

# Finances

COMMUNICATION

LEVEL	NUMBER	LANGUAGE
Upper-intermediate	EN_BE_3706X	English






## Goals

- Can understand key terminology related to finance and statistics
- Can use new vocabulary to indicate probability in a business context





**Financial management** is at the heart  
of every **business**, and understanding  
**finances** is the key to having a  
successful **company**.



## Your finances

**Do you feel in control of your finances?  
How do you manage your personal finances?**





## Working in finance



Would you like to work in finance? Explain your answer.



## The finance department

- Over the next few pages you are going to find out about the role of the **finance department** in a company.



The finance department ensures the company **turns a profit**.



## The past

- The **finance department** has to look both **backward** and **forward** in a company. Below are the main areas in which it has to look to the past.

<b>book-keeping</b>	The <b>bookkeeper</b> tracks all transactions made by the company, covering sales and expenses.
<b>financial reporting</b>	Takes raw accounting entries and converts them into <b>financial statements</b> . Designs the financial processes of the organisation and liaises with external auditors.
<b>tax compliance</b>	Ensures all taxes are filed on time. Also tries to <b>minimise tax</b> payable by the company.







## The future

- Here are the main areas in which the **finance department** looks to the **future** of a company.

<b>financial planning</b>	Creates financial plans to <b>forecast sales and expenses</b> for the future. Compares actual results to find ways to improve.
<b>the treasury</b>	Ensures the company does not go bankrupt or run out of cash. Forecasts the <b>short term needs</b> of the company.
<b>capital budgeting</b>	Selects the uses of capital. Demand for <b>investments</b> usually outstrips the supply of money, so this section decides where best to invest.







## The future

- Here are the main areas in which the **finance department** looks to the **future** of a company.

<b>risk management</b>	Looks at <b>risks</b> faced by the company, e.g. currency fluctuations, the market, etc. and tries to mitigate the possible impacts.
<b>corporate development</b>	Sources and analyses deals for <b>mergers and acquisitions</b> , and makes decisions on whether to enter a new market.





## Replace the words

Replace the phrases which are underlined with those from the boxes below.

1. The finance department takes care of payables and receivables, keeping an eye on the cash flow, and ensures that a company **stays liquid** at all times.
2. Financial reporting is important to **shareholders** because they rely on data forecasts to tell them whether to buy or sell.
3. Corporate development analyses **opportunity cost** when determining deals for mergers and acquisitions.

the cost of the loss of alternative opportunities when one is chosen

has enough cash

people who have invested in the company



## The finance department

**Can you remember what these sectors of the finance department do?**



bookkeeping

financial  
reporting

financial  
planning

the treasury



## Tell your teacher

Which of the functions of the finance department were you already aware of?

Which function do you think is the most useful for a business?





## The second conditional

- Below is a short review of the **second conditional**. You should be familiar with this construction and its uses already.
- The **second conditional** is useful when talking about a **hypothetical situation** and its **probable outcome**. It is therefore useful when discussing financial decisions and **evaluating** potential outcomes.

If we got someone to co-sign the loan, then we could process it.

If we were to invest in better technology, we would be able to expand.

If they went bankrupt, we would be able to take over their market share.

You could get a good commission on that if you closed the deal.



chance

luck

The following pages will teach you some phrases that use the words **chance** and **luck**.



These phrases can be useful when talking about **financial decisions** or **outcomes**.



## Expressions with chance

take a chance

We're going to invest and **take a chance**.

last chance

This is our **last chance** to break into the market.

any chance

Is there **any chance** of us closing the deal before the end of the week?

by chance

We came across this evidence **by chance**.

what are the  
chances

**What are the chances** of our bid being successful?

chance

We've done everything we can, now **chance** will determine the outcome.

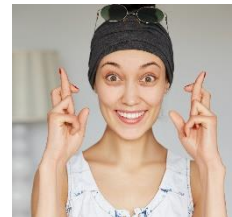




## Expressions with luck

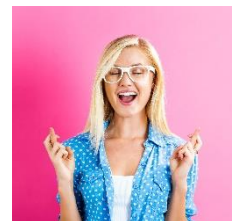
**get lucky**

We **got lucky** this time, and managed to sell all our surplus stock.



**blind luck**

It really was **blind luck** that he exceeded sales targets this year.



**as luck would have it**

**As luck would have it** we achieved the target just before the deadline.



**no such luck**

I was hoping to finish the presentation tonight, but **no such luck**, the boss just gave me more figures to put in.





## Answer the questions

Answer the questions below with your teacher.

1. What would you do if there were a **chance** your firm was going to go bankrupt?
2. When would it be OK to rely on **blind luck** in order to do something in business?
3. In what circumstances should a company be prepared to **take a chance** on an employee with no work experience?
4. Would you **take a chance** if you were presented with a risky investment with the opportunity for huge rewards?





## What do you think?

**Your business has been losing money while your competitor is expanding. Your competitor has better technology and thus lower staff costs. To invest in the same technology you would need to take out a loan.**

**Discuss your thoughts on this problem.**



We should take a chance...

We can't  
assume we'll  
get lucky.

It's our last  
chance to keep  
up.

## Statistics

Why are **statistics** important in business? They help us to **analyse real data** in order to formulate answers to numerous questions, such as:

- How much should we charge for this product?
  - What is the demand for that service?

The first thing that happens is that research is conducted and **raw data** is collected. **Statistical methods** are then used to analyse this raw data.

The **trend** points to a rise in spending.

## Reading statistics

From the statistics, we are able to **make predictions** about **future trends** in business. This could be related to customers, other businesses or the economy as a whole.



**It is highly probable** that demand will rise.



**It looks extremely unlikely** that the trend will continue into next year.



## Reading statistics

- Here are some phrases which you can use to **analyse statistics**.

The indications are that...

The trend is for...

The data points to...

As far as I can see...

The numbers show that...





## Phrases for probability

- Below you will find some phrases to describe **probability** when analysing statistics.

high probability	medium probability	low/no probability
It is highly likely...	It is somewhat likely...	It is extremely unlikely...
There is a strong likelihood...	There is some likelihood...	There is no likelihood...
Without a shadow of a doubt.	There is a possibility that...	It's doubtful.
Chances are that...	There's some chance that...	There is no chance that...





## Talking about numbers

- When you have a set of numbers you can divide the results into the following:

mean	The <b>average</b> of a set of numbers, often found by using a mathematical formula.
mode	The result seen the <b>most often</b> .
median	The value which splits the data into two halves.





## Likelihood

Which phrases can you remember for each of these categories?  
Can you add any more?



There is a  
strong  
likelihood  
that...



It's doubtful  
that...



high probability

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medium probability

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low/no probability

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## Consumer spending

Read through the text on statistics in consumer spending.

Having **analysed the data**, the **indications** are that there will be a rise in consumer spending over the next quarter. **There is a strong likelihood** that spending will increase on household goods and on the automobile industry. However, **the numbers show** that spending on children's clothes has been sliding for a while and **it is extremely unlikely** that it will pick up. **The trend is for** more careful spending on such items as clothing and cosmetics, **likely due to** the economic downturn. **There is a slight possibility** that the sales at the beginning of the year will kick start some spending, but **the data** from the previous year does not back that up.

Can you identify phrases from the previous pages?



## Complete the sentences

**Think about recent economic trends in your country. Complete the phrases below to describe what you think may happen in the future.**

1. There is a strong likelihood...

2. The indications are that...

3. There is a possibility that...

4. The trend points to...

5. It's doubtful that...



## Reflect on the lesson

Take a moment to review any new **vocabulary, phrases, language structures** or **grammar points** you have come across for the first time in this lesson.

Review them with your teacher one more time to make sure you don't forget!





## Answer key

### Exercise p. 10

1. has enough cash
2. people who have invested in the company
3. the cost of the loss of alternative opportunities when one is chosen







## Unscramble

A

The  
bookkeeping  
department

for tracking

is responsible

sales and

the company's

expenses.

B

the company

go

ensures that

bankrupt.

The treasury

does not



## The finance department

**Complete these sentences to say what each section of the finance department does.**

1. Tax and compliance...

2. Capital budgeting...

3. Risk management...

4. Corporate development...



## Homework answer key

### **Exercise p. 30**

- A. The bookkeeping department is responsible for tracking the company's sales and expenses.
- B. The treasury ensures that the company does not go bankrupt.



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