

Finance English

Participant workbook: financial statements, FP&A, treasury, markets, banking, valuation, controls, and finance dialogue practice

Audience: advanced ESL learners working in accounting, FP&A, treasury, banking, investments, audit, risk, corporate finance, and related roles

Focus: high-level professional English for finance workplaces, including financial statements, FP&A, treasury, banking, investment analysis, valuation, risk, audit, controls, compliance, and realistic finance dialogue.

Designed for advanced ESL learners who already work in accounting, FP&A, treasury, banking, investment management, corporate finance, audit, risk, investor relations, or finance-adjacent roles.

Teaching stance: this is finance English training, not investment, tax, accounting, banking, or legal advice. Standards, regulations, products, and disclosure requirements vary by jurisdiction and role. Learners should practice precise language and professional judgment while relying on qualified finance, accounting, legal, tax, and compliance guidance for actual decisions.

How to Use This Workbook

This workbook helps you speak and write more precisely in finance workplaces. The goal is not to sound complicated. The goal is to make numbers useful: what changed, why it changed, whether it matters, what risk remains, and what decision follows.

Your starting point

- Which finance conversations are hardest for you: close, forecast review, treasury, banking, audit, investment performance, credit, valuation, or board updates?
- Which finance terms do you understand when reading but avoid when speaking?
- When someone challenges your numbers, do you become too vague, too defensive, too detailed, or too indirect?
- What is one recent finance update you wish you had explained more clearly?

Finance Driver Language

Area	Useful verbs	Example sentence
Accounting	recognize, accrue, defer, reserve, reconcile	We accrued the expense because the service was received before month-end.
FP&A	bridge, forecast, sensitize, normalize, explain	The bridge shows margin pressure from mix and discounting.
Treasury	fund, hedge, draw, repay, monitor	The downside case reduces covenant headroom by the fourth quarter.
Markets	attribute, rebalance, underperform, widen, tighten	Spread widening explains most of the relative underperformance.
Credit	underwrite, stress-test, mitigate, collateralize	Growth is strong, but DSCR falls below target in the downside case.
Corporate finance	value, discount, allocate, acquire, divest	The acquisition is attractive only if the synergy assumptions are achievable.

Practice Pages

Module 1. Finance Communication: Drivers, Assumptions, Materiality, Risk

Finance English is decision language. Strong learners do not only state numbers; they explain what changed, why it changed, whether it matters, what is recurring, and what decision follows.

What you should be able to do

- Separate result, driver, assumption, estimate, risk, and recommendation.
- Use materiality and confidence language without hiding uncertainty.
- Convert vague finance questions into answerable analysis tasks.

Practice task

Situation

An executive asks, 'Why are we down, and does it matter?' Write a decision-grade response that names comparison point, driver, magnitude, recurrence, confidence, and recommended action.

Drivers, evidence, and assumptions

Risk, materiality, and confidence

Final finance response

Module 2. Financial Statements, Close, and Accounting Judgments

Financial statement conversations require precise links among income statement, balance sheet, cash flow, notes, accruals, revenue recognition, reserves, and internal controls.

What you should be able to do

- Explain the three main financial statements and how they connect.
- Use accounting-close terms such as accrual, deferral, reserve, reconciliation, adjusting entry, and cut-off.
- Discuss accounting judgment without sounding either casual or alarmist.

Practice task

Situation

A monthly result is below forecast, but two customer renewals slipped after month-end. Write close commentary separating accounting timing, demand, revenue recognition, and ongoing churn risk.

Drivers, evidence, and assumptions

Risk, materiality, and confidence

Final finance response

Module 3. FP&A, Budgeting, Forecasting, and Variance Analysis

FP&A conversations live between accounting truth and business uncertainty. Learners need language for budget vs actuals, forecast risk, bridge analysis, sensitivity, scenarios, guidance, and management action.

What you should be able to do

- Explain budget, forecast, outlook, guidance, run rate, bridge, and variance.
- Challenge business-owner assumptions respectfully and specifically.
- Write variance commentary that identifies driver, magnitude, timing, recurrence, and mitigation.

Practice task

Situation

A business owner submits an aggressive revenue forecast. Write five assumption-challenge questions and a sentence moving the unsupported upside into sensitivity analysis.

Drivers, evidence, and assumptions

Risk, materiality, and confidence

Final finance response

Module 4. Treasury, Cash, Liquidity, Working Capital, and FX

Treasury language connects operations, banking relationships, liquidity risk, funding strategy, covenant compliance, and market exposure. Cash is not the same as profit.

What you should be able to do

- Discuss cash runway, liquidity, revolver availability, covenants, DSO, DPO, inventory, and free cash flow.
- Explain why EBITDA, net income, and cash flow can move differently.
- Use FX, interest-rate, and hedging language in business-facing conversations.

Practice task

Situation

Cash is tightening even though EBITDA improved. Explain the role of DSO, deferred revenue, and working capital to a non-finance executive.

Drivers, evidence, and assumptions

Risk, materiality, and confidence

Final finance response

Module 5. Markets, Investments, Performance, and Client Communication

Investment conversations require language for return, risk, benchmark, attribution, volatility, liquidity, duration, yield, spread, allocation, fees, and fair performance presentation.

What you should be able to do

- Explain market and portfolio performance without overstating causation.
- Use fixed income and equity vocabulary in client-safe language.
- Discuss underperformance, benchmark deviation, and risk exposure with credibility.

Practice task

Situation

Leverage is approaching a covenant threshold in the downside case. Write a treasury update with headroom, timing, options, and lender-communication considerations.

Drivers, evidence, and assumptions

Risk, materiality, and confidence

Final finance response

Module 6. Banking, Credit, Lending, and Counterparty Risk

Credit conversations are evidence-driven. Learners need language for borrower capacity, leverage, collateral, covenant package, probability of default, loss given default, concentration, and stress case.

What you should be able to do

- Use credit terms accurately in underwriting, portfolio review, and borrower conversations.
- Explain why a profitable borrower can still be a weak credit.
- Discuss downside cases, collateral gaps, and covenant protections without sounding accusatory.

Practice task

Situation

A portfolio underperformed its benchmark during a volatile month. Write a client-safe performance explanation using attribution, mandate, and risk language.

Drivers, evidence, and assumptions

Risk, materiality, and confidence

Final finance response

Module 7. Controls, Audit, Compliance, Fraud, and Ethics

Finance teams must be precise when discussing control failures, audit evidence, policy exceptions, conflicts of interest, suspicious activity, and performance claims.

What you should be able to do

- Differentiate control deficiency, significant deficiency, material weakness, error, fraud, and remediation.
- Discuss audit and compliance findings with evidence and professionalism.
- Recognize when finance communication must be escalated to legal, compliance, tax, audit, or senior management.

Practice task

Situation

A borrower is growing quickly but DSCR is weak. Write a credit memo paragraph naming strengths, risks, mitigants, and recommended structure.

Drivers, evidence, and assumptions

Risk, materiality, and confidence

Final finance response

Module 8. Valuation, M&A, Capital Allocation, and Executive Finance

Senior finance discussions often combine valuation, strategy, risk, capital structure, and narrative. Learners need language for assumptions, valuation methods, diligence findings, synergies, add-backs, WACC, NPV, IRR, and board recommendations.

What you should be able to do

- Explain DCF, multiples, WACC, NPV, IRR, accretion/dilution, enterprise value, and equity value at a practical level.
- Challenge aggressive M&A assumptions, EBITDA add-backs, synergies, and integration costs.
- Present a recommendation that distinguishes financial return, strategic rationale, execution risk, and downside protection.

Practice task

Situation

An audit sample shows late approvals on journal entries. Write a control finding response that avoids both blame and minimization.

Drivers, evidence, and assumptions

Risk, materiality, and confidence

Final finance response

Phrase Bank

Performance and variance

- The variance is driven by volume, not price, and appears recurring.
- The result beat forecast, but the quality of the beat is mixed because working capital moved against us.
- This is a timing issue for P&L recognition, but it still affects cash this quarter.
- The bridge from budget to forecast has three drivers: mix, hiring delay, and FX.

Assumptions and forecasts

- What evidence supports this conversion rate relative to the trailing average?
- I would keep that in the upside case until we see qualified leads converting.
- The base case assumes current run rate; the downside case assumes slower collections and margin compression.
- The sensitivity shows that a one-point margin change has a larger impact than the volume change.

Treasury and liquidity

- Cash is tighter because receivables increased and deferred revenue growth slowed.
- We are not in breach, but the downside case creates covenant headroom risk.
- The revolver provides liquidity, but drawing it changes leverage and lender optics.
- A hedge reduces FX exposure, but it does not remove forecast risk.

Markets and investment communication

- Performance should be evaluated against the mandate, benchmark, time horizon, and risk taken.
- Duration exposure hurt returns when rates moved higher.
- Spread widening affected credit positions even though fundamentals have not deteriorated equally.
- The portfolio underperformed this month, but attribution shows the main drag was sector allocation, not security selection.

Credit and risk

- Revenue growth is positive, but repayment capacity depends on cash conversion and coverage.
- Collateral reduces loss severity; it does not guarantee repayment.
- The downside case binds on DSCR before it binds on leverage.
- We can recommend approval with structure: lower advance rate, tighter reporting, and a springing covenant.

Controls and compliance

- A correct entry can still reveal a control operating deficiency.
- We need to assess magnitude, frequency, compensating controls, and reasonable possibility of misstatement.
- The performance claim needs context, fees basis, benchmark, time period, and risk disclosure.
- This issue should be escalated to compliance before the deck is shared externally.

Valuation and executive recommendations

- Valuation is a range, not a point estimate, and the range is sensitive to margin and terminal-growth assumptions.
- The add-back is acceptable only if it is documented, non-recurring, and consistent with the definition in the agreement.
- The transaction is strategically attractive, but the integration risk reduces the financial margin of safety.
- My recommendation is to approve, defer, or reject based on return, downside protection, and execution risk.

Personal Action Plan

Situation	Term or phrase I will practice	Evidence I used it well