

## Glossary

## A-B

<b>Annual Equivalent Rate (AER)</b>	AER provides a way of fairly comparing the interest rates of different building society or bank accounts. It shows what the rate would be if calculated over a year.
<b>Annual Percentage Rate (APR)</b>	The APR shows the total amount of interest you will have to pay over the course of a loan (including extra charges and 'hidden' costs). This is broken down into a rate per year. It can help you to understand the real cost of borrowing money.
<b>Arrears</b>	An unpaid debt.
<b>Asset</b>	Anything that is valuable, useful or earns money.
<b>Automated Teller Machine (ATM)</b>	ATMs can be referred to as cash machines or cash points and are found in many public places in the UK and overseas. They enable you to check your bank balance and take out money (usually between £10 and £250) from your bank account using your cash card and PIN (Personal Identification Number).
<b>Bankers' Automated Clearing Service (BACS)</b>	A service that allows payments and transfers of money to be done electronically.
<b>Balance</b>	A positive balance refers to the amount of money that you have in your bank account. A negative balance refers to the amount you owe.
<b>Balance transfer</b>	Moving the balance (money owed) from one credit card to another with a lower interest rate in order to pay less.
<b>Bank</b>	An organisation that offers a range of financial services (e.g. interest on savings, loans, mortgages).
<b>Bankruptcy</b>	When a person or a business is not able to pay back all the money they owe.
<b>Barter</b>	Exchange the goods and services you have for the ones you need or want.
<b>Base rate</b>	The interest rate set by the Bank of England, which other financial institutions use for guidance when setting their rates.
<b>Bills</b>	Documents showing how much money is owed for something.
<b>Borrower</b>	Person or organisation that borrows money, which they must pay back at a later date.
<b>Bounced cheque</b>	A cheque is said to 'bounce' when a bank refuses to pay the person named on a cheque for the amount shown, because there isn't enough money in the account of the person giving the cheque, or the cheque is made out incorrectly.
<b>Budget</b>	Plan to help manage money by showing income and expenditure over a period of time.
<b>Building society</b>	A financial company that offers similar services to a bank (e.g. letting you save or borrow money) but is owned by its members (customers).
<b>Building society or bank statement</b>	A document sent to you (usually once a month) showing details of transactions (money going in and out of your account).
<b>Business enterprise</b>	A business organisation or project designed to make money.

## Glossary

## B-D

<b>Business plan</b>	A plan that outlines how you intend to make your business successful. Includes things like the business name, aims and objectives, finances, description of product/service, competitor analysis and production costs/suppliers.
<b>Buy to let</b>	When a person takes out a mortgage to buy a property and rents out the property to someone else. The rent money is often used to pay back the mortgage.
<b>Catalogues</b>	Brochures containing items for purchase. When shopping using a catalogue you may have to pay higher interest rates.
<b>Cheque</b>	A printed piece of paper used for payments. Instead of using coins or paper money, this form uses the money kept in a bank account.
<b>Cheque guarantee card</b>	A plastic card provided by a building society or bank, which guarantees to pay the money, even if you don't have enough in your account.
<b>Child Trust Funds</b>	Long-term savings and investment accounts for children, for which the money cannot be accessed until they reach 18. The Government has given a £250 voucher to all UK children born after 1 September 2002, to start their account.
<b>Citizen's Advice Bureau</b>	A voluntary organisation offering unbiased advice on finances, careers, legal matters, etc.
<b>Commodities</b>	Raw materials that are in demand (particularly agricultural, mining and energy products).
<b>Compound interest</b>	Interest that is calculated on the original amount borrowed or saved, as well as any interest already charged or earned.
<b>Corporation tax</b>	Tax paid by business owners on their profits.
<b>Council tax</b>	A tax paid by landlord or tenants to the local council for its services (e.g. looking after roads, the fire service, the local police, libraries and collecting rubbish). It applies to all domestic properties, whether owned or rented.
<b>Credit card</b>	A small plastic card used instead of coins or paper money to buy things. You buy, and then pay for them later when you receive your credit card statement.
<b>Credit rating</b>	An estimate of how risky it would be to lend a person or organisation money.
<b>Currency</b>	Coins and notes; the money used by a particular country.
<b>Debit</b>	An amount of money taken out of someone's account.
<b>Debit card</b>	A small plastic card used instead of coins or paper money to buy things. You can only spend the amount that you have in your account.
<b>Debt</b>	Money owed by a person or organisation.
<b>Deposit</b>	Money that you pay into an account; when you pay a deposit for something you are buying, you pay a percentage of the total amount.
<b>Deposit slip</b>	A special form that shows your building society or bank how much money you are paying into your account.

## Glossary

## D-G

<b>Direct debit</b>	An agreement with your building society or bank to allow payments for regular bills to be taken from your account. The amount alters depending on the actual bill.
<b>Discount</b>	An offer where some money or a percentage is taken off the total cost to make it cheaper to buy.
<b>Dividends</b>	Money from a company's profits paid to people with shares in the company.
<b>Earn</b>	To get money for doing work or through interest or investments.
<b>Economy</b>	A country's economy refers to its production and sale of goods and services and the way its government manages its money.
<b>Electronic payment</b>	Payment carried out via the Internet or a building society or bank's Intranet.
<b>Eligible</b>	Entitled to or suitable for something.
<b>Employee</b>	Someone who works for an organisation, company or other person and is paid for their work.
<b>Entrepreneur</b>	Someone who organises and manages an enterprise (business) and takes responsibility for the risk associated with it. Entrepreneurs are usually creative, innovative and passionate about what they do.
<b>Ethical bank</b>	A bank that uses its investments and loans to support projects that benefit society or the environment.
<b>Exchange rates</b>	The rates at which one type of currency can be exchanged for another (e.g. one British pound might be worth 1.4 Euros).
<b>Expenditure</b>	The amount of money spent on goods or services.
<b>Financial capability</b>	Being able to manage your money well.
<b>Financial records</b>	Documents that show information about money earned, spent or owed.
<b>Financial Services Authority (FSA)</b>	An independent non-governmental body that regulates the finance industry in the UK.
<b>Fixed rate interest</b>	An interest rate that stays the same rather than moving up and down. It is not influenced by the base rate, set by the Bank of England.
<b>Fraud</b>	A crime where people have tricked or lied to others, or to an organisation, to get money.
<b>FTSE 100</b>	An index of the 100 most economically large UK companies in the London Stock Exchange.
<b>Gift Aid</b>	A way a charity can reclaim tax if the person donating the money is a tax-payer.
<b>Give As You Earn (GAYE)</b>	A way of donating money to charity directly from your pay.
<b>Goods</b>	Products that can be purchased.
<b>Gross</b>	The total amount of money before any money is deducted (e.g. tax, National Insurance).

## Glossary

## H-N

<b>Her Majesty's Revenue &amp; Customs (HMRC)</b>	The Government department responsible for collecting tax money and paying some forms of social security benefits (e.g. child benefit).
<b>Hire purchase</b>	A way of buying something but instead of paying it all at once, you pay a small part of the total cost and get to use the item whilst paying the remainder over a period of time. There is usually extra 'interest' charged so the item will cost more in the end.
<b>Income</b>	The amount of money you earn or you receive as gifts.
<b>Inflation</b>	When prices and wages go up or increase compared with previous years.
<b>Instalment</b>	When the total amount you owe is divided into small parts that you pay for over a period of time, these parts are known as 'instalments'.
<b>Insurance</b>	Where you pay money to a company so they will pay you for the cost of something if it is lost, stolen or damaged in the future. People also take out insurance to cover medical bills or so that their family receives money if they die.
<b>Interest</b>	The extra money that is paid to you by a building society or a bank, when you save your money with them. Or the extra money you have to pay back when you have borrowed money.
<b>Interest-free period</b>	A period of time during which you are not charged interest. You may be charged a higher rate of interest after this period ends.
<b>Interest rate</b>	A percentage paid by building societies or banks to savers or paid by borrowers on their loans.
<b>Internet banking</b>	Carrying out financial transactions online.
<b>Invest</b>	To use your money to buy something that you hope will increase in value over time (e.g. art, jewellery, antiques, property or shares in a company).
<b>Lending</b>	Giving money that is to be paid back later.
<b>Loan</b>	Money lent to a person or organisation.
<b>Loan shark</b>	A person or organisation that lends money with extremely high interest rates. (Such businesses are usually run by criminals.)
<b>LTD</b>	When you see these letters after a company's name, they stand for 'limited'. Owners of the company are legally liable for a limited amount of the company's debts.
<b>Lump sum</b>	A one-off payment.
<b>Maternity benefit</b>	Government payment made to women who are unable to work because they have just had, or are just about to have, a baby.
<b>Minimum payment</b>	The smallest amount that you have to pay on hire purchase or credit card payments.
<b>Mortgage</b>	A loan from a building society or a bank when someone wants to buy a property.
<b>Mutual</b>	A company owned by its customers.
<b>National Insurance Contributions (NICs)</b>	A percentage of money taken out of people's earnings, which the Government uses to pay social security benefits.

## Glossary

## N-R

<b>National Saving</b>	A Government-owned savings scheme.
<b>National tax</b>	Money that people and companies pay to the Government, which is used for the running of the country.
<b>Net</b>	The amount of money left when you've taken out all your taxes and expenses.
<b>Overdraft</b>	An amount of money that a building society or bank lets you 'borrow', in case you spend more money than you have. The 'borrowed money' usually has an extra charge.
<b>Overtime</b>	Time that you work outside your normal working hours. Some companies pay a higher hourly rate for overtime.
<b>Pay As You Earn (PAYE)</b>	Where the tax you owe to the Government is taken off your wage or salary before you receive it.
<b>Payee</b>	The person, organisation or company that receives the money when you pay them by cheque.
<b>Paying-in book</b>	The booklet of 'deposit slips' that you fill in when paying in money or cheques into your account.
<b>Pension</b>	The amount of money paid regularly to you when you have retired from work. The Government provides the 'state pension' to those who have been working and paying National Insurance Contributions but some people also take out a private pension.
<b>Personal Identification Number (PIN)</b>	A code of four numbers that you type in when you use a credit card in a shop or restaurant. (You must make sure you remember it, but don't share it with anyone else.)
<b>PLC</b>	When you see these letters after a company name, they stand for 'Public Limited Company', which sells its shares on the open market (i.e. the shares can be owned by the general public and bought and sold through the Stock Exchange).
<b>Private bank</b>	A bank owned by an individual or by partners.
<b>Product</b>	An item that can be bought or sold.
<b>Profit and loss</b>	Money made or lost by a person or business. It is also a record of how well a business is doing each month.
<b>Rent</b>	An amount of money paid to an owner of a house or land so you can live or work in their property.
<b>Repayments</b>	The amounts of money you need to pay weekly or monthly until all the money you borrowed is paid back (and often with interest added).
<b>Retail price</b>	How much money goods or services are sold for. Businesses make money by buying at a lower 'cost price' and selling for a higher 'retail price'.
<b>Retailer</b>	A person or organisation selling something to the public.
<b>Return on Investment (ROI)</b>	The percentage of money an investor could make or lose, in relation to the amount they invest. It is calculated by dividing the profit by the amount invested, and multiplying by 100 to make it a percentage.

## Glossary

## S-Z

<b>Salary</b>	A fixed payment earned by someone for work. It's generally calculated as an annual amount but split into monthly payments.
<b>Savings account</b>	An account with a building society or a bank in which you save money and are paid interest on the amount you save.
<b>Shareholders</b>	People who own shares of stock in a company. They invest money in the company and then own a share of it.
<b>Shariah banking</b>	A special way of banking by following Islamic laws about money (e.g. profit and loss is to be shared, interest is not given or taken).
<b>Social Security benefits</b>	Payments by the Government to people who are unemployed or unable to work.
<b>Sole trader</b>	A person who is the only owner of a business.
<b>Sort code</b>	A six-digit number that identifies the branch of a building society or bank.
<b>Standing order</b>	An agreement with your building society or bank to make regular payments of a set amount of money from your account to another person or company.
<b>Statutory sick pay</b>	Payment made by the government (through companies) to employees who are ill so that they don't lose their regular earnings.
<b>Stock Exchange or Stock Market</b>	The place where stocks and shares in companies are bought and sold. In the UK, this is the London Stock Exchange.
<b>Store card</b>	A card that is similar to a credit card but is given by a store to be used to buy things in that store only, using borrowed money. Interest charged is usually higher than a credit card.
<b>Telephone banking</b>	Carrying out banking over the phone, instead of going into a building society or bank.
<b>Tenant</b>	Someone who rents the place where they live or work.
<b>Transaction</b>	A payment made from one person to another; deposit or withdrawal from an account.
<b>Transfer</b>	Moving money from one account to another.
<b>Unemployed</b>	Not working for money.
<b>Unique Selling Point (USP)</b>	An element of a product or service that makes it stand out from its competitors, such as price, usability or an idea that is not currently in the marketplace.
<b>Utility bills</b>	Bills for using the telephone, water, electricity and gas.
<b>Value Added Tax (VAT)</b>	An additional tax that is added to goods and services (presently 15%).
<b>Wage</b>	Payment earned by someone for work. It is usually worked out as an hourly rate.
<b>Wholesaler</b>	A company that buys from a manufacturer and sells on, generally to a retailer or industrial user.
<b>Withdrawal</b>	Money taken out of your account.