

OVERVIEW ▼

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Angel Investments

“A bank is a place that will lend you money if you can prove that you don’t need it.”

Bob Hope (1903–2002), American comedian

A Answer these questions individually. Then compare your answers with a partner.

QUIZ

- 1 How much cash do you have with you at the moment? Do you:
 - a) know exactly?
 - b) know approximately?
 - c) not know at all?
- 2 Do you normally check:
 - a) your change?
 - b) your bank statements and credit card bills?
 - c) restaurant bills?
 - d) your receipts when shopping?
 - e) prices in several shops before you buy something?
- 3 Do you:
 - a) give money to beggars?
 - b) give money to charities?
 - c) give away used items, such as clothing?
- 4 If you go for a meal with someone you don’t know well, do you:
 - a) offer to pay the whole bill?
 - b) suggest dividing the bill into equal parts?
 - c) offer to pay the whole bill but expect them to pay next time?
 - d) try to avoid paying anything?
- 5 What do you think about people who do not pay the correct amount of tax? Is this:
 - a) a serious crime?
 - b) morally wrong but not a crime?
 - c) excellent business practice?
- 6 If you lend a colleague a small amount of money and they forget to pay it back, do you:
 - a) say nothing?
 - b) remind them that they owe you money?
 - c) arrange to go for a drink with them and say you’ve forgotten your wallet or purse?

B What do your answers to the questions in Exercise A say about your attitude to money? What do they say about your culture?

Skills

Dealing with figures

Useful language

Saying numbers

Years

1984 *nineteen eighty-four*
2006 *two thousand and six*

Decimals

16.5 *sixteen point five*
17.38% *seventeen point three eight percent*
0.185 *(nought / zero) point one eight five*

Bigger numbers

3,560 *three thousand five hundred* | *and sixty (BrE)*
sixty (AmE)

598, 347 *five hundred* | *and ninety-eight thousand, three hundred and forty-seven (BrE)*
ninety-eight thousand, three hundred forty-seven (AmE)

1,300,402 *one million three hundred thousand, four hundred* | *and two (BrE)*
two (AmE)

1m *one / a million (1,000,000)*
3bn *three billion (3,000,000,000)*
\$7.5bn *seven point five billion dollars*
€478m *four hundred* | *and seventy-eight million euros (BrE)*
seventy-eight million euros (AmE)

Currencies

£3.15 *three pounds fifteen*
\$7.80 *seven dollars eighty*
€250 *two hundred and fifty euros*
¥125 *one hundred and twenty-five yen*

A Work in pairs.

Student A: turn to page 144 and read the text aloud to Student B. Student B: listen to Student A while reading the article below. Correct any incorrect information.

BUSINESS IN BRIEF

Yahoo has strengthened its European presence with the €375m (\$578m) acquisition of Kelkoo, the French-based on-line shopping service. The European on-line retail market is forecast to grow to €116bn in the next three years.

The Nikkei 225 Average climbed 0.7 percent to 10,364.99 while the Topix index rose 1.2 percent to 1,145.90. Banking shares benefited most, with Mizuho jumping 5.7 percent to ¥437,000, SMFG rising 4.7 percent to ¥852,000, MTFG gaining 7.9 percent to close at ¥1,019,000 and UFJ up 4.2 percent to ¥656,000.

From The Financial Times

FINANCIAL TIMES
World business newspaper.



B 5.1 Listen and check your answers.

C Write all the numbers and symbols in full, according to the way they are pronounced. For example, €3.1m: *three point one million euros*.

Vocabulary

Financial terms

A Match the definitions 1 to 6 with the financial terms a) to f).

- | | |
|--|-----------------|
| 1 money owed by one person or organisation to another person or organisation | a) gross margin |
| 2 a period of time when business activity decreases because the economy is doing badly | b) recession |
| 3 difference between the selling price of a product and the cost of producing it | c) shares |
| 4 a place where company shares are bought and sold | d) debt |
| 5 money which people or organisations put into a business to make a profit | e) stock market |
| 6 equal parts into which the capital or ownership of a company is divided | f) investment |

B Match the sentence halves.

- | | |
|--------------------------|---|
| 1 Earnings per share are | a) a part of the profits of a company paid to the owners of shares. |
| 2 A forecast is | b) a company's profits divided by the number of its shares. |
| 3 Bankruptcy is | c) a description of what is likely to happen in the future. |
| 4 A dividend is | d) money which businesses receive from selling goods or services. |
| 5 Pre-tax profits are | e) when a person or organisation is unable to pay their debts. |
| 6 Revenues are | f) the money a business makes before payment to the government. |

C Complete this report with the terms from Exercises A and B.

In our home markets it has been another excellent year. *Pre-tax profits* ¹ are up by £23 million, and the ² for the next quarter is equally good. Profits from abroad are down because of a ³ in Japan. However, our performance overall has been good, and the ⁴ have increased to 26.4p and the ⁵ will be increased to 4.3p per share, which will please our shareholders*.

We plan to issue new ⁶ in order to finance expansion in Asia. We also plan to increase our ⁷ in plant and equipment before entering the Chinese market. We are particularly pleased with our performance in France and Germany where ⁸ have increased. As a result of using a new distributor, our costs fell giving us a ⁹ of 40 percent on our main product line. We will use any extra cash to reduce the level of our ¹⁰.

Our performance in Italy should improve significantly following the ¹¹ of our biggest competitor. However, we should not become too satisfied with our share price as economic conditions remain uncertain and the ¹² will continue to reflect this. Share prices will not rise in the short term.

*Shareholders: the people who own shares in a business

Listening

Raising business capital

GP Capital

- A** 5.2 Hugh Campbell is the founder of GP Capital, a London-based finance firm which raises money for entrepreneurs. Listen to the first part of the interview and complete the chart.

Type of business	Type of investor
Business set up by new entrepreneurs
Business borrowing up to
Business borrowing more than

- B** 5.3 Listen to the second part of the interview and answer these questions.

- 1 According to Hugh, which three areas do venture capitalists look at when selecting companies to invest in?
- 2 What type of market is good to invest in and why?
- 3 What helps some businesses to win against other companies?
- 4 What three questions would Hugh ask the management team?

- C** 5.4 Listen to the third part of the interview. What kind of company does Hugh describe? Why did he like this type of company?

- D** 5.5 Listen to the final part of the interview. Which of these statements are true? Correct the false ones.

- 1 Hugh was offered the chance to buy fifty percent of an Internet business.
- 2 He didn't invest because he thought the management team was weak.
- 3 The business did very well for a couple of years.
- 4 It was sold for twenty times its original value.

Reading

Reporting financial success

- A** Before you read the articles decide which of these statements are true.

- 1 Both Wal-Mart and Target Stores are based in the UK.
- 2 Wal-Mart is the world's largest retailer.
- 3 Target is not a competitor of Wal-Mart.

- B** Work in pairs. Student A read Article 1 below and Student B read Article 2 on page 42. Complete the parts of the chart on page 42 which relate to your article.

Article 1



By Lauren Foster

Wal-Mart yesterday really surprised investors when it sounded a strong note of optimism. This optimism is a marked turnaround from three months ago when Wal-Mart warned about the

strength of the recovery in US consumer spending.

10 Lee Scott, the CEO, said: 'I am more optimistic about the year we have just started than I have been in several years. I am not
15 only optimistic about the economy and the continuing strength of the housing market but also encouraged about Wal-
20 Mart's position.'

Mr Scott was also encouraged by consumer spending, which he said was driven by higher tax refunds and 'eventually improvements in the jobs picture'.

The world's largest retailer by revenues said 30 fourth-quarter profits rose 11 percent to \$2.7bn, or 63 cents a share, compared with \$2.5bn, or 56 cents a share over a year
35 ago. Revenues for the quarter increased 12.2 percent to \$74.5bn.

For the full year, Wal-Mart's profits jumped 13.3
40 percent to \$8.9bn or \$2.03 a share, up from \$7.8bn. Revenues increased 11.6 percent from \$229.6bn to \$256.3bn. International
45 sales were strong, contributing about \$7bn to the near \$27bn gain in

overall sales.

Mr Scott said Wal-Mart 50 had a good year but the international division had an excellent year.

He stressed that, while gross margin was better than originally forecast, the improvement was thanks to the mix of merchandise, not higher prices. 'We are not raising prices and have no intention of doing so,' Mr Scott said.

From the *Financial Times*

FINANCIAL TIMES
World business newspaper.

Article 2

Target Stores



By Lauren Foster

Target yesterday beat Wall Street expectations when it delivered a 21.1 percent rise in quarterly earnings.

Gains in Target's credit card business, as well as both its Target Stores division and Marshall Field's stores, offset a small drop in pre-tax profit at the Mervyn's department store chain.

Target has cultivated a more upmarket and style-conscious image than other discount retailers. It is the third-largest general retailer in the US by revenues.

Target yesterday said it saw continued price pressure from rival Wal-Mart. For the fourth quarter, Target's profit rose to \$832m, or 91 cents a

share, compared with \$688m, or 75 cents a share, a year ago. Analysts had expected Target to earn 87 cents a share, according to Reuters Research.

Revenues for the quarter rose 10.7 percent to \$15.57bn from \$14.06bn, while same-store sales – from stores open at least a year – rose 4.9 percent.

Target said pre-tax profit soared 18.5 percent at Target Stores. At the department stores, which have been ailing, pre-tax profit jumped 15.6 percent at Marshall Field's but fell 0.3 percent at Mervyn's.

Credit card operations

added \$168m to pre-tax profit in the recent quarter, up 11.7 percent from a year ago.

For the full year, Target's profits were \$1.84bn, or \$2.01 a share, up 11.4 percent from \$1.65bn, or \$1.81 a share, the year before. Revenues rose 9.7 percent to \$48.16bn from \$43.91bn, driven by new stores, a 2.9 percent rise in same-store sales and growth in credit revenues.

From the *Financial Times*

FINANCIAL TIMES
World business newspaper.

	Wal-Mart 4th quarter	Target 4th quarter	Wal-Mart Full year	Target Full year
Total profits				
% increase in profits / earnings				
Earnings per share				
Sales revenues				

C Exchange information with a partner and complete the chart.

D Read both texts and answer the questions. Which company:

- 1 feels confident about the future?
- 2 has developed a more fashionable image?
- 3 had particularly good results overseas in the last 12 months?
- 4 is not planning to increase prices?
- 5 did better than the American stock market forecast?
- 6 feels its success is due to the variety of its goods?

E Match the words to make word partnerships from the text.

- | | |
|-----------------|-------------|
| 1 consumer | a) division |
| 2 tax | b) pressure |
| 3 international | c) refunds |
| 4 quarterly | d) spending |
| 5 price | e) earnings |

F Read the articles again and check your answers.

Now match the word partnerships in Exercise E to their definitions.

- 1 the money people spend on goods and services
- 2 money given back at the end of the financial year
- 3 company profits for a three-month period
- 4 part of a company which deals with or is located overseas
- 5 decreasing or freezing the price of goods or services in order to gain an advantage over competitors

Language review

Describing trends

We can describe trends in English in different ways. For example:

1 Verbs of change

Profits **soared** 18.5%.

Profits **are falling**.

Sales **plummeted** in January.

2 Prepositions

Profits rose 11% **to** \$2.7 billion.

Profits have gone up **from** 3 million **to** 4 million euros.

Our business grew **by** 10% last year.

There's been a decrease in annual sales **of** 1 million euros.

Last year profits stood **at** 2.5 million pounds.

3 Different verb forms

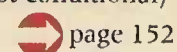
The figures **show** a positive trend. (present simple)

We're **watching** the trends carefully. (present continuous)

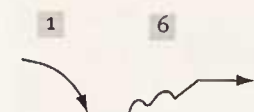
Last year we **made** a loss. (past simple)

In recent months our profits **have risen** dramatically. (present perfect)

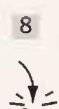
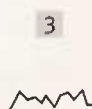
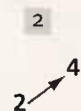
If sales **drop** further, we'll be in serious financial difficulty. (first conditional)



- A** What kind of movement do the verbs below describe? Match them to the symbols 1 to 11. Then compare your answers with your partner. (Use some symbols more than once.)



6



4

9



5

10

11



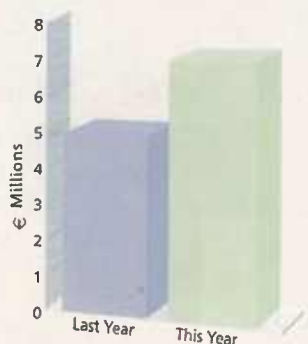
decline	gain	drop	increase	rocket	plummet
double	fall	halve	level off	triple	recover
decrease	fluctuate	improve	peak	rise	jump

- B** Which of the above verbs also have noun forms? What are they? For example, *to increase* – *an increase*.

- C** Complete these sentences about the graphs below with appropriate prepositions.

- Sales have increased €5m €7m.
- Sales have increased €2m.
- There has been an increase €2m in our sales.
- Sales now stand €7 million.
- Sales reached a peak €7 million in July.
- Sales reached a low point €1 million in April.

- D** Write two more sentences about each of the graphs below.



Angel Investments

Background

Angel Investments (AI) is based in Warsaw, Poland. It is run by a group of rich people who invest money in companies. It is willing to take risks by buying stakes in start-up or small companies, but also puts money into larger companies which have good prospects for growth.

AI makes money by selling shares in companies when their share price is high, then re-investing the money in companies which it expects to do well in the future.

At present, it has €10 million to spend and it has chosen four companies as potential investments.

TECHNOPRINT

Technoprint is a manufacturer of office equipment, based in Frankfurt, Germany. Its main products are inkjet and laser printers.

Present share price: €4.14

High (last year): €5.42

Low (last year): €3.59

Extract from business analyst's report

Technoprint's performance has been good. They are a reliable company and are exceeding their sales targets. Increased competition in the inkjet sector will affect sales. The new laser printer could be a market leader, but outsourcing components is unpopular with the unions who are threatening industrial action.

Technoprint share price – last 18 months



	Turnover (€ millions)	Pre-tax profit (€ millions)	Earnings per share (cents)	Dividend per share (cents)
Last year	90.8	10.9	51	5.7
2 years ago	88.3	9.9	42	3.9
3 years ago	69.4	4.8	24	0.6

Turnover for first 6 months of this year: €64.5 million

UNIBRAND

Unibrand is a fashion retailer based in Amsterdam selling a variety of international brands.

Present share price: €5.72

High (last year): €8.58

Low (last year): €3.88

Unibrand share price – last 18 months



	Turnover (€ millions)	Pre-tax profit (€ millions)	Earnings per share (cents)	Dividend per share (cents)
Last year	370	52.7	19.5	2.2
2 years ago	308	30.1	12.9	1.8
3 years ago	283	27.86	11.14	1.65

Turnover for first 6 months of this year: €204 million

Extract from business analyst's report

Unibrand is unlikely to meet its sales targets for the year unless the economies in key markets improve significantly. Its new perfume should sell well although there are doubts about the effectiveness of the new advertising campaign.

On-line Fashions

Extract from business analyst's report

On the surface this seems to be an impressive performance, but there are major problems. OLF are finding it difficult to meet the demand for their goods. Customers complain of late or incorrect deliveries. The new warehouse in Spain is not efficient. Are they expanding too fast or do they lack management skills?

	Turnover (€millions)	Pre-tax profit (€millions)	Earnings per share (cents)	Dividend per share (cents)
Last year	19.3	2.1	0.38	nil
2 years ago	9.1	-2.561	3.8	nil
3 years ago	4.9	-2.862	-5.6	nil
Turnover for first 6 months of this year: €14.8 million				

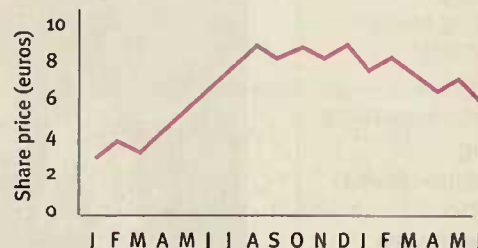
OLF is based on its website www.OLF.com. Its target audience is fashion-conscious women aged between 30 and 45 who want to keep up with the latest trends in clothing and accessories.

Present share price: €5.73

High (last year): €8.96

Low (last year): €2.71

On-line Fashions share price – last 18 months



AMAZON VENTURES (AV)

Based in Milan, Italy, AV was founded two years ago. It is searching for diamonds in two areas (each about 2,000 hectares), near the Amazon river.

Present share price: €7.84

High (last year): €9.20

Low (last year): €1.80

	Turnover (€millions)	Pre-tax profit (€millions)	Earnings per share (cents)	Dividend per share (cents)
Last year	1.03	0.87	0.38	nil
2 years ago	0.38	-1.4	nil	nil
Turnover for first 6 months of this year: €0.57 million				

Amazon Ventures share price – last 18 months



Extract from business analyst's report

An interesting company but unfortunately it has heavy debts. Early this year, AV found six large reserves of diamonds. This led to increased sales but also a bill for €750,000 for increased security. Costs will rise sharply in the next quarter because heavy rains are predicted and the plant must be moved to higher ground. Environmental groups and their protests are a major problem. Unfavourable news stories have appeared attacking foreign companies working in the area.

Task

- 1 Work in small groups. You are directors of Angel Investments. Read the reports and note down the key points concerning each company.
- 2 5.6 Listen to the CEOs' comments to investors for the four companies. Note down the key points concerning each company.
- 3 Discuss the advantages and disadvantages of investing in each company. Then decide what proportion of the €10 million you will invest in each company. (You may decide not to invest in one or more of the companies – it is up to you.)
- 4 Compare your decisions with those of the other groups.

Writing

Write an e-mail to the CEO providing a list of your recommendations. Give reasons for your recommendations.

Writing file page 133