.də'men.təlz] основні принципи
- 5) **fighting chance** ['faɪtɪŋ'tʃɑ:ns] можливість успіху за умови напруженої боротьби або тривалих зусиль  
*the patient has a fighting chance to live – у пацієнта є шанс на життя*
- 6) **pro forma statement** [(,)prəʊ 'fɔ:mə 'steɪt.mənt] формальний фінансовий звіт
- 7) **budget** ['bʌdʒɪt] бюджет, фінансовий кошторис, план координації (ресурсів), запас, рівень  
*budget of labor – баланс праці*  
*ad budget – кошторис витрат на рекламу*  
*capital budget – бюджет капітальних витрат*
- 8) **financial statement** [faɪ'næn.ʃəl 'steɪt.mənt] фінансовий звіт, синоптичний (зведений, оглядовий) аналіз прибутковості (підприємства); баланс
- 9) **asset** ['æset] актив, майно, ресурс
- 10) **capital** ['kæp.ɪ.təl] капітал, фонди  
*capital of a company – акціонерний капітал компанії*  
*advanced capital – авансований капітал*  
*available capital – ліквідний капітал*  
*banking capital – банківський капітал*  
*bond capital – облігаційний капітал*  
*borrowed capital – позиковий капітал*  
*business capital – капітал підприємств*

- 11) **balance sheet** ['bæl.əns ʃi:t] балансовий звіт, бухгалтерський звіт  
*balance sheet analysis* – аналіз балансу, оцінка фінансового стану  
*balance-sheet audit* ['ɔ:.dit] – перевірка балансу
- 12) **statement of income** ['steɪt.mənt əv 'ɪŋ.klɪm] звіт про прибутки та збитки
- 13) **ratio analysis** ['reɪ.ʃi.əv ə'næl.ə.sɪs] аналіз відносних показників
- 14) **pro forma statement of income** [(.)prəʊ 'fɔ:mə 'steɪt.mənt əv 'ɪŋ.klɪm]  
*формальний звіт про прибутки та збитки*
- 15) **break-even analysis** [breɪk 'i:.vən ə'næl.ə.sɪs] аналіз беззбитковості (виробництва), аналіз критичних співвідношень (загальної виручки від реалізації та обсягу виробництва)
- 16) **cash flow statement** ['kæʃ ˌfləʊ 'steɪt.mənt] звіт про рух готівки
- 17) **selling price** ['selɪŋ praɪs] продажна ціна (товару), ціна реалізації
- 18) **long-range (long-term) planning** ['lɒŋ.reɪndʒ 'plæn.ɪŋ] перспективне (довгострокове) планування
- 19) **short-range (short-term) planning** [ˌʃɔ:t'reɪndʒ 'plæn.ɪŋ] короткострокове [поточне] планування
- 20) **thereby** [ðeə'baɪ] за допомогою цього, таким чином  
*thereby hangs a tale* – тут ціла історія, про це є що розповісти
- 21) **likelihood** ['laɪklihʊd] вірогідність  
*principle (method) of maximum likelihood* – принцип максимальної правдоподібності
- 22) **forecasting** ['fɔ:kɑ:stɪŋ] прогнозування даних
- 23) **key stake** [ki: steɪk] ключові інвестиції, стратегічні рішення
- 24) **obstacle** ['ɒb.stə.kəl] перешкода, перепони [10].

### 3. Write the correct words in the empty spaces.

*failure, funding, financial, plan, management,  
statements, control, budget, profitable, attract*

Good <sup>1.</sup> \_\_\_\_\_ planning is very important for any new business. One simple reason to do it is to avoid <sup>2.</sup> \_\_\_\_\_. Many new businesses fail because they don't have a good <sup>3.</sup> \_\_\_\_\_. This type of planning affects how you will be able to <sup>4.</sup> \_\_\_\_\_ the <sup>5.</sup> \_\_\_\_\_ needed to start and grow your business. Effective <sup>6.</sup> \_\_\_\_\_ involves using <sup>7.</sup> \_\_\_\_\_ to understand the health of your business. This helps you make projections and create a <sup>8.</sup> \_\_\_\_\_ for the future, giving you <sup>9.</sup> \_\_\_\_\_ over your finances and making your hard work more <sup>10.</sup> \_\_\_\_\_.

#### 4. Word families (Appendix II, III).

##### 4.1. Make up word families:

Verb	Plan	Budget	Control	Fail	Fund	Profit
Noun						
Adjective						
Adverb						

##### 4.2. Organise the provided words into their respective word families and translate them into Ukrainian:

Accountable, planner, expensive, accountancy, funder, profitless, analysis, invest, profitable, budgetary, control, non-profitable, budgeting, analyst, investment, account, costing, investing, fund, controlled, plan, costly, controlling, expense, funding, analyze, investor, profitability, funded, planning, expend, accountant, profit, uncontrollable, controllable, planned, analytical, budget, cost

#### 5. Select the item that doesn't fit the pattern and give your reasoning:

- success, failure, profit, growth
- money, capital, funding, budget
- plan, statement, report, analysis
- sell, buy, produce, manage
- weakness, strength, problem, investment
- future, present, past, budget

- g) cost, expense, income, price
- h) shareholder, investor, creditor, customer
- i) efficiently, quickly, slowly, profitably
- j) establish, maintain, expand, avoid

## 6. Connect the words with their corresponding definitions.

1	projection	a	the ability of a business to make money
2	break-even analysis	b	a disadvantage or fault
3	budget	c	reports that show the financial condition and performance of a business
4	1.funding	d	a plan showing expected income and expenses over a period of time
5	profitability	e	money that is invested in a business to generate income
6	strengths	f	the process of obtaining money needed to operate a business
7	weaknesses	g	the good things your business does well with its money
8	financial statements	h	a forecast of future performance or results
9	cash flow statement	i	a report showing the movement of cash into and out of a business
10	capital	j	a calculation of the sales level needed to cover all costs

1	2	3	4	5	6	7	8	9	10

## 7. Render the phrase combinations in Ukrainian.

Financial planning in your business, avoid failure, lack of good financial planning, attract the funding required, establish, maintain, and expand your business, raw materials you can afford to buy, products you will be able to produce, market them efficiently, human and physical resources, operate your business, make your hard work profitable, essential components of financial planning and management, small business owner/manager, fighting chance of success, highly competitive business environment, clearly conceived, well documented financial

plan, Pro Forma Statements and Budgets, ensure financial control, attract the capital required by your business, creditors and investors

### 8. Translate the following sentences into English.

1. Відсутність хорошого фінансового планування може призвести до банкрутства бізнесу.
2. Фінансовий менеджмент допомагає визначити сильні та слабкі сторони компанії.
3. Прогноз майбутніх доходів є важливим інструментом фінансового планування.
4. Бюджет показує, як компанія планує використовувати свої кошти.
5. Аналіз беззбитковості допомагає зрозуміти, коли бізнес почне отримувати прибуток.
6. Залучення капіталу необхідне для розвитку та розширення бізнесу.
7. Ефективне управління фінансами збільшує ймовірність успіху.
8. Фінансові звіти відображають фінансовий стан компанії.

### 9. Match each word with its corresponding synonym.

1	observe	a	decide
2	affects	b	achievement
3	required	c	influence
4	establish	d	mainly
5	maintain	e	keep
6	expand	f	needed
7	overview	g	broad view
8	primarily	h	look at
9	determine	i	set up
10	success	j	grow

  

1	2	3	4	5	6	7	8	9	10

**10. Determine which of the following statements is the proper alternative.**

<b>1.</b> According to the lecture, why do new businesses fail?	<b>a)</b> lack of good marketing
	<b>b)</b> poor product quality
	<b>c)</b> lack of good financial planning
	<b>d)</b> insufficient human resources
<b>2.</b> Financial planning helps businesses to:	<b>a)</b> hire more employees quickly
	<b>b)</b> understand customer preferences
	<b>c)</b> attract the necessary funding
	<b>d)</b> develop new products
<b>3.</b> What does financial management use to understand a business's financial health?	<b>a)</b> customer feedback
	<b>b)</b> marketing reports
	<b>c)</b> financial statements
	<b>d)</b> employee performance reviews
<b>4.</b> Pro Forma Statement of Income is used to:	<b>a)</b> track past expenses
	<b>b)</b> forecast future profitability
	<b>c)</b> analyse current assets
	<b>d)</b> record daily transactions
<b>5.</b> Break-Even Analysis helps a business owner to determine:	<b>a)</b> the most popular products
	<b>b)</b> the best marketing strategies
	<b>c)</b> the sales level to cover all costs
	<b>d)</b> the most efficient employees
<b>6.</b> The Cash Flow Statement is also known as the:	<b>a)</b> balance sheet
	<b>b)</b> income statement
	<b>c)</b> budget
	<b>d)</b> ratio analysis
<b>7.</b> Ratio Analysis helps a business compare its performance to:	<b>a)</b> its past performance
	<b>b)</b> similar businesses in the same category
	<b>c)</b> its main competitors, specifically
	<b>d)</b> the overall market trends
<b>8.</b> Understanding financial planning can help business owners to:	<b>a)</b> work fewer hours
	<b>b)</b> guarantee success immediately
	<b>c)</b> increase the likelihood of making their hard work profitable
	<b>d)</b> avoid all competition

<b>9.</b> A well-documented financial plan can help to:	<b>a)</b> reduce the need for hard work
	<b>b)</b> automatically generate more sales
	<b>c)</b> demonstrate your ability to achieve your goals
	<b>d)</b> eliminate all risks
<b>10.</b> Financial management aims to maximise the return on:	<b>a)</b> customer satisfaction
	<b>b)</b> employee salaries
	<b>c)</b> shareholders' investment
	<b>d)</b> marketing expenditure

### **11. Case study. Get to know the situation well and answer the questions.**

“Sunrise Bakery” is a new small business selling cakes and bread. The owner, Olena, is a great baker but she hasn’t spent much time planning her finances. She has some initial money but she isn’t sure if she’s charging the correct prices or if she’ll have enough money to pay for ingredients and rent in the coming months. She hasn’t kept detailed records of her income and expenses.

#### ***11.1. Insight Questions: discuss in pairs or small groups.***

- 1a) According to the lecture, what is the potential risk for “Sunrise Bakery” due to the lack of financial planning?
- 1b) What two financial planning tools mentioned in the lecture could help Olena better understand her business’s financial situation?
- 1c) Why is it essential for Olena to understand her costs and set profitable selling prices?
- 1d) What might Olena need to do to attract more funding if she wants to expand her bakery?

#### ***11.2. Match lexical items to their semantic equivalents.***

<b>1)</b> initial money	<b>a)</b> the act of setting and demanding a specific amount of money in exchange for a product, service, or the use of an asset
<b>2)</b> charge the price	<b>b)</b> systematically maintain and store information about business activities, transactions, and financial data.

<b>3)</b> keep records	<b>c)</b> the money flowing into a business or out of it
<b>4)</b> income and expenses	<b>d)</b> the very first funds that are available to a business or individual

  

1	2	3	4

### ***11.3. Put in order.***

“Sunshine Bakery” is going to solve its problems. Arrange the following four steps in a logical sequence:

1. Create a Budget: develop a monthly plan outlining expected income and expenses to forecast cash flow.
2. Track Income & Expenses: record all money coming in and going out daily.
3. Analyse and adjust: regularly review financial records and the budget to identify issues and make necessary changes to pricing or spending.
4. Calculate costs and set prices: determine the cost of making each product and set prices that cover costs and allow for profit.

### ***11.4. Tick the statements you consider to be true or false.***

		True	False
1	Sunrise Bakery sells only bread		
2	Olena has a lot of experience managing her business finances		
3	The bakery proprietor is uncertain about her pricing strategy's adequacy and ability to meet upcoming financial obligations		
4	The bakery owner knows exactly how much money she will need for rent in the coming months		

**12. Final Test** 15 points maximum (1 point for each correct answer).



**12.1. MCQ (Multiple Choice Question).**

1. **According to the lecture, what is the primary reason for understanding and observing financial planning in your business?**
  - a) to increase marketing efforts
  - b) to improve employee morale
  - c) to avoid failure
  - d) to expand product lines
2. **Financial planning affects a business's ability to:**
  - a) hire more employees
  - b) set higher prices
  - c) attract required funding
  - d) reduce competition
3. **What does financial planning determine regarding a business's operations, according to the lecture?**
  - a) the number of customers it will have
  - b) the types of technology it will use
  - c) the raw materials it can afford to buy
  - d) the location of its offices
4. **A well-documented financial plan with goals and budgets demonstrates that you know:**
  - a) how to manage employees
  - b) what your competitors are doing
  - c) how to accomplish your objectives
  - d) how to avoid paying taxes
5. **According to the lecture, financial management uses financial statements to identify a business's:**
  - a) marketing strategies and sales tactics
  - b) production capacity and efficiency
  - c) relative strengths and weaknesses
  - d) employee skills and training needs
6. **Financial management enables planning for future financial performance regarding:**
  - a) customer satisfaction, product quality, and employee retention
  - b) capital, asset, and personnel requirements
  - c) market share, brand recognition, and social media presence
  - d) legal compliance, ethical behaviour, and environmental impact

7. **Which of the following is identified in the lecture as a financial planning tool?**
  - a) public relations strategy
  - b) human resource management plan
  - c) the Cash Flow Statement (Budget)
  - d) operations manual
8. **What does the Pro Forma Statement of Income help a business to do?**
  - a) track past expenses
  - b) forecast future profitability
  - c) analyse current assets
  - d) manage accounts payable
9. **Break-Even Analysis helps a small business person to calculate the sales level at which a business:**
  - a) maximises its profits
  - b) recovers all its costs or expenses
  - c) attracts the most customers
  - d) pays off all its debts
10. **A business owner/manager who understands and effectively uses financial planning tools is:**
  - a) guaranteed to make large profits
  - b) practicing sound financial management
  - c) able to avoid all business risks
  - d) unlikely to face any competition

**12.2. Tick the statements you consider to be true or false.**

		True	False
1	Financial planning does not impact a business's ability to secure funding.		
2	As described in the lecture, financial management solely focuses on past financial performance.		
3	According to the lecture, a lack of sound financial planning is a primary reason many new businesses fail.		

4	The Balance Sheet and Statement of Income are identified in the lecture as basic financial statements that are financial planning tools.		
5	The lecture suggests that a well-conceived financial plan is important for attracting capital from creditors and investors.		

**13. Watch the video [11], make a list of words related to the topic, give answers to the following questions, and make a mind map for the subject matter discussed. Use <https://www.spiderscribe.net/>**

1. What is budgeting?
2. What investment opportunities are mentioned?
3. What are professional advisors?
4. What keeps the video narrator focused and motivated?

**14. Analyse any academic paper in the list according to the plan (Appendix IV).**

1. Yeo K. H. K., Lim W. M. & Yii K. J. Financial planning behaviour: a systematic literature review and new theory development. (2024). Retrieved from <https://link.springer.com/article/10.1057/s41264-023-00249-1#citeas>
2. Rusina Yu. Financial planning as a basis for management of the company's financial activities. (2025). Retrieved from <https://zenodo.org/records/15109273>
3. Narayan Kumar Shrestha. A Comprehensive Study on Financial Planning and Forecasting. (2021). Retrieved from [https://www.researchgate.net/publication/357766574\\_A\\_Comprehensive\\_Study\\_on\\_Financial\\_Planning\\_and\\_Forecasting](https://www.researchgate.net/publication/357766574_A_Comprehensive_Study_on_Financial_Planning_and_Forecasting)
4. Yanti N., Candra E., Anggriani I. V., Mz N. F., & Septrimadona Y. The Influence of Financial Planning on Family Economic Welfare among Young Families. (2025). Retrieved from <https://www.managementworld.online/index.php/mw/article/view/816>

5. Michelle Cull. Learning to produce a financial plan: student perceptions of integrating knowledge and skills. (2019). Retrieved from <https://faaa.au/wp-content/uploads/2019/05/FPRJ-Vol15-Iss1-2019.pdf>

## 15. Building a Personal Learning Path in Financial Management.

To be able to proactively design your continuous learning journey using available resources, do this assignment:

- imagine you are about to graduate and want to specialize in a specific area of financial management (e.g., corporate finance, investment analysis, risk management, financial planning). Choose one specialisation;
- using the “**Training platforms and courses**” and “**Professional associations and communities**” sections of APPENDIX V, design a hypothetical **6-month personal learning plan** to deepen your knowledge in this specialisation.

Your plan should include:

- at least **one specific course or certification** you would pursue (from a listed platform);
- at least **one professional association** you would consider joining and why;
- a plan for accessing and utilizing **news/analytical resources** relevant to your specialisation;
- a brief justification for each choice, explaining how it contributes to your professional development in the chosen specialisation.

Conclude by reflecting on the value of self-directed learning in a rapidly evolving financial world.

## 16. Work in pairs or groups. Select either *financial plan*, *balance sheet*, or *financial pro forma* document from Appendix VI. Prepare a short presentation, explaining:

- What this document is.
- What it is used for.

- Who its main users are.
  - What key terms are found in it.
- Analyse this document as if you were a financial analyst.

**17. Fill in the three self-assessment tables. They will help you analyse your achievements and areas for development when studying the topic “*FINANCIAL PLANNING: ESSENTIAL COMPONENTS*”. Your honest and thoughtful evaluation is an integral part of your learning.**

Table 1

### How confident I am

**Instruction:** for each learning objective, write 1–5 to assess your ability, where 1 = I don’t feel confident, 5 = I feel confident

Learning objective	How confident I am
<b>1A</b> I know what <i>financial planning</i> influences	
<b>1B</b> I know what financial planning is	
<b>1C</b> I know what a factual financial plan establishes, incorporates and shows	
<b>1D</b> I can outline some <i>key components of financial planning</i>	
<b>1E</b> I understand <i>five essential steps</i> for effective financial planning and can name them	
<b>1F</b> I can analyse briefly some <i>vital tools</i> for successful money management	
<b>1G</b> I know the meanings of all the words related to the topic	
<b>1H</b> I can express my viewpoint on the topic	
<b>1I</b> I can watch the video and list new words	
<b>1J</b> I can stream the video and sort the information	

<b>1K</b> I can navigate the text and respond to questions quickly	
<b>1L</b> I can analyse a scientific paper regarding the topic and express my opinion on its relevance and practical significance, paying attention to the main structural elements	
<b>1M</b> I can create a Mind Map	
<b>1N</b> I can build a personal learning path in financial management	
<b>1O</b> I can analyse a financial document	

Table 2

**Which of the skills would you like to improve in? In what way?**

<b>Skill I want to improve in</b>	<b>How I can improve</b>
<i>Speaking</i>	
<i>Writing</i>	
<i>Listening</i>	
<i>Reading</i>	

Table 3

**What can you remember from this lesson?**

<b>New words I learned and most want to remember</b>	<b>Expressions and phrases I liked</b>	<b>English I heard or read outside the class</b>

**References:**

1. Top 50 Financial Planning Quotes. (2025). Retrieved from <https://digitaldefynd.com/IQ/financial-planning-quotes/> (дата звернення: 28.03.2025).
2. Financial Planning: An Overview. (2025). Retrieved from <https://planful.com/financial-planning/> (дата звернення: 10.04.2025).
3. Schmidt J. Statement of Cash Flows. (2025). Retrieved from <https://corporatefinanceinstitute.com/resources/accounting/statement-of-cash-flows/> (дата звернення: 10.04.2025).

4. The Necessity of Financial Planning. (2005). Retrieved from <https://www.zeromillion.com/financial-management/financial-planning/> (дата звернення: 10.04.2025).
5. Sales Forecasting. (2025). Retrieved from <https://business.linkedin.com/sales-solutions/resources/sales-terms/sales-forecasting> (дата звернення: 12.04.2025).
6. Brealey Richard A., Myers Stewart C., & Allen Franklin. (2020). *Principles of corporate finance*. Retrieved from [https://omidfa.ir/uploads/files/Richard\\_A.\\_Brealey%2C\\_Stewart\\_C.\\_Myers%2C\\_Franklin\\_Allen\\_-\\_Principles\\_of\\_Corporate\\_Finance-McGraw-Hill\\_Education\\_\(2020\).pdf](https://omidfa.ir/uploads/files/Richard_A._Brealey%2C_Stewart_C._Myers%2C_Franklin_Allen_-_Principles_of_Corporate_Finance-McGraw-Hill_Education_(2020).pdf) (дата звернення: 10.04.2025).
7. Gitman L. J., & Zutter C. J. (2015). *Principles of managerial finance*. Retrieved from [https://elearn.daffodilvarsity.edu.bd/pluginfile.php/1727767/mod\\_resource/content/5/Gitman%2C%20Lawrence%20J.\\_%20Zutter%2C%20Chad%20J.%20-%20Principles%20of%20Managerial%20Finance-Pearson%20%282014%29.pdf](https://elearn.daffodilvarsity.edu.bd/pluginfile.php/1727767/mod_resource/content/5/Gitman%2C%20Lawrence%20J._%20Zutter%2C%20Chad%20J.%20-%20Principles%20of%20Managerial%20Finance-Pearson%20%282014%29.pdf) (дата звернення: 11.04.2025).
8. Master the Break Even Analysis: The Ultimate Guide. (2025). Retrieved from <https://www.shopify.com/blog/break-even-analysis> (дата звернення: 11.04.2025).
9. Everything You Need To Know About Pricing Policy. (2025). Retrieved from <https://www.indeed.com/career-advice/career-development/pricing-policy> (дата звернення: 11.04.2025).
10. Cambridge Dictionary. *English Pronunciation*. (2025). Retrieved from <https://dictionary.cambridge.org/pronunciation/> (дата звернення: 31.03.2025).
11. Financial planning tips that you need to know NOW. (2025). *YouTube*. Retrieved from <https://www.youtube.com/watch?v=EUxVCxd9NVc> (дата звернення: 11.04.2025).

*“I think once you start putting phony figures into financial statements, you get in a lot of trouble”*

Warren Buffett [1]

## UNIT 3

### ***FINANCIAL STATEMENTS: CHIEF DISTINCTIONS***

**1. Study and comprehend the keywords. Consult the Unit 3 Vocabulary and APPENDIX I if you need it. *The appendix explains and illustrates all financial terms in the textbook in depth. It is compiled in alphabetical order.***

Balance sheet	Income statement
Gross margin	Merchandise inventory
Retained earnings	Liquidity
Generally accepted accounting principles (GAAP)	Operating profit
Fixed assets	Current liabilities
Net sales	Long-term liabilities
Current assets	Shareholder's equity = net worth of the business

**2. Read Lecture 3 attentively and be ready to translate it. If necessary, refer to the Unit 3 Vocabulary. Pay attention to foremost differences of financial statements.**

Financial statements capture your business's performance and help you identify its advantages and drawbacks by summarising financial activities. *The balance sheet* and the *income statement* are two main financial statements. Each statement serves a unique purpose. However, their relationship helps to depict a company's or an enterprise's



economic state. To achieve our goal, we should refer to some valid sources providing clear and easy explanations of the financial sector.

**1. A balance sheet.** “It is a financial statement that provides a snapshot of a company’s financial position at a specific point in time, usually at the end of an accounting period, such as a quarter or a fiscal year” [2]. In other words, a balance sheet is a *point-in-time financial picture*. Thus, it presents information on a specific date. It is essential because it shows the current balance of a company’s assets, liabilities, and shareholders’ equity at that point in time. This is similar to checking your bank account; it shows the amount of money you have right now. A balance sheet is generally prepared monthly or annually (at the end of the fiscal year) to track financial trends. It allows owners to analyse financial strength and adjust, such as managing debt.

A balance sheet details a company’s tangible and intangible belongings (*assets*) and the money a company owes to its creditors (*liabilities*) or owners/shareholders (*shareholders’ equity or net worth of the business*). The detailed description of the assets and liabilities is presented in Lecture 1. We only remind that assets include everything that has monetary value (patents, cash, land, equipment, merchandise inventory, machinery, furniture, buildings, trademarks), and accounts or notes receivable (money due from private entrepreneurs or other businesses). Assets are listed in order of their liquidity, from highest to lowest. In simple words, liquidity is how easily you can turn an asset or security into cash.

Liabilities represent the funds a business obtains through services provided to the company on credit, loans, or selling property. Creditors do not get business ownership, but promissory notes will be paid at a designated future date. Liabilities are often listed based on their repayment timeline (current and long-term). Retained earnings are a component of net worth or owner’s equity. Namely, it’s an obligation that arises during business. It means a third party’s claim on the company’s assets, usually from lenders or other creditors [3].

Shareholders’ equity is what the owners have left in a company after paying off its debts. “It is also called share capital and has two main parts. The first part is the money investors put into the company through common or preferred shares and other investments made

after the initial payment. The second part is retained earnings, which are the net profits that the company has kept and not paid out to shareholders over the years” [4].

Total Assets, Total Liabilities, and Shareholders’ Equity provide a complete view of a company’s balance sheet. All websites on financial management introduce such fundamental accounting equation as: ***Assets – Liabilities = Equity or Assets = Liabilities + Equity*** when rearranged [4].

Clarity and consistency are paramount in the vast and intricate finance world. Accountants and financial professionals use a set of rules called ***generally accepted accounting principles*** (GAAP) to guide their work. The system applies to all companies, regardless of size, allowing anyone to easily understand the balance sheet’s narrative.

“Like all financial statements, balance sheets have minor differences between organisations and industries. However, standard balance sheets almost always include several categories and line items. Here we review commonly found line items: current assets, long-term assets, current liabilities, long-term liabilities, and equity” [5].

***Current assets*** are those convertible to cash within one year. Examples include accounts receivable, government securities, marketable securities, cash, notes receivable (excluding those from officers/employees), inventories, and prepaid expenses.

***Fixed assets*** involve property, plant or equipment the business owns. All these are not expected to be used up, sold, or converted to cash within one year.

***Current liabilities*** (notes payable to banks, accounts payable, accrued expenses) need to be paid in full within one year.

***Long-term liabilities*** are not expected to be paid within one year or the operating cycle. They are traditionally not paid from current assets or by rendering services. Long-term liabilities encompass mortgages, equipment loans, and long-term bank loans.

***Shareholders’ equity (net worth)*** is the value left over to the owners after the liabilities have been subtracted from the company’s assets. It’s calculated as follows: ***Total assets – Total liabilities = Shareholders’ equity***. Simply put, it’s the owner’s investment and accumulated profits/losses.

**2. The Statement of Income.** It's also known by a number of other names such as the *Profit and Loss Statement* and the *Earnings Statement*. It's a financial report summarising a business's revenues and expenses over a period of time. "The statement displays the company's revenue, costs, gross profit, selling and administrative expenses, other expenses and income, taxes paid, and net profit coherently and logically" [6]. It is prepared regularly (monthly, fiscal year-end) to show operating results.

There are some categories of the statement of income. Let's specify them.

- 2a) **Net sales** represent the total revenue from sales after deducting returns, allowances, and discounts. To calculate net sales, one should start with gross sales, which is the total revenue before deductions. Gross sales include all types of sales: cash, credit, and trade credit.
- 2b) **Cost of goods sold (COGS)** is the direct cost of making a product. It includes the price of raw materials, transportation costs, labour to produce the goods, and storage fees.
- 2c) **Gross margin** (gross profit margin) indicates a company's profitability by showing how much sales revenue remains after accounting for direct costs of producing a product or service.
- 2d) **Selling and administrative expenses** are the costs associated with selling a firm's products and the costs incurred in running the firm's daily business operations, such as salaries, rent, utilities, and depreciation.
- 2e) **Operating profit** is the money you make before interest and taxes.
- 2f) **Other income** includes earnings from activities outside the core operations, such as interest earned on investments and gains on the sale of assets.
- 2g) **Other expenses** include various costs that are indirect expenses related to daily operations. These can be small costs like equipment repairs, promotional spending, and other items that are not part of COGS or standard operating expenses [7].
- 2h) **Net profit before tax** is calculated by subtracting all expenses (including interest) from total revenue. (Do not include tax in the calculation here, as the result is before tax.)

- 2i) **Income taxes** are taxes that governments impose on individuals and businesses based on their taxable income. The money collected from income taxes funds various public services and infrastructure.
- 2j) **Net profit** after tax refers to the profit a company makes after taxes based on its day-to-day operations. Net income after taxes is either reinvested into the company, paid out as dividends, or used to acquire treasury stock.

Finally, analysing financial statements is vital to understanding a business's economic health. The financial documents described in the lecture are essential for strategic planning and guiding a business toward sustainable growth. They are not merely records of past transactions but powerful instruments for strategic planning, identifying areas of advantage, addressing drawbacks, and ultimately steering a business towards sustainable growth and success.

### **Important Vocabulary List: Unit 3 “UNDERSTANDING FINANCIAL STATEMENTS: CHIEF DISTINCTIONS”**

- 1) **financial statement** [faɪ'næn.ʃəl 'stert.mənt] фінансовий звіт
- 2) **the balance sheet** ['bæl.əns ʃi:t] звітна відомість, балансовий звіт
- 3) **at point in time** в конкретний момент часу
- 4) **record** ['rekɔ:d] запис, реєстрація; записувати, реєструвати, вносити до списку
- 5) **summarise** ['sʌməraɪz] резюмувати, робити висновки
- 6) **accounting (reporting) period** [ə'kaʊn.tɪŋ 'piə.ri.əd] звітний період, період бухгалтерської звітності, розрахунковий період
- 7) **shareholder equity** [ʃeə'həʊldə(r) 'ek.wɪ.ti] власний капітал, капітал акціонерів
- 8) **net worth** [ˌnet'wɜ:θ] вартість майна за вирахуванням зобов'язань, власний капітал (підприємства)
- 9) **effective net worth** [ɪ'fek.tɪv ˌnet'wɜ:θ] реальна чиста вартість (компанії)
- 10) **merchandise inventories** ['mɜ:ɪ.tʃən.daɪz 'm.vən.tər.ɪz] комерційні товарні запаси

- 11) **equipment** [i'kwɪp.mənt] обладнання, транспортні засоби
- 12) **machinery** [mə'ʃiː.nə.rɪ] машини, машинне або верстатне обладнання, механізми
- 13) **patent** ['peɪ.tənt] патент, привілей, право (приватної особи або компанії) на володіння державною землею або землею штату
- 14) **trademark** ['treɪd.mɑːk] торговий знак, фабрична (заводська) марка, торгова марка  
*trademark and copyright manager – юрист з охорони торгової марки та авторського права (фірми)*
- 15) **accounting equation** [ə'kaʊn.tɪŋ i'kweɪ.ʒən] бухгалтерське рівняння
- 16) **to reckon up one's debts** ['rek.ən ʌp wʌnz detz] підрахувати свої борги
- 17) **account** [ə'kaʊnt] рахунок, обліковий запис  
*year of account – звітний рік*
- 18) **promissory note** ['prɒm.ɪ.sə.rɪ ,nəʊt] простий вексель, боргове зобов'язання, торгова розписка  
*maker of promissory note – векселедавець (особа, яка видала простий вексель)*  
*promissory note made out to bearer – боргове зобов'язання на пред'явника*
- 19) **premise** ['premɪs] передумова, припущення
- 20) **fiscal (financial) year** ['fɪs.kəl jɪər] фінансовий/бюджетний/фінансовий рік
- 21) **liquidity** [lɪ'kwɪdɪtɪ] фінансова ліквідність
- 22) **retained earnings** [rɪ'teɪnd 'zɪː.nɪŋz] нерозподілений прибуток
- 23) **generally accepted accounting principles (GAAP)** ['dʒen.ə r.əl.i ək'sep.tɪd ə'kaʊn.tɪŋ 'prɪn.sə.pəlz] загальноприйняті (офіційно визнані) принципи бухгалтерії
- 24) **monetary value** ['mʌn.ɪ.tər.ɪ 'væl.juː] грошова вартість
- 25) **government securities** ['ɡʌv.ə.mənt sɪ'kjʊərətɪz] державні цінні папери
- 26) **expense** [ɪk'spens] (v) пред'являти рахунок (за що-небудь), записувати в рахунок підзвітних сум, списувати у витрати  
**expenses** [ɪk'spensɪz] (n) витрати  
*prepaid expenses – оплачені заздалегідь витрати, витрати майбутніх періодів (стаття балансу)*

*operating expenses* – експлуатаційні витрати

*administrative expenses* – витрати на адміністративні потреби, управлінські витрати

*general-and-administrative expenses* – загальні управлінські витрати

*selling expenses* – торгові витрати, витрати на продаж

*maintenance expenses* – витрати на технічне обслуговування та поточний ремонт

*interest expenses* – витрати на виплату відсотків або на вкладений капітал

27) **net cost** [net kɒst] чиста (дійсна) вартість

28) **accrued (accumulated) depreciation** [ə'kru:d (ə'kju:.mjə.leɪtɪd) ɪ'pri:.ʃɪ'eɪ.ʃən] акумульовані амортизаційні відрахування, амортизаційний резерв

29) **claim** [kleɪm] вимога (напр. про відшкодування збитків), претензія, позов, рекламація

*balance of claims and liabilities* – баланс вимог і зобов'язань, розрахунковий баланс

*presentation of claim* – пред'явлення претензії

*ranking of claims* – черговість претензій за боргами, ранжування боргів

30) **statement of income** ['steɪt.mənt əv 'ɪŋ.klæm] довідка про доходи, звіт про надходження, звіт про сукупний дохід, звіт про фінансові результати

31) **revenue** ['rev.ən.ju:] виручка, валовий дохід

32) **net sales** [net seɪlz] чистий обсяг продажів, чиста виручка від реалізації

33) **adjustment** [ə'dʒʌst.mənt] пристосовування, регулювання

34) **gross sales** [grəʊs seɪlz] валова сума продажу, валовий обсяг продажу

35) **deduction** [dɪ'dʌkʃ(ə)n] утримання, знижка, скидка, відрахування із зарплати

36) **cost of goods sold** собівартість реалізованої продукції

37) **gross margin** [grəʊs 'mɑ:.dʒɪn] валовий прибуток

*gross profits test* – перевірка методом «відсотка валового прибутку» (при фінансових ревізіях)

- 38) **utilities** [ju: 'tɪlɪtɪz] комунальні послуги  
 39) **operating profit** ['ɒp.ər.eɪ.tɪŋ 'prɒf.ɪt] прибуток від виробничої діяльності, умовно чистий прибуток (валовий прибуток мінус торгові витрати)  
 40) **net profit before tax** чистий прибуток до виплати податків  
 41) **subtract** [səb 'trækt] віднімати (математична операція)  
 42) **income tax** ['ɪnkʌm tæks] прибутковий податок, податок на прибуток  
 43) **net profit after tax** чистий дохід після оподаткування [8]

### 3. Write the correct words in the empty spaces.

*financial statements, balance sheet, statement of income, assets, liabilities, net profit, income tax, cost of goods sold*

1. \_\_\_\_\_ are crucial tools for evaluating a company's financial health. The 2. \_\_\_\_\_ presents 3. \_\_\_\_\_, 4. \_\_\_\_\_, and equity at a specific point in time. The 5. \_\_\_\_\_ details revenues, 6. \_\_\_\_\_, and expenses over a period, ultimately determining the 7. \_\_\_\_\_ after deducting 8. \_\_\_\_\_.

### 4. Word families (Appendix II, III).

#### 4.1. Make up word families:

Verb	Acquire	Record	State	Own	Borrow	Labialise
Noun						
Adjective						
Adverb						

#### 4.2. Organise the provided words into their respective word families and translate them into Ukrainian:

Selling, calculation, costly, wholesale, expense, calculate, retailer, costed, laboured, expenses, sellable, costing, wholesaling, labourer, calculated, sells, retail, expensing, cost, labouring, retailored, expenseful, calculator, costliness, laborious, seller, wholesaled,

expensively, sell-through, cost-effective, labour-intensive, retail-focused, expense-account, wholesale-price, self-cost, retailed, expensed

**5. Select the item that doesn't fit the pattern and give your reasoning.**

- a) assets, liabilities, equity, performance
- b) creditors, balance sheet, statement of income, summary
- c) intangible, material, patents, revenue
- d) cash, inventory, accounts payable, equipment
- e) loans, notes payable, assets, mortgages
- f) net worth, capital, negative number, accounting period
- g) liquidity, GAAP, depreciation, profit
- h) long-term liabilities, fixed assets, current assets, intangible assets
- i) cost of goods sold, gross margin, net sales, net worth
- j) salaries, wages, rent, balance sheet

**6. Connect the words with their corresponding definitions.**

<b>1</b>	assets	<b>a</b>	selling goods in small amounts directly to consumers
<b>2</b>	own	<b>b</b>	to obtain something by buying it or being given it
<b>3</b>	liability	<b>c</b>	the difference between net sales and the cost of merchandise sold, from which expenses are typically covered or profit is generated
<b>4</b>	acquire	<b>d</b>	money spent incidentally while performing a job, such as commissions, is usually reimbursed by an employer or can be deducted against taxes
<b>5</b>	retail	<b>e</b>	the decrease in the value of a fixed asset caused by factors such as use, obsolescence, and wear and tear
<b>6</b>	wholesale	<b>f</b>	a fee, typically monetary, imposed by an authority for public purposes
<b>7</b>	expenses	<b>g</b>	the property and claims against debtors that a business enterprise may apply to discharge its liabilities
<b>8</b>	margin	<b>h</b>	legal obligation for debts, damages, or injuries incurred



9	tax	i	to have or hold as property, possess
10	depreciation	j	purchasing and selling a lot of cheap goods, generally to dealers who, in their turn, sell them to people

1	2	3	4	5	6	7	8	9	10

### 7. Render the phrase combinations in Ukrainian.

Financial statements, balance sheet, statement of income, financial health, accounting period, material items, intangible items, business owns, money the company owes, shareholders' equity, net worth, accounts receivable, notes receivable, current assets, fixed assets, current liabilities, long-term liabilities, net sales, cost of goods sold, gross margin, operating profit, income taxes, retained earnings, generally accepted, accumulated depreciation, accrued expenses

### 8. Translate the following sentences into English.

1. Фінансові звіти відображають фінансовий стан підприємства та його ефективність за певний обліковий період.
2. Основними фінансовими звітами є баланс та звіт про прибутки та збитки.
3. Баланс показує активи, зобов'язання та власний капітал компанії на конкретну дату.
4. До поточних активів належать грошові кошти та запаси товарів, які можуть бути швидко конвертовані в готівку.
5. Довгострокові зобов'язання, такі як іпотечні кредити, відображають заборгованість компанії на період більше одного року.
6. Звіт про прибутки та збитки розраховує чистий прибуток після вирахування собівартості реалізованих товарів та операційних витрат.
7. При складанні фінансових звітів компанії керуються загальноприйнятими принципами бухгалтерського обліку (GAAP).
8. Аналіз балансу дозволяє оцінити ліквідність та фінансову стійкість підприємства.

**9. Match each word with its corresponding synonym.**

<b>1</b>	value	<b>a</b>	essential
<b>2</b>	earnings	<b>b</b>	budgetary
<b>3</b>	fiscal	<b>c</b>	logo
<b>4</b>	owe	<b>d</b>	identical
<b>5</b>	equal	<b>e</b>	banknotes
<b>6</b>	trademark	<b>f</b>	be in debt
<b>7</b>	equity	<b>g</b>	worth
<b>8</b>	primary	<b>h</b>	operation
<b>9</b>	performance	<b>i</b>	income
<b>10</b>	cash	<b>j</b>	fairness

1	2	3	4	5	6	7	8	9	10

**10. Determine which of the following statements is the proper alternative.**

<b>1.</b> The balance sheet provides a picture	<b>a)</b> of a company's promotional strategies
	<b>b)</b> of the financial state of a business at a given moment
	<b>c)</b> of the daily operational activities of a business
	<b>d)</b> of the anticipated earnings of a company
<b>2.</b> Assets include not only cash but also	<b>a)</b> the salaries paid to employees
	<b>b)</b> the taxes owed to the government
	<b>c)</b> funds owed by individuals or other businesses
	<b>d)</b> the depreciation of equipment over time
<b>3.</b> Liabilities are funds a business obtains by	<b>a)</b> the sale of its own stock to investors
	<b>b)</b> the reinvestment of its net profit
	<b>c)</b> loans, selling property, or offering services on credit
	<b>d)</b> the efficient management of its current assets
<b>4.</b> Shareholders' equity is the money that owners invest in a business for	<b>a)</b> paying for short-term expenses
	<b>b)</b> utilising the acquisition of assets
	<b>c)</b> distributing as dividends to the shareholders annually
	<b>d)</b> managing the company's long-term debt obligations

<b>5.</b> The formula for the balance sheet illustrates that assets	<b>a)</b> minus liabilities equal revenue
	<b>b)</b> multiplied by net worth equal profit
	<b>c)</b> equal liabilities plus net worth
	<b>d)</b> divided by liabilities equal equity
<b>6.</b> Current assets are those that could be converted into cash	<b>a)</b> within a period longer than one year
	<b>b)</b> only at the end of the fiscal year
	<b>c)</b> within one year as part of regular business activities
	<b>d)</b> once all the fixed assets have been sold
<b>7.</b> Fixed assets are typically acquired for	<b>a)</b> immediate resale to generate quick profits
	<b>b)</b> long-term use in a business
	<b>c)</b> conversion into liquid assets within six months
	<b>d)</b> meeting short-term financial responsibilities
<b>8.</b> The statement of income shows a company's	<b>a)</b> assets and liabilities over a period
	<b>b)</b> cash inflows and outflows throughout the period
	<b>c)</b> sales and expenses over a particular time
	<b>d)</b> owners' equity and its changes over time
<b>9.</b> Net sales are calculated by deducting returns and allowances from	<b>a)</b> the cost of goods sold
	<b>b)</b> the gross margin
	<b>c)</b> the operating profit
	<b>d)</b> gross sales
<b>10.</b> Cost of goods sold in retailing and wholesaling involves	<b>a)</b> direct labour and factory overhead costs
	<b>b)</b> beginning and ending inventories and purchases
	<b>c)</b> selling and administrative expenses
	<b>d)</b> depreciation of long-term assets

### **11. Case study. Get to know the situation well and answer the questions.**

“Sunshine Bakery” is a small business. They bake and sell bread and pastry. Its owner wants to know if everything is OK with her business and money. What the Bakery had (at the end of the last year):

- some money in the bank account: £10,000 (this is cash);
  - some things to sell (ingredients): £5,000 (flour, sugar, etc.);
  - equipment (oven): £30,000 (for baking);
  - scooter for delivery: £15,000 (for taking food to customers).
- Totally = £60,000.

The bakery owes (at the end of the last year): 1) money owed for ingredients: £3,000 (to the people who sell flour, etc.); 2) loan from a bank: £7,000 (money borrowed).

Totally the Bakery owes = £10,000.

The bakery last year did (money in and out):

- from selling pastry and bread: £50,000 (customers paid this);
- spent on ingredients: £20,000 (to buy flour, sugar, etc.);
- spent on rent for the premises: £5,000;
- spent on electricity: £2,000;
- paid to employees: £15,000.

### ***11.1. Insight Questions: discuss in pairs or small groups.***

- 1a) Does the bakery have more “things” than “things it owes”?
- 1b) Did the bakery make more money than it spent last year?
- 1c) Why does the owner need to know these numbers?
- 1d) If the owner wants to buy a new, bigger oven next year, where might she get the money to pay for it?

### ***11.2. Match lexical items to their semantic equivalents.***

<b>1) owe</b>	<b>a) someone who is paid to work for someone else</b>
<b>2) bank account</b>	<b>b) the tools, machines, etc, that you need to do a particular job or activity</b>
<b>3) employee</b>	<b>c) a bank agreement with a customer lets the customer deposit and withdraw money</b>
<b>4) equipment</b>	<b>d) to pay someone for a service or item they've provided, or to repay borrowed money</b>

1	2	3	4

### ***11.3. Put in order.***

“Sunshine Bakery” is going to solve its problems. Arrange the following four steps in a logical sequence:

1. Sustain: (monitor the market, be flexible, and focus on long-term viability).
2. Grow: (analyse performance, strategically expand, and improve efficiency).

3. Operate: (develop your core offering, establish main processes, and start selling).
4. Validate and plan: (research your idea, study the market, and create a basic plan).

**11.4. Tick the statements you consider to be true or false.**

		True	False
1	At the end of last year, the bakery had more money owed to others than the total value of the things it owned.		
2	In the last year, the bakery made more money from selling its goods than it spent on ingredients.		
3	One of the “things” the bakery owns is money in the bank.		
4	The money the bakery spends on rent is considered “money coming in” for the business.		

**12. Final Test** 15 points maximum (1 point for each correct answer).

**12.1. MCQ (Multiple Choice Question).**

1. Which of the following is a main financial statement?
  - a) balance sheet
  - b) cash flow statement
  - c) statement of retained earnings
  - d) auditor’s report
2. The balance sheet shows a picture of a business’s financial health:
  - a) over a specific period of time
  - b) at a given moment in time
  - c) based on future projections
  - d) after all transactions are completed for the year

3. **What is the fundamental accounting equation represented on the balance sheet?**
  - a)  $\text{Assets} - \text{Liabilities} = \text{Equity}$
  - b)  $\text{Revenue} - \text{Expenses} = \text{Profit}$
  - c)  $\text{Assets} + \text{Liabilities} = \text{Equity}$
  - d)  $\text{Assets} = \text{Liabilities} + \text{Net Worth}$
4. **Which of the following is an example of a current asset?**
  - a) buildings
  - b) equipment
  - c) accounts receivable
  - d) long-term loans
5. **Liabilities represent:**
  - a) the owners' investment in the business
  - b) money owed by the business to creditors
  - c) items the business owns that have monetary value
  - d) profits accumulated by the business over time
6. **Which of the following is classified as a long-term liability?**
  - a) accounts payable
  - b) salaries payable
  - c) mortgage payable
  - d) taxes payable
7. **The statement of income measures a company's:**
  - a) assets and liabilities at a specific point in time
  - b) cash inflows and outflows over a period of time
  - c) sales and expenses over a specific period of time
  - d) changes in owner's equity over a period of time
8. **Gross margin is calculated as:**
  - a)  $\text{net sales} - \text{operating expenses}$
  - b)  $\text{gross sales} - \text{total expenses}$
  - c)  $\text{net sales} - \text{cost of goods sold}$
  - d)  $\text{operating profit} + \text{other incomes}$
9. **Depreciation expense is typically categorised under:**
  - a) cost of goods sold
  - b) current liabilities
  - c) selling and administrative expenses
  - d) other income

**10. Generally Accepted Accounting Principles (GAAP) ensure that financial statements are:**

- a) only prepared by large corporations
- b) presented in a difficult way for most people to understand
- c) prepared using a consistent system, allowing for easier understanding
- d) only required at the end of each fiscal year

**12.2. Tick the statements you consider to be true or false.**

		True	False
1	The two main financial statements are the balance sheet, which illustrates a company's financial position at a specific point in time, and the income statement, which outlines its performance over a given period.		
2	The balance sheet principle states that a business's liabilities exceed its assets, producing a positive net worth.		
3	Current assets are items owned by a business that are expected to be converted into cash or used up within one year. In contrast, long-term liabilities are debts that must be repaid in more than one year.		
4	Net profit is computed by taking away the price of goods sold from net sales to find out gross margin.		
5	Generally Accepted Accounting Principles (GAAP) is a standardised system for preparing financial statements, making them understandable across different companies and time periods.		

**13. Watch the video [9], make a list of words related to the topic, give answers to the following questions, and make a mind map for the subject matter discussed. Use <https://www.spiderscribe.net/>**

1. What are two crucial components of the accounting equation?
2. What are assets?
3. Where are assets listed on?
4. What are liabilities?

**14. Analyse any academic paper in the list according to the plan (Appendix IV).**

1. Saddeq T. Abdulshakour. Impact of Financial Statements on Financial Decision-Making. (2020). Retrieved from [https://www.researchgate.net/publication/342143127\\_Impact\\_of\\_financial\\_statements\\_for\\_financial\\_decision-making](https://www.researchgate.net/publication/342143127_Impact_of_financial_statements_for_financial_decision-making)
2. Koichiro Kuramochi. Analysis of financial statements presentation. (2016). Retrieved from <https://www.ifrs.org/content/dam/ifrs/meetings/2016/november/iasb/primary-financial-statements/ap21a-analysis-of-financial-statements-presentation.pdf>
3. Shadi Farshadfar, Laleh Samarbakhsh, Yige Jiang. Financial statement comparability and the usefulness of earnings: Some Canadian evidence. (2023). Retrieved from <https://www.sciencedirect.com/science/article/abs/pii/S1061951823000393>
4. Lasse Olavi Oulasvirta. Consolidated financial statement information and group reporting in the central government: a user-oriented approach. (2023). Retrieved from <https://www.emerald.com/insight/content/doi/10.1108/jpbafm-08-2022-0126/full/html>
5. Sarah McVay, Brandon Szerwo. Preparers and the financial reporting system. (2021). Retrieved from <https://www.tandfonline.com/doi/full/10.1080/00014788.2021.1932257>

### **15. Current Trends in Financial Reporting and Analysis.**

To understand how current events and technological advancements impact the creation, analysis, and interpretation of financial statements, do this assignment:



- choose **three recent articles or reports** (published within the last 6 months) from the “**News and analytical resources**” section of **APPENDIX V** that discuss a significant trend or issue related to financial statements (e.g., impact of IFRS/GAAP changes on reporting, challenges of digital financial reporting, sustainability reporting (ESG) and its effect on financial statements, fraud detection in financial statements, the role of big data in financial analysis, or changes in auditing standards);
- for each article;
- summarise the key financial statement concept or reporting challenge discussed;
- explain its potential impact on how a hypothetical company (e.g., a publicly traded tech firm, a private manufacturing company, a non-profit organization) would prepare or present its **Income Statement, Balance Sheet, or Cash Flow Statement**;
- analyse how this trend might influence the methods used by financial analysts to interpret these statements;
- briefly discuss how staying informed about such developments is crucial for a financial manager, particularly when relying on financial statements for decision-making.

**16. Work in pairs or groups. Select either *income statement* or *financial analysis* document from Appendix VI. Prepare a short presentation, explaining:**

- What this document is.
- What it is used for.
- Who its main users are.
- What key terms are found in it.

Analyse this document as if you were a financial analyst.

**17. Fill in the three self-assessment tables. They will help you analyse your achievements and areas for development when studying the topic “*FINANCIAL STATEMENTS: CHIEF*”**

***DISTINCTIONS***. *Your honest and thoughtful evaluation is an integral part of your learning.*

Table 1

**How confident I am**

**Instruction:** for each learning objective, write 1–5 to assess your ability, where 1 = I don't feel confident, 5 = I feel confident

Learning objective	How confident I am
1A I know what two main <i>financial statements</i> are	
1B I know what a <i>balance sheet</i> and the <i>statement of income</i> are	
1C I know what <i>assets</i> include	
1D I know what <i>liabilities</i> are based on	
1E I understand two main parts <i>shareholders' equity</i> has and can name them	
1F I know what <i>GAAP</i> and <i>COGS</i> mean	
1G I know the essence of some categories of the statement of income	
1H I know the meanings of all the words related to the topic	
1I I can express my viewpoint on the topic	
1J I can watch the video and list new words	
1K I can stream the video and sort the information	
1L I can navigate the text and respond to questions quickly	
1M I can analyse a scientific paper regarding the topic and express my opinion on its relevance and practical significance, paying attention to the main structural elements	
1N I can create a Mind Map	
1O I can outline current trends in financial reporting and analysis	
1P I can analyse a financial document	

Table 2

**Which of the skills would you like to improve in? In what way?**

Skill I want to improve in	How I can improve
<i>Speaking</i>	
<i>Writing</i>	
<i>Listening</i>	
<i>Reading</i>	

Table 3

**What can you remember from this lesson?**

New words I learned and most want to remember	Expressions and phrases I liked	English I heard or read outside the class

**References:**

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*“The purpose of financial reporting is to obtain cheap capital”*

Martin S. Fridson,  
Financial Statement Analysis:  
A Practitioner’s Guide [1]

## UNIT 4

### ***FINANCIAL ANALYSIS: KEY TYPES AND RATIOS***

**1. Study and comprehend the keywords. Consult the Unit 4 Vocabulary and APPENDIX I if you need it. *The appendix explains and illustrates all financial terms in the textbook in depth. It is compiled in alphabetical order.***

Financial ratio analysis	Leverage ratio
Liquidity ratios	Return ratios
Quick ratio	Market value ratios
Balance sheet ratio analysis	Net profit margin
Profitability ratios	Asset management ratios
Operating cash flow ratio	Capital structure ratios
Gross margin ratio	Operating profit margin
Income statement ratio analysis	Inventory turnover ratio
Asset turnover ratio	Receivables turnover ratio
Return on investment ratio	Current ratio

**2. Read Lecture 4 attentively and be ready to translate it. If necessary, refer to the Unit 4 Vocabulary. Pay attention to the main types and ratios of financial analysis.**

The essence of any business lies in generating as much money as possible for its owner. To achieve this, managers at various levels must make decisions daily. They can do so intuitively or rely on earlier data

and compare it with plans. The best scenario is when knowledge of facts, plans, and intuition are combined.

**Financial analysis** is the study of the facts and results of business activity, including the analysis of income and expenses, assets and capital. On this basis, managers draw conclusions and then carry out financial planning, and make managerial decisions regarding inventory management, management of receivables and payables, cost optimisation, and pricing. Therefore, key financial indicators must be analysed regularly to understand what is happening with the business.

**Financial ratio analysis** (R-analysis) is one of the most commonly used systems of financial analysis, which involves calculating the ratios of individual financial indicators that show different aspects of a company's financial activities. The most widespread analytical financial ratios in financial management include: *Liquidity Ratios*, *Capital Structure Ratios*, *Asset Management Ratios*, *Return Ratios*, and *Market Value Ratios*. In each group, specific coefficients are identified, based on which the information is expanded and clarified. Therefore, it is possible to compile over 100 indicators of the corporation's financial condition if necessary.

The ratios are used by financial analysts of corporations and their numerous counterparties. When determining the ratios, each party is guided by specific objectives. Analysts working in the corporation's department of finance widely apply the ratio method while planning economic and financial activities, for ongoing monitoring, cash flow oversight, to find the relationship between the prices of corporate securities and their book value, asset turnover, and to solve many other tasks. The corporation's counterparties have their own goals for obtaining information about the company's economic circumstances. The corporation's creditors will be concerned with short-term and long-term solvency/ability to repay debt, while shareholders will focus on earnings per share and the size of dividends.

This lecture deals with **Balance Sheet Ratio Analysis** along with **Income Statement Ratio Analysis**.

Important **balance sheet ratios** assess liquidity, solvency, and leverage. They measure a business's potential to pay its bills on time and the extent of its reliance on creditor funding.

“Liquidity ratios are financial metrics that measure a company’s ability to pay its short-term debt obligations” [2]. Common liquidity ratios are: Current Ratio, Quick Ratio, and Operating Cash Flow Ratio. Let’s specify them.

**The Current Ratio**, also known as the *Coverage Ratio*, is determined by the following formula:

$$\text{“Current Ratio} = \frac{\text{Total Current Assets}}{\text{Total Current Liabilities}} \text{” [3]}$$

It demonstrates the possible risk of non-payments. However, it is crucial to consider the flow of cash, especially the movement of profits, as these ensure the repayment of debt. Additionally, it is important to note that an acceptable coefficient must be greater than one.

**The Quick Ratio** “is one popular calculation that measures a business’s most liquid assets concerning its short-term obligations” [4]. It can be measured in this way:

$$\text{“Quick Ratio} = \frac{\text{Cash} + \text{Government Securities} + \text{Receivables}}{\text{Total Current Liabilities}} \text{” [4]}$$

The coefficient indicates the corporation’s competence to settle its short-term liabilities in the near term; therefore, only assets that can be quickly liquidated (cash, investments in securities, accounts receivable) are included in the numerator, while investments in inventories and prepaid expenses are deducted.

**The Operating Cash Flow Ratio** “is the money generated from a company’s business activities” [5]. It is computed in this way:

$$\text{“Operating cash flow ratio} = \frac{\text{Operating cash flow}}{\text{Current liabilities}} \text{” [5]}$$

**The Leverage Ratio or Debt/Worth Ratio.** Many companies use both the owner’s money and loans to fund their operations. “A Leverage Ratio is any of several measurements that look at how much capital comes in the forms of loans or assesses a company’s ability to meet financial obligations” [6]. The smaller the financial leverage, the more stable the position. Alternatively, credit means allow for an increase in the return on equity ratio, that is, to achieve additional profit on one’s own capital.

$$\text{Debt/Worth Ratio} = \frac{\text{Total Liabilities}}{\text{Net Worth}}$$

You can calculate ratios for various items on the **Income Statement**. However, three key *profitability ratios* are most commonly used.

**The Gross Margin Ratio**, also known as Gross Profit Margin, shows how much money a company keeps from its sales after paying for the cost of goods sold. To calculate it, divide gross profit by sales. First, you find gross profit by subtracting the cost of goods sold from revenue. This ratio helps us understand how much profit remains for every dollar earned in sales. A higher ratio is better.

$$\text{“Gross Margin Ratio} = \text{Gross Profit} / \text{Net Sale” [7]}$$

**The Operating Profit Margin** is an important measure of a business’s profitability. We calculate it by dividing earnings before interest and taxes by sales revenue to get a percentage. A higher percentage indicates a more profitable business. This operating profit is what remains to cover interest payments, taxes, and dividends to shareholders. Its formula can be represented in the following way:

$$\text{“Operating Profit Margin Ratio} = \frac{\text{Net Profit Before Tax}}{\text{Net Sales}}” [8]$$

The last of the three profitability ratios is based on net income, also known as net earnings, from the income statement. To find the **Net Profit Margin**, divide net income by sales revenue. This ratio presents how much benefit is made for every dollar of revenue. A higher percentage means the business is more profitable.

$$\text{“Net Profit Margin Ratio} = \text{Net Profit} / \text{Total Revenue” [9]}$$

**Efficiency ratios** show how well a business sells its inventory, collects cash from customers, and pays its creditors. They have two parts: Turnover Ratios and the Cash Conversion Cycle. Turnover Ratios show how fast a business operates. They compare one line from the Income Statement against a related line in the Balance Sheet.

**The Inventory Turnover Ratio** is a measure of business activity that indicates the effectiveness of inventory management within a company. The value of this indicator reflects the number of times the inventory has been turned over in a year. “It is calculated as the ratio of the cost of goods sold to the average annual inventory amount” [10]. To calculate Inventory Turnover Ratio, use this formula:

$$\text{“Inventory Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Inventory at Cost}}” [10]$$

**The Receivables Turnover Ratio** works in the same way. This time, “we compare revenue from the Income Statement to accounts receivable

from the Balance Sheet. This ratio shows how well a business collects cash from customers:

Receivables Turnover = Revenue / Accounts Receivable” [11]

If we divide revenue by total assets from the Balance Sheet, we get the **Asset Turnover Ratio**. This ratio shows how efficiently a business generates revenue using its assets. It does not consider expenses, only focusing on revenue. To compute this ratio, apply the formula:

“Return on Assets = Net Profit Before Tax / Total Assets” [12].

**The Return on Investment (ROI) Ratio.** Value is a crucial concept in management, but there are several different ways that we can measure it. The most robust simple measure of value is Return on Investment. It's used in many branches of business and commerce and in the public and not-for-profit sectors in many countries. An ROI Ratio of greater than one represents a positive return on investment, which means we get more out than we put in. The higher the ROI, the better. In another case (the ROI is less than one), it represents a loss of investment; that is unwise unless other non-financial benefits outweigh the cost.

“Return on Investment = Net Income / Total Cost” [13]

Thus, there are four key groups of financial ratios: Liquidity Ratios, Leverage Ratios, Profitability Ratios, and Efficiency Ratios.

### Important Vocabulary List: Unit 4 “FINANCIAL ANALYSIS: KEY TYPES AND RATIOS”

- 1) **make decisions** [meɪk dɪ'sɪʒ.ənz] приймати рішення  
*make managerial decisions – приймати управлінські рішення*
- 2) **intuitively** [ɪn'tʃuː.ɪ.tɪv.li] інтуїтивно
- 3) **draw conclusion** [drɔː kən'kluː.ʒən] зробити висновок
- 4) **ratio analysis** ['reɪ.ʃɪ.əʊ ə'næl.ə.sɪs] коефіцієнтний аналіз, аналіз фінансових показників
- 5) **liquidity ratios** [lɪ'kwɪd.ə.ti 'reɪ.ʃɪ.əʊz] коефіцієнти ліквідності, показники ліквідності
- 6) **capital structure ratios** ['kæp.ɪ.təl 'strʌk.tʃə 'reɪ.ʃɪ.əʊz] співвідношення структури капіталу



- 7) **asset management ratios** ['æs.ət 'mæn.idʒ.mənt 'rei.ʃi.əʊz] коефіцієнти управління активами
- 8) **return ratios** [rɪ 'tʃ:ɪn 'rei.ʃi.əʊz] коефіцієнти повернення
- 9) **market value ratios** ['mɑ:.kɪt 'væl.ju: 'rei.ʃi.əʊz] показники ринкової вартості
- 10) **counterpart** ['kaʊn.tə.pɑ:t] колега, партнер
- 11) **analyst** ['æn.əl.ɪst] аналітик
- 12) **cash flow oversight** [kæʃ fləʊ 'əʊ.və.saɪt] контроль грошових потоків
- 13) **balance sheet ratios** аналіз коефіцієнтів балансу
- 14) **solvency** ['sɒl.vən.sɪ] платоспроможність
- 15) **leverage** ['li:.vər.ɪdʒ] леверидж, фінансовий важіль
- 16) **liquidity ratios** [lɪ'kwɪd.ə.ti 'rei.ʃi.əʊz] коефіцієнти ліквідності
- 17) **measure** ['meʒ.ə] міра, показник, мірило; вимірювати
- 18) **short-term debt obligations** короткострокові боргові зобов'язання
- 19) **current ratios** ['kʌr.ənt 'rei.ʃi.əʊx] поточні коефіцієнти
- 20) **quick ratios** [kwɪk 'rei.ʃi.əʊz] коефіцієнти швидкої ліквідності
- 21) **operating cash flow ratio** коефіцієнт операційних грошових потоків
- 22) **leverage ratio** коефіцієнт фінансового левериджу
- 23) **alternatively** [ɒl'tɜ:.nə.tɪv.li] альтернативно, як варіант
- 24) **profitability ratios** [ˌprɒf.ɪ.tə'bɪl.ə.ti 'rei.ʃi.əʊz] коефіцієнти прибутковості, рентабельності
- 25) **gross margin ratio** [grəʊs 'mɑ:.dʒɪn 'rei.ʃi.əʊ] коефіцієнт валового прибутку
- 26) **operating profit margin** показник (маржа) операційного прибутку
- 27) **net profit margin** показник (маржа) чистого прибутку
- 28) **efficiency ratios** [ɪ'fɪʃ.ən.sɪ 'rei.ʃi.əʊ] коефіцієнти ефективності
- 29) **inventory turnover ratio** ['ɪn.vən.tər.i 'tʃ:ɪn.əʊ.və 'rei.ʃi.əʊ] коефіцієнт оборотності запасів
- 30) **receivables turnover ratio** коефіцієнт оборотності дебіторської заборгованості
- 31) **asset turnover ratio** коефіцієнт оборотності активів
- 32) **return on investment ratio** коефіцієнт рентабельності інвестицій
- 33) **robust** [rəʊ 'bʌst] міцний, надійний, сильний, стійкий [14]

### 3. Write the correct words in the empty spaces.

*analysts, financial ratio analysis, liquidity ratios, return ratios, current ratio, quick ratio, profitability ratios, asset turnover ratio*

To understand a company's financial health, <sup>1.</sup> \_\_\_\_\_ is a commonly used tool. It involves calculating different relationships between financial figures. <sup>2.</sup> \_\_\_\_\_ help assess a company's potential to pay its short-term debts. Two examples of these are the <sup>3.</sup> \_\_\_\_\_ and the <sup>4.</sup> \_\_\_\_\_.

<sup>5.</sup> \_\_\_\_\_ indicate how effectively a company generates profit. Financial <sup>6.</sup> \_\_\_\_\_ use these calculations for planning and monitoring. The <sup>7.</sup> \_\_\_\_\_ shows how effectively a company uses its assets to generate revenue, while <sup>8.</sup> \_\_\_\_\_ focus on the returns generated from investments.

### 4. Word families (Appendix II, III).

#### 4.1. Make up word families:

Verb	Return	Operate	Measure	Solve	Decide	Achieve
Noun						
Adjective						
Adverb						

#### 4.2. Organise the provided words into their respective word families and translate them into Ukrainian:

Profit margin, illiquid, effective, solvable, liquidating, receivables, currently, solvency, liquidator, non-profit, receiver, cost-effective, profitable, liquid, current assets, effectivity, profitability, receiving, currency, current liabilities, liquidate, received, solvent, profiting, unsolvable, ineffective, liquidating, profitless, effectively, receivable

**5. Select the item that doesn't fit the pattern and give your reasoning.**

- a) liquidity, solvent, reasoning, current ratio
- b) manager, manageability, budgetary, selling
- c) profitability, return ratios, customary, gross margin ratio
- d) inventory turnover ratio, reasonably, receivables turnover ratio, asset turnover ratio
- e) expense, costing, valuation, assessment
- f) financing, investor, calculator, funded
- g) evaluate, valuation, labourer, devalue
- h) controlling, wholesale, budgeting, planning
- i) relationship, relate, sellable, relative
- j) available, retailer, manageable, liquidate

**6. Connect the words with their corresponding definitions.**

1	leverage	a	the total amount of money a company earns from business activities, e.g. from selling goods or services
2	make decision	b	a way to compare two different numbers from the financial statements of a company
3	ratio	c	to choose a course of action
4	net profit	d	figure out, infer, speculate
5	revenue	e	shows profit from making and selling
6	gross profit	f	financially strong and resilient
7	clarify	g	make something easier to understand
8	obligation	h	using debt to potentially increase returns, but it also increases risk
9	robust	i	financial duty
10	draw conclusion	j	shows the overall profit after all costs

1	2	3	4	5	6	7	8	9	10

**7. Render the phrase combinations in Ukrainian.**

Make decisions, financial ratio analysis, liquidity ratios, capital structure ratios, asset management ratios, return ratios, market value ratios,

balance sheet ratio analysis, income statement ratio analysis, current ratio, quick ratio, operating cash flow ratio, leverage ratio, gross margin ratio, operating profit margin, net profit margin, inventory turnover ratio, asset turnover ratio, receivables turnover ratio, return on investment ratio

## 8. Translate the following sentences into English.

1. Для прийняття обґрунтованих управлінських рішень необхідно регулярно аналізувати фінансові показники.
2. Коефіцієнти ліквідності показують здатність компанії погашати свої короткострокові боргові зобов'язання.
3. Аналіз структури капіталу допомагає зрозуміти співвідношення власного та залученого капіталу підприємства.
4. Ефективне управління активами відображається у високих коефіцієнтах оборотності активів.
5. Інвестори уважно стежать за показниками рентабельності, щоб оцінити прибутковість своїх вкладень.
6. Маржа операційного прибутку є важливим індикатором основної діяльності компанії.
7. Високий коефіцієнт оборотності запасів може свідчити про ефективне управління складськими запасами.
8. Аналіз коефіцієнтів балансу дає змогу оцінити фінансову стійкість та платоспроможність підприємства.

## 9. Match each word with its corresponding synonym.

1	return	a	equality
2	liquidity	b	liabilities
3	balance	c	proportion
4	ratio	d	productivity
5	efficiency	e	stock price
6	invest	f	cost
7	expense	g	earnings
8	measure	h	calculate
9	market value	i	solvency
10	debt	j	allocate

1	2	3	4	5	6	7	8	9	10

**10. Determine which of the following statements is the proper alternative.**

<b>1.</b> What is the essential goal of every business?	<b>a)</b> increasing the number of employees
	<b>b)</b> generating as much money as possible for its owner
	<b>c)</b> expanding into new markets
	<b>d)</b> reducing advertising costs
<b>2.</b> What is financial ratio analysis?	<b>a)</b> a system for managing personnel
	<b>b)</b> a method for forecasting future income
	<b>c)</b> the calculation of the relationships between individual financial indicators
	<b>d)</b> an assessment of customer satisfaction levels
<b>3.</b> Which of the following ratios belongs to the liquidity ratios?	<b>a)</b> Gross Margin Ratio
	<b>b)</b> Current Ratio
	<b>c)</b> Asset Turnover Ratio
	<b>d)</b> Return on Investment Ratio
<b>4.</b> What does the quick ratio indicate?	<b>a)</b> the company's capacity to sell its inventory
	<b>b)</b> the company's potential to pay all its liabilities
	<b>c)</b> the company's ability to pay short-term obligations with its most liquid assets
	<b>d)</b> the capability of using fixed assets
<b>5.</b> What is the formula for calculating the current ratio?	<b>a)</b> Net Profit/Total Assets
	<b>b)</b> Current Assets/Current Liabilities
	<b>c)</b> Revenue/Average Inventory
	<b>d)</b> Total Liabilities/Net Worth
<b>6.</b> What does the gross margin ratio reflect?	<b>a)</b> the percentage of net profit in revenue
	<b>b)</b> the ratio of operating profit in revenue
	<b>c)</b> the sum of money remaining from sales after covering the cost of goods sold
	<b>d)</b> the efficiency of expense management

7. Which ratio shows how efficiently a business generates revenue using its assets?	a) Receivables Turnover Ratio
	b) Inventory Turnover Ratio
	c) Asset Turnover Ratio
	d) Leverage Ratio
8. What does a Return on Investment ratio greater than one indicate?	a) loss on investment
	b) positive return on investment
	c) no profit or loss
	d) insufficient data for evaluation
9. To which group of financial ratios does the leverage ratio belong?	a) Liquidity Ratios
	b) Profitability Ratios
	c) Asset Management Ratios
	d) Capital Structure (Leverage) Ratios
10. Which ratio signifies how regularly a company has turned over its inventory during a year?	a) Receivables Turnover Ratio
	b) Asset Turnover Ratio
	c) Current Ratio
	d) Inventory Turnover Ratio

### 11. Case study. Get to know the situation well and answer the questions.

“Sunshine Bakery” is a small local bakery. They sell bread, cakes, and pastries. The owner wants to understand if her bakery is managing its money well. She has some simple numbers for the last month and needs your help to look at them.

#### Simple financial numbers (last month):

Money in the bank (cash): UAH 50,000
Money customers owe the bakery (receivables – mostly from local cafes): UAH 20,000
Ingredients in the bakery (flour, sugar, etc. – inventory): UAH 30,000
Total money the bakery owes suppliers (short-term debt): UAH 40,000
Total sales: UAH 120,000
Money spent on ingredients: UAH 60,000
Other costs to run the bakery (rent, electricity, salaries): UAH 45,000
Total money left after all costs (net profit): UAH 15,000
Total value of everything the bakery owns (Total assets): UAH 200,000

Use these simple numbers, calculate these simple “money checks”:

1. Can the bakery pay its short-term debts? (compare cash + receivables to short-term debt).
2. How much money is left from sales after paying for the ingredients? (sales – cost of ingredients).
3. How much profit does it make for every UAH 1 she sells? (net profit divided by total sales).
4. How many times did the owner use up all her ingredients last month? (cost of ingredients average value of ingredients – let’s say the average was UAH 25,000).

### ***11.1. Insight Questions: discuss in pairs or small groups.***

- a) Is “Sunshine Bakery” able to easily pay its immediate bills? Why?
- b) Is the money left after buying ingredients enough? What could a low amount mean?
- c) Is the profit for each sale good? How could the owner increase it?
- d) Is the owner managing her baking supplies well? What are the risks of having too much or too little?

### ***11.2. Match lexical items to their semantic equivalents.***

1) immediate bills	a) organise and take care of everything necessary to bake and sell goods (what amount of ingredients to buy, how to store them, how to avoid waste)
2) manage supplies	b) look at a business’s financial numbers to see if things are healthy or if there are any problems
3) money check	c) operate and manage all activities needed to carry on with the business successfully
4) run the business	d) bills that need to be paid soon (salaries, rent, utility)

1	2	3	4

### ***11.3. Put in order.***

Here are four logical steps to solve a case study problem. Arrange them in a logical sequence:

1. Review: Ensure your calculations and explanations are clear and correct.

2. Explain Simply: Describe what each calculated number means for the bakery.
3. Calculate: Perform the four requested 'money checks' using the provided numbers.
4. Answer Questions: Use the numbers to answer the four discussion questions, focusing on the 'why' for business.

**11.4. Tick the statements you consider to be true or false.**

		True	False
1	Sunshine Bakery's total money owed to others in the short term is more than the cash they have in the bank.		
2	The money left over after Sunshine Bakery paid for its ingredients was UAH 60,000.		
3	For every UAH 1 of goods sold, Sunshine Bakery made a profit of UAH 0.25 after all costs.		
4	Sunshine Bakery used its ingredients and needed to buy more about twice last month.		

**12. Final Test** 15 points maximum (1 point for each correct answer).

**12.1. MCQ (Multiple Choice Question).**

1. **Why do managers regularly analyse key financial indicators?**
  - a) to impress investors with complex data
  - b) to understand the past performance of competitors
  - c) to understand what is happening with the business and inform decisions
  - d) to create more work for the accounting department
2. **Which of the following is NOT one of the most widespread analytical financial ratio groups in financial management?**
  - a) liquidity ratios
  - b) capital structure ratios
  - c) customer satisfaction ratios
  - d) asset management ratios



3. **Who from following stakeholders would be most concerned with a corporation's short-term liquidity?**
  - a) shareholders
  - b) long-term investors
  - c) short-term investors
  - d) the board of directors
4. **What are the key balance sheet ratios that are mainly examined?**
  - a) profitability, efficiency, and market value
  - b) liquidity, solvency, and leverage
  - c) growth potential, innovations, sustainability
  - d) brand image, customer relations, employee satisfaction
5. **What item is included in the Current Ratio but is typically excluded from the Quick Ratio?**
  - a) inventory
  - b) accounts receivable
  - c) cash
  - d) government securities
6. **What does the smaller financial leverage generally indicate for the business?**
  - a) higher potential return on equity
  - b) more stable financial position
  - c) greater ability to take on more debt
  - d) more aggressive growth strategies
7. **How is gross profit calculated?**
  - a) net sales subtracted operating expenses
  - b) total revenue subtracted all expenses
  - c) net sales subtracted the cost of sold goods
  - d) earnings before interest and taxes, subtracted taxes
8. **What does the efficiency ratio primarily show about the business?**
  - a) potential to pay long-term debt
  - b) profitability related to assets
  - c) the business's management of inventory, collecting cash, and paying creditors
  - d) market value compared with book value

9. **What ratio is measured by dividing net profit before tax by total assets?**
  - a) return on investment
  - b) asset turnover ratio
  - c) return on assets
  - d) net profit margin
10. **What does an ROI ratio greater than it generally signify?**
  - a) loss on the investment
  - b) positive return on the investment
  - c) investment broke even
  - d) calculation is not correct

**12.2. Tick the statements you consider to be true or false.**

		True	False
1	Liquidity ratios measure a company's capacity to pay its long-term debts.		
2	Higher asset turnover ratio typically indicates more efficient use of assets.		
3	The gross margin ratio is computed by dividing net profit by net sales.		
4	Shareholders are primarily concerned with a company's short-term liquidity.		
5	A leverage ratio shows how much capital comes in the form of loans.		

**13. Watch the video [15], make a list of words related to the topic, give answers to the following questions, and make a mind map for the subject matter discussed. Use <https://www.spiderscribe.net/>**

1. What are different types of ratio as indicators of financial performance?
2. Compile a table focusing on indicators, formulas, goals and areas of using.
3. What are different categories of supporting analysis?
4. Examine a pyramid of ratios and be ready to comment on an organization's financial health.

**14. Analyse any academic paper in the list according to the plan (Appendix IV).**

1. Aminu Abdulrahim Olayinka. Financial statement analysis as a tool for investment decisions and assessment of companies' performance. (2022). Retrieved from [https://www.researchgate.net/publication/361292771\\_Financial\\_statement\\_analysis\\_as\\_a\\_tool\\_for\\_investment\\_decisions\\_and\\_assessment\\_of\\_companies'\\_performance/citations](https://www.researchgate.net/publication/361292771_Financial_statement_analysis_as_a_tool_for_investment_decisions_and_assessment_of_companies'_performance/citations)
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3. Nadar Diwahar Sunder. Theoretical Review of the Role of Financial Ratios. (2019). Retrieved from [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3472673](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3472673)
4. Dimitra Seretidou, Dimitrios Billios, Antonios Stavropoulos. Integrative Analysis of Traditional and Cash Flow Financial Ratios: Insights from a Systematic Comparative Review. (2025). Retrieved from <https://www.mdpi.com/2227-9091/13/4/62>
5. Salvador Linares-Mustarós, Maria Àngels Farreras-Noguer, Núria Arimany-Serrat, Germà Coenders. New Financial Ratios Based on the Compositional Data Methodology. (2022). Retrieved from <https://www.mdpi.com/2075-1680/11/12/694>

**15. Ethical Dilemmas in Financial Ratio Analysis and Professional Standards.**

To understand the ethical considerations involved in performing and presenting financial ratio analysis, and the role of professional associations in upholding these standards, do this assignment:

- from the **“Professional associations and communities”** section of **APPENDIX V**, select **one association** (e.g., CFA Institute, ACCA, or similar) that likely has a strong code of ethics or professional conduct relevant to financial analysts or accountants;
- research their publicly available ethical guidelines or code of conduct; focus on principles related to integrity, objectivity, diligence, and fair representation;

- identify **one hypothetical ethical dilemma** that a financial manager or analyst might face specifically when using or interpreting financial ratios, for example;
- pressure from management to *manipulate a ratio* (e.g., Debt-to-Equity, Current Ratio) to make the company look better to investors or lenders;
- omitting crucial contextual information when presenting ratio analysis to paint a *more favorable picture* of the company's financial health;
- using *inconsistent accounting methods* to calculate ratios year-on-year, distorting trends;
- disclosing selective ratios while *withholding others* that might reveal weaknesses;
- providing a **“buy” recommendation** based on a quick ratio analysis without due diligence on underlying data quality or industry specifics.

Using the chosen association's ethical guidelines, analyse the dilemma:

- Which specific principles or rules (e.g., “Act with integrity”, “Use reasonable care and judgment”, “Disclose conflicts of interest”, “Fair dealing”) apply to this situation?
- What actions would be considered ethical or unethical according to these guidelines in the context of financial ratio analysis?
- What are the potential consequences (professional sanctions, legal repercussions, damage to personal and company reputation, loss of investor trust) of such unethical behaviour?

Discuss how professional communities contribute to maintaining integrity, objectivity, and trust in the financial industry, especially concerning the presentation and interpretation of financial analysis.

**16. Work in pairs or groups. Select a *financial ratio analysis* document from Appendix VI. Prepare a short presentation, explaining:**

- What this document is.
- What it is used for.
- Who its main users are.
- What key terms are found in it.

Analyse this document as if you were a financial analyst.

**17. Fill in the three self-assessment tables. They will help you analyse your achievements and areas for development when studying the topic “*FINANCIAL ANALYSIS: KEY TYPES AND RATIOS*”. Your honest and thoughtful evaluation is an integral part of your learning.**

Table 1

### How confident I am

**Instruction:** for each learning objective, write 1–5 to assess your ability, where 1 = I don’t feel confident, 5 = I feel confident

Learning objective	How confident I am
<b>1A</b> I know what <i>financial analysis</i> is	
<b>1B</b> I know what <i>financial ratio analysis</i> (R-analysis) involve	
<b>1C</b> I can enumerate the most widespread analytical <i>financial ratios</i> in financial management	
<b>1D</b> I know what <i>balance sheet ratios</i> assess	
<b>1E</b> I can name <i>four common groups</i> of financial ratios	
<b>1F</b> I can compute all of them	
<b>1G</b> I know the meanings of all the words related to the topic	
<b>1H</b> I can express my viewpoint on the topic	
<b>1I</b> I can watch the video and list new words	
<b>1J</b> I can see the video and sort the information	
<b>1K</b> I can navigate the text and respond to questions quickly	
<b>1L</b> I can analyse a scientific paper regarding the topic and express my opinion on its relevance and practical significance, paying attention to the main structural elements	
<b>1M</b> I can create a Mind Map	

<b>1N</b> I can outline ethical dilemmas in financial ratio analysis and professional standards	
<b>1O</b> I can analyse a financial document	

Table 2

**Which of the skills would you like to improve in? In what way?**

<b>Skill I want to improve in</b>	<b>How I can improve</b>
<i>Speaking</i>	
<i>Writing</i>	
<i>Listening</i>	
<i>Reading</i>	

Table 3

**What can you remember from this lesson?**

<b>New words I learned and most want to remember</b>	<b>Expressions and phrases I liked</b>	<b>English I heard or read outside the class</b>

**References:**

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2. Understanding Liquidity Ratios: Types and Their Importance. (2025). *Investopedia*. Retrieved from <https://www.investopedia.com/terms/l/liquidityratios.asp> (дата звернення: 24.04.2025).
3. What is the current ratio? Why businesses need to know this metric. (2024). Retrieved from <https://stripe.com/resources/more/what-is-the-current-ratio-why-businesses-need-to-know-this-metric#:~:text=To%20calculate%20the%20current%20ratio%2C%20divide%20the%20business's%20current%20assets,into%20cash%20within%20a%20year> (дата звернення: 24.04.2025).
4. Quick Ratio Formula With Examples, Pros and Cons. (2025). *Investopedia*. Retrieved from <https://www.investopedia.com/terms/q/quickratio.asp> (дата звернення: 24.04.2025).

5. What Is Operating Cash Flow (OCF)? (2025). *Investopedia*. Retrieved from <https://www.investopedia.com/terms/o/operatingcashflow.asp#:~:text=The%20operating%20cash%20flow%20ratio,debts%20without%20incurring%20additional%20liabilities> (дата звернення: 24.04.2025).
6. Leverage Ratio: What It Is, What It Tells You, and How to Calculate. (2025). *Investopedia*. Retrieved from <https://www.investopedia.com/terms/l/leverageratio.asp#:~:text=A%20leverage%20ratio%20is%20a,to%20meet%20its%20financial%20obligations> (дата звернення: 24.04.2025).
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9. Palasciano A. What Is Net Profit Margin? Formula and Examples. (2025). *Investopedia*. Retrieved from [https://www.investopedia.com/terms/n/net\\_margin.asp](https://www.investopedia.com/terms/n/net_margin.asp) (дата звернення: 25.04.2025).
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12. Hargrave M. (2025). Return on Assets (ROA) Ratio: Formula and “Good” ROA Defined. *Investopedia*. Retrieved from <https://www.investopedia.com/terms/r/returnonassets.asp> (дата звернення: 26.04.2025).
13. Vipond T. ROI Formula (Return on Investment). (2025). Retrieved from [https://corporatefinanceinstitute.com/resources/accounting/return-on-investment-roi-formula/#:~:text=Return%20on%20investment%20\(ROI\)%20is,the%20greater%20the%20benefit%20earned](https://corporatefinanceinstitute.com/resources/accounting/return-on-investment-roi-formula/#:~:text=Return%20on%20investment%20(ROI)%20is,the%20greater%20the%20benefit%20earned) (дата звернення: 26.04.2025).
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15. Financial Ratios and Business Key Performance Indicators. (2025). *YouTube*. Retrieved from [https://www.youtube.com/watch?app=desktop&v=zPF3elkh\\_jk](https://www.youtube.com/watch?app=desktop&v=zPF3elkh_jk) (дата звернення: 05.05.2025).

*“Of course, you want more revenue,  
but what good is it if it isn’t predictable?”*

Aaron Ross [1]

## UNIT 5

### ***PROJECTING REVENUES***

**1. Study and comprehend the keywords. Consult the Unit 5 Vocabulary and APPENDIX I if you need it. *The appendix explains and illustrates all financial terms in the textbook in depth. It is compiled in alphabetical order.***

Break-even analysis	Break-even point
Forecasting revenue	Cost of sales
Expenses	Profit management
Competitiveness	Estimation
Ancillary revenue	Wages
Salary	Outsourced services
Pre-tax profit	Population density

**2. Read Lecture 5 attentively and be ready to translate it. If necessary, refer to the Unit 5 Vocabulary. Pay attention to the ways of forecasting the Pro Forma Income Statement and Break-Even Analysis.**

A key issue in modern management is the development of effective methods for profit management. It contributes to the sustainable increase in the profitability of enterprises, ensuring their viability and competitiveness amid the dynamic changes in today’s world. Profit is also the basis of the innovation process, a source for creating funds for economic stimulation, and a foundation for making economically justified management decisions.



Generally, forecasting is looking ahead. Forecasting profits equals projecting revenues and estimating expenses/costs to calculate predicted earnings (or projected profit). Moreover, this process is very essential for a company's financial success. Business proprietors can foresee the company's perspectives by analyzing past results. It allows them to regulate operations to mitigate/avoid future losses. These forecasts, often in the form of Pro Forma Income Statements and Cash Flow Statements, are also valuable for securing loans or attracting investors, especially as businesses grow and require more funding than what profits alone can provide.

Let's deal with facts that influence Pro Forma Statements. To prepare Pro Forma Statements, one needs to collect and verify various facts that influence future operations, including both external factors and previous financial results. They incorporate:

1. Information and statistics from previous financial reports (prior trends and sales levels; historical gross profit margin (or rate); the typical costs associated with a company's functions concerning general, administrative, and sales duties to support past sales levels; trends in the company's borrowing needs (including supplier, trade, and bank credit) for inventory levels and accounts receivable to maintain past sales volumes.

2. A company's exceptional data (its potential, capacity, competitiveness; economic constraints, and staff availability/skill level).

3. Data concerning general economic conditions (overall economic situation; a company's financial status in economic life; population density; price elasticity of a company's goods or services; presence of basic resources (raw materials)).

Thus, after determining all the above factors, they can be applied in Pro Formas, which measure possible future operations within sales, expenses, and profitability.

***The Pro Forma Income Statement: some recommendations to forecast.***

While developing the Pro Forma Income Statement, it's critical to forecast the estimation of total sales for a fixed time. One should focus on previous financial documents. Moreover, teamwork with sales personnel and management can assist in a complete financial projection. Then, assume that a 10 per cent growth in sales volume is a reasonable

and possible aim. L. H. Mackay recommends to “multiply last year’s net sales by 1.10 to obtain this year’s estimate of total net sales. Next, break down this total, month by month, by looking at the historical monthly sales volume. From this, you can determine what percentage of total annual sales fell on average in each of those months over a minimum of the past three years” [2, p. 23].

The next step is to assess the Cost of Goods Sold (COGS) by reviewing historical data to determine the typical COGS as a percentage of Net Sales. This percentage may be adjusted to reflect expected cost fluctuations, price trends and operational efficiencies.

By analysing and adjusting historical data and future projections in detail, you can estimate operating expenses (including sales, general and administrative expenses, depreciation and interest), other revenues and expenses as well as taxes. Collecting this information monthly for one year will give you a forecast income statement for your business, which should be used to compare with actual monthly figures.

Here are some tips how to prepare the financial data.

**Tip 1. Forecasting Revenue.** Distribute the revenue to the departments of your business. For a company focused on the sale and servicing of household appliances, for instance, the central business units can be categorised into several key areas, such as: sale of new appliances, used appliances, spare parts, on-site service, etc.

In the “Estimate” columns of the financial records, it’s important to provide a reasonable estimate of monthly sales figures for each business unit. It should encompass cash and non-cash payment methods to give a complete picture of expected revenue. In the “Actual” columns, the company should diligently record the confirmed monthly sales figures as they come in. It will help compare estimates with actual performance, allowing for analysis and adjustments in strategy as needed. In the “Revenue” section of the reports ensuring, that only income directly tied to the company’s core operating activities is included, is important. It means avoiding the inclusion of non-operational income or ancillary revenue that does not stem from the primary business functions related to the sale and service of household appliances. This clarity will aid in maintaining accurate financial assessments and decision-making.

**Tip 2. Cost of sales.** Display the costs by business department, according to the previous structuring.

In the “Estimate” columns, forecast monthly sales costs for each department. For calculating the cost of goods sold use the formula: beginning inventory + purchases + transportation costs – ending inventory. In the “Actual” columns, log the actual monthly expenses.

**Tip 3. Gross profit** is calculated by subtracting the Cost of Goods Sold (COGS) from Total Revenue.

**Tip 4. Expenses.** One should be aware of a number of expenses which must be forecast, among them are the following:

- wages and salaries;
- labour costs;
- outsourced services;
- supplies;
- repairs and maintenance;
- advertising;
- car, delivery and travel;
- accounting and legal services, etc.

The whole list of expenses can be seen here [2; 3].

**Tip 5. Net profit.** It is calculated by subtracting all Operating Expenses, Interest, and Taxes from Gross Profit (or by subtracting Total Expenses and Taxes from Total Revenue).

Thus, the Pro Forma Income Statement, prepared monthly with an annual forecast for the next financial year, should be reviewed at least quarterly. It should reflect actual results for the last three months to maintain its value as a key planning tool for management. Suppose the pro forma shows a low probability of profit from operations. In that case, strategies should be developed immediately to achieve at least breakeven by increasing sales, cutting costs or raising additional equity to reduce debt and related interest costs.

**Break-Even Analysis.** The concept of “breakeven” defines the level of business activity at which an enterprise generates neither profit nor loss. At this point, revenue fully covers total costs (fixed and variable costs). Break-even analysis is a tool for investigating the relationship between the volume of activity, costs and revenue [4].

The break-even point shows how much must be sold (in money or units of goods / services) over a specific period for revenues to cover all business expenses fully and for pre-tax profit to be zero. The owner or manager determines this level of sales using various formulas that consider projected sales, fixed and variable costs.

When describing costs to calculate the break-even point, it is usually assumed that:

- the price of each unit does not change depending on the quantity sold;
- fixed costs, such as rent, administrative staff salaries, office expenses, interest on loans and depreciation, remain the same regardless of sales;
- variable costs, such as cost of goods, direct labour costs (including overtime) and commissions, vary in direct proportion to changes in sales: they increase and decrease when sales decrease.

Two main approaches are used in break-even analysis: one to determine the break-even point in monetary terms (amount of sales revenue) and the other in physical terms (number of units sold).

To conclude, one should remember that extra sales don't guarantee bigger profits. Being aware of the company's break-even point, one can see clearly how to cost the goods to earn money. Otherwise, if you can not make a fair profit, you will have to sell the business or change its financial strategy before losing accumulated earnings.

### Important Vocabulary List: Unit 5 “PROJECTING REVENUES”

- 1) **current** ['kʌr.ənt] поточний, теперішній
- 2) **profit management** управління прибутком
- 3) **sustainable** [sə'steɪ.nə.bəl] сталий, стійкий, збалансований
- 4) **viability** [ˌvaɪ.ə'bɪl.ə.ti] життєздатність, ефективність, доцільність
- 5) **competitiveness** [kəm'pet.ɪ.tɪv.nəs] конкурентоспроможність
- 6) **justified** ['dʒʌs.tɪ.faid] виправданий, обґрунтований
- 7) **forecasting** ['fɔ:kɑ:stɪŋ] прогнозування, передбачення
- 8) **proprietor** [prə'praɪə.tər] власник, підприємець
- 9) **verify** ['ver.ɪ.fai] підтвердити, перевірити, верифікувати

- 10) **incorporate** [in'kɔ:.pə.rɪt] включати, додавати, інкорпорувати
- 11) **exceptional** [ɪk'sep.ʃən.əl] винятковий, надзвичайний, відмінний
- 12) **attainability** [ə'teɪnə'bɪlɪti] досяжність
- 13) **population density** [ˌpɒp.jə'leɪ.ʃən 'den.sɪ.ti] щільність населення
- 14) **estimation** [ˌes.tɪ'meɪ.ʃən] оцінка, розрахунок, визначення
- 15) **multiply** ['mʌl.tɪ.plaɪ] помножити, перемножити, збільшити
- 16) **adjust** [ə'dʒʌst] коригувати, налаштовувати, змінити
- 17) **fluctuation** [ˌflʌk.tʃu'eɪ.ʃən] коливання, флуктуація
- 18) **household appliance** [ˌhaʊs.həʊld ə'plaɪ.əns] побутовий прилад, побутова техніка
- 19) **encompass** [in'kʌm.pəs] охоплювати, включати
- 20) **diligently** ['dɪl.ɪ.dʒənt.li] старанно, ретельно, наполегливо
- 21) **ancillary revenue** [æn'sɪl.ər.i 'rev.ən.ju:] додатковий дохід, додаткові надходження
- 22) **accurate** ['æk.jə.rət] точний, правильний, достовірний
- 23) **log** [lɒg] реєструвати, записувати
- 24) **wages** ['weɪdʒɪz] заробітна плата (оплата за відпрацьований час або виконану роботу. Заробітна плата зазвичай розраховується на погодинній або поденній основі; працівник отримує гроші за фактично відпрацьовані години або кількість виконаної роботи)
- 25) **salary** ['sæl.ər.i] оклад (фіксована сума оплати за певний період часу (зазвичай місяць або рік); оклад не залежить від кількості фактично відпрацьованих годин; працівник отримує однакову суму грошей незалежно від того, скільки годин він відпрацював протягом цього періоду (за умови виконання своїх обов'язків))
- 26) **outsourced services** ['aʊt.sɔ:st 'sɜ:.vɪsɪz] зовнішні, аутсорсингові послуги
- 27) **quarterly** ['kwɔ:.təl.i] щоквартально
- 28) **breakeven** [ˌbreɪk'i:vən] самоокупність, беззбитковість  
*a break-even point – точка беззбитковості, точка нульового прибутку*  
*a break-even analysis – аналіз беззбитковості*
- 29) **commission** [kə'mɪʃ.ən] комісія (винагорода з продажу товару)
- 30) **otherwise** ['ʌð.ə.waɪz] інакше, в іншому випадку
- 31) **pre-tax profit** прибуток до оподаткування [5]

### 3. Write the correct words in the empty spaces.

*viable, owners, revenue, costs, wages, predicting, break-even, administration*

Effective financial <sup>1.</sup> \_\_\_\_\_ is essential for a company's success. It helps businesses remain <sup>2.</sup> \_\_\_\_\_ and competitive. <sup>3.</sup> \_\_\_\_\_ the future, such as sales, is a key part of this process. Business <sup>4.</sup> \_\_\_\_\_ use past data to forecast and avoid future losses. They carefully estimate <sup>5.</sup> \_\_\_\_\_ and <sup>6.</sup> \_\_\_\_\_ to determine profitability. The <sup>7.</sup> \_\_\_\_\_ point is crucial; it's the level where a business's income covers all its expenses, including employee <sup>8.</sup> \_\_\_\_\_.

### 4. Word families (Appendix II, III).

#### 4.1. Make up word families:

Verb	Adjust	Verify	Forecast	Compete	Justify	Supply
Noun						
Adjective						
Adverb						

#### 4.2. Organise the provided words into their respective word families and translate them into Ukrainian:

Earnings, supplier, sustainably, succeed, prediction, essentially, competitive, competitiveness, supplies, supply, predict, competition, sustenance, successful, earn, outsourcing, compete, sustainable, essence, predictably, earned, outsourcing, competitor, successful, essential, predictably, sustain

### 5. Select the item that doesn't fit the pattern and give your reasoning.

- revenue, expenses, profit, furniture
- forecasting, estimation, calculation, prediction
- wages, salary, commission, rent

- d) viable, sustainable, profitable, current
- e) proprietor, owner, shareholder, worker
- f) adjust, multiply, divide, add
- g) accurate, diligent, careless, precise
- h) ancillary revenue, sales, income, outcome
- i) breakeven, loss, profit, self-sufficiency
- j) household appliance, spare parts, equipment, service

### 6. Connect the words with their corresponding definitions.

1	ancillary	a	long-lasting, responsible, without harming or using up important resources
2	fluctuation	b	additional or extra; something that helps or supports
3	sustainable	c	hiring someone else to do part of your job
4	density	d	the ability of something to succeed or work successfully
5	break-even	e	hard-working, careful, thorough
6	diligent	f	something that can change or be changed
7	outsourcing	g	something losing its value over time
8	viability	h	the point where you're not winning or losing
9	variable	i	irregular, unsteady change or movement
10	depreciation	j	how much of something is in a space

1	2	3	4	5	6	7	8	9	10

### 7. Render the phrase combinations in Ukrainian.

Forecasting profits, testing past results, regulate the operations, secure loans, attracting investors, prepare Pro Forma Statements, collect various facts, support past sales levels, determine all the above factors, forecast the estimation of total sales, focus on previous financial documents, assist in a complete financial projection, multiply last year's net sales, assess the value of inventory sold, adjust historical data, estimate operating expenses, provide a reasonable estimate, record the confirmed monthly sales, subtracting total sales expenses, calculate net profit

### 8. Translate the following sentences into English.

1. Для підготовки форми звіту про прибутки та збитки необхідно зібрати різні факти та проаналізувати попередні тенденції.
2. Важливо точно оцінювати операційні витрати, включаючи заробітну плату та амортизацію.
3. Аналіз точки беззбитковості допомагає визначити рівень продажів, необхідний для покриття всіх витрат.
4. Компанії повинні прогнозувати майбутні прибутки, щоб приймати обґрунтовані управлінські рішення.
5. Додатковий дохід може включати надходження від послуг, не пов'язаних з основною діяльністю підприємства.
6. Ефективне управління прибутком сприяє сталому зростанню прибутковості та конкурентоспроможності компанії.
7. Власники бізнесу використовують минулі фінансові звіти для прогнозування майбутніх перспектив.
8. Обчислення собівартості реалізованої продукції включає початкові запаси, закупівлі та транспортні витрати.

### 9. Match each word with its corresponding synonym.

1	depreciation	a	evalaution
2	salary	b	carefully
3	estimation	c	contemporary
4	encompass	d	check
5	earnings	e	reduction
6	current	f	continuous
7	forecast	g	revenue
8	verify	h	wage
9	sustainable	i	contain
10	diligently	j	prediction

1	2	3	4	5	6	7	8	9	10



**10. Determine which of the following statements is the proper alternative.**

<b>1.</b> A current issue specifically within modern financial management research is the study of	<b>a)</b> human resource optimisation
	<b>b)</b> supply chain techniques
	<b>c)</b> effective means of profit management
	<b>d)</b> upgrades of IT structure
<b>2.</b> Why is profit forecasting considered essential for a company's financial success?	<b>a)</b> it helps to understand competitor strategies
	<b>b)</b> it allows business owners to foresee perspectives and avoid losses
	<b>c)</b> it makes the accounting process simpler
	<b>d)</b> it guarantees market share increase
<b>3.</b> What are the often-used forms for profit forecasts?	<b>a)</b> Balance Sheets and Equity Statements
	<b>b)</b> Pro Forma Income Statements and Cash Flow Statements
	<b>c)</b> Tax Returns and Statistical Reports
	<b>d)</b> Loan Agreements
<b>4.</b> What influences the preparation of the Pro Forma Statements?	<b>a)</b> only previous financial reports
	<b>b)</b> only current economic conditions
	<b>c)</b> information from previous financial reports, a company's exceptional data, and data concerning general economic conditions
	<b>d)</b> only the opinion of the company's management
<b>5.</b> What does L. H. Mackay recommend as a way to estimate total net sales for the year?	<b>a)</b> increase last year's net sales by a fixed amount
	<b>b)</b> multiply last year's net sales by 1.10.
	<b>c)</b> conduct a customer survey
	<b>d)</b> use the average sales figure from the last 10 years
<b>6.</b> How is the cost of goods sold calculated?	<b>a)</b> beginning inventory + purchases + transportation costs – ending inventory
	<b>b)</b> total revenue – net profit
	<b>c)</b> total expenses – gross profit
	<b>d)</b> beginning inventory – purchases + transportation costs + ending inventory

7. What is gross profit?	a) total revenue minus total expenses
	b) total revenue minus taxes
	c) total revenue minus the cost of goods sold
	d) net profit plus operating expenses
8. Which of the following is an expense that should be forecast?	a) only fixed costs
	b) only variable costs
	c) wages and salaries, rent, advertising, utilities, etc.
	d) only the cost of raw materials
9. What does the concept of “break-even” define?	a) the maximum level of production
	b) the minimum level of sales required to make a profit
	c) the level of business activity at which an enterprise generates neither profit nor loss
	d) the optimal level of investment
10. Which of these usually remains the same for each item you sell when figuring out the break-even point?	a) the cost of making each item
	b) the total amount of money you spend on rent
	c) the price you sell each item for
	d) the total amount of money you spend on advertising

## 11. Case study. Get to know the situation well and answer the questions.

### Making Ends Meet

“Sunshine Bakery” sells delicious cookies. Last year, they sold 10,000 cookies for £20 each, making a total revenue of £200,000.

Their costs were:

Ingredients and direct baking costs (Variable Costs): £8 per cookie.

Rent and other fixed costs (Fixed Costs): £60,000 for the year.

The owners want to know how many cookies they need to sell just to cover all their costs (break-even point). They also want to see what their profit would be if they sell 12,000 cookies next year.

**11.1. Insight Questions: discuss in pairs or small groups.**

- 1a) Why is it important for owners to know their break-even point? What happens if they sell fewer cookies than that?
- 1b) For every cookie “Sunshine Bakery” sells above the break-even point, what happens to their profit? Think about the contribution margin.
- 1c) If the cost of ingredients (a variable cost) goes up, what do you think will happen to the number of cookies they need to sell to break even? Why?
- 1d) If owners decide to rent a bigger oven, which increases their fixed costs, what will happen to their break-even point? Why?
- 1e) If “Sunshine Bakery” wants to make more profit, what are the two main things it could try to do? Think about revenue and costs.

**11.2. Match lexical items to their semantic equivalents.**

1) variable costs	a) rent, loan payments, staff salary
2) fixed costs	b) the money earned from sales of goods or services
3) break-even point	c) ingredients, direct baking labour, packaging
4) total revenue	d) total revenue equals total costs

1	2	3	4

**11.3. Put in order.**

“Sunshine Bakery” is going to solve its problems. Arrange the following four steps in a logical sequence:

1. Check Results: See if it worked and adjust if needed.
2. Find Solutions: Brainstorm possible fixes.
3. Take Action: Choose and implement a solution.
4. Define the Problem: Clearly state what’s wrong.

**11.4. Tick the statements you consider to be true or false.**

		True	False
1	“Sunshine Bakery”’s fixed costs change depending on how many cookies they sell.		
2	The variable cost per cookie for “Sunshine Bakery” is €20.		

3	If “Sunshine Bakery” sells exactly enough cookies to cover all its costs, they have reached its break-even point.		
4	If the selling price of “Sunshine Bakery’s” cookies increases, their break-even point in the number of cookies sold will likely go up.		

**12. Final Test** *15 points maximum (1 point for each correct answer).*

**12.1. MCQ (Multiple Choice Question).**

- 1. What is the main purpose of profit management?**
  - a) to decrease the company’s expenses
  - b) to increase the company’s profitability
  - c) to manage the employees of the company
  - d) to understand the actions of competitors
- 2. What is one benefit of forecasting profits for a company?**
  - a) it guarantees that the company will make a profit
  - b) it helps in predicting future potential losses
  - c) it makes the company’s products more popular
  - d) it reduces the amount of taxes the company has to pay
- 3. When preparing Pro Forma statements, one must look at:**
  - a) only the opinions of the company’s founders
  - b) information from past financial reports
  - c) only the current month’s sales figures
  - d) what the company’s competitors are doing
- 4. L. H. Mackay suggested a simple way to predict the next year’s total net sales by looking at:**
  - a) the average sales over the last ten years
  - b) current economic news
  - c) last year’s net sales
  - d) opinions of the sales team
- 5. What is subtracted in the formula for calculating the cost of goods sold?**
  - a) inventory at the beginning
  - b) purchases

- c) transportation costs
- d) ending inventory
- 6. **Gross profit is calculated by taking total revenue and subtracting:**
  - a) all operating expenses
  - b) cost of goods sold
  - c) taxes
  - d) net profit
- 7. **A Pro Forma Income Statement should be reviewed at least:**
  - a) daily
  - b) monthly
  - c) quarterly
  - d) annually
- 8. **The break-even point is when a business's total revenue is equal to its:**
  - a) total profit
  - b) total assets
  - c) total costs
  - d) total investments
- 9. **Extra sales don't automatically mean:**
  - a) lower expenses
  - b) bigger profits
  - c) more customers
  - d) less work
- 10. **Knowing a company's break-even point helps one understand how to price goods to:**
  - a) to sell more than competitors
  - b) earn money
  - c) pay lower tax
  - d) attract more investors

**12.2. Tick the statements you consider to be true or false.**

		True	False
1	Profit management is considered important for a company's long-term survival and ability to compete.		

2	Forecasting profits is primarily about looking at the company's current financial situation, not the future.		
3	Pro Forma Income Statements are historical documents that show past financial performance.		
4	The break-even point is the level of sales where a company starts to make a profit.		
5	Variable costs remain the same regardless of how much a company produces or sells.		

**13. Watch the video [6], make a list of words related to the topic, give answers to the following questions, and make a mind map for the subject matter discussed. Use <https://www.spiderscribe.net/>**

1. Why is it important to business as a whole to project revenue?
2. How to forecast revenue?
3. Explain how you comprehend the statement “understanding and forecasting revenue is how you work on the business”.
4. What is the function of a project manager?

**14. Analyse any academic paper in the list according to the plan (Appendix IV).**

1. Vardan Avagyan, Nuno Camacho, Wim A. Van der Stede, Stefan Stremersch. Financial projections in innovation selection: The role of scenario presentation, expertise, and risk. (2022). Retrieved from <https://www.sciencedirect.com/science/article/pii/S0167811621000902?via%3Dihub>
2. Whitfield R. I., Duffy A. H. B. Extended revenue forecasting within a service industry. (2013). Retrieved from <https://www.sciencedirect.com/science/article/abs/pii/S0925527311004786?via%3Dihub>
3. Arai Natsuki & Iizuka Nobuo & Yamamoto Yohei. The Efficiency of the Government's Revenue Projections. (2022). Retrieved from <https://ideas.repec.org/p/hit/hiasdp/hias-e-122.html>
4. Katarína Remeňová, Jakub Kintler, Nadežda Jankelová. The General Concept of the Revenue Model for Sustainability

Growth. (2020). Retrieved from <https://www.mdpi.com/2071-1050/12/16/6635>

5. Barbara Batóg, Jacek Batóg. Regional Government Revenue Forecasting: Risk Factors of Investment Financing. (2021). Retrieved from <https://www.mdpi.com/2227-9091/9/12/210>

## 15. Academic Research and Practical Application in Revenue Projection.

To bridge theoretical knowledge of revenue projection with practical application by exploring current academic research and its relevance to real-world financial management, do this assignment:

- from the “**Research and academic resources**” section of **APPENDIX V**, identify **one academic paper or research topic** that aligns with a concept you’ve recently studied related to **projecting revenues** (e.g., advanced forecasting models for sales, the impact of specific economic indicators on revenue accuracy, challenges in projecting revenues for new products or markets, the role of market segmentation in revenue forecasting, or the effects of digital marketing on projected sales);
- summarise the main findings or arguments of the selected research paper;
- discuss how the insights from this research could be applied by a financial manager to **improve the accuracy or methodology of revenue projection** in a real-world company;
- provide a concrete example of how a specific finding from the paper could lead to a better revenue forecast;
- reflect on how academic research contributes to the evolution of financial management practices, specifically in the area of revenue projection.

If you find a case study related to your chosen research topic (e.g., a company’s past revenue forecasting errors or successes, or a startup’s approach to initial revenue projection), analyse it using the concepts and findings from the academic paper.

**16. Work in pairs or groups. Select either *break-even analysis* or *pro forma income statement* document from Appendix VI. Prepare a short presentation, explaining:**

- What this document is.
- What it is used for.
- Who its main users are.
- What key terms are found in it.

Analyse this document as if you were a financial analyst.

**17. Fill in the three self-assessment tables. They will help you analyse your achievements and areas for development when studying the topic “*PROJECTING REVENUES*”. *Your honest and thoughtful evaluation is an integral part of your learning.***

Table 1

**How confident I am**

**Instruction:** for each learning objective, write 1–5 to assess your ability, where 1 = I don’t feel confident, 5 = I feel confident

Learning objective	How confident I am
1A I know what <i>forecasting</i> means	
1B I know what one should do to prepare <i>Pro Forma Statements</i>	
1C I know all <i>factors</i> that can be applied in Pro Formas	
1D I can give several recommendations while developing the <i>Pro Forma Income Statement</i>	
1E I can name some <i>tips</i> how to prepare the financial data	
1F I know what <i>break-even analysis</i> is	
1G I know the meanings of all the words related to the topic	
1H I can express my viewpoint on the topic	
1I I can watch the video and list new words	



<b>1J</b> I can see the video and sort the information	
<b>1K</b> I can navigate the text and respond to questions quickly	
<b>1L</b> I can analyse a scientific paper regarding the topic and express my opinion on its relevance and practical significance, paying attention to the main structural elements	
<b>1M</b> I can create a Mind Map	
<b>1N</b> I can connect theoretical knowledge of revenue projection with practical application by exploring current academic research and its relevance to real-world financial management	
<b>1O</b> I can analyse a financial document	

Table 2

**Which of the skills would you like to improve in? In what way?**

<b>Skill I want to improve in</b>	<b>How I can improve</b>
<i>Speaking</i>	
<i>Writing</i>	
<i>Listening</i>	
<i>Reading</i>	

Table 3

**What can you remember from this lesson?**

<b>New words I learned and most want to remember</b>	<b>Expressions and phrases I liked</b>	<b>English I heard or read outside the class</b>

### References:

1. 20 Tweetable Quotes on Revenue. (2025). Retrieved from <https://businessmarketingengine.com/20-tweetable-quotes-on-revenue/#:~:text=%E2%80%9CProfit%20is%20like%20oxygen%2C%20food,%2C%20there%20is%20no%20life.%E2%80%9D> (дата звернення: 07.05.2025).
2. Mackay L. H. Financial management: how to make a go of your business. (1986). Retrieved from [https://egrove.olemiss.edu/cgi/viewcontent.cgi?article=1277&context=acct\\_fed](https://egrove.olemiss.edu/cgi/viewcontent.cgi?article=1277&context=acct_fed) (дата звернення: 13.05.2025).
3. Income Statement Forecasting Guide. (2024). Retrieved from <https://www.wallstreetprep.com/knowledge/income-statement-forecasting/> (дата звернення: 13.05.2025).
4. Break-Even Analysis: Formula and Calculation. (2024). *Investopedia*. Retrieved from <https://www.investopedia.com/terms/b/breakevenanalysis.asp> (дата звернення: 13.05.2025).
5. Cambridge Dictionary. *English Pronunciation*. (2025). Retrieved from <https://dictionary.cambridge.org/pronunciation/> (дата звернення: 14.04.2025).
6. Projecting Revenue. (2022). *YouTube*. Retrieved from <https://www.youtube.com/watch?v=hPZHCwqXcLs> (дата звернення: 15.05.2025).

*“Revenue is vanity, profit is sanity, but cash is king”*

Unknown [1]

## UNIT 6

### ***CASH FLOW MANAGEMENT: REASONS OF ITS SIGNIFICANCE***

**1. Study and comprehend the keywords. Consult the Unit 6 Vocabulary and APPENDIX I if you need it. *The appendix explains and illustrates all financial terms in the textbook in depth. It is compiled in alphabetical order.***

Financial assets	Operating Cash Flow
Cash flows	Investing Cash Flow
Deficit and surplus	Financing Cash Flow
Non-cash items	Liquidity
CASH Flow Forecasting	Budgeting
Working Capital Management	Managing Excess Cash Flow
Sources of funding	Entity

**2. Read Lecture 6 attentively and be ready to translate it. If necessary, refer to the Unit 6 Vocabulary. Pay attention to the importance of Cash Flow Management.**

It is well-known that the foundation of any successful business lies not only in profit but also in the ability to manage the flow of money effectively. The concept of “cash flow” emerged in foreign financial analysis and management literature in the late 1950s and was used exclusively in determining the value of financial assets and assessing the effectiveness of capital (or investment) projects.

Cash flows are the foundation for all economic operations; they serve the enterprise's operational, investment, and financial activities. Rationally organised cash flows are essential for effective activity, as their deficit or excessive surplus can lead to a negative financial outcome for entities engaged in economic activity. In simpler terms, cash flow is the movement of funds into and out of a business. It is not the same as profit. Profit is the income minus expenses, which can include non-cash items such as depreciation. On the other hand, cash flow focuses solely on the actual movement of money. Besides, we should mention that the subjects of the enterprise's cash flows include: owners and shareholders; managers and employees of the enterprise; financial partners and suppliers; government institutions and organisations.

Referring to valid economic sources, we observe three main types of cash flows:

- **Operating Cash Flow** (OCF): “money generated by the core activities of the business. This is the most crucial type of cash flow, demonstrating how effectively a company converts its sales into cash” [2]. This is the net cash flow from routine business operations (excluding investment and financing activities).
- **Investing Cash Flow** (ICF): money used or generated by investment activities, such as purchasing or selling assets (for example, property, equipment, or securities);
- **Financing Cash Flow** (FCF): “money related to debt and equity financing. This includes the issuance or redemption of debt, the issuance of shares or share buybacks, and dividend payments” [3].

The question arises: Why is cash flow management so important? Liquidity is “a king”. A company may be profitable on paper, but it can become insolvent if it does not have sufficient cash to pay its bills. It is known as a liquidity crisis. Good cash flow management assists a business pay its short-term bills on time.

Among other reasons, financial analysts point out that liquidity, as cash flow management, helps ensure the long-term liquidity of the company, that is, its ability to meet its long-term financial obligations. Moreover, decision-making and business valuation play an essential role as accurate information about cash flow allows

managers to conclude about investments, financing, and operational activities. Investors, in their turn, often assess companies based on their ability to generate stable and positive cash flow.

The cash flow management system within the enterprise comprises various methods, tools, and specific techniques for the purposeful, continuous influence of the enterprise's finance department on the movement of cash resources to realise the set target. Let's specify ***cash flow management tools and methods***.

1. ***Cash Flow Forecasting.*** It is considered one of the key tools. It is an initial stage of cash flow planning, which allows for generating a forecast of cash flow generation, identifying the sources of their inflow over time and the direction of their use. Cash flow forecasting is based on the generalisation of information and its analysis, followed by modelling and considering all external and internal factors, financial indicators, and the prediction of possible development scenarios for the enterprise.
2. ***Budgeting.*** The company's cash budget (or "cash inflows and outflows balance") is one of the main instruments for managing cash flows. The basis of cash budgeting is calculations that enhance the turnover of assets and capital, ensure financial stability, and facilitate timely payments to partners in both domestic and foreign markets. Therefore, it is related to liquidity, solvency, and the economic capacity of enterprises to conduct business activities effectively.
3. ***Working Capital Management.*** It involves optimising current assets and current liabilities to maximise liquidity and profitability. It embraces accounts receivable management (accelerating collections from customers; it may include offering discounts for early payment, having an efficient billing process, and a stringent collection policy for recovering overdue debts), accounts payable management (optimising payment terms to suppliers; it may involve using longer payment terms without compromising relationships with suppliers), inventory management (minimising excess inventory that ties up cash; it may include using Just-in-Time (JIT) inventory systems or optimising inventory levels based on demand).

4. ***Managing Excess Cash Flow.*** If a company has surplus cash, these funds should not remain idle. They can be invested in short-term securities or used to pay down debt, which generates income or reduces interest expenses.
5. ***Sources of Funding.*** In the event of a shortage of funds, managers should consider options for short-term financing, such as: lines of credit (flexible credit agreements that allow the company to borrow funds as needed), short-term loans (the ones with a relatively short repayment period), factoring accounts receivable (selling accounts receivable to a third party at a discount for immediate cash).

Factors that influence cash flow include the overall macroeconomic situation, the state and direction of legislation regulating business activity, the level of payment discipline in the state, the condition of the sales market, the financial market circumstances, and so on. These factors are external to individual enterprises, yet they significantly influence their potential opportunities for generating financial resources. The more favourable the macroeconomic situation, the more liberal the business law and economy are to entrepreneurs, and the higher the demand in the consumer market, the better the offerings in the financial market, leading to improved opportunities for enterprises in generating financial resources.

To improve the effectiveness of cash flow management in businesses, it is essential to:

- integrate calculations of cash flow indicators as measures of financial stability and liquidity;
- explore cash flow patterns specific to the industry and incorporate them into the enterprise's accounting and analytical practices;
- recognise cash flows in accounting, including operational aspects, to ensure the timely and comprehensive information support needed for analysing cash movement within organisations;
- enhance the approach to cash flow analysis;
- take into account the factors affecting the movement of funds of domestic economic entities in conditions of uncertainty and risk.

Finally, businesses must recognise that various external factors, from macroeconomic conditions to legislative frameworks, significantly influence cash flow. By integrating cash flow indicators,

understanding industry-specific patterns, enhancing analytical approaches, and accounting for uncertainties and risks, enterprises can significantly improve their cash flow management effectiveness. Ultimately, a proactive and sophisticated approach to cash flow ensures survival and sustained growth and competitiveness in a dynamic economic landscape.

### **Important Vocabulary List: Unit 6 “CASH FLOW MANAGEMENT: REASONS OF ITS SIGNIFICANCE”**

- 1) **foundation** [faʊn'deɪ.ʃən] заснування, фундамент, фонд
- 2) **cash flow** рух грошових коштів
- 3) **emerge** [ɪ'mɜːdʒ] виходити, впливати, виявлятися, з'ясовуватися
- 4) **exclusively** [ɪks'kluː.sɪv.li] ексклюзивно, виключно
- 5) **deficit** ['defɪ.tɪt] брак, дефіцит
- 6) **surplus** ['sɜː.pləs] лишок, решта
- 7) **entity** ['en.tɪ.ti] суб'єкт господарювання
- 8) **solely** ['səʊl.li] єдино, тільки
- 9) **Operating Cash Flow** операційний грошовий потік
- 10) **Investing Cash Flow** інвестиційний грошовий потік
- 11) **Financing Cash Flow** грошовий потік фінансування
- 12) **issuance** ['ɪʃ.u.əns] видача, випуск, оформлення
- 13) **redemption** [rɪ'demp.ʃən] погашення (боргу/облігацій), викуп (акцій)
- 14) **insolvent** [ɪn'sɒl.vənt] неплатоспроможний
- 15) **external** [ɪk'stɜː.nəl] зовнішній
- 16) **internal** [ɪn'tɜː.nəl] внутрішній
- 17) **stringent** ['strɪn.dʒənt] жорсткий
- 18) **just-in-time** своєчасний, оперативний, «точно в строк» (система JIT)
- 19) **Cash Flow Forecasting** прогнозування грошового потоку
- 20) **Budgeting** бюджетування, планування бюджету
- 21) **Working Capital Management** управління оборотним капіталом
- 22) **accounts receivable management** управління дебіторською заборгованістю

- 23) **accounts payable management** управління кредиторською заборгованістю
- 24) **inventory management** управління запасами
- 25) **Managing Excess Cash Flow** управління надлишковим грошовим потоком
- 26) **idle** ['aɪ.dəl] непрацюючий, простоючий, незадіяний (про кошти)
- 27) **Sources of Funding** джерела фінансування
- 28) **lines of credit** кредитні лінії
- 29) **factoring accounts receivable** факторинг дебіторської заборгованості
- 30) **uncertainty** [ʌn'sɜː.tən.ti] невизначеність, нестабільність, неясність [4]

### 3. Write the correct words in the empty spaces.

*profit, cash flows, non-cash items, Operating Cash Flow, Investing Cash Flow, Financing Cash Flow, liquidity, budgeting*

The success of any business depends not only on making a good <sup>1.</sup> \_\_\_\_\_, but also on how well it manages its money. This is where the concept of “<sup>2.</sup> \_\_\_\_\_” comes in. It’s the actual movement of money into and out of a business, and it’s different from profit, which can include things like depreciation, known as <sup>3.</sup> \_\_\_\_\_.

There are three main types of cash flows. Money from the main activities of a business is called <sup>4.</sup> \_\_\_\_\_. When a company buys or sells assets, it’s known as <sup>5.</sup> \_\_\_\_\_. And money related to debt or equity, like paying dividends, is called <sup>6.</sup> \_\_\_\_\_.

Good cash flow management is very important for a company’s <sup>7.</sup> \_\_\_\_\_, meaning its ability to pay bills on time. Tools like Cash Flow Forecasting and <sup>8.</sup> \_\_\_\_\_ help companies plan their money.



**4. Word families (Appendix II, III).****4.1. Make up word families:**

Verb	Oblige	Act	Share	Found	Observe	Enable
Noun						
Adjective						
Adverb						

**4.2. Organise the provided words into their respective word families and translate them into Ukrainian:**

Improve, investigator, depend, method, certain, payment, improved, movement, investigate, ascertain, payable, mover, certainly, methodical, improved, movable, dependency, dependence, improved, independence, pay, methodize, certain, independence, improved, certainty, pay, payment, independence, investigator, movement, improved, independence

**5. Select the item that doesn't fit the pattern and give your reasoning.**

- Operating Cash Flow, Investing Cash Flow, depreciation, Financing Cash Flow
- liquidity, solvency, profit, financial stability
- Cash Flow Forecasting, budgeting, marketing campaign, Working Capital Management
- owners, shareholders, financial partners, competitors
- accounts payable management, product development, accounts receivable management, inventory management
- short-term loans, lines of credit, factoring accounts receivable, issuance of shares
- deficit, surplus, revenue, shortage
- property, equipment, securities, salary
- timely payments, financial obligations, brand recognition, bills
- macroeconomic situation, sales market, financial market, employee training programs

## 6. Connect the words with their corresponding definitions.

1	redemption	a	refers to the act of formally giving out or selling something, like new shares or debt
2	surplus	b	a separate unit or organisation, like a company or a business
3	issuance	c	very strict, precise, or severe
4	insolvency	d	to make something happen faster or increase its speed
5	cash-flow	e	an amount that is more than what is needed or usual
6	solely	f	a situation where a company cannot pay its debts when they are due
7	entity	g	when a company buys back its own shares or pays back a debt
8	accelerate	h	only or exclusively
9	excess	i	having more of something than you need, like extra cash
10	stringent	j	the actual movement of money coming into and going out of a business

1	2	3	4	5	6	7	8	9	10

## 7. Render the phrase combinations in Ukrainian.

Foundation of any successful business, manage the flow of money effectively, concept of “cash flow”, operational, investment, and financial activities, movement of funds into and out of a business, income minus expenses, owners and shareholders, financial partners and suppliers, operating Cash Flow (OCF), investing Cash Flow (ICF), financing Cash Flow (FCF), liquidity is “a king”, short-term bills on time, long-term financial obligations, cash flow forecasting, working capital management, managing excess cash flow, sources of funding, overall macroeconomic situation, sustained growth and competitiveness

**8. Translate the following sentences into English.**

1. Успішне управління грошовими потоками є життєво важливим для будь-якого підприємства.
2. Операційний грошовий потік демонструє, наскільки результативно фірма перетворює продажі у готівку.
3. Для підтримки ліквідності компанії необхідно уважно стежити за її дефіцитом та надлишком коштів.
4. Прогнозування грошових потоків допомагає компаніям планувати майбутні доходи та витрати.
5. Бюджетування є ключовим інструментом для забезпечення фінансової стабільності та своєчасних платежів.
6. Управління оборотним капіталом включає оптимізацію дебіторської та кредиторської заборгованості.
7. Інвестиційний грошовий потік відображає рух коштів, пов'язаних з придбанням або продажем активів.
8. Фінансовий грошовий потік стосується залучення капіталу та виплати дивідендів.

**9. Match each word with its corresponding synonym.**

<b>1</b>	inventory	<b>a</b>	inactive
<b>2</b>	uncertainty	<b>b</b>	excess
<b>3</b>	idle	<b>c</b>	flow
<b>4</b>	stringent	<b>d</b>	laws
<b>5</b>	surplus	<b>e</b>	stock
<b>6</b>	movement	<b>f</b>	total
<b>7</b>	legislation	<b>g</b>	create
<b>8</b>	overall	<b>h</b>	assess
<b>9</b>	generate	<b>i</b>	severe
<b>10</b>	calculate	<b>j</b>	doubt

1	2	3	4	5	6	7	8	9	10

**10. Determine which of the following statements is the proper alternative.**

<b>1.</b> What is the main difference between cash flow and profit?	<b>a)</b> profit includes all income, cash flow only expenses; cash flow is consistently higher than profit
	<b>b)</b> cash flow consistently exceeds profit, while profit can include non-cash items
	<b>c)</b> they are exactly the same thing
	<b>d)</b> cash flow is always higher than profit
<b>2.</b> Which type of cash flow is generated by the core activities of the business?	<b>a)</b> investing Cash Flow
	<b>b)</b> financing Cash Flow
	<b>c)</b> operating Cash Flow
	<b>d)</b> deficit Cash Flow
<b>3.</b> If a company buys new equipment, this activity is recorded under:	<b>a)</b> operating Cash Flow
	<b>b)</b> investing Cash Flow
	<b>c)</b> financing Cash Flow
	<b>d)</b> excess Cash Flow
<b>4.</b> Why is good cash flow management important for a business?	<b>a)</b> it helps to win awards
	<b>b)</b> it guarantees that the company can pay its short-term bills promptly
	<b>c)</b> it enhances the company's image by making it appear larger
	<b>d)</b> it reduces the need for employees
<b>5.</b> What is a "liquidity crisis"?	<b>a)</b> when a business holds an excessive amount of cash
	<b>b)</b> when a company is unable to settle its debts due to insufficient cash flow
	<b>c)</b> when a company is highly profitable
	<b>d)</b> when a company has strong sales of its products
<b>6.</b> Which of these is NOT a main type of cash flow mentioned in the lecture?	<b>a)</b> operating Cash Flow
	<b>b)</b> investing Cash Flow
	<b>c)</b> marketing Cash Flow
	<b>d)</b> financing Cash Flow
<b>7.</b> What is one of the key tools for cash flow planning, helping to predict future cash inflow and outflow?	<b>a)</b> budgeting
	<b>b)</b> market research
	<b>c)</b> employee training
	<b>d)</b> product development

<b>8.</b> When a company has surplus cash, what is a recommended action?	<b>a)</b> leave the funds idle in a bank account
	<b>b)</b> invest them in short-term securities or pay down debt
	<b>c)</b> use it to buy expensive cars for managers
	<b>d)</b> distribute it all as bonuses
<b>9.</b> What does Working Capital Management involve?	<b>a)</b> managing only the company's long-term debts
	<b>b)</b> optimising current assets and current liabilities
	<b>c)</b> focusing solely on increasing sales
	<b>d)</b> hiring new staff
<b>10.</b> Which of these is a factor that influences cash flow and is independent of individual enterprise activities?	<b>a)</b> company's internal decisions
	<b>b)</b> employee salaries
	<b>c)</b> overall macroeconomic situation
	<b>d)</b> product pricing strategy

### **11. Case study. Get to know the situation well and answer the questions.**

#### **Case Study: "GreenGrowth Organics"**

GreenGrowth Organics is a small, rapidly expanding company based in Odesa, Ukraine, that specialises in producing and distributing organic fertilizers. The company has seen significant sales growth over the past year, but despite this, its founder, Ms. Kateryna Bondarenko, is increasingly concerned about the company's financial health. She often finds it difficult to pay suppliers on time, and sometimes even employee salaries are delayed. The bank recently declined their request for a new loan, citing "insufficient liquidity". Ms. Bondarenko recalls learning about "cash flow management" in a recent business seminar, but isn't sure how to apply it to GreenGrowth Organics. She knows that profit on paper doesn't always translate to cash in the bank.

#### **Financial Snapshot:**

Last Quarter's Profit: \$50,000 (calculated after depreciation of new machinery).

Accounts Receivable (money owed by customers): \$80,000 (average collection period: 60 days).

Accounts Payable (money owed to suppliers): \$45,000 (average payment period: 30 days).

Inventory (raw materials and finished goods): \$30,000 (high levels due to bulk purchasing for discounts).

Current Cash Balance: \$10,000.

Ms. Bondarenko's Challenges:

- Suppliers are becoming impatient.
- Employees are losing morale due to delayed payments.
- The company missed an opportunity to purchase a new, more efficient delivery truck because of a lack of immediate funds.
- She doesn't understand why the company is profitable but struggling with cash.

**11.1. Insight Questions: discuss in pairs or small groups.**

- 1a) Define the problem: In your own words, explain "GreenGrowth Organics" core financial problem. Why is "profit on paper" not enough for Ms. Bondarenko?
- 1b) Identify Cash Flow types, provide examples of the following types of cash flows for GreenGrowth Organics:
  - Operating Cash Flow (potential issues).
  - Investing Cash Flow (missed opportunity).
  - Financing Cash Flow (potential challenges).
- 1c) Propose solutions (Cash Flow Management Tools): suggest at least three specific tools or methods from Unit 6 that "GreenGrowth Organics" could implement to improve its cash flow. For each tool, explain how it would help solve Ms. Bondarenko's problems (hint: consider Working Capital Management).
- 1d) Long-Term Impact: if "GreenGrowth Organics" successfully implements your suggestions, what would be the long-term benefits for the company's financial health and operational stability?

**11.2. Match lexical items to their semantic equivalents.**

1) distribute	a) become larger or to make something larger
2) expand	b) happening later than expected or planned
3) concerned	c) share something among a group of people, or to spread it out
4) delayed	d) worried or troubled about something

1	2	3	4

**11.3. Put in order.**

Here are four logical steps to solve a case study problem. Arrange them in a logical sequence:

1. Examine all given information, including financial figures and situational details, to understand the problem's scope.
2. Based on your analysis and relevant knowledge, suggest specific actions or strategies to address the identified problems.
3. Consider the potential outcomes and benefits of your proposed solutions, both short-term and long-term.
4. Identify the core issue and key challenges presented in the case.

**11.4. Tick the statements you consider to be true or false.**

		True	False
1	"GreenGrowth Organics" primary problem is that it is not profitable.		
2	Delayed payments to suppliers and employees suggest a liquidity problem for "GreenGrowth Organics".		
3	The high level of Accounts Receivable at "GreenGrowth Organics" means the company has a lot of cash available.		
4	Missing the opportunity to buy a new delivery truck is an example of a challenge related to Investing Cash Flow for "GreenGrowth Organics".		

**12. Final Test** 15 points maximum (1 point for each correct answer).

**12.1. MCQ (Multiple Choice Question).**

1. According to the lecture, when did the concept of "cash flow" emerge in foreign financial analysis and management literature?
  - a) early 1900s
  - b) late 1950s

- c) 1980s
- d) early 2000s
- 2. **What is the “foundation for all economic operations” of an enterprise?**
  - a) profit
  - b) non-cash items
  - c) cash flows
  - d) depreciation
- 3. **Besides owners and shareholders, who else is mentioned as a subject of the enterprise’s cash flows?**
  - a) competitors
  - b) government institutions and organizations
  - c) customers
  - d) marketing agencies
- 4. **What specifically illustrates Operating Cash Flow, according to the lecture?**
  - a) how much debt a company has
  - b) how effectively a company converts its sales into cash
  - c) the value of its long-term investments
  - d) the amount of dividends paid
- 5. **Financing Cash Flow includes activities related to:**
  - a) purchasing property and equipment
  - b) issuance or redemption of debt and shares
  - c) daily sales and expenses
  - d) managing inventory levels
- 6. **Which cash flow management tool is described as an “initial stage of cash flow planning” that identifies sources of inflow and direction of use?**
  - a) budgeting
  - b) working capital management
  - c) cash flow forecasting
  - d) managing excess cash flow
- 7. **What is the company’s cash budget also referred to as in the lecture?**
  - a) profit and loss statement
  - b) cash inflows and outflows balance



- c) Balance Sheet
- d) investment portfolio
- 8. **What is one specific action mentioned under Accounts Receivable Management to accelerate collections from customers?**
  - a) offering longer payment terms
  - b) offering discounts for early payment
  - c) increasing prices
  - d) reducing product quality
- 9. **If a company uses longer payment terms without compromising relationships with suppliers, which management area is it optimising?**
  - a) accounts receivable management
  - b) inventory management
  - c) accounts payable management
  - d) cash flow forecasting
- 10. **Which external factor, independent of individual enterprises, is mentioned as influencing cash flow?**
  - a) the company's advertising budget
  - b) the overall macroeconomic situation
  - c) employee salaries
  - d) internal business decisions

**12.2. Tick the statements you consider to be true or false.**

		True	False
1	Profit and cash flow are the same thing.		
2	Operating Cash Flow is the money used or generated by investment activities.		
3	Liquidity is important because it helps a business pay its short-term bills on time.		
4	Cash Flow Forecasting is an initial stage of cash flow planning.		
5	If a company has surplus cash, it should always remain idle.		

**13. Watch the video [5], make a list of words related to the topic, give answers to the following questions, and make a mind map for the subject matter discussed. Use <https://www.spiderscribe.net/>**

1. Why is lack of cash flow one of the main causes of small business failure?
2. Why is cash flow management one of your important duties?
3. Explain the theses “You can have a very profitable business but still have a major cash flow problem”.
4. How to get cash flow?

**14. Analyse any academic paper in the list according to the plan (Appendix IV).**

1. Abenakyo Joyce, Zikusooka Enock. Cash Flow Management and Its Impact on the Success of Small and Medium Sized Enterprises. A Case Study of Imaniro Sub County Mayuge District. (2024). Retrieved from [https://www.researchgate.net/publication/381706425\\_Cash\\_Flow\\_Management\\_And\\_Its\\_Impact\\_On\\_The\\_Success\\_Of\\_Small\\_And\\_Medium\\_Sized\\_Enterprises\\_A\\_Case\\_Study\\_Of\\_Imaniro\\_Sub\\_County\\_Mayuge\\_District](https://www.researchgate.net/publication/381706425_Cash_Flow_Management_And_Its_Impact_On_The_Success_Of_Small_And_Medium_Sized_Enterprises_A_Case_Study_Of_Imaniro_Sub_County_Mayuge_District)
2. Abbasov S. Improving cash flow management. (2021). Retrieved from [http://www.evd-journal.org/download/2021/4\(66\)/06-Abbasov.pdf](http://www.evd-journal.org/download/2021/4(66)/06-Abbasov.pdf)
3. Fahmida Laghari, Farhan Ahmed, María de las Nieves López García. Cash flow management and its effect on firm performance: Empirical evidence on non-financial firms of China. (2023). Retrieved from [https://www.researchgate.net/publication/371730020\\_Cash\\_flow\\_management\\_and\\_its\\_effect\\_on\\_firm\\_performance\\_Empirical\\_evidence\\_on\\_non-financial\\_firms\\_of\\_China](https://www.researchgate.net/publication/371730020_Cash_flow_management_and_its_effect_on_firm_performance_Empirical_evidence_on_non-financial_firms_of_China)
4. Harish Reddy Danigam, Eswar Reddy Roll. A Study on Cash Flow Management in Building Materials Industry. (2024). Retrieved from <https://ijrpr.com/uploads/V5ISSUE5/IJRPR27506.pdf>
5. Ferri S., Tron A., Fiume R., & Della Corte G. The relation between cash flows and economic performance in the digital age: An empirical analysis. (2020). Retrieved from <https://virtusinterpress.org/IMG/pdf/cocv17i3art6.pdf>

### 15. Identifying Innovation in Cash Flow Management Tools.

To recognise emerging trends and innovative tools that are transforming the practice of cash flow management, do this assignment:

- review the “**News and analytical resources**” and “**Research and academic resources**” in APPENDIX V, looking for discussions about emerging technologies or innovative approaches specifically impacting **cash flow management** (e.g., AI/Machine Learning for cash flow forecasting, real-time cash visibility platforms, automated accounts payable/receivable, blockchain for supply chain finance influencing cash cycles, predictive analytics for liquidity management, or FinTech solutions for optimising working capital);
- select **one specific innovation or technology** that directly relates to improving or transforming cash flow management;
- research this innovation using the provided resources (or reputable external sources if needed, acknowledging them);
- write a short analytical report (approx. 300–500 words) that;
- describes the innovation and its primary function in the context of cash flow management;
- explains how it is transforming a specific aspect of **cash flow management** (e.g., improving the accuracy of cash flow forecasting, enhancing liquidity management, optimising working capital, or streamlining payment processes). Refer back to the reasons for cash flow significance discussed in the lecture (e.g., liquidity, decision-making, business valuation);
- discusses the potential benefits (e.g., increased efficiency, better decision-making, reduced liquidity risk) and challenges (e.g., implementation cost, data security, integration issues) of its adoption for businesses;
- concludes with your perspective on its long-term impact on the financial management profession, particularly concerning the strategic importance of cash flow.

**16. Work in pairs or groups. Select a *cash flow statement* document from Appendix VI. Prepare a short presentation, explaining:**

- What this document is.
- What it is used for.

- Who its main users are.
  - What key terms are found in it.
- Analyse this document as if you were a financial analyst.

**17. Fill in the three self-assessment tables. They will help you analyse your achievements and areas for development when studying the topic “*CASH FLOW MANAGEMENT: REASONS OF ITS SIGNIFICANCE*”. Your honest and thoughtful evaluation is an integral part of your learning.**

Table 1

**How confident I am**

**Instruction:** for each learning objective, write 1–5 to assess your ability, where 1 = I don’t feel confident, 5 = I feel confident

Learning objective	How confident I am
<b>1A</b> I know what <i>cash flow</i> is	
<b>1B</b> I know why cash flow is essential for effective activity	
<b>1C</b> I know <i>three main types</i> of cash flow and can name them	
<b>1D</b> I know what acronyms <i>OCF, ICF</i> and <i>FCF</i> mean	
<b>1E</b> I can specify <i>cash flow management tools and methods</i>	
<b>1F</b> I know how to improve the effectiveness of cash flow management in business	
<b>1G</b> I know the meanings of all the words related to the topic	
<b>1H</b> I can express my viewpoint on the topic	
<b>1I</b> I can watch the video and list new words	
<b>1J</b> I can see the video and sort the information	
<b>1K</b> I can navigate the text and respond to questions quickly	
<b>1L</b> I can analyse a scientific paper regarding the topic and express my opinion on its relevance and practical significance, paying attention to the main structural elements	

<b>1M</b> I can create a Mind Map	
<b>1N</b> I can identify innovation in cash flow management tools	
<b>1O</b> I can analyse a financial document	

Table 2

**Which of the skills would you like to improve in? In what way?**

<b>Skill I want to improve in</b>	<b>How I can improve</b>
<i>Speaking</i>	
<i>Writing</i>	
<i>Listening</i>	
<i>Reading</i>	

Table 3

**What can you remember from this lesson?**

<b>New words I learned and most want to remember</b>	<b>Expressions and phrases I liked</b>	<b>English I heard or read outside the class</b>

**References:**

1. 10 Thought-Provoking Cash Flow Quotes and Expressions. (2025). Retrieved from <https://www.forwardly.com/blog/10-thought-provoking-cash-flow-quotes-and-expressions/> (дата звернення: 21.05.2025).
2. What Is Operating Cash Flow (OCF)? (2025). *Investopedia*. Retrieved from <https://www.investopedia.com/terms/o/operatingcashflow.asp> (дата звернення: 21.05.2025).
3. Cash Flow Statement. (2025). Retrieved from <https://web.finqube.io/knowledge/accounting/cash-flow-statement/> (дата звернення: 21.05.2025).
4. Cambridge Dictionary. *English Pronunciation*. (2025). Retrieved from <https://dictionary.cambridge.org/pronunciation/> (дата звернення: 14.04.2025).
5. Cash Flow Management Strategies for Small Business. (2018). *YouTube*. Retrieved from <https://www.youtube.com/watch?v=IB2qqDQ66iA> (дата звернення: 21.05.2025).

*“Optimising working capital management improves financial efficiency, enhances cash flow, and boosts overall profitability for companies”*

Hendrith Vanlon Smith Jr. [1]

## UNIT 7

### ***RAISING FINANCIAL RESOURCES: EQUITY AND DEBT CAPITAL***

**1. Study and comprehend the keywords. Consult the Unit 7 Vocabulary and APPENDIX I if you need it. *The appendix explains and illustrates all financial terms in the textbook in depth. It is compiled in alphabetical order.***

Debt capital	Wealth formation
Operational activities	Economic entity
Investment activities	Equity
Loan capital	Debt finance
Borrowed capital	Equity finance
Shares	Bonds
Venture capital	Derivatives
Trade credit	Crowdfunding

**2. Read Lecture 7 attentively and be ready to translate it. If necessary, refer to the Unit 7 Vocabulary. Pay attention to securing funding options: shares and loan capital.**

Financial stability shapes the image of an economic entity; it is often considered its business card. The success of any economic entity, regardless of its form of ownership and type of activity, largely depends on the correct choice of sources for capital formation and the directions of capital distribution and utilisation available to the enterprise.

Financial forecasting is integral to managing business activity, providing the necessary and optimal conditions for business development.

By analysing and synthesising information from various valid sources, we note that capital is the accumulated stock of economic goods in the form of monetary funds and tangible capital goods, saved by its owner and involved in the financial process as an investment resource and production factor to generate income. Its functioning within the economic system is based on market principles and is connected to the factors of time, risk, and liquidity.

Based on the given definition of capital, the following characteristics can be identified:

- the capital of an enterprise is a primary factor of production;
- capital represents the financial resources of the enterprise that generate income;
- capital is the primary source of wealth formation for its owners;
- the capital of the enterprise is the primary measure of its market value;
- the dynamics of the company's capital are the most crucial barometer of the efficiency level of the enterprise's economic activities.

The primary task of the financial activities of enterprises is to mobilise capital to finance their operational and investment activities. The term “financing” encompasses all measures aimed at meeting the enterprise's capital needs, which include mobilising financial resources (monetary funds, their equivalents, and property assets), their repayment, as well as the relationships between the enterprise and capital providers that arise from this (payment relations, control, and security).

Financial resource mobilisation sources are classified into external and internal funding, by the legal status of investors – *equity* (shareholder) and *debt* (borrowed) *capital*.

*Equity* can be formed from contributions by the owners of the enterprise or through the reinvestment of profits.

The morphological assessment of the concept of “equity capital of an enterprise” is presented in the scientific paper of O. Shcherban

and M. Strukova [2]. According to the authors, “equity capital of an enterprise refers to the financial resources of the enterprise without the specification of a repayment term to its founders in monetary, material, and intangible forms, which are engaged in the economic process of the business entity’s activities” [2, p. 737].

Equity is the investment made by owners, the internal sources of the enterprise, which are contributed by the founders or retained by them in the business from net profit without a specified repayment period. The components of equity show the amount that owners have provided to the enterprise as contributions or retained in the form of retained earnings, or the amount that the enterprise has received at its disposal without repayment from other legal entities and individuals. Acquired funds include bank loans, investments, leasing, grants, and other forms of financing that allow for the expansion of operations and the implementation of new projects.

Cambridge dictionary defines equity in this way: “equity is the value of a company, divided into many equal parts owned by the shareholders, or one of the equal parts into which the value of a company is divided” [3]. Equity is the value returned to shareholders after liquidating assets and settling debts [4].

**Debt capital** characterises the total amount of a company’s debt and encompasses: long-term liabilities – obligations that are settled over a period exceeding one year. The main types of these obligations are long-term loans and borrowings. Short-term liabilities – obligations that are covered by current assets or settled through the formation of new short-term liabilities. They are settled within a short period (with a term not exceeding 1 year). Distinguishing short-term liabilities as a separate group is vital for monitoring the liquidity of the balance sheet.

“Debt capital is money that a company borrows from banks, investors, etc. which is calculated as part of the company’s total capital” [5]. Synonyms for this financial term are *loan capital*, *borrowed capital*, *debt finance*.

Debt capital, similar to equity, can be sourced from both external and internal origins.

**External sources** of borrowing capital include: bank loans (long-term and short-term); payables for material assets, completed work,



and services; liabilities for settlements (from received advances, with the budget, for wages, etc.).

**Internal sources** of borrowing capital may include expenses and payments accrued during the reporting period (including so-called stable liabilities (e.g., accrued expenses)) and income for future periods.

It is noted that an enterprise using borrowed funds (bank credit, bond loans) has a higher financial potential for economic growth and opportunities to increase the profitability of its own capital [6].

Financial instruments are an essential component of the loan capital market. These instruments enable companies and governments to raise funds for project implementation, business expansion, or other financial needs. Various criteria can classify maturity, risk level, and ownership structure.

Here are several types of financial instruments that are often used as borrowed capital:

- *shares*: they represent ownership in companies. Shareholders generally have voting rights at shareholders' meetings and the opportunity to receive profit in the form of dividends. A share is one of the ways to raise capital;
- *bonds*: these are debt obligations of the issuer (the borrower) to the depositors (creditors);
- *corporate loans*: companies can obtain loans from banks or other financial institutions to finance their activities. In this case, the company repays the borrowed funds plus interest under a short-term or long-term loan;
- *derivatives*: these are financial assets whose values are derived from other financial assets. Derivatives can be used to reduce risks, but they may also involve high complexity and risk.

Therefore, these financial instruments provide companies with various opportunities for raising capital, taking into account their needs and financing strategies. The selection of a particular financial instrument can be influenced by various factors, including the degree of risk, loan conditions, capital costs, investor interests, and others.

**Venture capital** and **crowdfunding** are two significant forms of capital raising, each with advantages and disadvantages. **Venture capital** is a form of financing where investors contribute money

to startups and other enterprises with high growth potential in exchange for equity stakes in the company. Venture capital provides substantial funds to help the company grow and develop [7]. Venture capital investors may participate in the company's management and assist it in making strategic decisions. Startups gain not only funding but also the experience and contacts of venture investors. This type of capital is often used to expand business operations and introduce new products to the market.

**Crowdfunding** is a method of raising funds that allows the collection of financial resources from many people via the Internet. This approach has become popular among startups, non-profit organisations, creative projects, and other initiatives. It enables the acquisition of necessary funds, tests interest in the project, obtains feedback, and builds a community around the idea [8].

Another essential type of borrowed capital is trade credit. **Trade credit** is a form of financing provided to a company to support its working capital needs in trading goods and services [9]. It can serve as one of the elements to support the company's operational activities and its ability to fulfil agreements.

This type of debt capital is an essential tool for businesses; moreover, it allows companies to trade and expand their activities without tying up a large amount of money in the form of their working capital.

Thus, the main ways to ensure an adequate level of financial stability and minimise the risks generated by the enterprise are to create conditions for financing activities through internal resources and credit operations. It is essential to clearly define the advantages and disadvantages of financing activities from different sources. Utilising a particular source to improve the overall value of capital should be associated with a comprehensive evaluation of the implications of such actions to guarantee future solvency and financial stability. It should correlate with the need to maximise the ultimate positive financial result of the enterprise's activities.

## Important Vocabulary List: Unit 7 “FUNDING FOR BUSINESSES: DIVERSE SOURCES OF CAPITAL”

- 1) **debt capital** [det 'kæp.ɪ.təl] позичковий капітал, позиковий капітал, залучений капітал, частина грошових засобів підприємства, установи тощо, яка одержана за допомогою позички і підлягає поверненню із виплатою відсотків  
*to pay interest on ~ сплачувати/сплатити відсоток за позиковий капітал; to repay ~ сплачувати/сплатити позиковий капітал; повертати/повернути позиковий капітал*
- 2) **equity** ['ek.wɪ.ti] власний капітал, акціонерний капітал, чисті активи  
*equity finance – фінансування власним коштом; фінансування за рахунок власного капіталу  
 owner's equity – власний капітал; власний акціонерний капітал; акціонерний капітал власна частка в капіталі підприємства  
 shareholder's equity – акціонерний капітал; капітал акціонерів; власний капітал; власний акціонерний капітал  
 власна частка в капіталі підприємства, компанії (company)*
- 3) **entity** ['en.tɪ.ti] підприємство, організація, об'єкт, установа
- 4) **regardless of something** [rɪ'gɑːd.ləs] незалежно від, незважаючи на
- 5) **stock** [stɒk] акція, запас, склад, фонд
- 6) **tangible** ['tæŋ.dʒə.bəl] матеріальний, реальний, конкретний
- 7) **primary** ['praɪ.mər.i] первинний, основний, початковий
- 8) **wealth** [welθ] статок, добробут, багатство, майно
- 9) **operational activities** [ˌɒp.ər'eɪ.ʃən.əl æk'tɪv.ə.tɪz] оперативна діяльність, оперативні заходи
- 10) at **someone's disposal** [dɪ'spəʊ.zəl] у розпорядженні особи, в наявності у когось
- 11) **obligation** [ˌɒb.lɪ'geɪ.ʃən] обов'язок, борг, зобов'язання
- 12) **settle over** ['set.əl 'əʊ.vər] влаштовувати (питання, проблему), домовлятися  
*settle over a matter – з'ясовувати питання, домовлятися про справу  
 settle – погашати борг, розраховуватися*

- 13) **profitability** [ˌprɒf.ɪ.təˈbɪl.ə.ti] прибутковість, рентабельність
- 14) **enable** [ɪˈneɪ.bəl] дозволяти, забезпечувати, активувати
- 15) **implementation** [ˌɪm.plɪ.menˈteɪ.ʃən] реалізація, впровадження, здійснення
- 16) **maturity dates** [məˈtʃʊə.rə.ti] погашення, термін погашення
- 17) **shares** [ʃeəz] акції
- 18) **bonds** [bɒndz] облигації
- 19) **corporate loan** [ˈkɔː.pər.ət ləʊn] корпоративний кредит
- 20) **derivatives** [dɪˈrɪv.ə.tɪvz] похідні цінні папери, вторинні інструменти, вторинні цінні папери, деривативи (розм.), похідні фінансові інструменти
- 21) **venture capital** [ˈven.tʃər] венчурний капітал, ризиковий капітал
- 22) **crowdfunding** [ˈkraʊd.fʌn.dɪŋ] краудфандінг, гуртове фінансування, (фінансування гуртом)
- 23) **non-profit organisations** неприбуткові (некомерційні) організації
- 24) **trade credit** комерційний кредит, кредит постачальника
- 25) **fulfil agreement** [fʊlˈfɪl əˈɡriː.mənt] виконувати договір, домовленість [10]

### 3. Write the correct words in the empty spaces.

*debt capital, equity, operational activities, economic entity, investment activities, shares, bonds, crowdfunding, startups*

Financial stability is crucial for any <sup>1.</sup> \_\_\_\_\_. Businesses need to effectively choose sources for capital formation to support both their <sup>2.</sup> \_\_\_\_\_ and <sup>3.</sup> \_\_\_\_\_. One main way to raise financial resources is through <sup>4.</sup> \_\_\_\_\_, which represents ownership in the company and can be formed from owners' contributions or reinvested profits. Alternatively, businesses can use <sup>5.</sup> \_\_\_\_\_, which involves borrowing money. Common financial instruments for this include <sup>6.</sup> \_\_\_\_\_, which are debt obligations, and <sup>7.</sup> \_\_\_\_\_, which are a method of raising funds from many people via the internet, popular for <sup>8.</sup> \_\_\_\_\_.

**4. Word families (Appendix II, III).****4.1. Make up word families:**

<b>Verb</b>	Serve	Grow	Substantiate	Organise	Derive	Define
<b>Noun</b>						
<b>Adjective</b>						
<b>Adverb</b>						

**4.2. Organise the provided words into their respective word families and translate them into Ukrainian:**

Distribution, produce, indirectly, generate, trader, capitalize, distribute, production, wealthy, borrower, wealth, indirect, traded, reproducibility, generator, unborrowed, generate, direct, unproductive, borrowing, commonwealth, productive, directly, distribute, capitalist, producer, distributive, direction, decapitalize, trade, generative, trading, redirect, capitalism, capital, untradeable, generating, product, generation

**5. Select the item that doesn't fit the pattern and give your reasoning.**

- bank loan, equity, shares, venture capital
- owner's contributions, long-term liabilities, short-term liabilities, bonds
- operational activities, financial forecasting, investment activities, financing activities
- crowdfunding, venture capital, trade credit, dividends
- shares, balance sheet, bonds, corporate loans
- internal funding, financial stability, external funding, equity capital
- repayment term, liquidity, wealth formation, risk
- bank credit, retained earnings, bond loans, payables
- financial instruments, economic entity, derivatives, corporate loans
- financial resources, monetary funds, business card, property assets

## 6. Connect the words with their corresponding definitions.

1	equity	a	the process of creating riches or assets
2	debt capital	b	the value of a company owned by shareholders
3	wealth formation	c	money a company borrows from banks or investors
4	operational activities	d	the act of putting a plan into effect
5	tangible	e	real, material, or concrete
6	obligation	f	financing provided to startups with high growth potential in exchange for ownership
7	profitability	g	a duty or commitment
8	enable	h	the ability to make a profit
9	implementation	i	to allow or make possible
10	venture capital	j	the regular, day-to-day work of a business

1	2	3	4	5	6	7	8	9	10

## 7. Render the phrase combinations in Ukrainian.

Debt capital repayment, wealth formation process, operational activities funding, economic entity's image, investment activities financing, equity finance option, loan capital sources, debt finance instruments, borrowed capital mobilisation, equity shares issuance, bonds maturity, venture capital investment, derivatives trading, trade credit terms, crowdfunding platform, fulfil agreement terms, enhance profitability, enable implementation, primary obligation, tangible assets value

## 8. Translate the following sentences into English.

1. Фінансова стабільність є візитною карткою будь-якого економічного суб'єкта.
2. Власний капітал може формуватися за рахунок внесків власників або реінвестування прибутку.
3. Для фінансування операційної діяльності підприємства часто використовують короткострокові позики.

4. Позиковий капітал включає довгострокові та короткострокові зобов'язання.
5. Акції представляють собою частку власності в компанії, а облигації – боргові зобов'язання.
6. Венчурний капітал відіграє ключову роль як джерело фінансування для стартапів із великим потенціалом розвитку.
7. Краудфандинг дозволяє збирати кошти від великої кількості людей через інтернет.
8. Комерційний кредит підтримує потреби компанії в оборотному капіталі для торговельних операцій.

### 9. Match each word with its corresponding synonym.

1	wealth	a	liabilities
2	implementation	b	fee
3	obligations	c	material
4	financial resources	d	realization
5	economic entity	e	shareholder's capital
6	tangible	f	essential
7	primary	g	loan
8	equity	h	monetary fund
9	debt	i	prosperity
10	payment	j	enterprise

### 10. Determine which of the following statements is the proper alternative.

1. What is a primary characteristic of capital according to Lecture 7?	a) it is solely used for short-term operational expenses
	b) it represents the financial resources of the enterprise that generate income
	c) it is always repaid to owners within one year
	d) it only includes tangible capital goods
2. How are financial resource mobilisation sources primarily classified by the legal status of investors?	a) short-term and long-term funding
	b) internal and external funding
	c) equity (shareholder) and debt (borrowed) capital
	d) public and private funding

<b>3.</b> According to the lecture, what is a key feature of equity?	<b>a)</b> it must always be repaid to its founders within a specified period
	<b>b)</b> it is primarily raised through bank loans and corporate bonds
	<b>c)</b> it is investment made by owners without a specified repayment period
	<b>d)</b> it characterises the total amount of a company's debt
<b>4.</b> What does debt capital primarily characterise?	<b>a)</b> the value of a company divided into equal parts for shareholders
	<b>b)</b> funds retained by owners from net profit
	<b>c)</b> the total amount of a company's debt, including long-term and short-term liabilities
	<b>d)</b> investments made in startups for equity stakes
<b>5.</b> Which of these is a form of debt capital mentioned in the lecture?	<b>a)</b> shares
	<b>b)</b> retained earnings
	<b>c)</b> corporate loans
	<b>d)</b> venture capital
<b>6.</b> What is the main purpose of financial instruments in the loan capital market?	<b>a)</b> to allow companies to receive profit in the form of dividends
	<b>b)</b> to help companies and governments raise funds for various needs
	<b>c)</b> to guarantee full ownership in companies without debt
	<b>d)</b> to replace all internal sources of capital
<b>7.</b> What is the primary difference between shares and bonds, as described in the lecture?	<b>a)</b> shares are debt obligations, while bonds represent ownership
	<b>b)</b> shares represent ownership in companies, while bonds are debt obligations of the issuer
	<b>c)</b> both shares and bonds are forms of equity finance
	<b>d)</b> both shares and bonds are typically short-term liabilities
<b>8.</b> A key feature of venture capital, according to the lecture, is that investors:	<b>a)</b> primarily provide short-term loans with high interest rates
	<b>b)</b> contribute money to startups in exchange for equity stakes and may participate in management
	<b>c)</b> collect financial resources from many people via the Internet for projects
	<b>d)</b> offer a form of financing provided to a company to support its working capital needs



<b>9.</b> What is a defining characteristic of crowdfunding?	<b>a)</b> it involves obtaining loans from banks or financial institutions
	<b>b)</b> it is a method of raising funds from many people via the Internet
	<b>c)</b> it provides financing for working capital needs in trading goods
	<b>d)</b> it is exclusive to large, established corporations
<b>10.</b> What is the primary purpose of trade credit, as described in the lecture?	<b>a)</b> to provide long-term investment for business expansion into new markets
	<b>b)</b> to offer a form of financing to support a company's working capital needs in trading goods and services
	<b>c)</b> to allow shareholders to receive profit in the form of dividends
	<b>d)</b> to reduce risks associated with financial instruments like derivatives

### **11. Case study. Get to know the situation well and answer the questions.**

#### **Case Study: EcoGrow Innovations – Funding for Sustainable Expansion**

EcoGrow Innovations, a startup specialising in eco-friendly packaging, has developed a successful prototype and proven initial market interest. However, their internal funds are limited. To meet growing demand and continue innovation, EcoGrow needs to raise \$5 million for crucial activities like expanding production capacity (new machinery, larger facility) and investing in further R&D for next-generation products.

Maria Kovalenko, the CEO, understands that securing this external financing is vital but also presents a significant challenge. She must choose a funding path that ensures EcoGrow's "financial stability" while allowing her to maintain a reasonable level of control over the company.

#### **The Financial Dilemma:**

Maria is currently weighing her primary options for mobilising these financial resources. She is considering:

- Equity Financing: attracting external investors by issuing "shares", possibly through "venture capital";

- Debt Financing: taking on substantial “corporate loans” from banks;
- Alternative Methods: exploring the feasibility of “crowdfunding” for a portion of the funds, and leveraging “trade credit” for operational needs.

Maria needs to assess the implications of each choice on EcoGrow’s future.

### ***11.1. Insight Questions: discuss in pairs or small groups.***

- 1a) How do EcoGrow’s funding needs for “expanding production capacity” and “investing in further R&D” relate to the concepts of “operational activities” and “investment activities” discussed in the lecture?
- 1b) Compare the main “advantages and disadvantages” of using “equity capital” (like venture capital) versus “debt capital” (like bank loans) for EcoGrow’s \$5 million goal. Consider aspects such as control, financial risk, and repayment obligations.
- 1c) Briefly evaluate “crowdfunding” and “trade credit” as potential sources for EcoGrow. How might each of these specifically benefit the company?
- 1d) Based on your analysis, what primary type of “financial resource” (equity or debt), or a combination thereof, would you recommend for EcoGrow’s \$5 million need, and why? Justify your recommendation using concepts from Lecture 7.

### ***11.2. Match lexical items to their semantic equivalents.***

1) startup	a) the first working version of a new product or design, built to test an idea and see if it works, before making many copies
2) packaging	b) difficult task or problem that requires effort to overcome, something hard you need to do or deal with
3) prototype	c) a brand new company that’s just beginning; it’s trying to do something innovative or quickly grow a business idea, often with technology
4) challenge	d) materials used to wrap or protect products (boxes, bags, bottles – anything that holds or covers something you buy)

1	2	3	4

**11.3. Put in order.**

“EcoGrow” is going to solve its problems. Arrange the following four steps in a logical sequence:

1. Recommend & Justify: state your solution clearly, explaining why it’s best for the specific case.
2. Analyse Options with Concepts: evaluate each solution’s pros/cons using lecture terms.
3. Understand the Core Problem: quickly identify the main challenge and key facts.
4. Structure Clearly: organise your answer logically with a clear recommendation.

**11.4. Tick the statements you consider to be true or false.**

		True	False
1	EcoGrow Innovations is a startup specialising in eco-friendly packaging solutions.		
2	Maria Kovalenko’s primary goal in raising \$5 million is to pay off existing company debts.		
3	Maintaining control over the company is one of Maria’s main concerns regarding financing options.		
4	The case study suggests that EcoGrow Innovations has abundant internal financial resources to fund its expansion.		

**12. Final Test 15 points maximum (1 point for each correct answer).****12.1. MCQ (Multiple Choice Question).**

1. According to the lecture, what does the dynamics of a company’s capital indicate?
  - a) the level of its short-term liabilities
  - b) the most crucial barometer of the efficiency level of the enterprise’s economic activities

- c) the total amount of dividends paid
- d) only the external funding sources
- 2. **The term “financing” in the context of enterprise activities encompasses all measures aimed at:**
  - a) liquidating assets and settling all debts
  - b) maximising immediate profit for shareholders only
  - c) meeting the enterprise’s capital needs, including mobilising resources and their repayment
  - d) avoiding all forms of borrowed capital
- 3. **Which of the following is identified as an \*internal\* source of borrowing capital?**
  - a) bank loans
  - b) payables for material assets
  - c) expenses and payments accrued during the reporting period (stable liabilities)
  - d) corporate loans
- 4. **Besides bank loans, what other “external” sources of borrowing capital are mentioned?**
  - a) reinvested profits and retained earnings
  - b) income for future periods and stable liabilities
  - c) payables for material assets and liabilities for settlements (e.g., with the budget)
  - d) owner’s contributions and shares
- 5. **According to the lecture, derivatives can be used to:**
  - a) represent ownership in companies
  - b) reduce risks, but may also involve high complexity and risk
  - c) secure long-term corporate loans only
  - d) collect financial resources from many people via the Internet
- 6. **In addition to providing substantial funds, what unique role might venture capital investors play in the company’s management?**
  - a) they solely handle the company’s daily operational activities
  - b) they always demand full ownership of the company
  - c) they may participate in management and assist in strategic decisions
  - d) they are primarily responsible for short-term liabilities only

7. **Beyond simply acquiring necessary funds, what other benefits does crowdfunding offer, according to the lecture?**
- it guarantees full control for the original founders
  - it allows testing interest in the project, obtaining feedback, and building a community
  - it primarily provides long-term bank loans
  - it only attracts non-profit organizations
8. **A significant benefit of trade credit for businesses is that it:**
- provides equity stakes in the company
  - allows companies to trade and expand activities without tying up a large amount of their working capital
  - is a form of highly complex derivative instrument
  - is only available for investment activities, not operational
9. **When choosing a specific source for capital, it should correlate with the need to:**
- minimise the company's market value
  - maximise the ultimate positive financial result of the enterprise's activities
  - increase the amount of short-term liabilities indefinitely
  - rely solely on external funding, avoiding internal resource
10. **What is stated about financial stability in relation to an economic entity?**
- it only matters for very large corporations
  - it shapes the image of an economic entity and is its business card
  - it is solely determined by the amount of debt capital
  - it is irrelevant to the success of an economic entity

**12.2. Tick the statements you consider to be true or false.**

		True	False
1	Financial forecasting is presented as an optional activity for managing business development.		
2	Capital is defined as only tangible capital goods, excluding monetary funds.		
3	An enterprise using borrowed funds is noted to have a higher financial potential for economic growth.		

4	Shareholders generally have voting rights at shareholders' meetings and the opportunity to receive profit in the form of dividends.		
5	The choice of a specific financial instrument is independent of factors like risk level and loan terms.		

**13. Watch the video [11], make a list of words related to the topic, give answers to the following questions, and make a mind map for the subject matter discussed. Use <https://www.spiderscribe.net/>**

1. What are the sources of startup funding?
2. Where can we get funds for our startups from?
3. What are the different stages of funding?
4. What kind of returns do investors look for?

**14. Analyse any academic paper in the list according to the plan (Appendix IV).**

1. Desman Serius Nazara, Deny Purwo Sambodo, Dede Hertina. Effect of Equity Financing and Debt Financing on Company Profitability. (2023). Retrieved from [https://www.researchgate.net/publication/374464725\\_Effect\\_of\\_Equity\\_Financing\\_and\\_Debt\\_Financing\\_on\\_Company\\_Profitability](https://www.researchgate.net/publication/374464725_Effect_of_Equity_Financing_and_Debt_Financing_on_Company_Profitability)
2. Sufian Radwan Almanaseer. The Impact of Equity Financing on Financial Performance: Evidence from Jordan. (2024). Retrieved from [https://www.researchgate.net/publication/383799902\\_The\\_Impact\\_of\\_Equity\\_Financing\\_on\\_Financial\\_Performance\\_Evidence\\_from\\_Jordan](https://www.researchgate.net/publication/383799902_The_Impact_of_Equity_Financing_on_Financial_Performance_Evidence_from_Jordan)
3. Alzubi K., & Bani-Hani A. Determinants of debt-to-equity and its impact on the performance of industrial companies listed on Amman Stock Exchange. (2021). Retrieved from <https://virtusinterpress.org/IMG/pdf/jgrv10i4siart15.pdf>
4. Anna Deias, Alessandro Magrini. The Impact of Equity Funding Dynamics on Venture Success: An Empirical Analysis Based on Crunchbase Data. (2023). Retrieved from <https://www.mdpi.com/2227-7099/11/1/19>

5. Richard Arhinful, Leviticus Mensah, Halkawt Ismail Mohammed Amin & Hayford Asare Obeng. The influence of cost of debt, cost of equity and weighted average cost of capital on dividend policy decision: evidence from non-financial companies listed on the Frankfurt Stock Exchange. (2024). Retrieved from <https://fbj.springeropen.com/articles/10.1186/s43093-024-00384-8>

### 15. Exploring Tools for Raising Equity and Debt Capital.

To identify and evaluate practical tools and platforms that assist in the process of raising financial resources through equity and debt capital, do this assignment:

- explore the **“Training platforms and courses”** section in **APPENDIX V**. Many of these platforms often feature or teach about specific financial software, analytical tools, or data resources relevant to capital markets and fundraising;
- identify at least **two types of financial management tools or software** (e.g., equity valuation tools, debt structuring software, crowdfunding platforms, investor relations management systems, financial modeling software for fundraising, bond issuance platforms, or tools for analysing the cost of capital) that are mentioned or implied by the resources listed and are directly applicable to **raising equity or debt capital**;
- for each tool/software type;
- briefly describe its primary function in the context of raising financial resources;
- explain which specific aspects of **raising equity and debt capital** (e.g., valuing shares for issuance, structuring loan agreements, connecting with investors, managing crowdfunding campaigns, calculating optimal capital structure, or assessing borrowing costs) it helps with;
- discuss the benefits of using such tools for a financial manager involved in capital mobilisation;
- consider how access to such platforms and their tools enhances a student’s practical skills in securing and managing a company’s financial resources.

**16. Work in pairs or groups. Select either a *term sheet* or *crowdfunding project* document from Appendix VI. Prepare a short presentation, explaining:**

- What this document is.
- What it is used for.
- Who its main users are.
- What key terms are found in it.

Analyse this document as if you were a financial analyst.

**17. Fill in the three self-assessment tables. They will help you analyse your achievements and areas for development when studying the topic “*RAISING FINANCIAL RESOURCES: EQUITY AND DEBT CAPITAL*”. Your honest and thoughtful evaluation is an integral part of your learning.**

Table 1

**How confident I am**

**Instruction:** for each learning objective, write 1–5 to assess your ability, where 1 = I don’t feel confident, 5 = I feel confident

Learning objective	How confident I am
<b>1A</b> I know what <i>capital</i> is	
<b>1B</b> I know its main <i>characteristics</i>	
<b>1C</b> I know the classifications of <i>financial resource mobilisation sources</i>	
<b>1D</b> I know what <i>equity</i> is	
<b>1E</b> I know what <i>debt capital</i> characterises	
<b>1F</b> I know <i>external</i> and <i>internal origins of debt capital</i>	
<b>1G</b> I know what <i>venture capital</i> is	
<b>1H</b> I know what <i>crowdfunding</i> is	
<b>1I</b> I know what <i>trade credit</i> allows companies to do	
<b>1J</b> I know the meanings of all the words related to the topic	
<b>1K</b> I can express my viewpoint on the topic	



<b>1L</b> I can watch the video and list new words	
<b>1M</b> I can see the video and sort the information	
<b>1N</b> I can navigate the text and respond to questions quickly	
<b>1O</b> I can analyse a scientific paper regarding the topic and express my opinion on its relevance and practical significance, paying attention to the main structural elements	
<b>1P</b> I can create a Mind Map	
<b>1Q</b> I can explore tools for raising equity and debt capital	
<b>1R</b> I can analyse a financial document	

Table 2

**Which of the skills would you like to improve in? In what way?**

<b>Skill I want to improve in</b>	<b>How I can improve</b>
<i>Speaking</i>	
<i>Writing</i>	
<i>Listening</i>	
<i>Reading</i>	

Table 3

**What can you remember from this lesson?**

<b>New words I learned and most want to remember</b>	<b>Expressions and phrases I liked</b>	<b>English I heard or read outside the class</b>

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  5. Debt Capital. *Cambridge Dictionary*. (2025). Retrieved from <https://dictionary.cambridge.org/dictionary/english/debt-capital> (дата звернення: 21.06.2025).
  6. What is Debt Capital. (2025). Retrieved from <https://www.bajajfinserv.in/debt-capital> (дата звернення: 21.06.2025).
  7. What Is Venture Capital? Definition, Pros, Cons, and How It Works. *Investopedia*. (2025). Retrieved from <https://www.investopedia.com/terms/v/venturecapital.asp> (дата звернення: 21.06.2025).
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*“Invest for the long haul.  
Don’t get too greedy and don’t get too scared”*

Shelby M. C. Davis [1]

## UNIT 8

### ***CAPITAL BUDGETING, INVESTMENT DECISIONS AND RISKS***

**1. Study and comprehend the keywords. Consult the Unit 8 Vocabulary and APPENDIX I if you need it. *The appendix explains and illustrates all financial terms in the textbook in depth. It is compiled in alphabetical order.***

Capital budgeting	Investment project
Investment	Strategic investment project
Investment decision	Tactical investment project
Static methods	Net Present Value
Dynamic methods	Internal Rate of Return
Investment risk	Payback Period
Market/systemic risk	Profitability Index
Business/unsystematic risk	Minimisation of investment risk

**2. Read Lecture 8 attentively and be ready to translate it. If necessary, refer to the Unit 8 Vocabulary. Pay attention to capital budgeting, investment activities, and concepts that are closely correlated with them.**

One of the critical areas of activity in international financial management is ***capital budgeting*** – the process of analysing the effectiveness of investments, which aims to evaluate and select the best options for long-term capital allocation [2]. The Glossary

of Financial Terms defines the following: “Capital budgeting is the process of choosing the firm’s long-term capital assets” [3]. Financial resources, whose material basis is money, have value over time.

Capital budgeting helps companies align their investment decisions with their overall strategic objectives. By evaluating potential projects based on their contribution to the company’s long-term goals, businesses can prioritise projects that will stimulate growth, innovation, and competitiveness.

Capital budgeting consists of several key stages: identifying potential investment projects, assessing and analysing these projects, making investment decisions, preparing the budget, and executing and monitoring the budget’s implementation.

The term “*investment*” comes from the Latin word “*invest*”, which means “*to place in*”. The Cambridge Dictionary provides the following explanation for *capital investment*: “money that is spent on buildings and equipment to increase the effectiveness of a business” [4].

Investments can be regarded in their essence and properties as an object of management, a means of attracting capital into the economic process, a possibility for utilising accumulated capital in other forms, a source of generating the effects of entrepreneurial activity, an object of market relations, an object of ownership and disposition, an object providing a time advantage, and a carrier of risk and liquidity factors. In a broad sense, investments are the commitment of capital (deployment of capital) with the aim of its growth [5]. In this context, the capital increase should be sufficient to compensate the investor for foregoing the use of funds for consumption in the present period, reward them for the risk taken, and offset future inflation losses.

Modern domestic and foreign economic sources demonstrate various classifications of investments according to specific criteria, such as:

1. By investment objects: real investments; financial investments.
2. By method of participation in the investment process: direct investments; indirect investments.
3. Depending on the ownership structure of investors: government investments; private investments; foreign investments; joint investments.

4. By investment period: short-term investments; long-term investments.
5. By regional characteristics: domestic investments; external investments (capital outflow) [5].

**An investment decision** is a decision regarding allocating funds into assets at a specific time to achieve future profit. These constitute actions undertaken by the individual deciding concerning the prudent deployment of financial and real investments [6].

All decisions related to investment activities can be classified as follows:

- 1) mandatory investments, that is, those necessary for the firm to continue its operations: decisions aimed at reducing environmental harm; improving working conditions in compliance with state regulations;
- 2) decisions aimed at reducing expenses: decisions regarding the improvement of applied technologies; enhancing the quality of products, work, and services; improving labour organisation and management; decisions aimed at expanding and renewing the firm: investments in new construction (the erection of facilities that will have the status of a legal entity); investments in firm expansion (the construction of facilities on new sites); investments in the reconstruction of the firm; investments in technical re-equipment (replacement and modernisation of equipment);
- 3) decisions regarding the acquisition of financial assets: decisions aimed at creating strategic alliances (syndicates, consortiums, etc.); decisions about the acquisition of firms (manager); decisions on the use of complex financial instruments in operations involving fixed capital;
- 4) decisions regarding the development of new markets and services;
- 5) decisions regarding the acquisition of intangible assets.

Let's emphasise that the investment decision is a crucial stage that precedes implementing an **investment project**. It determines whether it is worth investing resources in a particular project, considering its potential benefits and risks. Thus, the investment decision is the foundation for developing and implementing an investment project.

It is crucial to highlight that the diversity of processes occurring in the economic system of a given country can be presented as a combination of social, technical, organisational, financial, and other projects.

A project related to implementing the full investment cycle (from the capital investment to commissioning and profit generation) is called an *investment project* [7].

Thus, an investment project should be understood as a set of documents defining the necessity and feasibility of carrying out real investment, encompassing the economic, legal, organisational, technical, and other aspects of investment planning.

The analysis and synthesis of information sources indicate that investment projects are divided into:

- strategic – involving a change in the profile of activity and/or ownership form of the enterprise;
- tactical – aimed at increasing the volumes and improving the quality of produced goods by altering parts of the production technology, modernising fixed assets, retraining staff, and so on [8].

An investment project can exist in the form of:

- a zero project, which involves the establishment of a new production facility;
- reconstruction – the implementation of advanced technologies without changing the profile of the enterprise;
- expansion or rehabilitation (repurposing) of an existing enterprise [7].

As the results of the analysis of the factual material indicate, investment projects can be grouped according to the following criteria:

- by the size of investments: large; medium; small;
- by investment directions: direct; portfolio; innovative; foreign; overseas;
- by the use of assets: consumer; paper; entrepreneurial;
- by motivation: forced; sales volume increase; income increase; obtaining super-profits;
- by the level of technological readiness: preliminary; ready for construction; ready for operation;
- by reproduction forms: renewal; reconstruction; technical re-equipping; new construction;

- by ownership forms: state; individual; collective; joint;
- by level of autonomy: independent of the implementation of other projects; dependent on the implementation of other projects [9].

**Methods for evaluating the effectiveness of investment projects** – ways of determining the feasibility of long-term capital investment (investment) in various assets (sectors) to assess the prospects of their profitability and payback [10].

At the current stage, there are **two main groups of methods for assessing the economic efficiency of investment projects**:

1. Static methods involve the calculation of indicators based on undiscounted cash flows, meaning they do not consider the changing value of money over time. Such techniques were primarily used in the context of a command-administrative system.
2. Dynamic methods – in contrast, consider the changing value of money over time and involve bringing the values of all cash flows to the same period through discounting or compounding. It is a dynamic method widely applied in most countries worldwide. They have proven to be the most conceptually correct and generally suitable for application in market conditions [10].

Dynamic methods of evaluating the effectiveness of investment projects should include key indicators such as **Net Present Value (NPV)**, **Internal Rate of Return (IRR)**, **Payback Period (PP)**, and **Profitability Index (PI)** [10].

Investment activities are always future-oriented and involve significant uncertainty regarding the economic situation and people's behaviour. Consequently, investors must identify, analyse, and assess the potential impact of investment risks on executing investment activities.

**Investment risk** is the threat or probability of completely or partially failing to achieve the planned investment objectives, such as profit or social impact, and incurring financial losses [11]. The most common classification of investment risks divides them into two groups:

- **market/systemic risk** – dependent on adverse conditions across all sectors of the economy;
- **business/unsystematic risk** – dependent on the conditions of a specific project [12].

Systematic risks, such as economic downturns or geopolitical events, are associated with the entire market. Unsystematic risks are specific to a company, such as operational inefficiencies, legal issues, and changes in product demand.

Managing investment risks involves a specific sequence of stages, the proper implementation of which will help avoid losses from risk events.

**Stage 1. Identification of risks.** This stage involves: recognising the need to identify investment risks; gathering information from both external and internal environments about the need for identifying investment risks; processing the obtained data to identify factors that may influence the emergence of investment risks; evaluating and analysing the obtained information regarding the sources and causes of potential investment risks within the identified influencing factors, and so on.

**Stage 2. Analysis of already identified investment risks.** This stage focuses on: assessing the likelihood of a risk event occurring; determining the project's resilience to the identified risks; evaluating potential financial losses; establishing an acceptable level of risk; and developing anti-risk management technology for the investment project.

**Stage 3. Development of risk minimisation measures.** When developing measures to minimise investment risks, it is first necessary to determine which of the three risk zones the identified risk falls into:

- risk-free zone: the risk is negligible, financial losses are virtually non-existent, and guaranteed receipt of a financial result within the expected amount of profit from investment activities;
- acceptable risk zone: medium level of risk, possible financial losses amounting to the calculated profit from investment activities;
- critical risk zone: the risk is high, with potential financial losses exceeding the expected calculated profit from investment activities.

**Stage 4. Evaluation of the effectiveness of this process.** The primary goal of this phase is to assess the alignment between the costs associated with risk management and the outcomes achieved. The success of investment risk management should be measured using the following criteria:

- the level of economic benefit from the expenses incurred in risk management;



- the level of minimisation of investment risk due to the implementation of management measures;
- the level of achievement of planned results from the application of the developed risk management measures;
- the appropriateness and timeliness of the application of risk management measures;
- the effectiveness of the measures taken in risk management, etc. [11].

Thus, effective capital budgeting and thoughtful management of investment risks are key to the successful development of any company in today's dynamic economic environment.

### **Important Vocabulary List: Unit 8 “CAPITAL BUDGETING, INVESTMENT DECISIONS AND RISKS”**

- 1) **capital budgeting** [ˌkæpɪtəl ˈbʌdʒɪtɪŋ] капітальне бюджетування  
(бюджетування капіталу)  
*process of capital budgeting – процес капітального бюджетування*
- 2) **investment** [ɪnˈvestmənt] інвестиція  
*real investments – реальні інвестиції*  
*financial investments – фінансові інвестиції*  
*direct investments –прямі інвестиції*  
*indirect investments – непрямі інвестиції*  
*government investments – державні інвестиції*  
*mandatory investments – обов’язкові інвестиції*  
*private investments – приватні інвестиції*  
*foreign investments – іноземні інвестиції*  
*joint investments – спільні інвестиції*  
*short-term investments – короткострокові інвестиції*  
*long-term investments – довгострокові інвестиції*  
*domestic investments – внутрішні інвестиції*  
*external investments (capital outflow) – зовнішні інвестиції*  
*(вивезення капіталу)*  
*capital investment – капіталовкладення*  
*capital increase – приріст капіталу*

- 3) **investment decision** [ɪnˈvɛstmənt dɪˈsɪʒən] інвестиційне рішення  
*investment activities – інвестиційна діяльність*
- 4) **investment project** [ɪnˈvɛstmənt ˈprɒdʒekt] інвестиційний проєкт  
*strategic investment projects – стратегічні інвестиційні проєкти*  
*tactical investment projects – тактичні інвестиційні проєкти*  
*zero project – нульовий проєкт*
- 5) **methods for evaluating the effectiveness of investment projects**  
[ˈmɛθədz fɔr ɪˈvæljuetɪŋ də ɪˈfektɪvnɪs əv ɪnˈvɛstmənt ˈprɒdʒekts]  
методи оцінки ефективності інвестиційних проєктів  
*methods for assessing the economic efficiency of investment projects – методи оцінки економічної ефективності інвестиційних проєктів*  
*static methods – статичні методи*  
*dynamic methods – динамічні методи*
- 6) **Net Present Value (NPV)** чиста теперішня вартість грошових потоків
- 7) **Internal Rate of Return (IRR)** внутрішня ставка доходності
- 8) **Payback Period (PP)** період окупності інвестицій
- 9) **Profitability Index (PI)** індекс прибутковості проєкту
- 10) **investment risk** [ɪnˈvɛstmənt risk] інвестиційний ризик  
*market/systemic risk – ринковий/систематичний ризик*  
*business/unsystematic risk – бізнес/несистематичний ризик*  
*managing investment risks – управління інвестиційними ризиками*  
*identification of risks – ідентифікування ризиків*  
*analysis of already identified investment risks – аналіз уже ідентифікованих інвестиційних ризиків*  
*development of risk minimisation measures – розробка заходів мінімізації ризику*
- 11) **risk-free zone** безризикова зона  
*acceptable risk zone – зона допустимого ризику*  
*critical risk zone – зона критичного ризику*
- 12) **evaluation of the effectiveness of this process (risk management)**  
оцінювання ефективності даного процесу (управління ризиками)

- 13) **allocation** [ˌæ.ləˈkeɪ.ʃən] асигнування, розміщення, призначення, розподіл (ресурсів/капіталу)
- 14) **align** [əˈlaɪn] узгоджувати, вирівнювати, приєднуватися
- 15) **prioritise** [praɪˈɒr.i.taɪz] визначати (розставляти) пріоритети
- 16) **entrepreneurial** [ˌɒn.trə.prəˈnɜːr.i.əl] підприємницький
- 17) **offset** [ˌɒfˈset] компенсувати, нівелювати, покрити
- 18) **prudent** [ˈpruː.dənt] розумний, обережний, обачний
- 19) **environmental harm** [ɪnˌvaɪ.rəˈmen.təl ha:m] екологічна шкода
- 20) **acquisition** [ˌæk.wɪˈzɪʃ.ən] придбання, збір, купівля
- 21) **commission** [kəˈmɪʃ.ən] комісія, доручення, введення в експлуатацію
- 22) **feasibility** [ˌfiː.zəˈbɪl.ə.ti] доцільність, реальність, можливість
- 23) **rehabilitation** [ˌriː.həˈbɪl.iˈteɪ.ʃən] реабілітація, відновлення, оздоровлення, перепрофілювання (підприємства)
- 24) **undiscounted** [ˌʌndɪsˈkaʊntɪd] недисконтований (показник, що розраховується без врахування фактора часу, тобто без дисконтування грошових потоків)
- 25) **threat** [θret] загроза, небезпека
- 26) **downturn** [ˈdaʊn.tɜːn] криза, падіння, рецесія
- 27) **likelihood** [ˈlaɪ.kli.hud] ймовірність, вірогідність, шанс
- 28) **negligible** [ˈneg.lɪ.dʒə.bəl] незначний, мізерний
- 29) **appropriateness** [əˈprəʊ.pri.ət.nəs] доцільність, доречність, відповідність
- 30) **timeliness** [ˈtaɪm.li.nəs] своєчасність, оперативність, пунктуальність [13]

### 3. Write the correct words in the empty spaces.

*capital budgeting, investment, strategic, tactical, risk, dynamic, static, profitability, minimisation, decision*

Capital <sup>1.</sup> \_\_\_\_\_ is a critical process in international financial management, aiming to evaluate and select the best options for long-term capital allocation. It helps companies align their

2. \_\_\_\_\_ decisions with their overall strategic objectives. The term “<sup>3.</sup> \_\_\_\_\_” comes from the Latin word “invest,” meaning “to place in”.

Investment projects can be divided into two main types: <sup>4.</sup> \_\_\_\_\_, which involve changing the profile or ownership form of an enterprise, and <sup>5.</sup> \_\_\_\_\_, aimed at improving goods production by altering technology or modernizing assets.

When evaluating the effectiveness of investment projects, there are two main groups of methods: <sup>6.</sup> \_\_\_\_\_ methods, which do not consider the changing value of money over time, and <sup>7.</sup> \_\_\_\_\_ methods, which do. The latter are widely applied globally and are considered conceptually correct for market conditions.

Investment activities always involve uncertainty, leading to <sup>8.</sup> \_\_\_\_\_. <sup>9.</sup> \_\_\_\_\_ risk is the threat or probability of completely or partially failing to achieve planned investment objectives, such as profit or social impact, and incurring financial losses. Effective <sup>10.</sup> \_\_\_\_\_ of investment risks is crucial for success.

#### 4. Word families (Appendix II, III).

##### 4.1. Make up word families:

Verb	Allocate	Apply	Risk	Identify	Use	Depend
Noun						
Adjective						
Adverb						

##### 4.2. Organise the provided words into their respective word families and translate them into Ukrainian:

Prudent, legality, obtainer, measurably, prudently, measurability, legalise, offset, feasibly, legally, assessor, obtainability, feasible, measurement, assessed, acquire, acquisition, measure, assessable, feasibility, measurable, obtain, assessor, obtainability, offsetting, measuring, assess, acquisition, legal, measure, legalisation, prudence, obtainable, acquire

**5. Select the item that doesn't fit the pattern and give your reasoning.**

- a) acquisition, capital budgeting, investment, profitability
- b) strategic, mandatory, tactical, dynamic
- c) payback period, net present value, environmental harm, internal rate of return
- d) market risk, acceptable risk zone, business risk, unsystematic risk
- e) identification of risks, capital investment, analysis of risks, minimisation of risks
- f) short-term, undiscounted, long-term, direct
- g) feasibility, reconstruction, expansion, zero project
- h) align, prioritise, entrepreneurial, offset
- i) threat, timeliness, downturn, likelihood
- j) private investments, individual investments, government investments, foreign investments

**6. Connect the words with their corresponding definitions.**

1	allocation	a	carry out or perform a plan or action
2	aim to	b	including everything; general or total
3	overall	c	the state of owning something; having the legal right to something
4	prioritise	d	how easily an asset (like property or investments) can be turned into cash without losing much value
5	execute	e	something that belongs to someone, like land, buildings, or other valuable things
6	implementation	f	giving a part of something, like money or resources, to a specific purpose or person
7	property	g	enough; as much as is needed for a particular purpose
8	liquidity	h	the process of putting a plan or decision into action
9	sufficient	i	try to achieve or reach a goal
10	ownership	j	decide which things are most important and should be done first

1	2	3	4	5	6	7	8	9	10

## 7. Render the phrase combinations in Ukrainian.

International financial management, capital budgeting, long-term capital allocation, investment decisions, strategic objectives, investment projects, financial resources, investment activities, economic efficiency, static methods, dynamic methods, cash flows, investment risk, market risk, business risk, managing investment risks, identification of risks, risk minimisation measures, acceptable risk zone, financial losses

## 8. Translate the following sentences into English.

1. Капітальне бюджетування є ключовим процесом в міжнародному фінансовому менеджменті для ефективного розподілу капіталу на довгострокові інвестиційні проекти.
2. Інвестиційні рішення компанії повинні узгоджуватися з її загальними стратегічними цілями та пріоритетами.
3. Оцінка економічної ефективності інвестиційної діяльності може здійснюватися за допомогою статичних та динамічних методів, що враховують грошові потоки.
4. Інвестиційний ризик включає як ринковий/систематичний ризик, так і бізнес/несистематичний ризик.
5. Управління інвестиційними ризиками розпочинається з ідентифікації ризиків та їх подальшого аналізу.
6. Одним з етапів управління ризиками є розробка заходів мінімізації ризику для уникнення фінансових втрат.
7. Прийняття інвестиційного рішення передуює виконання та впровадження самого інвестиційного проекту.
8. Компанії прагнуть досягти достатньої ліквідності своїх активів, щоб мати власність, яка легко конвертується в гроші.

## 9. Match each word with its corresponding synonym.

1	investment	a	undiscounted cash flows
2	static methods	b	unsystematic risk
3	market risk	c	goals
4	business risk	d	profit
5	threat	e	purchasing

<b>6</b>	assess	<b>f</b>	recession
<b>7</b>	objectives	<b>g</b>	allocation of capital
<b>8</b>	revenue	<b>h</b>	danger
<b>9</b>	acquisition	<b>i</b>	evaluate
<b>10</b>	downturn	<b>j</b>	systemic risk

  

1	2	3	4	5	6	7	8	9	10

**10. Determine which of the following statements is the proper alternative.**

<b>1.</b> What is the primary purpose of capital budgeting?	<b>a)</b> to manage daily cash flows
	<b>b)</b> to evaluate and select the best options for long-term capital allocation
	<b>c)</b> to prepare financial statements for investors
	<b>d)</b> to forecast short-term market trends
<b>2.</b> According to the lecture, what does the term “investment” mean in Latin?	<b>a)</b> to gather
	<b>b)</b> to grow
	<b>c)</b> to place in
	<b>d)</b> to profit
<b>3.</b> Which of the following is <b>NOT</b> a key stage of capital budgeting?	<b>a)</b> identifying potential investment projects
	<b>b)</b> assessing and analysing these projects
	<b>c)</b> creating marketing strategies for new products
	<b>d)</b> executing and monitoring the budget’s implementation
<b>4.</b> Investment projects that involve a change in the profile of activity and/or ownership form of the enterprise are called:	<b>a)</b> tactical projects
	<b>b)</b> zero projects
	<b>c)</b> strategic projects
	<b>d)</b> reconstruction projects
<b>5.</b> What is the main difference between static and dynamic methods for evaluating investment projects?	<b>a)</b> static methods are only for short-term projects, while dynamic are for long-term
	<b>b)</b> dynamic methods consider the changing value of money over time, while static methods do not
	<b>c)</b> static methods use net present value, while dynamic methods use payback period
	<b>d)</b> dynamic methods are used only in command-administrative systems

<b>6.</b> Which of the following is an example of a dynamic method for evaluating investment projects?	<b>a)</b> Average Rate of Return
	<b>b)</b> Payback Period
	<b>c)</b> Accounting Rate of Return
	<b>d)</b> Discounted Cash Flow (DCF) is a general term; from specific options given, payback period is explicitly listed as a dynamic method alongside NPV, IRR, PI
<b>7.</b> What is investment risk defined as in the lecture?	<b>a)</b> the possibility of gaining super-profits from a project
	<b>b)</b> the threat or probability of completely or partially failing to achieve planned investment objectives and incurring financial losses
	<b>c)</b> the certainty of achieving all financial goals
	<b>d)</b> the process of identifying potential investment projects
<b>8.</b> Market/systemic risk is dependent on.	<b>a)</b> the conditions of a specific project
	<b>b)</b> adverse conditions across all sectors of the economy
	<b>c)</b> operational inefficiencies of a company
	<b>d)</b> changes in product demand
<b>9.</b> Which of these is the first stage of managing investment risks?	<b>a)</b> analysis of already identified investment risks
	<b>b)</b> development of risk minimisation measures
	<b>c)</b> evaluation of the effectiveness of this process
	<b>d)</b> identification of risks
<b>10.</b> If an investment risk falls into the “acceptable risk zone”, what level of financial losses is possible?	<b>a)</b> negligible losses
	<b>b)</b> losses exceeding the expected calculated profit
	<b>c)</b> losses amounting to the calculated profit from investment activities
	<b>d)</b> no financial losses at all

**11. Case study. Get to know the situation well and answer the questions.**

### **Horizon Innovations**

“Horizon Innovations”, a growing tech company, is considering two potential expansion projects for the upcoming year. The company’s financial manager, Anna Kovalenko, needs to present a recommendation to the board of directors. Both projects require



significant capital investment and will have long-term implications for the company's future.

**Project A: "Global Reach Platform"**

This project involves developing a new online platform to expand Horizon Innovations' services into new international markets. It is considered a strategic investment project as it aims to change the company's market profile and significantly increase its global presence. The estimated cost is high, but the potential for profitability is also substantial, though it comes with a higher degree of market/systemic risk due to economic uncertainties in new regions.

**Project B: "Tech Upgrade Initiative"**

This project focuses on modernising existing IT infrastructure and upgrading internal production technologies at their current facility. It is classified as a tactical investment project, aimed at improving the quality and efficiency of their current services. The initial investment is lower than Project A, and the business/unsystematic risk is more manageable as it deals with familiar operations. However, the potential for rapid growth or large-scale profit increase is more limited compared to Project A.

Anna needs to *evaluate the effectiveness of these investment projects*. She plans to use both *static methods* (like Payback Period) and *dynamic methods* (like Net Present Value or Internal Rate of Return) to analyse the financial viability of each project, considering the changing value of money over time. Furthermore, she understands that investment activities always involve uncertainty. She must thoroughly identify, analyse, and assess the potential *investment risk* for each project and propose *risk minimisation measures*. She also needs to determine if each project falls within an *acceptable risk zone* for Horizon Innovations.

**11.1. Insight Questions: discuss in pairs or small groups.**

- 1a) What are the key differences between Project A (Global Reach Platform) and Project B (Tech Upgrade Initiative) in terms of investment type and associated risks?
- 1b) Why is it important for Anna to use both static and dynamic methods when evaluating these projects? Which type of method

is generally considered more conceptually correct for market conditions, and why?

- 1c) If Project A has a higher potential return but also falls into a *critical risk zone*, what implications does this have for Horizon Innovations?
- 1d) What strategic actions could Horizon Innovations consider to mitigate the risks associated with Project A, given its higher market/systemic risk? (Think beyond what's explicitly stated in the lecture, but based on financial management principles).

### 11.2. Match lexical items to their semantic equivalents.

1) capital investment	a) how well a business or project can make a financial gain or profit
2) profitability	b) actions a company takes to make the chances of financial loss from risks smaller
3) static methods	c) money a company spends on big, long-term things like buildings or machines to help it grow
4) risk minimisation measures	d) ways to check if an investment is good, but they do not consider that money's value changes over time

  

1	2	3	4

### 11.3. Put in order.

Anna is going to solve problems. Arrange the following four steps in a logical sequence:

1. Implement and monitor chosen project: after the decision, Anna should prepare the budget, oversee its execution, and continuously monitor the chosen project's implementation.
2. Identify and analyse investment risks: for each project, she must pinpoint potential investment risks (like market or business risk), assessing their likelihood and potential financial losses.
3. Propose risk mitigation and make a decision: based on her analysis, Anna should develop risk minimisation measures and then make an informed investment decision, considering an acceptable risk zone.
4. Evaluate project financial viability: Anna should use both static and dynamic methods to analyse the financial potential of both projects.

**11.4. Tick the statements you consider to be true or false.**

		True	False
1	Project A: “Global Reach Platform” is considered a tactical investment project.		
2	Project B: “Tech Upgrade Initiative” focuses on modernising the existing IT infrastructure.		
3	Anna plans to use only static methods to evaluate the projects’ effectiveness.		
4	Market/systemic risk is mentioned as a concern for Project A.		

**12. Final Test 15 points maximum (1 point for each correct answer).****12.1. MCQ (Multiple Choice Question).**

- Which financial resource forms the material basis of money and has value over time?**
  - human capital
  - financial resources
  - natural resources
  - intellectual property
- What is the main goal of tactical investment projects?**
  - to change the ownership form of an enterprise
  - to achieve rapid global market expansion
  - to improve goods production by altering technology or modernising assets
  - to acquire other companies
- Which of the following is an example of an investment classification by object of participation?**
  - direct investments
  - private investments
  - short-term investments
  - joint investments
- Which method for evaluating investment projects is NOT considered a dynamic method?**
  - Net Present Value (NPV)
  - Internal Rate of Return (IRR)

- c) Average Rate of Return (ARR)
- d) Profitability Index (PI)
- 5. **Business risk (or unsystematic risk) is primarily associated with:**
  - a) general economic downturns
  - b) specific conditions of a given project or company
  - c) fluctuations in interest rates
  - d) changes in government policies
- 6. **What does the critical risk zone imply regarding potential financial losses?**
  - a) losses that are insignificant
  - b) losses that exceed the calculated profit from investment activities
  - c) losses that equal the calculated profit from investment activities
  - d) no financial losses
- 7. **When classifying investments by period, investments are divided into:**
  - a) private and public
  - b) direct and indirect
  - c) short-term and long-term
  - d) material and non-material
- 8. **What is the second stage in the process of managing investment risks?**
  - a) development of risk minimisation measures
  - b) evaluation of the effectiveness of the risk management process
  - c) analysis of already identified investment risks
  - d) identification of risks
- 9. **If an investment project aims to restore worn-out fixed assets through modernisation or replacement, it is classified as:**
  - a) an expansion project
  - b) a zero project
  - c) a reconstruction project
  - d) a strategic project
- 10. **What type of investment is made when purchasing shares, bonds, or other securities?**
  - a) real investment
  - b) direct investment

- c) financial investment
- d) portfolio investment

**12.2. Tick the statements you consider to be true or false.**

		True	False
1	Capital budgeting is solely about managing a firm's short-term assets.		
2	Dynamic methods of evaluating investment projects consider the changing value of money over time.		
3	Market risk is an example of an unsystematic risk.		
4	The identification of risks is the first stage in managing investment risks.		
5	Financial investments typically involve tangible assets like land or buildings.		

**13. Watch the video [14], make a list of words related to the topic, give answers to the following questions, and make a mind map for the subject matter discussed. Use <https://www.spiderscribe.net/>**

1. What is capital budgeting?
2. Give the examples of capital budgeting?
3. Explain what do we imply under risks and bad data of capital budgeting.
4. Describe key tools in capital budgeting.

**14. Analyse any academic paper in the list according to the plan (Appendix IV).**

1. Catherine Shakespeare. Reporting matters: the real effects of financial reporting on investing and financing decisions. (2020). Retrieved from <https://www.tandfonline.com/doi/full/10.1080/00014788.2020.1770928>
2. Syarifah Alda Azlika, Kurnia Diana, Mardian Adma Gumilang, Erik Mario Sihotang, Indrayani, Muammar Khaddafi, Damsar. The importance of capital budgeting in long term investment decision making. (2023). Retrieved from <https://www.researchgate.net/>

publication/372939736\_THE\_IMPORTANCE\_OF\_CAPITAL\_BUDGETING\_IN\_LONG\_TERM\_INVESTMENT\_DECISION\_MAKING

3. Asep Darmansyah, Qaisar Ali, Shazia Parveen. Sophisticated Capital Budgeting Decisions for Financial Performance and Risk Management—A Tale of Two Business Entities. (2025). Retrieved from <https://www.mdpi.com/1911-8074/18/6/297>
4. Paula de Souza Michelin, Rogério João Lunkes, Antonio Cezar Bornia. Capital budgeting: a systematic review of the literature. (2020). Retrieved from <https://www.redalyc.org/journal/3967/396762077007/html/>
5. Hue B., Jinks A., Spain J., Bora M., Siew S. Investment risk for long-term investors: risk measurement approaches: Considerations for pension funds and insurers. (2019). Retrieved from <https://www.cambridge.org/core/journals/british-actuarial-journal/article/investment-risk-for-longterm-investors-risk-measurement-approaches-considerations-for-pension-funds-and-insurers/C328270AE15754B58CB7BC777CC46578>

## 15. Global Financial Trends and Local Impact.

To analyse global financial trends and their potential impact on local (e.g., Ukrainian) enterprises, leveraging diverse information sources, do this assignment:

- from the “*News and analytical resources*” section of **APPENDIX V**, identify **one significant global financial trend** (e.g., global interest rate shifts, supply chain disruptions, impact of geopolitical events on markets, rise of specific emerging markets, carbon pricing mechanisms);
- using at **least two different types of resources** from **APPENDIX V** (e.g., one news article and one research paper, or one analytical report and information from a professional association), explore this trend in more detail;
- analyse the potential impact of this global trend on a specific type of Ukrainian enterprise (e.g., an agricultural exporter, an IT service company, a local retail chain, a construction firm in Kherson);

- dwell on these questions: How might it affect their cash flow? What challenges or opportunities might it present for their capital budgeting decisions? Are there specific risks associated with this trend for Ukrainian businesses?;
- propose one strategic action that a financial manager in the chosen Ukrainian enterprise could take to mitigate risks or capitalise on opportunities related to this trend.

**16. Work in pairs or groups. Select either a *budget* or *investment plan* / *project* document from Appendix VI. Prepare a short presentation, explaining:**

- What this document is.
- What it is used for.
- Who its main users are.
- What key terms are found in it.

Analyse this document as if you were a financial analyst.

**17. Fill in the three self-assessment tables. They will help you analyse your achievements and areas for development when studying the topic “*CAPITAL BUDGETING, INVESTMENT DECISIONS AND RISKS*”. *Your honest and thoughtful evaluation is an integral part of your learning.***

Table 1

#### How confident I am

**Instruction:** for each learning objective, write 1–5 to assess your ability, where 1 = I don’t feel confident, 5 = I feel confident

Learning objective	How confident I am
1A I know what <i>capital budgeting</i> is	
1B I know the explanation for <i>capital investment</i>	
1C I can give a wide description of <i>investments</i>	

<b>1D</b> I can demonstrate <i>various classifications of investments</i>	
<b>1E</b> I can clarify what an <i>investment decision</i> is	
<b>1F</b> I know the traditional <i>classifications of investment decisions</i>	
<b>1G</b> I know what <b>an investment project</b> is	
<b>1H</b> I can indicate various <i>types</i> and <i>forms</i> of <b>an investment project</b>	
<b>1I</b> I can name <i>two main groups of methods for assessing the economic efficiency of investment projects</i>	
<b>1J</b> I know what <b>an investment risk</b> is	
<b>1K</b> I can state what <i>managing investment risks involves</i> and I can name its <i>essential stages</i>	
<b>1L</b> I know the meanings of all the words related to the topic	
<b>1M</b> I can express my viewpoint on the topic	
<b>1N</b> I can watch the video and list new words	
<b>1O</b> I can see the video and sort the information	
<b>1P</b> I can navigate the text and respond to questions quickly	
<b>1Q</b> I can analyse a scientific paper regarding the topic and express my opinion on its relevance and practical significance, paying attention to the main structural elements	
<b>1R</b> I can create a Mind Map	
<b>1S</b> I can outline global financial trends and local impact	
<b>1T</b> I can analyse a financial document	



Table 2

**Which of the skills would you like to improve in? In what way?**

Skill I want to improve in	How I can improve
<i>Speaking</i>	
<i>Writing</i>	
<i>Listening</i>	
<i>Reading</i>	

Table 3

**What can you remember from this lesson?**

New words I learned and most want to remember	Expressions and phrases I liked	English I heard or read outside the class

**References:**

1. The 11 Best Quotes about Investing. (2025). Retrieved from <https://www.fpms.ie/fpms-blog/the-11-best-quotes-about-investing> (дата звернення: 29.06.2025).
2. Capital Budgeting: What It Is and How It Works. (2025). *Oracle*. Retrieved from <https://www.oracle.com/ua/construction-engineering/capital-budgeting/> (дата звернення: 29.06.2025).
3. Glossary of Financial Terms. (2025). *The New York Times on the Web*. Retrieved from <https://archive.nytimes.com/www.nytimes.com/library/financial/glossary/bfglosc.htm> (дата звернення: 29.06.2025).
4. Capital investment. (2025). *Cambridge Dictionary*. Retrieved from <https://dictionary.cambridge.org/dictionary/english/capital-investment> (дата звернення: 29.06.2025).
5. Types of Investments and How To Get Started. (2025). *Investopedia*. Retrieved from <https://www.investopedia.com/terms/i/investing.asp> (дата звернення: 29.06.2025).
6. Investment Decision. (2025). *ScienceDirect*. Retrieved from <https://www.sciencedirect.com/topics/social-sciences/investment-decision> (дата звернення: 02.07.2025).
7. Investment Projects: Their Types and Management. (2024). *Profitus*. Retrieved from <https://www.profitus.com/news/investment-projects-their-types-and-management> (дата звернення: 02.07.2025).

8. Strategic vs. Tactical Investing. (2025). *Sgroi Financial*. Retrieved from <https://sgroilawley.com/strategic-vs-tactical-investing/> (дата звернення: 02.07.2025).
9. Types of Capital Investment Projects. (2025). *FasterCapital*. Retrieved from <https://fastercapital.com/topics/types-of-capital-investment-projects.html/1> (дата звернення: 02.07.2025).
10. Methods for Evaluating Investment Projects. (2025). *FasterCapital*. Retrieved from <https://fastercapital.com/topics/methods-for-evaluating-investment-projects.html/1#:~:text=There%20are%20different%20methods%20and,yield%20different%20rankings%20of%20projects> (дата звернення: 02.07.2025).
11. Risk: What It Means in Investing, how to Measure and Manage It. (2025). *Investopedia*. Retrieved from <https://www.investopedia.com/terms/r/risk.asp> (дата звернення: 02.07.2025).
12. Common types of investment risk. (2025). *ASC CHECKFIRST*. Retrieved from <https://www.checkfirst.ca/types-of-investment-risk/> (дата звернення: 02.07.2025).
13. Cambridge Dictionary. English Pronunciation. (2025). Retrieved from <https://dictionary.cambridge.org/pronunciation/> (дата звернення: 02.07.2025).
14. Capital Budgeting Explained. (2020). *YouTube*. Retrieved from <https://www.youtube.com/watch?v=ppnjUicPHV0> (дата звернення: 29.06.2025).

# APPENDICES

## APPENDIX I

### LANGUAGE REFERENCE: GLOSSARY OF FINANCIAL TERMS (alphabetically arranged)

Term	English definition	Ukrainian equivalent	Illustration
<b>A</b>			
<b><i>acceptable risk zone</i></b>	a risk zone with a medium level of risk, where possible financial losses do not exceed the calculated profit from investment activities	<b><i>зона прийнятного ризику</i></b> – зона ризику із середнім рівнем ризику, де можливі фінансові втрати становлять розрахований прибуток від інвестиційної діяльності	<i>Most of our growth-oriented projects fall into the acceptable risk zone</i>
<b><i>accounts payable</i></b>	the money a business owes to its suppliers for goods or services purchased on credit	<b><i>кредиторська заборгованість</i></b> – гроші, які підприємство винне своїм постачальникам за товари чи послуги, придбані в кредит	<i>Paying our accounts payable on time helps maintain a good credit rating with our suppliers</i>
<b><i>accounts payable management</i></b>	optimising payment terms to suppliers, potentially using longer payment terms without compromising relationships	<b><i>управління кредиторською заборгованістю</i></b> – оптимізація умов оплати постачальникам, потенційно використання довших умов оплати без шкоди для відносин	<i>Accounts payable management helps us negotiate favorable payment terms with our suppliers</i>
<b><i>accounts receivable</i></b>	the money owed to a business by its customers for goods or services that have been delivered or used but not yet paid for	<b><i>дебіторська заборгованість</i></b> – гроші, які клієнти винні підприємству за надані товари чи послуги, що ще не були оплачені	<i>Timely collection of accounts receivable is crucial for improving our cash flow</i>

Term	English definition	Ukrainian equivalent	Illustration
<b>accounts receivable management</b>	accelerating collections from customers, including offering discounts for early payment, efficient billing, and stringent policy for recovering overdue debts	<b>управління дебіторською заборгованістю</b> – прискорення надходжень від клієнтів, що включає пропонування знижок за дострокову оплату, ефективний процес виставлення рахунків та сувору політику стягнення прострочених боргів	<b>Accounts receivable management</b> focuses on getting payments from customers as quickly as possible
<b>accrued expenses</b>	expenses that have been incurred by a business but have not yet been paid, such as salaries payable, interest payable on bank notes, or insurance premiums payable	<b>нараховані витрати</b> – витрати, понесені підприємством, але ще не оплачені (наприклад, зарплата, відсотки за кредитами, страхові премії)	<b>Our accrued expenses for the month</b> include employee salaries and utility bills that are due next week
<b>asset turnover ratio</b>	a ratio that shows how efficiently a business generates revenue using its assets. Calculated as Revenue / Total Assets. It does not consider expenses, focusing only on revenue	<b>коефіцієнт оборотності активів</b> – коефіцієнт, що показує, наскільки ефективно бізнес генерує дохід, використовуючи свої активи. Розраховується як Дохід / Загальні активи. Він не враховує витрати, зосереджуючись лише на доході	<b>A higher asset turnover ratio</b> suggests that the company is utilising its assets more efficiently to generate sales
<b>assets</b>	everything that has monetary value owned by a company, including tangible (e.g., cash, land, equipment) and intangible items (e.g., patents,	<b>активи</b> – все, що має грошову цінність і належить компанії, включаючи матеріальні (готівка, земля, обладнання) та нематеріальні (патенти, торгові марки) об'єкти,	<b>The company's assets</b> included cash in the bank, merchandise inventory, and a recently acquired delivery truck

Term	English definition	Ukrainian equivalent	Illustration
	trademarks), as well as money due from others (accounts or notes receivable). They are typically listed in order of their liquidity	а також гроші, належні від інших (дебіторська заборгованість, векселі до отримання). Зазвичай перераховуються за ступенем їх ліквідності	
<b>В</b>			
<b>balance sheet</b>	a financial statement that provides a snapshot of a company's financial position at a specific point in time, usually at the end of an accounting period. It shows the company's assets, liabilities, and shareholders' equity	<b>баланс</b> (бухгалтерський баланс) – фінансовий звіт, що надає знімок фінансового стану компанії на певний момент часу, зазвичай на кінець облікового періоду. Він показує активи, зобов'язання та власний капітал компанії	<i>The <b>balance sheet</b> on December 31st showed the company's total assets amounted to \$1 million, with liabilities of \$400,000 and shareholders' equity of \$600,000</i>
<b>bank borrowing / bank loans</b>	the act of taking money from a bank or other financial institution with an agreement to pay it back over a specified period, often with interest	<b>банківське запозичення / банківський кредит / позика</b> – отримання грошей від банку чи іншої фінансової установи з домовленістю повернути їх протягом визначеного періоду, часто з відсотками	<i>To expand operations, the company secured a <b>bank loan</b> of \$50,000 to purchase new equipment</i>
<b>bonds</b>	debt securities (or debt obligations) of the issuer to the holders (creditors), where the issuer promises to pay back the principal and periodic interest (coupon)	<b>облігації</b> – боргові зобов'язання емітента (позичальника) перед власниками облігацій (кредиторами), що передбачають виплату номіналу та відсотків (купона)	<i>Many companies issue <b>bonds</b> to raise capital for large-scale projects</i>

Term	English definition	Ukrainian equivalent	Illustration
<b>break-even analysis</b>	a small-business accounting process for determining at what point a company, or a new product or service, will be profitable. It's a financial calculation used to determine the number of products or services you must sell to at least cover your production costs	<b>аналіз точки безбитковості</b> – бухгалтерський процес для малого бізнесу, що визначає, в якій точці компанія або новий продукт/послуга стануть прибутковими. Це фінансовий розрахунок для визначення кількості товарів/послуг, які потрібно продати, щоб покрити виробничі витрати	<i>The <b>break-even analysis</b> showed that we need to sell at least 500 units per month to cover all our fixed and variable costs</i>
<b>break-even point</b>	the level of business activity at which total revenues equal total costs, resulting in neither profit nor loss	<b>точка безбитковості</b> – рівень ділової активності, при якому загальні доходи дорівнюють загальним витратам, що не призводить ні до прибутку, ні до збитків	<i>We need to reach our <b>break-even point</b> by the end of the first quarter to avoid financial losses</i>
<b>budget</b>	a detailed financial plan showing expected income and expenses for a specific period. It helps managers keep track of performance and spot any differences from the plan, providing a way to organize and control financial activities	<b>бюджет</b> – детальний фінансовий план, що відображає очікувані доходи та витрати за певний період. Він допомагає менеджерам відстежувати ефективність та виявляти відхилення від плану, організовуючи та контролюючи фінансову діяльність	<i>Setting a realistic <b>budget</b> helped the small business control its spending and achieve profitability</i>
<b>budgeting (cash budget)</b>	one of the main instruments for managing cash flows, focusing on calculations	<b>бюджетування (бюджет руху грошових коштів)</b> – один з основних інструментів управління	<i>Our annual <b>budgeting</b> process includes a detailed</i>

Term	English definition	Ukrainian equivalent	Illustration
	that enhance asset and capital turnover, ensure financial stability, and facilitate timely payments	грошовими потоками, що зосереджується на розрахунках, які покращують оборотність активів та капіталу, забезпечують фінансову стабільність та сприяють своєчасним платежам	<i>cash budget to ensure financial stability</i>
<b>business/ unsystematic risk</b>	investment risk dependent on the conditions of a specific project or company (e.g., operational inefficiencies, legal issues, changes in product demand)	<b>бізнес / несистематичний ризик</b> – інвестиційний ризик, що залежить від умов конкретного проєкту або компанії (наприклад, операційна неефективність, юридичні питання, зміни в попиті на продукцію)	<i>Improving our operational efficiency can help mitigate business risk</i>
<b>С</b>			
<b>capital</b>	the most essential part of any business; it is the company's base. It refers to the funds (debt or equity) used to finance business operations and growth, and its source significantly affects cost and terms	<b>капітал</b> – найважливіша частина будь-якого бізнесу; це його основа. Відноситься до коштів (боргових або власних), що використовуються для фінансування операцій та зростання бізнесу, і його джерело значно впливає на вартість та умови	<i>Securing sufficient capital through a mix of debt and equity was critical for launching the new manufacturing plant</i>
<b>capital budgeting</b>	the process of analysing the effectiveness of investments, evaluating, and selecting the best options for long-term capital allocation to align with strategic objectives	<b>бюджетування капіталу</b> – процес аналізу ефективності інвестицій, оцінки та вибору найкращих варіантів довгострокового розподілу капіталу для узгодження зі стратегічними цілями	<i>Capital budgeting is crucial for deciding which large-scale projects a company should undertake</i>

Term	English definition	Ukrainian equivalent	Illustration
<b>capital investment</b>	money spent on buildings and equipment to increase the effectiveness or capacity of a business	<b>капітальні інвестиції</b> – кошти, витрачені на будівлі та обладнання для підвищення ефективності або потужності бізнесу	<i>The firm's new production line represents a substantial <b>capital investment</b></i>
<b>cash and equivalents</b>	the most liquid assets a business possesses, including physical cash, funds in bank accounts, and highly liquid investments that can be readily converted into cash	<b>готівка та її еквіваленти</b> – найбільш ліквідні активи бізнесу, включаючи готівку, кошти на банківських рахунках та високоліквідні інвестиції, що легко конвертуються в готівку	<i>Maintaining sufficient <b>cash and equivalents</b> is vital for covering unexpected operational costs and ensuring smooth daily transactions</i>
<b>cash flow</b>	the movement of funds into and out of a business, distinct from profit which includes non-cash items	<b>грошовий потік</b> – рух коштів у бізнес та з нього, на відміну від прибутку, який включає негрошові статті	<i>Understanding our daily <b>cash flow</b> is vital for managing our short-term obligations</i>
<b>cash flow forecasting</b>	an initial stage of cash flow planning that generates a forecast of cash flow generation, identifying sources of inflow and directions of use over time	<b>прогнозування грошових потоків</b> – початковий етап планування грошових потоків, який дозволяє генерувати прогноз формування грошових потоків, визначаючи джерела їх надходження з часом та напрямки їх використання	<i><b>Cash flow forecasting</b> helps us anticipate future shortages or surpluses of funds</i>
<b>cash flow management</b>	the system of methods, tools, and techniques for influencing the movement of cash resources to achieve set targets within an enterprise	<b>управління грошовими потоками</b> – система методів, інструментів та конкретних прийомів для цілеспрямованого, безперервного впливу фінансового відділу підприємства на рух грошових коштів для реалізації поставлених цілей	<i><b>Cash flow management</b> involves forecasting, budgeting, and optimising working capital</i>



Term	English definition	Ukrainian equivalent	Illustration
<b><i>cash flow statement</i></b>	a financial statement that reports the cash generated and spent during a specific period of time (e.g., a month, quarter, or year). It acts as a bridge between the income statement and balance sheet by showing how cash moved in and out of the business	<b><i>звіт про рух грошових коштів</i></b> – фінансовий звіт, що відображає рух готівки (надходження та витрати) за певний період (місяць, квартал, рік). Він слугує мостом між звітом про прибутки та балансом, показуючи, як гроші надходили та виходили з бізнесу	<i>Analyzing the <b>cash flow statement</b> revealed that despite strong sales, the company had liquidity issues due to slow collection of receivables</i>
<b><i>corporate loans</i></b>	loans obtained by companies from banks or other financial institutions to finance their activities, repaid with interest	<b><i>корпоративні позики</i></b> – позики, отримані компаніями від банків або інших фінансових установ для фінансування своєї діяльності, що погашаються з відсотками	<i>The startup secured a <b>corporate loan</b> to expand its operations into new markets</i>
<b><i>Cost of Goods Sold (COGS)</i></b>	the direct cost of making a product, including the price of raw materials, transportation costs, labor to produce the goods, and storage fees	<b><i>собівартість реалізованої продукції</i></b> – прямі витрати на виготовлення продукту, що включають вартість сировини, транспортні витрати, оплату праці для виробництва товарів та витрати на зберігання	<i>Reducing the <b>cost of goods sold</b> through efficient supply chain management significantly improved the company's profitability</i>
<b><i>critical risk zone</i></b>	a risk zone where the risk is high, with potential financial losses exceeding the expected profit and potentially threatening a significant loss of the invested capital	<b><i>зона критичного ризику</i></b> – зона ризику, де ризик є високим, з потенційними фінансовими втратами, що загрожують значною втратою вкладеного капіталу	<i>Projects in the <b>critical risk zone</b> require extraordinary scrutiny and strong contingency plans</i>

Term	English definition	Ukrainian equivalent	Illustration
<b>crowdfunding</b>	a method of raising funds that allows the collection of financial resources from many people via the Internet	<b>краудфандинг</b> – метод збору коштів, що дозволяє збирати фінансові ресурси від багатьох людей через Інтернет	<b>Crowdfunding</b> helped the independent film project secure the necessary budget from its fan base
<b>current assets</b>	items a business owns that can be converted into cash within one year, such as cash, marketable securities, and accounts receivable	<b>поточні активи</b> – майно, що належить підприємству, яке може бути конвертоване в готівку протягом одного року (готівка, ліквідні цінні папери, дебіторська заборгованість)	<b>Our current assets</b> include \$10,000 in cash, \$5,000 in marketable securities, and \$15,000 in accounts receivable
<b>current liabilities</b>	obligations that need to be paid in full within one year, including notes payable to banks, accounts payable, and accrued expenses	<b>поточні зобов'язання</b> – зобов'язання, які повинні бути повністю сплачені протягом одного року, включаючи векселі до сплати банкам, кредиторську заборгованість та нараховані витрати	<b>Our current liabilities</b> for this month include supplier invoices and the short-term portion of our bank loan
<b>current ratio (coverage ratio)</b>	a liquidity ratio calculated as Total Current Assets / Total Current Liabilities. It demonstrates the potential risk of non-payments and indicates a company's ability to cover its short-term liabilities with its current assets. An acceptable coefficient must be greater than one	<b>коефіцієнт поточної ліквідності (коефіцієнт покриття)</b> – коефіцієнт ліквідності, розраховується як Загальні поточні активи / Загальні поточні зобов'язання. Демонструє можливий ризик невиклат та вказує на здатність компанії покривати короткострокові зобов'язання поточними активами. Прийнятний коефіцієнт має бути більшим за одиницю	<b>A current ratio</b> of 2.0 suggests the company has twice as many current assets as current liabilities, indicating good short-term financial health

Term	English definition	Ukrainian equivalent	Illustration
<b>D</b>			
<b>debt capital (borrowed capital)</b>	money that a company borrows from banks, investors, etc., which is calculated as part of the company's total capital, with a specified repayment obligation	<b>борговий капітал (запозичений капітал)</b> – гроші, які компанія позичає у банків, інвесторів тощо, що розраховується як частина загального капіталу компанії, із зазначеним зобов'язанням щодо погашення	<b>Debt capital</b> provides immediate funds but comes with interest obligations and repayment terms
<b>derivatives</b>	financial assets whose values are derived from other financial assets, used for risk reduction but can involve high complexity and risk	<b>деривативи</b> – фінансові активи, вартість яких походить від інших фінансових активів, використовуються для зменшення ризиків, але можуть бути високо складними та ризикованими	Companies use <b>derivatives</b> to hedge against fluctuations in commodity prices
<b>direct investments</b>	investments made directly by an investor into productive assets or operations in a foreign country, often involving significant control or ownership	<b>прямі інвестиції</b> – інвестиції, зроблені безпосередньо інвестором у виробничі активи або операції в іноземній країні, часто передбачають значний контроль або власність	Opening a subsidiary in another country constitutes a <b>direct investment</b>
<b>dynamic methods (investment evaluation)</b>	methods that consider the changing value of money over time by bringing all cash flows to the same period through discounting or compounding, widely applied in market conditions	<b>динамічні методи (оцінки інвестицій)</b> – методи, які враховують зміну вартості грошей у часі, приводячи значення всіх грошових потоків до одного періоду шляхом дисконтування або нарахування складних відсотків, широко застосовуються в ринкових умовах	<b>Dynamic methods</b> like NPV and IRR are preferred for evaluating long-term investment projects

Term	English definition	Ukrainian equivalent	Illustration
<b>efficiency ratios</b>	ratios that show how well a business sells its inventory, collects cash from customers, and pays its creditors. They include Turnover Ratios and the Cash Conversion Cycle	<b>коефіцієнти ефективності</b> – коефіцієнти, що показують, наскільки добре бізнес продає свої запаси, збирає готівку від клієнтів та розраховується з кредиторами. Включають коефіцієнти оборотності та цикл конвертації готівки	<i>Improved <b>efficiency ratios</b> allowed us to optimise our inventory levels and speed up cash collections</i>
<b>E</b>			
<b>equity capital (shareholder equity)</b>	financial resources of the enterprise without a specified repayment term to its founders, provided in monetary, material, and intangible forms, engaged in the economic process	<b>власний капітал (акціонерний капітал)</b> – фінансові ресурси підприємства без зазначення терміну погашення його засновникам у грошовій, матеріальній та нематеріальній формах, що залучені до економічного процесу	<i><b>Equity capital</b> represents the owners' stake in the business and does not require repayment</i>
<b>external funding</b>	financial resources mobilised from sources outside the enterprise, such as bank loans or external investments	<b>зовнішнє фінансування</b> – фінансові ресурси, мобілізовані із зовнішніх для підприємства джерел, таких як банківські позики або зовнішні інвестиції	<i>We are exploring options for <b>external funding</b> to expand our manufacturing capacity</i>
<b>F</b>			
<b>factoring accounts receivable</b>	selling accounts receivable to a third party at a discount for immediate cash	<b>факторинг дебіторської заборгованості</b> – продаж дебіторської заборгованості третій стороні зі знижкою за негайну готівку	<i><b>Factoring accounts receivable</b> helped us get immediate cash instead of waiting for customer payments</i>

Term	English definition	Ukrainian equivalent	Illustration
<b>financial activities</b>	activities that result in changes in the size and composition of the equity and borrowings of the enterprise	<b>фінансова діяльність</b> – діяльність, що призводить до змін у розмірі та складі власного капіталу та запозичень підприємства	<i>Issuing new shares or paying dividends are examples of <b>financial activities</b></i>
<b>financial analysis</b>	the study of the facts and results of business activity, including the analysis of income and expenses, assets, and capital, to draw conclusions and make managerial decisions	<b>фінансовий аналіз</b> – вивчення фактів та результатів ділової активності, включаючи аналіз доходів та витрат, активів та капіталу, з метою висновків та прийняття управлінських рішень	<i>Regular <b>financial analysis</b> helps us understand the true economic health of our business and pinpoint areas for improvement</i>
<b>financial forecasting</b>	the process of estimating future financial outcomes and conditions, integral to managing business activity and providing optimal development conditions	<b>фінансове прогнозування</b> – процес оцінки майбутніх фінансових результатів та умов, невід’ємна частина управління діловою активністю та забезпечення оптимальних умов розвитку	<i><b>Financial forecasting</b> helps us anticipate market changes and adjust our strategy accordingly</i>
<b>financial instruments</b>	contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Often used as borrowed capital	<b>фінансові інструменти</b> – контракти, які призводять до виникнення фінансового активу одного суб’єкта та фінансового зобов’язання або інструменту власного капіталу іншого суб’єкта. Часто використовуються як позиковий капітал	<i>Bonds and shares are common <b>financial instruments</b> used for raising capital</i>

Term	English definition	Ukrainian equivalent	Illustration
<b><i>financial investments</i></b>	investments in financial assets such as stocks, bonds, or other securities	<b>фінансові інвестиції</b> – інвестиції у фінансові активи, такі як акції, облігації або інші цінні папери	<i>Diversifying into various stocks and bonds is part of our <b>financial investments</b> strategy</i>
<b><i>financial management</i></b>	the use of financial reports that reflect the economic state of a business to determine its relative strengths and weaknesses; it involves thinking out perspective financial performance for capital, active, and personnel needs using forecasts to maximise shareholder investment returns	<b>фінансовий менеджмент</b> – використання фінансових звітів, що відображають економічний стан бізнесу, для визначення його сильних та слабких сторін; він передбачає прогнозування фінансових показників для потреб у капіталі, активах та персоналі, використовуючи прогнози для максимізації прибутків інвестицій акціонерів	<i>Sound <b>financial management</b> ensures the company uses its resources efficiently and maximizes returns for investors</i>
<b><i>financial planning</i></b>	the process of assessing the current financial situation of a business to identify future financial goals and how to achieve them. The financial plan itself is a document that serves as a roadmap for a company's financial growth	<b>фінансове планування</b> – процес оцінки поточної фінансової ситуації бізнесу для визначення майбутніх фінансових цілей та шляхів їх досягнення. Сам фінансовий план – це документ, «дорожня карта» для фінансового зростання компанії	<i>Effective <b>financial planning</b> helps a startup secure funding and outlines strategies for sustainable growth</i>
<b><i>financial ratio analysis (R-analysis)</i></b>	a system of financial analysis involving calculating	<b>аналіз фінансових коефіцієнтів (R-аналіз)</b> – система фінансового аналізу,	<i><b>Financial ratio analysis</b> is a crucial tool for both</i>

Term	English definition	Ukrainian equivalent	Illustration
	the ratios of individual financial indicators that show different aspects of a company's financial activities, used to assess liquidity, solvency, leverage, profitability, and efficiency	що включає розрахунок співвідношень окремих фінансових показників, які відображають різні аспекти фінансової діяльності компанії, використовується для оцінки ліквідності, платоспроможності, фінансового важеля, прибутковості та ефективності	<i>internal management and external investors to gauge our company's performance against industry benchmarks</i>
<b>financial stability</b>	the state of an economic entity characterised by its ability to maintain solvency and liquidity, and to meet its financial obligations	<b>фінансова стабільність</b> – стан економічної одиниці, що характеризується її здатністю підтримувати платоспроможність та ліквідність, а також виконувати свої фінансові зобов'язання	<i>Achieving <b>financial stability</b> is the primary goal for any newly established business</i>
<b>financing</b>	all measures aimed at meeting an enterprise's capital needs, including mobilising financial resources, their repayment, and relationships with capital providers	<b>фінансування</b> – всі заходи, спрямовані на задоволення потреб підприємства в капіталі, включаючи мобілізацію фінансових ресурсів, їхнє погашення та взаємовідносини з постачальниками капіталу	<i>Securing adequate <b>financing</b> is crucial for launching a successful startup</i>
<b>financing cash flow (FCF)</b>	money related to debt and equity financing, including issuance or redemption of debt, issuance of shares or share buybacks, and dividend payments	<b>фінансовий грошовий потік (ФГП)</b> – кошти, пов'язані з борговим та акціонерним фінансуванням, включаючи випуск або погашення боргу, випуск акцій або викуп акцій, а також виплату дивідендів	<i>Issuing new bonds increased our <b>Financing Cash Flow</b> this quarter</i>



Term	English definition	Ukrainian equivalent	Illustration
<b><i>fixed assets</i></b>	long-term assets that a business owns, such as property, plant, or equipment, which cannot be used, sold, or converted to cash within one accounting calendar year	<b><i>основні засоби (необоротні активи)</i></b> – довгострокові активи, що належать бізнесу, такі як нерухомість, обладнання або машини, які не можуть бути використані, продані або конвертовані в готівку протягом одного облікового року	<i>The factory's machinery and buildings are considered <b>fixed assets</b> because they are used for long-term production</i>
<b><i>fixed costs</i></b>	costs that do not change regardless of the level of sales or production, such as rent, administrative salaries, and depreciation	<b><i>постійні витрати</i></b> – витрати, які не змінюються незалежно від рівня продажів або виробництва, такі як орендна плата, зарплата адміністративного персоналу та амортизація	<i>Rent and office staff salaries are examples of our <b>fixed costs</b></i>
<b>G</b>			
<b><i>Generally Accepted Accounting Principles (GAAP)</i></b>	a set of rules and guidelines used by accountants and financial professionals to ensure clarity and consistency in financial reporting across all companies, regardless of size	<b><i>загальноприйняті принципи бухгалтерського обліку</i></b> – набір правил та вказівок, що використовуються бухгалтерами та фінансовими фахівцями для забезпечення чіткості та послідовності у фінансовій звітності всіх компаній, незалежно від розміру	<i>Adherence to <b>GAAP</b> ensures that our financial statements are transparent and comparable with other companies in the industry</i>
<b><i>gross margin / gross profit margin</i></b>	an indicator of a company's profitability, showing how much sales revenue remains after accounting for direct costs of producing a product or service	<b><i>валова маржа / валовий прибуток</i></b> – показник прибутковості компанії, що показує, скільки доходу від продажів залишається після обліку прямих витрат на виробництво продукту або послуги	<i>A healthy <b>gross margin</b> indicates that the company effectively controls its production costs relative to its sales revenue</i>



Term	English definition	Ukrainian equivalent	Illustration
<b>gross margin ratio (gross profit margin)</b>	a profitability ratio that shows how much money a company keeps from its sales after paying for the cost of goods sold. Calculated as Gross Profit / Net Sales. A higher ratio is better	<b>коефіцієнт валової маржі (валова рентабельність)</b> – коефіцієнт прибутковості, що показує, скільки грошей компанія зберігає від своїх продажів після оплати собівартості реалізованої продукції. Розраховується як Валовий прибуток / Чистий обсяг продажів. Вищий коефіцієнт є кращим	<i>Our <b>gross margin ratio</b> improved significantly this quarter due to better supplier deals and efficient production</i>
<b>I</b>			
<b>income taxes</b>	taxes that governments impose on individuals and businesses based on their income, with collected money funding various public services and infrastructure	<b>податки на прибуток</b> – податки, які уряди накладають на фізичних осіб та підприємства на їхній дохід, причому зібрані кошти фінансують різні державні послуги та інфраструктуру	<i>The company's quarterly <b>income taxes</b> significantly reduced its final net profit</i>
<b>indirect investments</b>	investments made through intermediaries (e.g., mutual funds, pension funds), where the investor does not have direct control over the underlying assets	<b>непрямі інвестиції</b> – інвестиції, зроблені через посередників (наприклад, взаємні фонди, пенсійні фонди), де інвестор не має прямого контролю над основними активами	<i>Investing in a mutual fund is a form of <b>indirect investment</b></i>
<b>internal funding</b>	financial resources generated from within the enterprise itself, primarily through reinvested profits	<b>внутрішнє фінансування</b> – фінансові ресурси, що генеруються всередині самого підприємства, головним чином шляхом реінвестування прибутку	<i>Reinvesting retained earnings is a common method of <b>internal funding</b> for mature companies</i>

Term	English definition	Ukrainian equivalent	Illustration
<b>internal rate of return (IRR)</b>	a dynamic method indicator representing the discount rate at which the Net Present Value (NPV) of all cash flows from a particular project equals zero	<b>внутрішня норма прибутку</b> – показник динамічного методу, що представляє ставку дисконтування, при якій Чиста теперішня вартість (NPV) усіх грошових потоків від певного проєкту дорівнює нулю	<i>The project's <b>IRR</b> of 15% makes it an attractive option compared to our cost of capital</i>
<b>inventory</b>	the goods a business holds for sale, including raw materials, work-in-progress, and finished products	<b>запаси</b> – товари, які підприємство тримає для продажу, включаючи сировину, незавершене виробництво та готову продукцію	<i>Managing <b>inventory</b> efficiently helps prevent dead stock and reduces storage costs</i>
<b>inventory management</b>	minimising excess inventory that ties up cash, possibly using just-in-time systems or optimising levels based on demand	<b>управління запасами</b> – мінімізація надлишкових запасів, які зв'язують грошові кошти; може включати використання систем «точно в строк» або оптимізацію рівнів запасів на основі попиту	<i>Improved <b>inventory management</b> reduced our warehousing costs significantly</i>
<b>inventory turnover ratio</b>	a measure of business activity that indicates the effectiveness of inventory management within a company. It reflects the number of times the inventory has been turned over in a year. Calculated as Net Sales / Average Inventory at Cost	<b>коефіцієнт оборотності запасів</b> – показник ділової активності, що відображає ефективність управління запасами в компанії. Значення цього показника відображає кількість разів, скільки запаси були обернені за рік. Розраховується як Чистий обсяг продажів / Середня вартість запасів	<i>A high <b>inventory turnover ratio</b> suggests efficient inventory management and strong sales</i>

Term	English definition	Ukrainian equivalent	Illustration
<b>investing cash flow (ICF)</b>	money used or generated by investment activities, such as purchasing or selling assets (e.g., property, equipment, or securities)	<b>інвестиційний грошовий потік (ІГП)</b> – кошти, використані або отримані в результаті інвестиційної діяльності, такі як купівля або продаж активів (наприклад, нерухомості, обладнання або цінних паперів)	<i>The negative Investing Cash Flow this year is due to our significant purchase of new production facilities</i>
<b>investment</b>	the allocation of capital with the aim of its growth, sufficient to compensate for foregone present consumption, risk, and future inflation	<b>інвестиція</b> – розподіл капіталу з метою його зростання, достатнього для компенсації відмови від поточного споживання, ризику та майбутньої інфляції	<i>The company made a significant investment in new technology to improve efficiency</i>
<b>investment activities</b>	activities related to the acquisition and disposal of long-term assets and other investments not included in cash equivalents	<b>інвестиційна діяльність</b> – діяльність, пов'язана з придбанням та реалізацією довгострокових активів та інших інвестицій, не включених до грошових еквівалентів	<i>Purchasing new machinery falls under investment activities in our cash flow statement</i>
<b>investment decision</b>	a decision regarding allocating funds into assets at a specific time to achieve future profit, considering potential benefits and risks	<b>інвестиційне рішення</b> – рішення щодо розподілу коштів в активи у певний час для отримання майбутнього прибутку, враховуючи потенційні вигоди та ризики	<i>Making a sound investment decision requires thorough analysis of market conditions</i>
<b>investment project</b>	a set of documents defining the necessity and feasibility of carrying out real investment,	<b>інвестиційний проєкт</b> – сукупність документів, що визначають необхідність та доцільність здійснення реальних інвестицій,	<i>The company is currently evaluating a large-scale investment project</i>

Term	English definition	Ukrainian equivalent	Illustration
	encompassing economic, legal, organisational, technical, and other aspects of investment planning	що охоплюють економічні, правові, організаційні, технічні та інші аспекти інвестиційного планування	<i>to modernise its infrastructure</i>
<b>investment risk</b>	the threat or probability of completely or partially failing to achieve planned investment objectives and incurring financial losses	<b>інвестиційний ризик</b> – загроза або ймовірність повного або часткового недосягнення запланованих інвестиційних цілей, таких як прибуток або соціальний вплив, та понесення фінансових втрат	<i>Every investment risk must be carefully assessed before committing capital</i>
<b>L</b>			
<b>lease financing</b>	a financial agreement where a finance company pays for equipment that a customer wants, and the customer pays them to use it, potentially with an option to own or buy the goods at a reduced price at the end of the lease term	<b>лізингове фінансування</b> (фінансовий, капітальний лізинг) – фінансова угода, де лізингова компанія оплачує обладнання для клієнта, який платить за його користування, з можливістю подальшого викупу	<i>Instead of buying a new fleet of vehicles outright, the construction firm opted for lease financing to manage their initial costs</i>
<b>leverage ratio (debt/worth ratio)</b>	any of several measurements that look at how much capital comes in the forms of loans or assesses a company's ability to meet financial obligations. It measures the extent	<b>коефіцієнт фінансового важеля (коефіцієнт боргу до власного капіталу)</b> – будь-який з кількох показників, що відображають, яка частина капіталу надходить у формі позик, або оцінює здатність компанії виконувати фінансові зобов'язання. Вимірює	<i>A high leverage ratio indicates that the company relies heavily on borrowed funds, which can increase financial risk</i>

Term	English definition	Ukrainian equivalent	Illustration
	of a business's reliance on creditor funding. Calculated as Total Liabilities / Net Worth	ступінь залежності бізнесу від фінансування кредиторів. Розраховується як Загальні зобов'язання / Чиста вартість (власний капітал)	
<b>liabilities</b>	what a business owes to others, including debts, obligations, and financial claims against its assets	<b>зобов'язання</b> – те, що підприємство винне іншим, включаючи борги, фінансові претензії до його активів та обов'язки	<i>The company's <b>liabilities</b> include outstanding loans, accounts payable to suppliers, and accrued expenses</i>
<b>lines of credit</b>	flexible credit agreements that allow a company to borrow funds as needed, up to a certain limit	<b>кредитні лінії</b> – гнучкі кредитні угоди, які дозволяють компанії позичати кошти за потребою, до певного ліміту	<i>Our <b>line of credit</b> provides a safety net for unexpected expenses</i>
<b>liquidity</b>	how easily an asset or security can be converted into cash without significant loss of value	<b>ліквідність</b> – наскільки легко актив або цінний папір може бути перетворений на готівку без значної втрати вартості	<i>Cash is an asset with the highest <b>liquidity</b>, as it can be used immediately for payments</i>
<b>liquidity crisis</b>	a situation where a company is profitable on paper but lacks sufficient cash to pay its short-term bills, leading to insolvency	<b>криза ліквідності</b> – ситуація, коли компанія є прибутковою на папері, але не має достатньо готівки для оплати своїх короткострокових рахунків, що призводить до неплатоспроможності	<i>Without proper cash flow management, a company can face a <b>liquidity crisis</b> despite healthy profits</i>
<b>liquidity ratios</b>	financial metrics that measure a company's ability to pay its short-term debt obligations,	<b>коефіцієнти ліквідності</b> – фінансові показники, що вимірюють здатність компанії погашати свої короткострокові боргові	<i>Our <b>liquidity ratios</b> are strong, which reassures our creditors about our ability to</i>

Term	English definition	Ukrainian equivalent	Illustration
	indicating its potential to pay bills on time	зобов'язання, вказуючи на її потенціал вчасно оплачувати рахунки	<i>meet short-term obligations</i>
<b>long-term investments</b>	investments with a maturity period greater than one year, typically made with the goal of capital appreciation or long-term income generation	<b>довгострокові інвестиції</b> – інвестиції з терміном погашення більше одного року, як правило, здійснюються з метою збільшення капіталу або отримання довгострокового доходу	<i>Retirement funds are usually built upon a portfolio of long-term investments</i>
<b>long-term liabilities</b>	obligations that are not expected to be paid within one year or the operating cycle. They are traditionally not paid from current assets and encompass items like mortgages, equipment loans, and long-term bank loans	<b>довгострокові зобов'язання</b> – зобов'язання, які не очікується погасити протягом одного року або операційного циклу. Зазвичай вони не погашаються за рахунок поточних активів і включають такі статті, як іпотечні кредити, позики на обладнання та довгострокові банківські кредити	<i>The company took out a long-term liability in the form of a mortgage to finance the new production facility</i>
<b>long-term planning</b>	financial planning directed for several years (e.g., 5–10 years). It deals with making key investments, budgeting for perspective needs, and understanding how to receive funding over time	<b>довгострокове планування</b> – фінансове планування, розраховане на кілька років (наприклад, 5–10 років). Воно стосується здійснення ключових інвестицій, бюджетування перспективних потреб та розуміння, як отримати фінансування з часом	<b>Long-term planning</b> <i>involves setting strategic financial goals, such as expanding into new markets within the next five years</i>
<b>М</b>			
<b>managing excess cash flow</b>	investing surplus cash in short-term securities or using it to pay down	<b>управління надлишковим грошовим потоком</b> – інвестування надлишкових коштів	<b>Managing excess cash flow</b> <i>wisely means we can</i>

Term	English definition	Ukrainian equivalent	Illustration
	debt to generate income or reduce interest expenses	у короткострокові цінні папери або використання їх для погашення боргу з метою отримання доходу або зменшення відсоткових витрат	<i>either reinvest it or reduce our debt burden</i>
<b>market/systemic risk</b>	investment risk dependent on adverse conditions across all sectors of the economy, associated with the entire market (e.g., economic downturns, geopolitical events)	<b>ринковий / системний ризик</b> – інвестиційний ризик, що залежить від несприятливих умов у всіх секторах економіки, пов'язаний з усім ринком (наприклад, економічні спади, геополітичні події)	<b>Market risk</b> <i>cannot be eliminated through diversification, as it affects all assets</i>
<b>N</b>			
<b>net present value (NPV)</b>	a dynamic method indicator used to evaluate the profitability of an investment by discounting future cash flows to their present value and subtracting the initial investment cost	<b>чиста теперішня вартість</b> – показник динамічного методу, що використовується для оцінки прибутковості інвестиції шляхом дисконтування майбутніх грошових потоків до їх теперішньої вартості та віднімання початкової вартості інвестиції	<i>A positive NPV suggests that the project is expected to generate more value than its cost</i>
<b>net profit</b>	the actual profit after all expenses, including taxes and interest, have been deducted from revenue	<b>чистий прибуток</b> – фактичний прибуток після вирахування всіх витрат, включаючи податки та відсотки, з доходу	<i>The company reported a significant increase in <b>net profit</b> for the last fiscal year</i>
<b>net profit after tax</b>	the profit a company makes after all taxes have been deducted from its day-to-day	<b>чистий прибуток після оподаткування</b> – прибуток, який компанія отримує після вирахування	<i>The board decided to reinvest a large portion of the <b>net profit</b></i>

Term	English definition	Ukrainian equivalent	Illustration
	operations. This net income can be reinvested into the company, paid out as dividends, or used to acquire treasury stock	всіх податків з її повсякденної діяльності. Цей чистий дохід може бути реінвестований у компанію, виплачений як дивіденди або використаний для придбання власних акцій	<i>after tax back into research and development for new products</i>
<b>net profit before tax</b>	the total income minus all expenses, calculated by subtracting gross profit, operating costs, and other expenses from total revenue, but before deducting income taxes	<b>чистий прибуток до оподаткування</b> – загальний дохід мінус усі витрати, розраховується шляхом вирахування валового прибутку, операційних та інших витрат із загального доходу, але до вирахування податку на прибуток	<i>Achieving a strong <b>net profit before tax</b> is a key indicator of a business's overall financial health</i>
<b>net profit margin ratio</b>	a profitability ratio based on net income (also known as net earnings), calculated by dividing net income by total sales revenue. This ratio presents how much profit is made for every dollar of revenue. A higher percentage means the business is more profitable. Formula: Net Profit / Total Revenue	<b>коефіцієнт чистого прибутку</b> – коефіцієнт прибутковості, заснований на чистому прибутку (також відомому як чистий дохід), розраховується діленням чистого прибутку на загальний дохід від продажів. Цей коефіцієнт показує, скільки прибутку отримується на кожен долар доходу. Вищий відсоток означає, що бізнес є більш прибутковим. Формула: Чистий прибуток / Загальний дохід	<i>Despite high sales, a low <b>net profit margin ratio</b> indicated that the company's overall expenses were too high</i>
<b>net sales</b>	the total revenue from sales after adjustments, calculated by	<b>чистий обсяг продажів</b> – загальний дохід від продажів після коригувань,	<i>Despite high gross sales, <b>net sales</b> were slightly lower</i>



Term	English definition	Ukrainian equivalent	Illustration
	starting with gross sales (total revenue before deductions) and subtracting returns, allowances, and discounts	розраховується шляхом вирахування повернень, знижок та надбавок з валового обсягу продажів (загального доходу до вирахувань)	<i>due to a high volume of customer returns</i>
<b>notes payable</b>	formal agreements, typically promissory notes, where one party commits to paying another party a specified amount of cash, essentially representing a loan between two parties	<b>векселі до сплати</b> – офіційні угоди, за якими одна сторона зобов'язується виплатити іншій зазначену суму готівки, по суті, це позика між двома сторонами	<i>The short-term <b>notes payable</b> of \$20,000 are due next quarter, so we need to ensure we have sufficient funds</i>
<b>O</b>			
<b>operating cash flow (OCF)</b>	money generated by the core activities of the business, demonstrating how effectively a company converts its sales into cash	<b>операційний грошовий потік (ОГП)</b> – кошти, що генеруються основною діяльністю бізнесу, демонструючи, наскільки ефективно компанія перетворює свої продажі в готівку	<i>Strong <b>Operating Cash Flow</b> indicates that our main business is highly profitable and efficient</i>
<b>operating cash flow ratio</b>	a ratio that measures the money generated from a company's business activities, calculated as Operating Cash Flow / Current Liabilities	<b>коефіцієнт операційного грошового потоку</b> – показник, що вимірює гроші, згенеровані діловою діяльністю компанії, розраховується як Операційний грошовий потік / Поточні зобов'язання	<i>A high <b>operating cash flow ratio</b> indicates that the business generates sufficient cash from its core operations to cover its current liabilities</i>

Term	English definition	Ukrainian equivalent	Illustration
<b>operating expenses</b>	costs incurred in the course of normal business operations, excluding the cost of goods sold. Includes sales, general, and administrative expenses	<b>операційні витрати</b> – витрати, понесені в ході звичайної ділової діяльності, за винятком собівартості реалізованої продукції. Включає витрати на продаж, загальні та адміністративні витрати	<i>We are analysing our <b>operating expenses</b> to identify areas for optimisation</i>
<b>operating profit</b>	a measure of a business's profitability, representing the money earned before taxes and interest, reflecting the core operational performance	<b>операційний прибуток</b> – показник прибутковості бізнесу, що представляє гроші, зароблені до сплати податків та відсотків, відображаючи основну операційну діяльність	<i>Despite high revenue, a low <b>operating profit</b> suggested inefficient management of daily business costs</i>
<b>operating profit margin</b>	a profitability ratio calculated by dividing earnings before interest and taxes by sales revenue to get a percentage. A higher percentage indicates a more profitable business, as it reflects core operational performance before interest and taxes. Formula: Net Profit Before Tax / Net Sales	<b>коефіцієнт операційного прибутку</b> – коефіцієнт прибутковості, розраховується діленням прибутку до виплати відсотків та податків на дохід від продажів. Вищий відсоток вказує на більш прибутковий бізнес, оскільки відображає основну операційну ефективність до відсотків та податків. Формула: Чистий прибуток до оподаткування / Чистий обсяг продажів	<i>A healthy <b>operating profit margin</b> demonstrates strong control over our direct and administrative costs</i>
<b>operational activities</b>	the primary revenue-generating activities of an enterprise and other	<b>операційна діяльність</b> – основна діяльність підприємства, що генерує дохід, та інші види	<i>Most of our cash comes from our core <b>operational activities</b>, such as selling goods</i>

Term	English definition	Ukrainian equivalent	Illustration
	activities that are not investing or financing activities	діяльності, які не є інвестиційною чи фінансовою діяльністю	
<b>other expenses</b>	various costs that are indirect expenses related to daily operations, not part of COGS or standard operating expenses, such as small equipment repairs, promotional spending, or non-operating losses	<b>інші витрати</b> – різні непрямі витрати, пов'язані з повсякденною діяльністю, що не є частиною собівартості реалізованої продукції або стандартних операційних витрат, наприклад, невеликий ремонт обладнання, витрати на рекламу або неопераційні збитки	<i>Unexpected equipment breakdowns led to higher <b>other expenses</b> than projected for the quarter</i>
<b>other income</b>	revenue earned by a business that is not from its primary sales, such as interest on investments, discounts received, and income from customer charge accounts	<b>інші доходи</b> – дохід, отриманий бізнесом, що не є результатом його основних продажів, наприклад, відсотки від інвестицій, отримані знижки та дохід від розрахункових рахунків клієнтів	<i>The company's <b>other income</b> included significant earnings from its long-term stock investments</i>
<b>owner's investment</b>	a sum of money or other assets that the proprietor provides to the business for its initial startup or to keep it running	<b>внесок власника / інвестиція власника</b> (вкладений капітал) – сума грошей або інших активів, наданих власником для започаткування або підтримки функціонування бізнесу	<i>At the outset, the founder's initial <b>owner's investment</b> covered the first six months of operating expenses</i>
<b>P</b>			
	a dynamic method indicator that calculates the length of time required for	<b>термін окупності</b> – показник динамічного методу, який розраховує тривалість часу, необхідного для	<i>We aim for a <b>Payback Period</b> of less than three years for all</i>

Term	English definition	Ukrainian equivalent	Illustration
<b><i>payback period (PP)</i></b>	an investment to generate cash flows sufficient to recover its initial cost	того, щоб інвестиція згенерувала грошові потоки, достатні для відшкодування її початкової вартості	<i>new equipment purchases</i>
<b><i>pricing formulas and policies</i></b>	methods and guidelines used to determine profitable selling prices for products and services, ensuring profitability and providing flexibility to price separate products differently	<b><i>формули та політики ціноутворення</i></b> – методи та рекомендації, що використовуються для визначення прибуткових цін продажу на товари та послуги, забезпечуючи прибутковість та надаючи гнучкість для встановлення різних цін на окрему продукцію	<i>Our pricing policies allow us to offer competitive rates for bulk orders while maintaining higher margins on custom products</i>
<b><i>pro forma income statement</i></b>	a projected income statement that forecasts a company's revenues, expenses, and profitability for a future period	<b><i>проформа звіт про прибутки та збитки</i></b> – прогнозований звіт про прибутки та збитки, який передбачає доходи, витрати та прибутковість компанії на майбутній період	<i>Our Pro Forma Income Statement predicts a 10% sales growth for the next year</i>
<b><i>pro forma statements</i></b>	projected financial statements (e.g., pro forma income statement, pro forma balance sheet) created to see how planned actions affect finances and to forecast future profitability	<b><i>проформа-звіти</i></b> – прогнозовані фінансові звіти (наприклад, проформа-звіт про прибутки, проформа-баланс), що створюються для оцінки впливу запланованих дій на фінанси та прогнозування майбутньої прибутковості	<i>The pro forma statements showed that the new product launch would significantly boost revenue in the next fiscal year</i>

Term	English definition	Ukrainian equivalent	Illustration
<b>profit</b>	the income minus expenses, which can include non-cash items such as depreciation	<b>прибуток</b> – дохід мінус витрати, які можуть включати негрошові статті, такі як амортизація	<i>The company reported a healthy <b>profit</b> last quarter; but we need to examine the cash flow more closely</i>
<b>profit management</b>	the research into effective means for managing a company's profits to ensure sustainable growth, viability, and competitiveness	<b>управління прибутком</b> – дослідження ефективних способів управління прибутком компанії для забезпечення сталого зростання, життєздатності та конкурентоспроможності	<i>Effective <b>profit management</b> is crucial for any business's long-term stability</i>
<b>profitability index (PI)</b>	a dynamic method indicator that measures the ratio of the present value of future cash flows to the initial investment, used to rank projects	<b>індекс рентабельності</b> – показник динамічного методу, що вимірює співвідношення теперішньої вартості майбутніх грошових потоків до початкових інвестицій, використовується для ранжування проєктів	<i>Projects with a <b>Profitability Index</b> greater than 1.0 are generally considered acceptable</i>
<b>Q</b>			
<b>quick ratio (acid-test ratio)</b>	a liquidity ratio that measures a business's most liquid assets (Cash + Government Securities + Receivables) concerning its short-term obligations (Total Current Liabilities). It indicates the corporation's competence to settle its	<b>коефіцієнт швидкої ліквідності</b> – коефіцієнт ліквідності, що вимірює найбільш ліквідні активи бізнесу (Готівка + Державні цінні папери + Дебіторська заборгованість) відносно його короткострокових зобов'язань (Загальні поточні зобов'язання). Вказує на здатність компанії погашати короткострокові	<i>The <b>quick ratio</b> is important for our company, as it excludes inventory, giving a more conservative view of our immediate liquidity</i>

Term	English definition	Ukrainian equivalent	Illustration
	short-term liabilities in the near term by including only easily liquidated assets	зобов'язання лише за рахунок легколіквідних активів	
<b>R</b>			
<b>ratio analysis</b>	a means by which individual business performance is compared to similar businesses in the same category; it helps determine a company's financial strengths and weaknesses	<b>коефіцієнтний аналіз</b> – засіб порівняння фінансових показників окремого бізнесу з показниками аналогічних підприємств у тій же категорії; допомагає визначити фінансові сильні та слабкі сторони компанії	<b>Ratio analysis</b> revealed that <i>our company's liquidity was below the industry average, prompting a review of our current assets</i>
<b>real investments</b>	investments in tangible assets such as property, plant, and equipment, or in intellectual property like patents and trademarks	<b>реальні інвестиції</b> – інвестиції в матеріальні активи, такі як майно, основні засоби та обладнання, або в інтелектуальну власність, як патенти та торгові марки	<i>Building a new factory is a prime example of real investment</i>
<b>receivables turnover ratio</b>	a ratio that compares revenue from the Income Statement to accounts receivable from the Balance Sheet, showing how well a business collects cash from customers. Calculated as Revenue / Accounts Receivable	<b>коефіцієнт оборотності дебіторської заборгованості</b> – коефіцієнт, що порівнює дохід зі Звіту про прибутки та збитки з дебіторською заборгованістю з Балансу, показуючи, наскільки добре бізнес збирає готівку від клієнтів. Розраховується як Дохід / Дебіторська заборгованість	<i>An increasing receivables turnover ratio indicates that our company is becoming more effective at collecting payments from its customers</i>

Term	English definition	Ukrainian equivalent	Illustration
<b>retained earnings</b>	the portion of net income that a company opts to retain rather than distribute as dividends to shareholders	<b>нерозподілений прибуток</b> – частина чистого прибутку, яку компанія вирішує залишити, а не розподіляти у вигляді дивідендів акціонерам	<i>The company used its <b>retained earnings</b> to fund a new research and development project</i>
<b>return on investment (ROI) ratio</b>	a robust simple measure of value used across various business and public sectors. An ROI Ratio greater than one represents a positive return (more output than input); a higher ROI is better. An ROI less than one represents a loss unless non-financial benefits outweigh the cost. Calculated as Net Income / Total Cost	<b>коефіцієнт рентабельності інвестицій</b> – надійний простий показник вартості, що використовується в різних галузях бізнесу та державного сектору. ROI більше одиниці означає позитивну рентабельність (більше виходу, ніж вкладень); вищий ROI є кращим. ROI менше одиниці означає втрату, якщо нефінансові вигоди не перевищують витрат. Розраховується як Чистий дохід / Загальна вартість	<i>The marketing campaign had an impressive <b>Return on Investment (ROI)</b> of 2.5, meaning we earned \$2.50 for every dollar spent</i>
<b>risk-free zone</b>	a risk zone where the risk is negligible, financial losses are virtually non-existent, and guaranteed receipt of an expected financial result	<b>безризикова зона</b> – зона ризику, де ризик є незначним, фінансові втрати практично відсутні, і гарантоване отримання фінансового результату в межах очікуваної суми прибутку від інвестиційної діяльності	<i>Investing in government bonds is generally considered to be in the <b>risk-free zone</b></i>
<b>S</b>			
<b>sales forecast</b>	an estimate of expected sales revenue within a specific time	<b>прогноз продажів</b> – оцінка очікуваного доходу від продажів протягом певного	<i>An accurate <b>sales forecast</b> is essential for determining</i>

Term	English definition	Ukrainian equivalent	Illustration
	frame (e.g., quarterly, monthly, or yearly). It expresses how much a company plans to sell, based on analysis of economic conditions, consumer trends, past purchases, and competitors	періоду (квартал, місяць, рік). Він показує, скільки компанія планує продати, базуючись на аналізі економічних умов, споживчих тенденцій, минулих покупок та конкурентів	<i>production levels and inventory requirements</i>
<b><i>selling and administrative expenses</i></b>	the costs associated with selling a firm's products and the costs incurred in running the firm's daily business operations, such as salaries, rent, utilities, and depreciation	<b><i>витрати на збут та адміністративні витрати</i></b> – витрати, пов'язані з продажем продукції фірми, та витрати, понесені в ході повсякденної діяльності фірми, такі як зарплата, оренда, комунальні послуги та амортизація	<b><i>High selling and administrative expenses can significantly reduce a company's overall profitability, even with strong sales</i></b>
<b><i>shareholders' equity / net worth</i></b>	what the owners have left in a company after paying off its debts. It includes money investors put into the company (share capital) and retained earnings (net profits the company has kept and not paid out to shareholders over the years). It is calculated as: Total Assets – Total Liabilities = Shareholders' Equity	<b><i>власний капітал акціонерів / чиста вартість</i></b> – те, що залишається власникам у компанії після сплати всіх боргів. Включає гроші, вкладені інвесторами (акціонерний капітал), та нерозподілений прибуток (чистий прибуток, який компанія зберегла та не виплатила акціонерам протягом років). Розраховується: Загальні активи – Загальні зобов'язання = Власний капітал акціонерів	<b><i>After a profitable year, the company's shareholders' equity increased significantly, reflecting accumulated retained earnings</i></b>



Term	English definition	Ukrainian equivalent	Illustration
<b>shares (stocks)</b>	represent ownership in companies, giving shareholders voting rights and the opportunity to receive dividends	<b>акції</b> – представляють право власності в компаніях, надаючи акціонерам право голосу та можливість отримувати дивіденди	<i>Investing in <b>shares</b> allows you to become a partial owner of a company</i>
<b>short-term investments</b>	investments with a maturity period of one year or less, typically held for liquidity purposes	<b>короткострокові інвестиції</b> – інвестиції з терміном погашення один рік або менше, як правило, утримуються з метою ліквідності	<i>Placing surplus cash in money market funds is a common <b>short-term investment</b> strategy</i>
<b>short-term liabilities</b>	obligations that are covered by current assets or settled through the formation of new short-term liabilities, typically within a term not exceeding 1 year	<b>короткострокові зобов'язання</b> – зобов'язання, що покриваються поточними активами або погашаються шляхом утворення нових короткострокових зобов'язань, як правило, протягом терміну, що не перевищує 1 року	<i>Managing our <b>short-term liabilities</b> effectively is crucial for daily cash flow</i>
<b>short-term loans</b>	loans with a relatively short repayment period, typically less than one year	<b>короткострокові позики</b> – позики з відносно коротким терміном погашення, зазвичай менше одного року	<i>We took out <b>short-term loans</b> to cover a temporary gap in our cash flow</i>
<b>short-term planning</b>	financial planning aiming at short-term goals (one year or less). It helps the company achieve its main objectives, mainly focusing on operational budgets and cash flow management	<b>короткострокове планування</b> – фінансове планування, спрямоване на досягнення короткострокових цілей (один рік або менше). Воно допомагає компанії досягти її основних цілей, зосереджуючись переважно	<i><b>Short-term planning</b> for the quarter focused on optimizing inventory levels and managing daily cash flow efficiently</i>

Term	English definition	Ukrainian equivalent	Illustration
		на операційних бюджетах та управлінні грошовими потоками	
<b><i>sources of funding</i></b>	options for short-term financing in case of a shortage of funds, such as lines of credit, short-term loans, or factoring of accounts receivable	<b><i>джерела фінансування</i></b> – варіанти короткострокового фінансування у разі нестачі коштів, такі як кредитні лінії, короткострокові позики або факторинг дебіторської заборгованості	<i>When facing a cash shortage, we consider various <b>sources of funding</b> to maintain operations</i>
<b><i>statement of income / profit and loss statement / earnings statement</i></b>	a financial report summarising a business's revenues and expenses over a period of time, showing the company's revenue, costs, gross profit, selling and administrative expenses, other expenses and income, taxes paid, and net profit	<b><i>звіт про прибутки та збитки</i></b> (також <b><i>звіт про фінансові результати</i></b> ) – фінансовий звіт, що підсумовує доходи та витрати бізнесу за певний період часу, показуючи дохід, витрати, валовий прибуток, адміністративні та збутові витрати, інші доходи та витрати, сплачені податки та чистий прибуток	<i>The <b>statement of income</b> for the last quarter showed a significant increase in net profit due to higher sales and controlled expenses</i>
<b><i>static methods (investment evaluation)</i></b>	methods for assessing economic efficiency based on undiscounted cash flows, not considering the changing value of money over time	<b><i>статичні методи (оцінки інвестицій)</i></b> – методи оцінки економічної ефективності, що ґрунтуються на недисконтованих грошових потоках, тобто не враховують зміну вартості грошей у часі	<i>For a quick preliminary check, we sometimes use <b>static methods</b> for investment evaluation, but they are less precise</i>

Term	English definition	Ukrainian equivalent	Illustration
<b>strategic investment project</b>	an investment project involving a change in the profile of activity and/or ownership form of the enterprise	<b>стратегічний інвестиційний проєкт</b> – інвестиційний проєкт, що передбачає зміну профілю діяльності та/або форми власності підприємства	<i>Acquiring a competitor is a <b>strategic investment project</b> that will alter our market position</i>
<b>T</b>			
<b>tactical investment project</b>	an investment project aimed at increasing volumes and improving the quality of produced goods by altering parts of the production technology, modernising fixed assets, retraining staff, etc.	<b>тактичний інвестиційний проєкт</b> – інвестиційний проєкт, спрямований на збільшення обсягів та покращення якості виробленої продукції шляхом зміни частин технології виробництва, модернізації основних фондів, перенавчання персоналу тощо	<i>Implementing new software for our sales team is a <b>tactical investment project</b> to boost efficiency</i>
<b>taxes payable</b>	the amount of money a business owes to tax authorities, representing its tax obligations that have been incurred but not yet paid	<b>податки до сплати</b> – сума грошей, яку підприємство винне податковим органам за нараховані, але ще не сплачені податкові зобов'язання	<i>We need to ensure all <b>taxes payable</b> are remitted to the government by the end of the fiscal quarter to avoid penalties</i>
<b>term sheet</b>	a non-binding document outlining the key terms and conditions of an investment or financing agreement, serving as a template for more detailed legal documents	<b>термишит (лист умов)</b> – документ, що не має юридичної сили, але окреслює основні умови інвестиційної або фінансової угоди, слугуючи шаблоном для більш детальних юридичних документів	<i>After several rounds of negotiations, the startup and the venture capital firm finally agreed on a <b>term sheet</b> outlining the pre-money valuation, investment amount, and liquidation</i>

Term	English definition	Ukrainian equivalent	Illustration
			<i>preferences for the Series A funding round</i>
<b>trade credit</b>	an arrangement where a supplier provides goods or services to a customer on credit terms, allowing the customer to pay at a later date, typically without immediate cash payment	<b>комерційний кредит</b> (товарний, діловий, постачальника) – домовленість, за якою постачальник надає товари чи послуги в кредит, дозволяючи оплатити пізніше без негайної готівкової оплати	<i>Our small business often relies on <b>trade credit</b> from our suppliers, which gives us 30 days to pay for raw materials after delivery</i>
<b>V</b>			
<b>variable costs</b>	costs that vary in direct proportion to changes in sales or production volume, such as the cost of goods sold, direct labor costs, and commissions	<b>змінні витрати</b> – витрати, які змінюються прямо пропорційно до змін обсягу продажів або виробництва, такі як собівартість реалізованої продукції, прямі витрати на оплату праці та комісійні	<i>Raw material costs and sales commissions are part of our <b>variable costs</b></i>
<b>venture capital</b>	a form of financing where investors contribute money to startups and other enterprises with high growth potential in exchange for equity stakes	<b>венчурний капітал</b> – форма фінансування, коли інвестори вкладають гроші в стартапи та інші підприємства з високим потенціалом зростання в обмін на частки власного капіталу в компанії	<i><b>Venture capital</b> played a crucial role in the early growth of many successful tech companies</i>
<b>W</b>			
<b>working capital</b>	a measure of a company's short-term liquidity, calculated as	<b>оборотний капітал</b> (циркулюючий капітал) – показник короткострокової ліквідності,	<i>Effective management of <b>working capital</b> is crucial for ensuring</i>

Term	English definition	Ukrainian equivalent	Illustration
	current assets minus current liabilities; it represents the capital available to a business for its day-to-day operations	розраховується як поточні активи мінус поточні зобов'язання; капітал для щоденної діяльності	<i>a small business can cover its immediate expenses and avoid cash flow problems</i>
<b>working capital management</b>	optimising current assets and current liabilities to maximise liquidity and profitability	<b>управління оборотним капіталом</b> – оптимізація поточних активів та поточних зобов'язань для максимізації ліквідності та прибутковості	<i>Effective working capital management is crucial for balancing our short-term assets and liabilities</i>

## APPENDIX II

### LANGUAGE REFERENCE: **GENERAL RULES OF DERIVATION (WORD FORMATION) IN ENGLISH**

**“DERIVATION is the formation of a word from another word or base  
(as by the addition of a usually noninflectional affix)”**

*<https://www.merriam-webster.com/dictionary/derivation>*

Derivation Category	Description and Suffixes/Prefixes	Examples (Root → Derived Word)	Notes
<b>1. Verb → Noun</b>	Forming a noun from a verb, often denoting an action, process, or the result of an action	agree → <b>agreement</b> ; manage → <b>management</b> ; realize → <b>realization</b> ; develop → <b>development</b> ; employ → <b>employee</b> / <b>employer</b> ; pay → <b>payer</b>	Common suffixes: -ment, -tion/-sion, -ance/-ence, -er/-or, -ing, -al, -y
<b>2. Noun → Verb</b>	Converting a noun into a verb, denoting an action related to that noun	finance → <b>to finance</b> ; profit → <b>to profit</b> ; guarantee → <b>to guarantee</b>	Often no change in form (zero derivation), or by adding suffixes like -ize/-ise, -en
<b>3. Adjective → Noun</b>	Forming a noun from an adjective, denoting a quality, state, or attribute	competitive → <b>competitiveness</b> ; decisive → <b>decisiveness</b> ; responsible → <b>responsibility</b>	Common suffixes: -ness, -ity/-ty, -th, -dom, -hood
<b>4. Noun → Adjective</b>	Forming an adjective from a noun, describing something related to that noun	obligation → <b>obligatory</b> ; price → <b>precious</b> ; risk → <b>risky</b> ; finance → <b>financial</b> ; economy → <b>economic</b>	Common suffixes: -ful, -ous, -al, -ic, -y, -ish, -less (denoting absence)

Derivation Category	Description and Suffixes/Prefixes	Examples (Root → Derived Word)	Notes
<b>5. Verb → Adjective</b>	Forming an adjective from a verb, describing a state or quality related to the action	plan → <b>planned</b> ; profit → <b>profitable</b> ; develop → <b>developing</b> ; effect → <b>effective</b>	Common suffixes: -ive, -able/-ible, -ing (for active participles), -ed (for passive participles)
<b>6. Adjective → Verb</b>	Converting an adjective into a verb, denoting the action of making something like the adjective	national → <b>nationalise</b> ; ideal → <b>idealise</b> ; hard → <b>harden</b>	Common suffixes: -en, -ize/-ise
<b>7. Adding Prefixes</b>	Prefixes modify the meaning of a word, often conveying opposite, repetitive, or other specific meanings	possible → <b>impossible</b> ; observable → <b>unobservable</b> ; agree → <b>disagree</b> ; normal → <b>abnormal</b>	Examples of prefixes: un-, in-/im-/il-/ir-, dis-, re-, mis-, non-, pre-, post-, over-, under-
<b>8. Conversion (Zero Derivation)</b>	A word changes its grammatical category without changing its form (without adding suffixes or prefixes)	recod (noun) → <b>to record</b> (verb); share (verb) → a <b>share</b> (noun); empty (adjective) → <b>to empty</b> (verb)	A very common phenomenon in English

## APPENDIX III

### LANGUAGE REFERENCE: *DERIVATIVES IN FINANCIAL ENGLISH*

**For more detailed information, please refer to this link**

*[https://afreshstartinenglish.wordpress.com/wp-content/uploads/2021/01/use\\_of\\_english\\_b2\\_for\\_all\\_exams\\_tb\\_moutsou\\_e.pdf](https://afreshstartinenglish.wordpress.com/wp-content/uploads/2021/01/use_of_english_b2_for_all_exams_tb_moutsou_e.pdf)*

<b>Verb</b>	<b>Noun</b>	<b>Noun (Person)</b>	<b>Adjective (+Opposite)</b>
account	account / accounting	accountant	accountable, unaccountable
achieve	achievement	achiever	achievable, unachievable
acquire	acquisition	acquirer	acquired, unacquired
act	act / action	actor / agent	active, inactive
adjust	adjustment	adjuster	adjustable, non-adjustable
allocate	allocation	allocator	allocated, unallocated
analyse	analysis	analyst	analysed, unanalysed
appreciate	appreciation	appreciator	appreciated, appreciatory, depreciated, depreciatory
assess	assessment	assessor	assessed, unassessed
audit	audit / auditing	auditor	audited, unaudited
borrow	borrowing / loan	borrower	borrowed, unborrowed
budget	budget / budgeting	budgeter	budgeted, unbudgeted
compete	competition, competitiveness	competitor	competitive, uncompetitive
control	control	controller	controlled, uncontrolled
decide	decision, decisiveness	decider	decisive, indecisive, decided, undecided
default	default	defaulter	defaulting, non-defaulting



<b>Verb</b>	<b>Noun</b>	<b>Noun (Person)</b>	<b>Adjective (+Opposite)</b>
define	definition	—	defined, undefined
deposit	deposit	depositor	deposited, undeposited
depreciate	depreciation	—	depreciated, depreciatory, appreciated, appreciatory
derive	derivation / derivative	—	derived, undiscovered
enable	enablement	—	enabled, disabled
fail	failure	failure, loser	failing, successful
finance	finance / financing	financier / financier	financial, financed, unfinanced
forecast	forecast / forecasting	forecaster	forecasted, unforecasted
found	foundation	founder	foundational, non-foundational
fund	fund / funding	funder	funded, unfunded
grow	growth	—	growing, shrinking
invest	investment	investor	invested, uninvested
justify	justification	—	justifiable, unjustifiable
labialise	labialisation	—	labialised, non-labialised
lend	lending / loan	lender	lent, unlent
liquidate	liquidation	liquidator	liquid, illiquid
manage	management	manager	managing, managed, manageable, unmanaged, unmanageable
measure	measurement	measurer	measurable, immeasurable
oblige	obligation	—	obligatory, voluntary
observe	observation	observer	observable, unobservable
operate	operation	operator	operative, inoperative

<b>Verb</b>	<b>Noun</b>	<b>Noun (Person)</b>	<b>Adjective (+Opposite)</b>
organise	organisation	organiser	organised, disorganised
own	ownership	owner	owned, unowned
pay	payment	payer / payee	paying, payable, paid, unpaid
plan	plan / planning	planner	planned, unplanned
profit	profit	—	profitable, unprofitable
reconcile	reconciliation	reconciler	reconciled, unreconciled
record	record / recording	recorder	recorded, unrecorded
return	return	—	returnable, non-returnable
serve	service	server / servant	serviceable, unserviceable
share	share / sharing	shareholder / sharer	shared, unshared
solve	solution	solver	solvable, unsolvable
state	statement / state	—	stated, unstated
supply	supply	supplier	supplied, unsupplied
trade	trade / trading	trader	traded, untraded
verify	verification	verifier	verified, unverified
withdraw	withdrawal	withdrawer	withdrawn, unwithdrawn

## APPENDIX IV

### ACADEMIC REFERENCE: *PLAN FOR ANALYSIS OF A SCIENTIFIC ARTICLE IN FINANCE*

**Use these sources to guide your academic paper analysis:**

English for Writing Research Papers: Useful Phrases  
[https://mcnair.siu.edu/\\_common/documents/summer-research-inst/free-download-useful-phrases11.pdf](https://mcnair.siu.edu/_common/documents/summer-research-inst/free-download-useful-phrases11.pdf)

Useful Phrases and Sentences for Academic & Research Paper Writing <https://www.ref-n-write.com/trial/how-to-write-a-research-paper-academic-phrasebank-vocabulary/>

Writing an Article Review <https://academichelp.net/academic-assignments/review/write-article-review.html>

#### **I. General information about the article**

- **Title of the Article:** (Full title)
- **Authors:** (Full names of all authors and their affiliation/institution)
- **Source of Publication:** (Title of the journal/collection, volume, issue, pages, year)
- **Date of Publication:** (If a more specific date is provided)
- **Type of Article:** (Original research, literature review, case study, methodological article, other)

#### **II. Abstract and Keywords**

##### **Contents of the abstract:**

- Does the abstract reflect the article's primary purpose, methodology, key findings, and conclusions?
- Is it clear, concise, and informative?
- Does it contain elements that would engage the reader?

##### **Keywords:**

- Do the keywords adequately reflect the theme of the article?
- Are they specific enough for search purposes?

- Do they correspond to the generally accepted terminology in financial management?

### **III. Introduction**

#### **Relevance of the research:**

- How do the authors justify the relevance of the chosen topic in financial management?
- Are there sufficient arguments presented that indicate the importance of the research?
- Is there a connection to current trends or issues in finance?

#### **The problem statement:**

- Is the research problem (or problems) formulated in the article?
- Is it specific and measurable enough?

#### **The aim and objectives of the research:**

- Is the aim of the article clearly defined? Is it realistic?
- Are specific objectives formulated that help to achieve the aim?

#### **Scientific novelty and practical significance:**

- Is it indicated what new contributions this research makes to financial management?
- How can the results of the research be applied in practice?

### **IV. Literature Review**

#### **Completeness and depth of review:**

- Has a sufficient overview of the relevant literature on financial management been provided?
- Does it include key authors and theories related to the topic?

#### **Gaps:**

- Have gaps in existing research that justify the necessity of this study been identified and formulated?
- Are these gaps related to the research problem posed?

#### **Theoretical basis:**

- On what theoretical basis is the research grounded? (For example, agency theory, capital structure theory, portfolio theory, etc.)
- Is this theoretical foundation justified and adequate for the problem being studied?

## **V. Methodology**

**Type of research:** quantitative, qualitative, mixed

**Object and subject of the research:**

- What (or who) is the object of the research?
- Which aspects of the object are being considered (subject)?

**Data:**

- Type of data (primary, secondary)
- Data source (databases, surveys, interviews, financial reports, etc.)
- Sample size (number of companies, years, respondents, etc.)
- Method of data collection
- Are the data sufficient and reliable for the intended purpose?

**Analysis methods:**

- What methods were used for data analysis? (For example, regression analysis, correlation analysis, statistical analysis, qualitative content analysis, comparative analysis, modelling, etc.)
- Are the chosen methods appropriate for addressing the set tasks?
- Is the methodology described sufficiently for another study to be replicated?

## **VI. Results**

**Presentation of results:**

- How clearly and logically are the results presented?
- Are tables, graphs, and charts used to visualise the data?
- Are these visualisations informative and easy to understand?

**Objectivity:**

- Are the results presented objectively, without bias?
- Are all significant results discussed, including those that did not support the initial hypotheses?

**Statistical significance (if applicable):**

- Is the statistical significance of the obtained results discussed?
- Are the relevant statistical indicators stated (p-values, coefficients, R-squared, etc.)?

## **VII. Discussion**

### **Interpretation of results:**

- How do the authors interpret the obtained results?
- Do they explain what these results mean in the context of financial management?

### **Connection to the literature:**

- Is it discussed how the obtained results relate to previous research and theories?
- Do they confirm, contradict, or extend existing knowledge?

### **Limitations of the study:**

- Do the authors acknowledge the limitations of their study?
- Do they discuss how these limitations may affect the interpretation of the results?

### **Directions for future research:**

- Are specific directions proposed for further research based on the results obtained and the limitations identified?

## **VIII. Conclusions**

### **Summary of key conclusions:**

- Are the main conclusions of the article clearly and concisely formulated?
- Do they align with the stated objectives and tasks?

### **Contribution of the research:**

- Does the research contribution to the science and practice of financial management stand out?

### **Recommendations (if any):**

- Are practical recommendations provided based on the research findings for managers, investors, regulators, etc.?

## **IX. References**

### **Completeness and relevance:**

- Does the list of references correspond to the citations in the text?
- Does it contain a sufficient number of current and authoritative sources?

**Formatting:**

- Does the list of references conform to the chosen citation style (e.g., APA, MLA, Harvard)?

**X. Overall assessment and personal impression**

- **Strengths of the article:** (For example, innovative idea, reliable methodology, clear presentation, significant results)
- **Weaknesses of the article:** (For example, unclear problem statement, insufficient literature review, questionable methodology, unconvincing conclusions)
- **Value of the article:** What is the overall contribution of this article to understanding financial management? Is it valuable for further research or practical application?
- **Recommendations:** Would you recommend this article for reading to other researchers or practitioners?

## APPENDIX V

### INFORMATION REFERENCE: VALUABLE ONLINE SOURCES FOR TRAINING AND EDUCATION

#### 1. Training platforms and courses

<b><i>Busuu</i></b>	<ul style="list-style-type: none"> <li>a self-led language learning platform that focuses on building solid foundations through simplified courses and short, focused lessons</li> </ul>	<a href="https://help.busuu.com/hc/en-gb/articles/15936615354641-What-is-Busuu">https://help.busuu.com/hc/en-gb/articles/15936615354641-What-is-Busuu</a>
<b><i>CFA Institute (Candidate Resources)</i></b>	<ul style="list-style-type: none"> <li>although this is a resource for preparing for the CFA exams, their study materials (particularly for Level I) are an excellent source of knowledge on the fundamentals of financial management, investments, and ethics</li> </ul>	<a href="https://www.cfainstitute.org/">https://www.cfainstitute.org/</a>
<b><i>Coursera</i></b>	<ul style="list-style-type: none"> <li>offers courses in financial management from leading universities around the world</li> <li>search for courses under the queries “Financial Management”, “Corporate Finance”, “Investment Management”</li> </ul>	<a href="https://www.coursera.org/">https://www.coursera.org/</a>
<b><i>Duolingo</i></b>	<ul style="list-style-type: none"> <li>a language learning website and app. In fact, it's the top language learning app in the world. The platform is notable for its bite-sized lessons and its visually appealing style. It makes learning a language into a simple game that requires daily practice</li> </ul>	<a href="https://scholarships360.org/college-admissions/what-is-duolingo/">https://scholarships360.org/college-admissions/what-is-duolingo/</a>



<b><i>edX</i></b>	<ul style="list-style-type: none"> <li>• similar to Coursera, with a wide selection of finance courses, including professional development programmes</li> </ul>	<a href="https://www.edx.org/">https://www.edx.org/</a>
<b><i>Englishdom</i></b>	<ul style="list-style-type: none"> <li>• an online school for learning English with a personal tutor on the interactive online platform ED Class</li> </ul>	<a href="https://www.englishdom.com/ua/school/press/">https://www.englishdom.com/ua/school/press/</a>
<b><i>EngVid</i></b>	<ul style="list-style-type: none"> <li>• learning English for free with 2195 video lessons by experienced teachers; classes cover English grammar, vocabulary, pronunciation, IELTS, TOEFL, and more</li> </ul>	<a href="https://www.engvid.com/">https://www.engvid.com/</a>
<b><i>JustSchool</i></b>	<ul style="list-style-type: none"> <li>• one of the first schools in Ukraine with its own interactive platform, assisting in the process of learning English</li> </ul>	<a href="https://justschool.me/uk/platform">https://justschool.me/uk/platform</a>
<b><i>Khan Academy</i></b>	<ul style="list-style-type: none"> <li>• offers free video lessons and exercises on the fundamentals of finance, accounting, and economics. It is excellent for mastering basic concepts</li> </ul>	<a href="https://www.khanacademy.org/economics-finance-domain">https://www.khanacademy.org/economics-finance-domain</a>
<b><i>LearnEnglish British Council</i></b>	<ul style="list-style-type: none"> <li>• English online with the British Council's free website for adult learners; it contains hundreds of pages of audio, text and video content and over 2,000 interactive exercises; interactions with other users and downloading free resources</li> </ul>	<a href="https://www.britishcouncil.org.ua/en/english/learn-online/websites">https://www.britishcouncil.org.ua/en/english/learn-online/websites</a>
<b><i>Lingoda</i></b>	<ul style="list-style-type: none"> <li>• an online language school building bridges around the world through language learning</li> </ul>	<a href="https://www.lingoda.com/en/?utm_source=linkedin&amp;utm_medium=social&amp;utm_campaign=[en-en[all]]_[bio]">https://www.lingoda.com/en/?utm_source=linkedin&amp;utm_medium=social&amp;utm_campaign=[en-en[all]]_[bio]</a>

<b><i>Memrise</i></b>	<ul style="list-style-type: none"> <li>a website and mobile application created to facilitate the learning, memorising, and revising new information. Initially designed for language learning, Memrise has gradually transformed into a genuine educational platform that offers its users courses in languages, sciences, arts, and more</li> </ul>	<a href="https://istzno.dp.ua/news/yak-zareyestrivatisya-u-memrise-ta-dodati-kursi">https://istzno.dp.ua/news/yak-zareyestrivatisya-u-memrise-ta-dodati-kursi</a>
<b><i>Rosetta Stone</i></b>	<ul style="list-style-type: none"> <li>the software uses images, text, and sound to teach words and grammar by spaced repetition, without translation</li> </ul>	<a href="https://eu.rosettastone.com/">https://eu.rosettastone.com/</a>
<b><i>Udemy</i></b>	<ul style="list-style-type: none"> <li>offers a multitude of courses in financial management, often at more accessible prices, with a focus on practical skills</li> </ul>	<a href="https://www.udemy.com/">https://www.udemy.com/</a>

## 2. News and analytical resources

<b><i>Bloomberg</i></b>	<ul style="list-style-type: none"> <li>a leader in providing financial news, data, and analytics; an essential resource for understanding the current market situation</li> </ul>	<a href="https://www.bloomberg.com/">https://www.bloomberg.com/</a>
<b><i>ASC Checkfirst</i></b>	<ul style="list-style-type: none"> <li>aims to increase financial literacy by providing unbiased resources, programs, and information on a wide range of investing topics: key investing concepts, different types of investments (stocks, bonds, mutual funds, etc.), understanding risk tolerance, financial planning skills</li> </ul>	<a href="https://www.checkfirst.ca/">https://www.checkfirst.ca/</a>

<b><i>Crowdfunding platforms</i></b>	<ul style="list-style-type: none"> <li>are websites that enable interaction between fundraisers and the crowd. Financial pledges can be made and collected through the crowdfunding platform</li> </ul>	<a href="https://thecrowdspace.com/platforms/">https://thecrowdspace.com/platforms/</a> <a href="https://seedblink.com/blog/2025-04-10-top-european-crowdfunding-platforms-for-tech-startups">https://seedblink.com/blog/2025-04-10-top-european-crowdfunding-platforms-for-tech-startups</a>
<b><i>Faster Capital</i></b>	<ul style="list-style-type: none"> <li>helps startups secure funding by connecting them with a vast network of investors</li> </ul>	<a href="https://www.advisory-mentoring.com/">https://www.advisory-mentoring.com/</a>
<b><i>Financial Times</i></b>	<ul style="list-style-type: none"> <li>global news, analysis and commentary on financial markets, business, and the economy</li> </ul>	<a href="https://www.ft.com/">https://www.ft.com/</a>
<b><i>Investopedia</i></b>	<ul style="list-style-type: none"> <li>a great resource for finding definitions of financial terms, explanations of concepts, and guides on investing. Indispensable for understanding complex topics</li> </ul>	<a href="https://www.investopedia.com/">https://www.investopedia.com/</a>
<b><i>Oracle</i></b>	<ul style="list-style-type: none"> <li>offers specialized financial modules (General Ledger, Accounts Payable, Accounts Receivable, Fixed Assets, Cash Management, Project Portfolio Management, etc.); familiarity with their functionality gives an understanding of how financial operations are automated and integrated within a company</li> </ul>	<a href="https://www.oracle.com/ua/erp/financials/what-is-financial-management-system/">https://www.oracle.com/ua/erp/financials/what-is-financial-management-system/</a>
<b><i>Profitus</i></b>	<ul style="list-style-type: none"> <li>an online real estate crowdfunding and investment platform based in Lithuania. It acts as an intermediary, connecting investors with individuals and</li> </ul>	<a href="https://www.profitus.com/">https://www.profitus.com/</a>

	businesses seeking funding for real estate projects and business ideas	
<b><i>The New York Times on the Web</i></b>	<ul style="list-style-type: none"> <li>digital presence of The New York Times newspaper, which has significantly evolved over the years to become a leading online news and content platform</li> </ul>	<a href="https://www.nytimes.com/international/">https://www.nytimes.com/international/</a>
<b><i>The Wall Street Journal</i></b>	<ul style="list-style-type: none"> <li>in-depth analysis of economic and financial events, markets, and the corporate world</li> </ul>	<a href="https://www.wsj.com/">https://www.wsj.com/</a>

### 3. Research and academic resources

<b><i>SSRN (Social Science Research Network)</i></b>	<ul style="list-style-type: none"> <li>a repository of academic research preprints from various social sciences, including finance; it allows access to the latest scientific developments</li> </ul>	<a href="https://www.ssrn.com/">https://www.ssrn.com/</a>
<b><i>Future Business Journal (FBJ)</i></b>	<ul style="list-style-type: none"> <li>is an open-access, peer-reviewed academic journal published by Springer Nature; it focuses on interdisciplinary research in business and management</li> </ul>	<a href="https://fbj.springeropen.com/">https://fbj.springeropen.com/</a>
<b><i>Google Scholar</i></b>	<ul style="list-style-type: none"> <li>allows you to search for academic articles and books on financial management</li> </ul>	<a href="https://scholar.google.com/">https://scholar.google.com/</a>
<b><i>Inspired Economist</i></b>	<ul style="list-style-type: none"> <li>a website / platform that focuses on the intersection of idealism and capitalism, with a strong emphasis on corporate social responsibility (CSR), social responsibility, impact investing, and sustainable business practices</li> </ul>	<a href="https://inspiredeconomist.com/">https://inspiredeconomist.com/</a>

<b><i>International Journal of Research in Marketing (IJRM)</i></b>	<ul style="list-style-type: none"> <li>• is a highly respected and influential academic journal in the field of marketing</li> </ul>	<a href="https://www.sciencedirect.com/journal/international-journal-of-research-in-marketing">https://www.sciencedirect.com/journal/international-journal-of-research-in-marketing</a>
<b><i>Journal of Global Economics and Business</i></b>	<ul style="list-style-type: none"> <li>• offers a solid academic focus on core economics and business administration principles</li> </ul>	<a href="https://journalsglobal.com/index.php/jgeb/about">https://journalsglobal.com/index.php/jgeb/about</a>
<b><i>Journal of Risk and Financial Management (JRFM)</i></b>	<ul style="list-style-type: none"> <li>• is a prominent academic journal in its field, playing a significant role in disseminating research and fostering intellectual discourse</li> </ul>	<a href="https://www.mdpi.com/journal/jrfm">https://www.mdpi.com/journal/jrfm</a>
<b><i>NBER (National Bureau of Economic Research)</i></b>	<ul style="list-style-type: none"> <li>• publishes research papers on economics, many of which relate to finance</li> </ul>	<a href="https://www.nber.org/">https://www.nber.org/</a>

#### 4. Professional associations and communities

<b><i>Financial Management Association (FMA)</i></b>	<ul style="list-style-type: none"> <li>• an international organization that promotes professional development in the field of financial management; it offers resources, conferences, and networking opportunities</li> </ul>	<a href="https://www.financialmanagement.org/">https://www.financialmanagement.org/</a>
<b><i>AICPA (American Institute of Certified Public Accountants)</i></b>	<ul style="list-style-type: none"> <li>• although it is more for accountants, they have sections that pertain to financial management, ethics, and corporate governance</li> </ul>	<a href="https://www.aicpa.org/">https://www.aicpa.org/</a>
<b><i>LinkedIn Learning</i></b>	<ul style="list-style-type: none"> <li>• offers courses and video lessons, as well as the opportunity to connect with professional groups in finance</li> </ul>	<a href="https://www.linkedin.com/learning/">https://www.linkedin.com/learning/</a>

<b><i>CFA Institute</i></b>	<ul style="list-style-type: none"> <li>• offers a diverse range of programs and certificates designed to meet the needs of finance professionals across various career stages and specialisations</li> </ul>	<a href="https://www.cfainstitute.org/">https://www.cfainstitute.org/</a>
<b><i>ACCA (the Association of Chartered Certified Accountants)</i></b>	<ul style="list-style-type: none"> <li>• a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide</li> </ul>	<a href="https://www.accaglobal.com/gb/en/about-us.html">https://www.accaglobal.com/gb/en/about-us.html</a>

## APPENDIX VI

**INFORMATION REFERENCE:  
LIST AND GUIDE OF FINANCIAL DOCUMENTS  
AND ANALYSES**

<i>Financial document / project / analysis</i>	<i>Where to find templates / samples</i>
balance sheet	<a href="https://corporatefinanceinstitute.com/resources/accounting/balance-sheet/">https://corporatefinanceinstitute.com/resources/accounting/balance-sheet/</a>
break-even analysis	<a href="https://www.score.org/resource/template/break-even-analysis-template">https://www.score.org/resource/template/break-even-analysis-template</a>
budget	<a href="https://create.microsoft.com/en-us/templates/budgets">https://create.microsoft.com/en-us/templates/budgets</a>
cash flow statement	<a href="https://ramp.com/blog/cash-flow-template">https://ramp.com/blog/cash-flow-template</a>
crowdfunding project	<a href="https://www.marketing-faktor.de/en/crowdfunding-examples/">https://www.marketing-faktor.de/en/crowdfunding-examples/</a> <a href="https://www2.fundsforngos.org/articles/top-25-crowdfunding-success-stories-for-ngos/">https://www2.fundsforngos.org/articles/top-25-crowdfunding-success-stories-for-ngos/</a>
finance lease agreement	<a href="https://www.sec.gov/Archives/edgar/data/1108329/000119312513177465/d521425dex416.htm">https://www.sec.gov/Archives/edgar/data/1108329/000119312513177465/d521425dex416.htm</a> <a href="https://cdn.prod.website-files.com/66435ec0edfb37381462c483/667a7c9360ac82e9407452c7_Finance%20Lease%20Downloadable.pdf">https://cdn.prod.website-files.com/66435ec0edfb37381462c483/667a7c9360ac82e9407452c7_Finance%20Lease%20Downloadable.pdf</a> <a href="https://www.cfs.canon.com/cfsdealerweb/dealerpdf/1122agree.pdf">https://www.cfs.canon.com/cfsdealerweb/dealerpdf/1122agree.pdf</a>
financial analysis	<a href="https://corporatefinanceinstitute.com/resources/accounting/financial-statements-example-amazon-case-study/">https://corporatefinanceinstitute.com/resources/accounting/financial-statements-example-amazon-case-study/</a>
financial plan	<a href="https://investyadnya.in/static/assets/pdf/SampleFinancialPlanReport.pdf?srsltid=AfmBOopaso1ILU70t64Dmny3GuJHTPr1Yf7DEZsKs9Hmwx29-Km_n7ZP">https://investyadnya.in/static/assets/pdf/SampleFinancialPlanReport.pdf?srsltid=AfmBOopaso1ILU70t64Dmny3GuJHTPr1Yf7DEZsKs9Hmwx29-Km_n7ZP</a>
financial pro forma	<a href="https://www.epa.gov/sites/default/files/2020-07/documents/sample_financial_pro_forma.pdf">https://www.epa.gov/sites/default/files/2020-07/documents/sample_financial_pro_forma.pdf</a>
financial ratio analysis	<a href="https://www.indeed.com/career-advice/career-development/what-is-ratio-analysis">https://www.indeed.com/career-advice/career-development/what-is-ratio-analysis</a>
income statement	<a href="https://www.apaservices.org/practice/business/finances/income-statement-sample.pdf">https://www.apaservices.org/practice/business/finances/income-statement-sample.pdf</a> <a href="https://www.xero.com/example/income-statement/">https://www.xero.com/example/income-statement/</a>

investment plan / project	<a href="https://unfccc.int/sites/default/files/resource/EIF_Investment_Plan_2018_update.pdf">https://unfccc.int/sites/default/files/resource/EIF_Investment_Plan_2018_update.pdf</a>
pro forma income statement	<a href="https://ncua.gov/support-services/credit-union-resources-expansion/field-membership-expansion/pro-forma-financial-statement-template">https://ncua.gov/support-services/credit-union-resources-expansion/field-membership-expansion/pro-forma-financial-statement-template</a>
term sheet	<a href="https://corporatefinanceinstitute.com/resources/valuation/term-sheet-template-example/">https://corporatefinanceinstitute.com/resources/valuation/term-sheet-template-example/</a> <a href="https://www.wallstreetprep.com/knowledge/the-ultimate-guide-to-the-vc-term-sheet-term-sheet-template/">https://www.wallstreetprep.com/knowledge/the-ultimate-guide-to-the-vc-term-sheet-term-sheet-template/</a> <a href="https://www.simpact.vc/wp-content/uploads/2024/11/Simpact_TEMPLATE_TS-1.pdf">https://www.simpact.vc/wp-content/uploads/2024/11/Simpact_TEMPLATE_TS-1.pdf</a>
trade credit	<a href="https://simply-docs.co.uk/Legal-and-Business-Forms-and-letters/Trade-Credit-Applications-and-Due-Diligence">https://simply-docs.co.uk/Legal-and-Business-Forms-and-letters/Trade-Credit-Applications-and-Due-Diligence</a>



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**ГЛАВАЦЬКА Юлія Леонідівна  
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79000, м. Львів, вул. Технічна, 1  
87-100, м. Торунь, вул. Лубічка, 44  
Телефон: +38 (050) 658 08 23  
E-mail: [editor@liha-pres.eu](mailto:editor@liha-pres.eu)

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