

**Міністерство освіти і науки України**  
**Донецький національний університет імені Василя Стуса**  
**Факультет іноземних мов**

**Іщук Н.Ю., Кондратюк М.В.**

# **MONEY IN ECONOMICS AND BUSINESS**

**МЕТОДИЧНІ ВКАЗІВКИ  
ДЛЯ САМОСТІЙНОЇ РОБОТИ  
З ДИСЦИПЛІНИ «АНГЛІЙСЬКА МОВА ПРОФЕСІЙНОГО  
СПРЯМУВАННЯ»**

**для здобувачів вищої освіти 3 курсу спеціальності  
292 «Міжнародні економічні відносини»**

**Вінниця – 2022**

Рецензенти:

**Калініченко В.І.,** кандидат філологічних наук, завідувач кафедри іноземних мов професійного спрямування Донецького національного університету імені Василя Стуса

**Лактіонова О.А.,** доктор економічних наук, професор, завідувач кафедри фінансів і банківської справи Донецького національного університету імені Василя Стуса

***Іщук Н.Ю., Кондратюк М.В.***

I - 988 Money in Economics and Business: методичні вказівки для самостійної роботи з дисципліни «Англійська мова професійного спрямування» для здобувачів вищої освіти 3 курсу спеціальності 292 «Міжнародні економічні відносини». Вінниця: ДонНУ імені Василя Стуса, 2022. – 97 с.

Методичні вказівки призначені для самостійної роботи здобувачів вищої освіти 3 курсу економічного факультету спеціальності 292 «Міжнародні економічні відносини» під час вивчення англійської мови професійного спрямування.

Мета посібника – забезпечити здобувачів вищої освіти можливістю самостійно розвивати мовну та комунікативну компетенції, необхідні для адекватної поведінки в типових професійних ситуаціях. Посібник укладено згідно з вимогами робочої програми з англійської мови за професійним спрямуванням.

*Рекомендовано до друку Вченою радою факультету іноземних мов  
Донецького національного університету імені Василя Стуса  
(протокол № 6 від 24.01.2022 р.)*

© Іщук Н.Ю., 2022  
© Кондратюк М.В., 2022

# CONTENTS

Introduction .....	4
THE FUNCTIONS AND CHARACTERISTICS OF MONEY .....	6
COMPANIES AND FINANCE .....	15
ACCOUNTING BASICS .....	22
FINANCIAL STATEMENTS .....	31
DESCRIBING CHANGES .....	46
MONEY IDIOMS .....	59
Transcript .....	71
Answer key .....	78
Reference List .....	96

# INTRODUCTION

***“Happiness is not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort.”***

- **Franklin D. Roosevelt**

The topic of money can be approached from different perspectives: economical, historical, sociological, legal, political, and even poetic. Money is not primarily an ‘economic’ phenomenon (associated with market exchange), it has profound implications for societies.

The student’s book *Money in Economics and Business* is a collection of English texts, references, assignments, exercises, discussion materials and questions for the third-year students of International Economic Relations doing the course of English for Specific Purposes. The topic of money is one of the cornerstones of economics and future economists must be prepared to discuss in incentives and prices, earnings and employment, investments, and trade. Economists engage the world of current affairs. Successful career in International Economics and Business requires rigorous skills of critical thinking and reasoning. All these skills along with second language acquisition can be developed through the *Money in Economics and Business*.

The methodological underpinning of the book is the text-based contextual vocabulary acquisition and development. The methodology employs pragmatic approach to create a framework for intensive and proactive study of ESP on the topic of Money. The overall learning objective is to develop professional communicative competence by integrating the four language skills with an emphasis on listening, speaking, and writing.

The learning objectives of the book *Money in Economics and Business* include :

- to build and train the use of vocabulary on the topic of Money in the professional contexts
- to develop understanding of personal and cultural attitudes to money, corporate cultures.
- to develop skills and understanding of how to negotiate and interact personally or in writing in professional business situations.

The *Money in Economics and Business* consists of 6 units: The Functions and Characteristics of Money, Companies and Finance, Accounting Basics, Financial Statements, Describing Changes, Money Idioms.

Units offer vocabulary, reading, listening, speaking and writing exercises. Emphasis is put rather on language in context than on teaching grammar and language structures. Some occasional grammar reference is given in the student's book.

The student's book offers topical vocabulary and the list of idiomatic expressions referring to money. The vocabulary is organized according to the principles of frequency, accessibility, applicability, necessity, and sufficiency. *The Money in Economics and Business* can be used both in classroom and at home.

The authors hope both teachers and economics students will benefit from the student's book.

***Nataliia Ishchuk,***

*PhD in Education, Associate Professor*

***Marta Kondratiuk,***

*PhD in Philology*

# The Functions and Characteristics of Money



Money is something that people use every day. We earn it and spend it but don't often think much about it. Economists define money as *any good that is widely accepted as final payment for goods and services*. Money has taken different forms through the ages; examples include cowry shells in Africa, large stone wheels on the Pacific island of Yap, and strings of beads called wampum used by Native Americans and early American settlers. They all share the three functions of money:

## A medium of exchange

This means that money is widely accepted as a method of payment. Without money, all transactions would have to be conducted by barter, which involves direct exchange of one good or service for another. The difficulty with a barter system is that it requires **a double coincidence of wants**. Each party to a transaction must want exactly what the other person has to offer. This situation is rare.

## A unit of account

You can think of money as a yardstick – the device we use to measure value in economic transactions. If you are shopping for a new computer, the price could be quoted in terms of t-shirts, bicycles, or corn. So, for instance, your new computer might cost you 100 to 150 bushels of corn at today's prices, but you would find it most helpful if the price were set in terms of money because it is a common measure of value across the economy.

## A store of value

If you work today and earn 25 dollars, you can keep the money before you spend it because it will hold its value until tomorrow, next week, or even next year. In fact, holding money is a more effective way of storing value than holding other items of value such as corn, which might rot. Although it is an efficient store of value, money is not a perfect store of value. Inflation slowly erodes **the purchasing power** of money over time.

In order to appreciate the conveniences that money brings to an economy, think about life without it. Imagine you are a musician – a bassoonist in an orchestra – who has a car that needs to be repaired. In a world without money, you would need to barter for car repair. In fact, you would need to find a coincidence of wants – the unlikely case that two people each have something that the other wants at the right time and place to make an exchange. In other words, you would need to find a mechanic who would be willing to exchange car repairs for a private bassoon concert by 9 AM tomorrow so you can drive to your next orchestra rehearsal. In an economy where people have very specialized skills, this kind of exchange would take an incredible amount of time and effort; in fact, it might be nearly impossible. In fact, without money, every transaction would require you to find producers who would exchange their goods and services for bassoon performances. In a money-based economy, you can sell your services as a bassoon player in an orchestra to those who are willing to pay for orchestra concerts with money. Then, you can take the money you earn and pay for a variety of goods and services.

Early forms of money were often **commodity money** – money that had value because it was made of a substance that had value. Examples of commodity money are gold and silver coins. Gold coins were valuable because they could be used in exchange for other goods or services, but also because the gold itself was valued and had other uses. When money takes the form of a commodity with intrinsic value, it is called commodity money. The term **intrinsic value** means that the item would have value even if it were not used as money. Another example of commodity money is gold. Gold has intrinsic value because it is used in industry and in the making of jewelry. Although today we no longer use gold as money, historically gold was a common form of money because it is relatively easy to carry, measure, and verify for impurities. When an economy uses gold as money (or uses paper money that is convertible into gold on demand), it is said to be operating under a gold standard.

**Representative money** is a certificate or token that can be exchanged for the underlying commodity. For example, instead of carrying the gold commodity money with you, the gold might have been kept in a bank vault and you might carry a paper certificate that represents- or was “backed”-by the gold in the vault. It was understood that the certificate could be redeemed for gold at any time. Also, the certificate was easier and safer to carry than the actual gold. Over time people grew to trust the paper certificates as much as the gold. Representative money led to the use of fiat money-the type used in modern economies today.

**Fiat money** is money that does not have intrinsic value and does not represent an asset in a vault somewhere. Its value comes from being declared “legal tender” – an acceptable form of payment – by the government of the issuing country. In this case, we accept the value of the money because the government says it has value and other people value it enough to accept it as payment. For example, you accept hryvnias as income because you are confident

you will be able to exchange the hryvnias for goods and services at local stores. Because you know others will accept it, you are comfortable accepting it. The national currency is fiat money. It is not a commodity with its own great value and it does not represent gold – or any other valuable commodity – held in a vault somewhere. It is valued because it is legal tender and people have faith in its use as money.

**E-money**, short for **Electronic Money**, is the electronic alternative to cash and is defined as digital, monetary medium of exchange that is represented on an electronic device. The device in question could be a software (like a banking system, or a payment service provider such as PayPal) or a piece of hardware like a smartphone or a magnetic device such as a prepaid card. In both cases, we call such devices storing e-money electronic wallets (e-wallets).

There have been many forms of money in history, but some forms have worked better than others because they have **characteristics** that make them more useful.

1. **Durability.** A cow is fairly durable, but a long trip to market runs the risk of sickness or death for the cow and can severely reduce its value. Two hundred-hryvnia banknotes are fairly durable and can be easily replaced if they become worn. Even better, a long trip to market does not threaten the health or value of the bill.
2. **Portability.** While the cow is difficult to transport to the store, the currency can be easily put in your pocket.
3. **Divisibility.** A 200-hryvnia banknote can be exchanged for other denominations, say a 100, a 50, two 20s, and a 10. A cow, on the other hand, is not very divisible.
4. **Uniformity.** Cows come in many sizes and shapes and each has a different value; cows are not a very uniform form of money. Two hundred-hryvnia banknotes are all the same size and shape and value; they are very uniform.
5. **Limited supply.** In order to maintain its value, money must have a limited supply. While the supply of cows is fairly limited, if they were used as money, you can bet ranchers would do their best to increase the supply of cows, which would decrease their value. The supply, and therefore the value, of 200-hryvnia banknotes — and money in general – are regulated by the National Bank of Ukraine so that the money retains its value over time.
6. **Acceptability.** Even though cows have intrinsic value, some people may not accept cattle as money. In contrast, people are more than willing to accept 200-hryvnia banknotes. In fact, the Ukrainian government protects your right to use Ukrainian currency to pay your bills.

To summarize, money has taken many forms through the ages, but money consistently has three functions: store of value, unit of account, and medium of exchange. Modern



economies use fiat money – money that is neither a commodity nor represented or “backed” by a commodity. Even forms of money that share these function may be more or less useful based on the characteristics of money.

**Ex. 1.** *Use the following questions to review the main points, making use of active vocabulary.*

1. What is money?
2. What is barter and what problems are involved with it?
3. Define commodity money and list examples.
4. What are the fundamental characteristics of money?
5. Describe the functions of money in our society.
6. What is the difference between representative and fiat money?
7. What devices are used for storing e-money?

**Ex. 2.** *Match the words from the box with their definitions.*

- |               |                  |                    |                  |
|---------------|------------------|--------------------|------------------|
| 1. uniformity | 4. divisibility  | 7. commodity money | 10. • fiat       |
| 2. fiat money | 5. money         | 8. portability     | • commodity      |
| 3. durability | 6. acceptability | 9. legal tender    | • representative |

- a. the ability to last a long time
- b. the ability to be easily carried or moved
- c. the ability to be split easily
- d. a standard form of payment
- e. the confidence that the money can be constantly used
- f. types of money
- g. money that has value because the government has decreed it as valuable
- h. items that hold inherent value and can be used as money.
- i. money that by law must be accepted for payment of public and private debts
- j. a generally recognized medium of exchange

**Ex. 3.** Read the text and complete with the phrases from the box. Be careful! There are two extra phrases.

- |                              |                                 |
|------------------------------|---------------------------------|
| a) as a means of exchange    | f) is called bartering          |
| b) blank pieces of paper     | g) to help facilitate trade     |
| c) cut into small pieces     | h) to use one particular object |
| d) has something you need    | i) used to buy goods            |
| e) introduced by shopkeepers | j) using metal coins            |

## The history of money

More than 2,000 years ago the Romans were \_\_\_\_\_<sup>1</sup> similar to those we use today. Many of these early coins were made in the temple of the goddess Juno Moneta, the wife of Jupiter. It is from the name "Moneta" that we get the word "money".

In most societies objects were used \_\_\_\_\_<sup>2</sup>. Perhaps a good hunter had more animal skin than he could use and his neighbour, a fisherman, too many fish. Both soon realised that the best thing to do was to exchange what they did not need. This method of paying \_\_\_\_\_<sup>3</sup>. However, this system has some problems. Firstly, you need to find someone who \_\_\_\_\_<sup>4</sup> and wants what you have, and secondly, how do you decide on the 'value' of the items. For example, how many fish are equal to one loaf of bread?



To overcome these problems some societies tried \_\_\_\_\_<sup>5</sup>. For example, in Russia and Scandinavia animal skins were widely used, in Mexico cocoa beans, salt in Nigeria, coloured beads in Africa and North America, and cattle in many countries. These early forms of money were \_\_\_\_\_<sup>6</sup>, pay for marriages, fines and debts. But it was still difficult to measure their value accurately and keep some of them for a long time.



So, finally a number of societies began to use another kind of money. These were precious metals which were \_\_\_\_\_<sup>7</sup> and weighed. Later on, these 'coins' were stamped with a figure or symbol so that people could determine how many coins it took to pay for a particular object or service.



It was only around 400 years ago that paper money came into general use in most countries. However, historians believe that the Chinese were printing paper money over a thousand years ago. The first official European bank notes were issued by the Swedish Stockholm Bank in 1661. Of course today not only do we use banknotes but we use 'plastic' money in credit cards and cheques which are written out on \_\_\_\_\_<sup>8</sup>, a little like an IOU note.

**Ex. 4.** Read the text again and answer these questions.

1. Where does the word *money* come from?
2. What were the two problems that a hunter could face when trying to barter his animal skins for something else?
3. Where did they use the following items as a form of money?
  - a) beads
  - b) beans
  - c) animal skins
  - d) salt
4. Why were coins stamped with a symbol?
5. Who were the first people to use paper money?
6. When was the first paper money issued in Europe?
7. What do we use to pay for things nowadays?

**Ex. 5.** Read the text below and think of a word which best fits into each gap. Use only ONE word in each space!

There is no doubt that money, in the form that we know it today, \_\_\_\_\_<sup>1</sup> what keeps modern economic life functioning. Yet, in the course \_\_\_\_\_<sup>2</sup> history, money, in whatever form, has provided people \_\_\_\_\_<sup>3</sup> the ability to buy and \_\_\_\_\_<sup>4</sup> goods. Thousands of years \_\_\_\_\_<sup>5</sup>, civilisations \_\_\_\_\_<sup>6</sup> to rely on the barter system as a way of exchanging goods. Within this system a person had to exchange one thing \_\_\_\_\_<sup>7</sup> another. This meant that the two parties involved had to \_\_\_\_\_<sup>8</sup> an agreement as to what they thought their products were \_\_\_\_\_<sup>9</sup>. Items such \_\_\_\_\_<sup>10</sup> wheat, tobacco and salt have all used as money at one time or another. It was not until much later that humans came up \_\_\_\_\_<sup>11</sup> the idea of money in the form of metal coins.

So why \_\_\_\_\_<sup>12</sup> the barter system come to an end? The answer is simple. Coins were much \_\_\_\_\_<sup>13</sup> to handle and carry around. The use of coins became widespread. It made business simpler and gave countries an opportunity \_\_\_\_\_<sup>14</sup> development by \_\_\_\_\_<sup>15</sup> business internationally.

Later on, \_\_\_\_\_<sup>16</sup> money in the form of banknotes became more common all over the world, as it was easier to use. However, nowadays, electronic money are taking \_\_\_\_\_<sup>17</sup> completely, replacing both coins and banknotes.

**Ex. 6.** *Translate the sentences below into English.*

- 1) До винаходу грошей люди користувалися бартерною системою.
- 2) Бартер має декілька недоліків. По-перше, ви не можете бути впевнені, що хтось купить ваш товар. По-друге, багато товарів не зберігають своєї вартості.
- 3) Пізніше люди винайшли товарні гроші, які мають дійсну вартість, наприклад, такі цінні метали, як золото, мідь, бронза тощо.
- 4) Використання товарних грошей набагато зручніше, ніж звичайний бартер, хоча має свої недоліки.
- 5) Одним з недоліків товарних грошей є те, що вони часто неліквідні.
- 6) Інша проблема полягає в тому, що не кожен може погодитися з вартістю товару, що використовується як гроші.
- 7) Гроші мають бути гарною розрахунковою одиницею, тобто вони повинні використовуватися як надійна міра вартості інших товарів.
- 8) Вирішення проблеми полягає в тому, щоб створити такий вид грошей, у яких би не було іншої реальної вартості, але які б представляли цінність.
- 9) Такий вид грошей називають паперовими грошима.
- 10) Електронні гроші використовуються для оплати товарів і послуг через Інтернет, і такий спосіб набуває дедалі більшої популярності, оскільки він доступний, зручний і економить час.

**Ex. 7.** *Fill in the missing word or words.*

Money, regardless of what form it takes, has three major functions. When sellers are willing to accept it as payment for goods or services, money functions as a 1) \_\_\_\_\_ . As a 2) \_\_\_\_\_ , money allows people to compare the values of various items and to keep accurate records. Money in a convenient form serves as a 3) \_\_\_\_\_ , allowing people to save for the future.

Whatever is used as money must be in 4) \_\_\_\_\_ , which is what gives it its value. Money, to be easy to handle and use, must be 5) \_\_\_\_\_ and 6) \_\_\_\_\_ into small parts. Finally, money must be 7) \_\_\_\_\_ to withstand normal use.

Certain items such as furs or minerals used in barter are referred to as 8) \_\_\_\_\_ money. Currency backed by some 9) \_\_\_\_\_ such as gold is called 10) \_\_\_\_\_ money. In the United States and other countries, government decree creates 11) \_\_\_\_\_ money. This type of money is backed mainly by society's 12) \_\_\_\_\_ in its value.

**Ex. 8.** *Read the text and choose the best option.*

Money is what you use to buy things. You may earn money from completing household chores, getting good grades, for your allowance, or for losing a tooth! Money is very important in our world and comes in many different forms.

People have been using money for hundreds of years. Before money gave specific values for things, people simply traded items. In the United States, we use the dollar as our currency or money, but people in different parts of the world use different currencies, though some countries also use or accept our dollars.

People earn money from the jobs they work and use that money to save for the future, pay for their houses, cars, food, taxes, medical needs and household items among other things. Even things such as turning the lights on, using the air conditioning or heat, and connecting to the internet cost money.

1. According to the author of this story, money is \_\_\_\_\_.
  - A. only earned by adults
  - B. very important
  - C. not very important
  - D. only used in America
2. Select all of the things that money might be used for.
  - A. to buy things
  - B. to save for the future
  - C. to pay bills
  - D. to do household chores
3. What did people do before there was money?
  - A. They made everything themselves
  - B. People traded to get what they needed
  - C. The story doesn't tell
  - D. They just never got what they needed
4. How long have people used money?
  - A. Hundreds of years
  - B. Since the beginning of time
  - C. They started recently
  - D. Thousands of years
5. The dollar .....
  - A. is used in every country in the world.
  - B. is used in the United States.
  - C. is not used very much in the USA.
  - D. is never used in other countries

**Ex. 9.** *Look at these sets of words. Which one is the odd one out in each set?*

1. coin, note, save, cheque
2. spend, find, buy, sell
3. loan, income, salary, wage
4. price, cost, value, barter
5. save, steal, borrow, lend

**Ex. 10. A.** Put the words into the spaces below.

black market

hard currency  
transactions

pegged  
convertible

stability

**A soft currency**

The Kzarnian florint is not \_\_\_\_\_<sup>1</sup> outside the Republic of Kzarnia. Until recently, the official exchange rate was KF20 to the US dollar, although the \_\_\_\_\_<sup>2</sup> rate was at least double that. However, last month the government \_\_\_\_\_<sup>3</sup> the currency to the dollar at a lower level, and the gap between the official and unofficial rates has narrowed. The official rate currently stands at around KF35. Despite the improved \_\_\_\_\_<sup>4</sup> of the currency, most major \_\_\_\_\_<sup>5</sup> within the country are still carried out in \_\_\_\_\_<sup>6</sup>. Tourists may never even see a Kzarnian florint as all goods and services they are likely to require can be paid for in euros or US dollars.

**B.** Look at the article. Are the following sentences true or false?

1. The Kzarnian florint can be bought in any bureau de change that has them in stock. TRUE / FALSE
2. At the moment, the black market rate is only slightly better than the official rate. TRUE / FALSE
3. KF are mostly used for small everyday transactions. TRUE / FALSE
4. In Kzarnia, you can pay for you hotels, restaurants and taxi drivers in any hard currency. TRUE / FALSE



## Companies and Finance

In order to operate and develop, a company needs capital. There are two main ways in which a company can **raise capital**: it can use **share capital** or **loan capital**, from investors. Share capital is contributed by shareholders, who receive dividends, usually based on the company's profit during the relevant period. Capital in the form of shares is also called **equity**.

Most companies need loan capital to **finance investments**. The money they borrow from the bank is called a **loan**. The sum of money borrowed is the **principal**, and the company also has to pay **interest**, a percentage of the principal, e.g. if you borrow £1,000 and the **interest rate** is 10%, then you have to pay back £1,000, plus £100 in interest.

When an investor or a financial institution lend money, they become **lenders**. The company borrowing money is the **borrower** and may refer to the money as **borrowing** or **debt**. The total amount of debt that a company has is its **indebtedness**. There are some companies that owe money, but never repay it: they're **bad debts** and **they are written off**.

As we know, one of the main aims/objectives of a company is to **make a profit** (*opp.* **make a loss/sustain losses**). If a company does not make a profit or a loss, it **breaks even**. Most companies are happy if they can break even in their first year of operation.

Companies receive money from selling their products – this money is called the **turnover**. The money that they spend is called **costs**:

- **direct costs** are directly related to providing the product (e.g. salaries);
- **indirect costs, overhead costs or overheads** are not directly related to production (e.g. administration);
- **fixed costs** do not change when production goes up or down (e.g. rent, heating, etc.);
- **variable costs** change when production goes up or down (e.g. materials).

Here are the calculations for a boat building company, Nordsea:

- **selling price** – 50,000 euros
- **direct production costs** – 35,000 euros
- selling price minus direct production costs = **gross margin** – 15,000 euros
- **total costs** = 40,000 euros

- selling price minus total costs = **net margin, profit margin** or **mark-up** – 10,000 euros.

The net margin or profit margin is usually given as a percentage of the selling price, in this case 20 per cent. The mark-up is usually given as a percentage of the total costs, in this case 25 per cent.

In order to **grow/expand** and **thrive/prosper**, many companies want or need the following:

- low inflation, so prices do not go up;
- low interest rates, so the company can borrow money without paying a lot of interest;
- economic and political stability when things remain steady and stable and there are no sudden changes in the economic and political situation;
- a healthy/strong economy, and not an economy in recession;
- tax cuts, so they can keep more of their profit. This often depends on government expenditure, e.g. The government will not be able to reduce taxes if public expenditure continues to rise.

**Ex. 1.** *Answer the following questions to review the main points, making use of active vocabulary.*

1. What is corporate finance?
2. How can companies rise capital?
3. Define profit and loss. Give some examples.
4. What circumstances support company growth?
5. What circumstances cause company decline?
6. What is the difference between margin and profit?

**Ex. 2.** *Give the English for:*

**verb + noun**

оплачувати капіталовкладення  
 сплачувати відсоток  
 витрачати гроші  
 залучати капітал  
 заробляти прибуток  
 зазнавати збитків  
 отримувати гроші (від продажу)  
 знижувати податки  
 досягати рівня беззбитковості  
 позичати кошти

**noun + noun / adjective + noun**

відсоткова ставка  
 урядові витрати  
 економічна стабільність  
 політична стабільність  
 повільне зростання  
 низька інфляція  
 позиковий капітал  
 міцна економіка  
 валова маржа  
 накладні витрати



**Ex. 3.** Match the term with its definition:

1. to finance	a) economy in good condition
2. investments	b) to spend more money than to earn
3. to pay interest	c) tax reductions / lower taxes
4. a loan	d) to do well / be successful
5. to reduce taxes	e) to pay a fee on borrowed capital
6. make a loss/sustain losses	f) government purchases of goods and services for current use or to create future benefits
7. to break even	g) to get bigger
8. tax cuts	h) a period of reduced and slow business activity
9. recession	i) to make neither a profit nor a loss
10. overheads	j) movement
11. trend	k) a type of debt
12. to grow/expand	l) to make taxes lower
13. to thrive/prosper	m) to pay for
14. healthy/strong economy	n) necessary costs for a company, e.g. rent for buildings, electricity, telephone
15. government expenditure(s)/spending	o) things a firm needs to buy in order to help the company, e.g. machines

**Ex. 4. A.** Denise van Beck of Nordsea Marine is having a sales meeting with her sales team. Read what he is saying.

'Our **sales figures** and **turnover** in the last year are good, with **revenue** of 14.5 million euros, on **volume** of 49 boats. This is above our **target** of 13 million euros. We estimate our sales **growth** next year at ten per cent, as the world economy looks good and there is demand for our products, so my sales **forecast** is nearly 16 million euros for next year. I'm relying on you!'

**B.** Match the word combinations (1-7) to their definitions (a-f).

<b>sales</b>	}	1. figures	a) money received from sales (2 expressions)
		2. forecast	b) sales aimed for in a particular period
		3. growth	c) the number of things sold
		4. revenue	d) increase in sales
		5. target	e) statistics showing the amount
		6. turnover	f) sold sales predicted in a particular period
		7. volume	

**Ex. 5.** Choose the correct expression to describe Nordsea Marine's costs,

1. the salary of an office receptionist (direct / indirect cost);
2. heating and lighting of the building where the boats are made (fixed / variable cost);
3. running the office (overhead / direct cost);
4. wood used in building the boats (fixed / variable cost);
5. the salary of a boat builder (direct / indirect cost).

**Ex. 6.** Read what this company owner says and answer the questions.

'I'm Vaclav and I own a small furniture company in Slovakia. We make a very popular line of wooden chairs. Each costs 360 korunas to make, including materials and production. We estimate overheads, including administration and marketing costs, at 40 korunas for each chair; and we sell them to furniture stores at 500 korunas each.'

1. What is the gross margin for each chair?
2. What is the net margin for each chair?
3. What is the mark-up for each chair as a percentage of total costs?
4. What is the profit margin for each chair as a percentage of the selling price?

**Ex. 7. A.** Read what a supermarket manager talks about the costs and prices for some of its products.

Product	Cost per unit (euros)	Sale price per unit (euros)	Result
A	10	12	We make a profit: the product is profitable or profit-making.
B	15	15	We break even: we <b>reach break-even point</b> .
C	8	7	We make a loss. The product is loss-making, but we use product C as <b>a loss leader</b> to attract people to the store, as they know they will then also buy profitable products.
D	12	22	Product D is very profitable and we sell a lot of it. It's one of our <b>money-spinners</b> or <b>cash cows</b> , (products that have very good profitability).

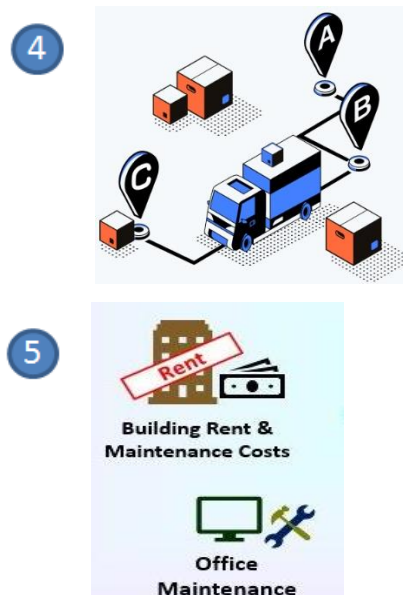
**B.** Look at this information about Vaclav's products and answer the questions.

	<b>Unit production cost (korunas)</b>	<b>Overheads per unit (korunas)</b>	<b>Selling price (korunas)</b>	<b>Number of units sold per year</b>
Chairs	360	40	500	50,000
Stools	180	20	195	70,000
Armchairs	700	70	800	20,000
Coffee tables	550	50	600	30,000
Dining tables	2500	300	3000	15,000

1. Which products make a profit?
2. Which product has the highest level of profitability as a percentage of its selling price?
3. Which loses money?
4. Which just breaks even?
5. Which is the biggest money-spinner or cash cow, in terms of overall profit?
6. Which product may be a loss leader, to encourage furniture stores to buy other, profitable products?

**Ex. 8.** Match the terms to the correct picture (1-6).

<b>Distribution costs</b>	<b>production costs</b>	<b>advertising costs</b>
<b>storage costs</b>	<b>selling costs</b>	<b>administrative costs</b>



3



6



**Ex. 9.** The following conversation is between two colleagues Peter and Juan. Peter explains to Juan how he uses and manages his money in his private/personal life. From the context, try to guess the meaning of the words/phrases in bold. Put the jumbled sentences in the correct order. The **first** and the **last** ones are done for you.

1. Juan: a) 'Could I ask you how much money you **earn** from working here? How much money are you paid in your salary?'
2. Peter: b) 'Do you **save** a lot of money? Put money into a bank account for the future?'
3. Juan: c) 'I spend my money like most people, on food, bills, clothes, holidays etc... I also have some **debts**. I have credit cards, loans and a mortgage from the bank. I **owe** the bank a lot of money, money which I **borrowed** from them in the past to buy things. So, I **repay** £6,000 to the bank each year.'
4. Peter: d) 'Do you have a car?'
5. Juan: e) 'Yes, I know. But I **invested** some money in the past. I bought some stocks and shares in companies. So, every year I earn another £6,000 from them. So my total **income**, the money I receive each year, is £60,000.'
6. Peter: f) 'It's not a lot of money to live on in London!'
7. Juan: g) 'Each year I earn about £70,000. But that is my **gross** salary. That is before the government removes **taxes**, the money the government takes from people to pay for its services. So after taxes have been removed, my **net** salary (the money that I obtain at the end) is about £54,000.'
8. Peter: h) 'Yes. I try to save £2,000 each month in the bank.'
9. Juan: i) 'So, what do you do with your income? What do you **spend** it on?'
10. Peter: j) 'I can drive a car, but I don't own a car. With my income, it's too expensive to have a car in London. You must buy the car and then you have to pay for petrol, parking, insurance etc... I **can't afford** to have a car in London.'

**Ex. 10.** Read the definitions below, then complete the phrases that follow by combining an appropriate word from the box with cost(s).

price overhead	fixed production	variable operating	analysis labour
-------------------	---------------------	-----------------------	--------------------

- |   |             |
|---|-------------|
| 1. Usual expenses such as rent, heating, lighting, which are not changed by the volume of production              | _____ costs |
| 2. Expenses which increase with an increase in labour, raw materials  | _____ costs |
| 3. All costs directly related to manufacturing  | _____ costs |
| 4. The cost of employing workers and staff  | _____ costs |
| 5. The costs for the day-to-day running of a company or business  | _____ costs |
| 6. Selling at a price which is exactly what the product has cost to make  | cost _____  |
| 7. The study of all likely costs associated with a product  | cost _____  |
| 8. Expenses associated with running a business that can't be linked to creating or producing a product or service | _____ costs |

**Ex. 11.** Choose the correct expressions in brackets to complete the text.

I started 15 years ago with \_\_\_\_\_<sup>1</sup> (capital/dividends) of \$50,000. We had one small restaurant in Sydney and now we have twenty throughout Australia, My \_\_\_\_\_<sup>2</sup> (borrowers/shareholders) were members of my family: my parents, brothers and sisters all put up money. They didn't receive any \_\_\_\_\_<sup>3</sup> (dividends/shares) for the first five years: we put all our profits back into the company! Now we want to increase the amount of \_\_\_\_\_<sup>4</sup> (equity/dividends), so we are looking for outside \_\_\_\_\_<sup>5</sup> (borrowers/lenders).

\_\_\_\_\_<sup>6</sup> (Lenders/'Shareholders) have been very helpful. We obtained \$10,000 of \_\_\_\_\_<sup>7</sup> (loan capital/share capital) from a bank when we started. Now we have paid off all the \_\_\_\_\_<sup>8</sup> (dividends/principal) and \_\_\_\_\_<sup>9</sup> (interest/ shares) after seven years. We have taken out other loans recently, but our \_\_\_\_\_<sup>10</sup> (lending/indebtedness) is not bad in relation to the size of the business.



# Accounting Basics

Managers and investors depend on **accountants**, who record, classify, summarize and interpret financial transactions, to provide them with objective, reliable information about the financial condition of the companies they deal with. Transactions include buying and selling goods and services, acquiring insurance, etc.

Transactions between the firm and people outside it – creditors, suppliers, governmental entities (external transactions) – form the subject of **financial accounting**. Financial accounting includes bookkeeping, and preparing financial statements for shareholders and creditors.

Transactions within the firm (internal transactions) form the subject of **managerial or management accounting**. Managerial accounting reports answer such questions: 'What goods and services that the firm sells bring more profit?', 'How much money does the firm pay in taxes, and how can it legally minimize that amount?', 'Will the firm have enough cash at the end of each month this year to pay the bills?' and so on. So, accounting is involved in recording business transactions and then reporting the results in the form of financial statements.

To make the financial statements more understandable, there are some common rules known as generally accepted accounting principles (**GAAP**), which are a standard set of guidelines and procedures for financial reporting. Some of the basic accounting principles are: *cost, matching, economic entity, prudence, going concern, consistency, revenue recognition* and others. Accountants also strive for the financial reporting to be relevant and reliable.

The **accrual basis of accounting** provides a better picture of a company's financial results than the cash basis of accounting. Under the accrual basis of accounting, revenues and **assets** are reported when they are earned; expenses and **liabilities** are reported when they are incurred.

The accounting system that keeps a company's accounts balanced is known as **double-entry bookkeeping**, because every transaction will involve at least two accounts: a **debit** -

the money flowing *into* an account – in one account and a corresponding **credit** – the money flowing *out of* an account – in another. A debit is entered on the left side and credit is entered on the right side. Debits and credits should always equal each other in order for your accounts to remain **in balance**. For example, if a company buys some raw materials that it will pay for a month later, it debits its purchases account and credits the supplier's account. If the company sells an item on credit, it credits the sales account, and debits the customer's account. As this means the level of the company's stock is reduced, it debits the stock account. There is a corresponding increase in its debtors and the **accounts payable** account is credited.

Here's an example of the practice in action. Suppose you purchase a new desk that costs \$1,500 for your office. This transaction actually has two parts: you spend an asset — cash — to buy another asset – furniture. So, you must adjust two accounts in your company's books: the Cash account and the Furniture account. Here's what the transaction looks like in a bookkeeping entry:

### Double-Entry Bookkeeping: Purchasing an Item with Cash

Account	Debit	Credit
Furniture	\$1,500	
Cash		\$1,500

In this transaction, you record the accounts impacted by the transaction. The debit increases the value of the Furniture account, and the credit decreases the value of the Cash account.



### Double-entry rules

Accounts	To record	Entry in the account
Assets	An increase	Debit
	A decrease	Credit
Liabilities	An increase	Credit
	A decrease	Debit
Equity	An increase	Credit
	A decrease	Debit



When it comes to double-entry bookkeeping, the equation for the balance sheet is  
**Assets = Liabilities + Equity**

For accounts with a large number of transactions, like purchases and sales, companies often record the transactions in **journals (day books/ books of original entry)**, and then put a daily or weekly summary in the **ledger (general ledger/ book of second entry)**. The Ledger shows all the expenditures and all the earnings of the company. At regular intervals – for example, every month or quarter – the books must be examined to ensure that they **balance** correctly.

Let’s see how entries are made in the journal.

Date	Account Name	Debit	Credit
March 5, 2019	Furniture account (Asset)	\$5,000	
	Cash account (Purchase of furniture)		\$5,000
March 30, 2019	Salary account (Expense)	\$2,600	
	Bank account (Employee salary)		\$2,600

Ledger entries appear in the order of accounts compared to the journal’s chronological order.

Account: Furniture		Account No. 119	
Date	Description	Debit	Credit
March 5, 2019	Purchase of furniture	\$5,000	

Account: Cash		Account No. 231	
Date	Description	Debit	Credit
March 5, 2019	Purchase of furniture		\$5,000



Account: Bank		Account No. 410	
Date	Description	Debit	Credit
March 30, 2019	Employee salary		\$2,600

Account: Salary		Account No. 130	
Date	Description	Debit	Credit
March 30, 2019	Employee salary	\$2,600	

At the end of an accounting period, for example, a year, bookkeepers prepare a **Trial Balance** which transfers the debit and credit balances of different accounts onto one page. As always, the total debits should equal the total credits. The accountants can then use these balances to prepare financial statements.

## Vocabulary Notes

<b>the cost principle</b>	<i>принцип собівартості (принцип згідно якого первісна вартість є основою відображення в обліку придбання активів, придбання послуг, зобов'язань і акціонерного капіталу і використовується для подальшого відображення цих об'єктів)</i>
<b>the matching principle</b>	<i>принцип відповідності [співвіднесення] (принцип бухгалтерського обліку, згідно якого доходи зіставляються з витратами на отримання цих доходів)</i>
<b>the economic entity principle</b>	<i>принцип економічної організації (об'єднання економічних одиниць, що включає в себе материнську компанію та всі її дочірні компанії)</i>
<b>the prudence principle</b>	<i>принцип обережності, обачності</i>
<b>the going concern principle</b>	<i>принцип безперервності, принцип підприємства, яке функціонує</i>
<b>the consistency principle</b>	<i>принцип послідовності, узгодженості (єдність способів оцінки та обліку, які використовуються для взаємопов'язаних статей фінансової звітності в рамках одного звітного періоду, а також відповідність</i>

*цих способів з періоду в період облікову політику і правилам ведення обліку)*

**the revenue recognition principle**

*принцип визнання прибутків (і збитків), принцип визнання виручки (критерії визнання отримання виручки; напр., виручка повинна визнаватися в тому ж звітному періоді, в якому вона була отримана і відбиватися за її справедливою вартістю на момент отримання)*

**accounts payable (AP)**

*кредиторська заборгованість; рахунки до сплати;*

**accounts receivable (AR)**

*дебіторська заборгованість; рахунки до одержання*

**Ex. 1.** *Answer the following questions to review the main points, making use of active vocabulary.*

1. What are the major functions of accountants?
2. What is financial accounting?
3. What is managerial accounting?
4. What does GAAP stand for?
5. List some of the basic accounting principles.
6. What are the advantages of the accrual basis of accounting?
7. What are the specific features of double-entry bookkeeping?
8. What does the Ledger show?
9. What is a Trial Balance?

**Ex. 2.** *The text mentions some basic principles of accounting. Match them to the definitions below.*

a) the going concern principle

b) the prudence principle

c) the matching principle

d) the consistency principle

- 1) This principle is concerned with the timing of the recognition of transactions in the accounts. Items are recorded when the income or expense arises, and are not dependent on the movement of cash.
- 2) When preparing accounts, one must assume that the enterprise will still be viable in the years to come. Practically all accounting items are affected by this assumption, such as the carrying value of fixed assets and inventories, and the ability to repay debts and other obligations.

- 3) What value should be given to the numbers in the accounts? It is normal to act pessimistically, so that profits and assets are not overstated, and expenses and liabilities realistically valued.
- 4) Accounts should be produced using the same principles from one year to the next. Deviations from this principle must be noted, and the effects on the accounts shown.

**Ex. 3.** Match the words in the box with the definitions below.

credit	ledger	debit	creditors	stock	debtors
--------	--------	-------	-----------	-------	---------

- 1) an amount entered on the left-hand side of an account, recording money paid out
- 2) a book of accounts
- 3) customers who owe money for goods or services not yet paid for
- 4) an amount entered on the right-hand side of an account, recording a payment received
- 5) goods stored ready for sale
- 6) suppliers who are owed money for purchases not yet paid for

**Ex. 4.** Complete the sentences.

1. \_\_\_\_\_ - \_\_\_\_\_ \_\_\_\_\_ shows where money comes from and where it goes: it is always transferred from one \_\_\_\_\_ to another one. Every event is entered twice – once as a credit and once as a \_\_\_\_\_.
2. Most businesses record very frequent or numerous transactions in \_\_\_\_\_ or \_\_\_\_\_.
3. In order to prepare financial statements, companies do a \_\_\_\_\_ \_\_\_\_\_ which copies all the debit and credit balances of different accounts onto a single page.

**Ex. 5.** Complete the sentences using **debit** or **credit**.

1. If you buy new assets, you \_\_\_\_\_ the cash or capital account.
2. If you pay some bills, you \_\_\_\_\_ the liabilities account.
3. If you buy materials from a supplier on 60 days' credit, you \_\_\_\_\_ the purchases account and \_\_\_\_\_ the supplier's account.
4. If you sell something to a customer who will pay 30 days later, you \_\_\_\_\_ the sales account and \_\_\_\_\_ the customer's account.

**Ex. 6.** Complete the sentences with the words in the box.

balance	balance	credit	debit	double-entry	entries	loss	income
expenses	sources	transaction	trial				

\_\_\_\_\_ - \_\_\_\_\_<sup>1</sup> bookkeeping is a system which enables the business manager to record all money coming in (\_\_\_\_\_ <sup>2</sup>) and all money going out (\_\_\_\_\_ <sup>3</sup>), and to work out the company's progress and present position. For every \_\_\_\_\_ <sup>4</sup>, there are two \_\_\_\_\_ <sup>5</sup>: a \_\_\_\_\_ <sup>6</sup> and a \_\_\_\_\_ <sup>7</sup>.

Each ledger records transactions of a particular type. By adding the transactions for a period of time, you find the amount needed to \_\_\_\_\_ <sup>8</sup> the account. All the balances from the different ledgers are added together in the \_\_\_\_\_ <sup>9</sup> balance. If everything has been entered correctly, their totals must \_\_\_\_\_ <sup>10</sup> – that is, they must be equal. The bookkeeper can then go on to prepare the profit and \_\_\_\_\_ <sup>11</sup> account and finally the balance sheet, which shows the state of the business on the date it was drawn up. You can see at a glance the \_\_\_\_\_ <sup>12</sup> and uses of funds.

**Ex. 7.** Complete the sentences with the words in the box.

balance	balances	credit	debit	left-hand	debit	owes	right-hand
debt	sales						

In Britain, the \_\_\_\_\_ - \_\_\_\_\_<sup>1</sup> side of the ledger is the debit side, the \_\_\_\_\_ - \_\_\_\_\_<sup>2</sup> side is the credit side. Suppose you sell something for £20, and you allow your customer, Mr Smith, credit. He says he will pay at the end of the month. You enter this in the sales \_\_\_\_\_ <sup>3</sup> as a credit. To make your books \_\_\_\_\_ <sup>4</sup>, you must also record it on the \_\_\_\_\_ <sup>5</sup> side of a ledger. You \_\_\_\_\_ <sup>6</sup> his account £20, because that is the amount he \_\_\_\_\_ <sup>7</sup> you. At the end of the month, Mr Smith pays his \_\_\_\_\_ <sup>8</sup> of £20. You write this on the \_\_\_\_\_ <sup>9</sup> side of his ledger, so that it \_\_\_\_\_ <sup>10</sup>.

**Ex. 8.** You are going to listen to Eric Sharp, a financial director, talking about accounting. Before you listen, check your understanding of the words and phrases in the box by matching them with their definitions (1-10).

assets	bookkeeping	income	tax accounting	liabilities
expenditure	financial accounting	cost accounting	management accounting	auditing

- 1 anything owned by a company – cash, buildings, machines, etc.
- 2 calculating how much tax an individual or a company should pay – or trying to reduce this figure
- 3 checking and evaluating financial records
- 4 determining the unit cost of a manufactured product, including indirect costs
- 5 keeping financial records and preparing financial statements
- 6 money that a company will have to pay to someone else – bills, debts, interest, taxes, etc.
- 7 recording transactions (purchases and sales) in ledgers
- 8 the money that a company receives from supplying goods or services
- 9 the money that a company spends
- 10 the use of a company's accounting data by its managers for planning and control

## Listening

### Types of accounting

**Ex. 9. A.** *Listen to Eric Sharp talking about the different branches of the accounting profession. What three roles or areas of work does he mention? (track 1)*

**B.** *Now listen again and match the two parts of the sentences below.*

1. Bookkeepers
  2. Management accountants
  3. Senior accountants at financial controller and director level
  4. Internal auditing
  5. External auditors
- 
- a) is about making sure that the management has sufficient control over what is going on in the company.
  - b) do the boring work-recording transactions in purchase ledgers and sales ledgers,
  - c) have to verify that a company's published financial statements give a true and fair view of its profit, its assets and its liabilities,
  - d) interpret the transactions recorded by bookkeepers.
  - e) use accounting data to make decisions about how the business should proceed.

**Ex. 10.** *You will hear Sarah Brandston, an accountant in New York, talking about bookkeeping and tax accounting. Read the following questions and then listen to the interview. (track 2)*

1. In which fields do most of Sarah Brandston's clients work?
2. Why do they need an accountant?
3. What does Sarah Brandston describe as 'the basic rule for accounting'?
4. An individual can do business as a self-proprietorship. Sarah Brandston mentions two other types of business. What are they?
5. Sarah Brandston says 'bookkeeping is really a common sense way of keeping track of the income and expenses'. What does she mean by common sense in relation to recording expenses?

### REVISION SECTION

**Ex. 11.** *Complete the following words. (See example):*

- |   |                       |
|---|-----------------------|
| 1. This company has supplied goods but has not received any money for them yet.               | C R E D I T O R       |
| 2. Companies make this when they sell their goods for more than it costs them to make them.   | P _ _ _ _ T           |
| 3. Companies make this when they sell their goods for less than it costs them to make them.   | L _ _ _               |
| 4. Goods which the company has available to sell.   | S _ _ _ K             |
| 5. Customers who have received goods but not paid for them yet.                               | D _ _ _ _ RS          |
| 6. A reduction in the price which is offered to customers.                                    | D _ _ C _ _ _ T       |
| 7. This is the name of the difference between the credit and debit side of an account.        | B _ _ _ _ C _         |
| 8. This is drawn up to check that the two sides of the accounts are the same.                 | T _ _ _ L B _ _ _ _ _ |
| 9. The official books for keeping accounts.   | L _ D _ _ _ S         |
| 10. The extra money a company or person pays for borrowing money.                             | I _ _ _ _ _ ST        |
| 11. This is the name for buildings, machinery, money in the bank and money owed by customers. | A _ _ _ _ S           |
| 12. Money which is borrowed.  | L _ _ _               |

# Financial Statements



The output of the accounting system includes three main financial statements:

1. The **balance sheet** (or the **statement of financial position**) – which reports a corporation’s assets, liabilities, and stockholders’ equity as of a point-in-time (e.g., as of midnight of December 31, 2010).
2. The **income statement** (or the **profit and loss statement/P&L statement**) –which reports a corporation’s revenues and expenses for a period of time, such as a year, quarter, month, 52 weeks, 13 weeks, etc.
3. The **statement of cash flows** (or **cash flow statement**) – which provides information on the change in a corporation’s cash and cash equivalents during the same period of time as the income statement.

The **balance sheet** is a picture or snapshot of the financial condition of an organization at a specific point in time. The balance sheet is unique among the financial statements in that it represents the organization’s financial condition *on the date on which it is prepared*, whereas the other two financial statements reflect the organization’s financial performance over a period of time.

The balance sheet is organized in three primary sections: assets, liabilities, and owners’ equity. A company’s **assets** are what it owns, including items such as cash, inventory, and accounts receivable, or the money a company is owed by customers. **Liabilities**, conversely, are the organization’s financial obligations or debts owed to others. **Owners’ equity** (also referred to as **shareholders’ equity** or **stockholders’ equity**) is an estimated measure of the ownership value of the company. On the balance sheet, owners’ equity is equal to the company’s assets minus its liabilities:

$$\text{shareholders' equity} = \text{assets} - \text{liabilities}$$

Assets on a balance sheet are listed in order of **liquidity**, or how quickly the asset can be converted into cash, with the most liquid assets listed first. Hence, cash will almost always be the first asset listed, at the top of the balance sheet. Further, assets are typically divided

into the categories of **current assets** and **fixed assets**. Current assets are those that are likely to be converted into cash within one year's time. Fixed assets include equipment, machinery, buildings and land. There also **intangible assets** such as computer programs, patents, trademarks, copyrights, goodwill and brand recognition.

Assets lose value over time because they wear out, or are no longer up-to-date. This is called **depreciation** (for tangible assets) or **amortization** (for intangible assets). For example, when you buy new equipment, its value is **written down** each year and **written off** completely at the end. The value of an asset at any one time is its **book value**.

Liabilities are similarly listed according to their **maturity**, or when the liability or debt is due to be paid by the organization. Liabilities with the earliest **maturity dates** are listed first. Liabilities due within one year are labeled **current liabilities**, and those due after one year are labeled **long-term liabilities**. Common examples of current liabilities include employee salaries and accounts payable, or purchases from suppliers on credit, whereas long-term liabilities include mortgage loans for facility construction or renovation and employee pension obligations.

The **income statement**, also referred to as the **statement of earnings** or the **profit and loss statement**, shows the organization's income over a specified period of time and is typically issued on an annual or quarterly basis. For the specified time period, the income statement lists the organization's **revenues**, or income generated from business activities, such as the sale of goods or services, and the organization's **expenses**, or funds flowing out of the organization as costs of doing business.

For any company to be successful in the long term, it must generate more cash than it spends, known as a positive cash flow. Negative cash flows may be **sustainable** in the short term, but few companies can survive long periods of spending more than they generate. The income statement and balance sheet, however, do not provide insight into this simple fact.

Whereas the income statement provides information about the revenues and expenses flowing into and out from an organization, the **statement of cash flows** tracks cash in and cash out. The cash flows statement explains how a company's cash and cash equivalents have changed during a specified period of time.

The cash flow statement is organized into three sections:

1. Cash provided and used in *operating activities*,
2. Cash provided and used in *investing activities*,
3. Cash provided and used in *financing activities*.



**Ex. 1.** Here are two typical examples of the disclosures required under US law. In the UK, one would be called a Balance Sheet, and the other a Profit and Loss Statement (or Income Statement). Which is which?

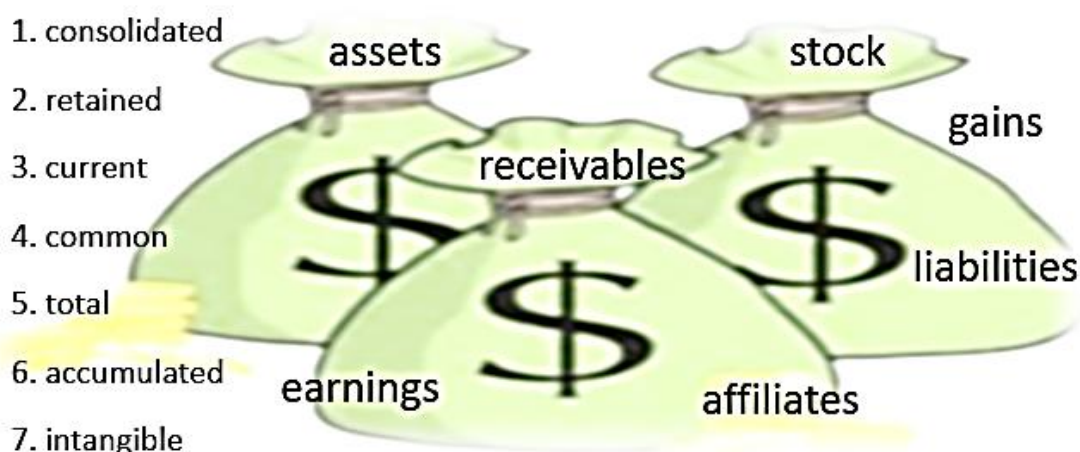
## Statement of Financial Position

At December 31 (in millions)	2020	2019
<b>Assets</b>		
Cash and equivalents	\$ 13,485	\$ 18,278
Investment securities	67,833	61,890
Current receivables	7,290	6,870
Inventories	3,444	3,281
Financial receivables	121,189	113,871
Insurance receivables	2,560	2,187
Other receivables	985	1,009
Property, plant and equipment – net	46,005	44,875
Investments	18,320	18,320
Intangible assets	19,836	17,998
All other assets	65,871	62,755
<b>Total assets:</b>	<b>\$ 366,818</b>	<b>\$ 351,334</b>
<b>Liabilities and equity</b>		
Short-term borrowings	\$ 95,531	\$ 92,736
Accounts payable	12,894	10,209
Progress collections	2,890	3,897
Dividends payable	1,155	1,102
All other current costs and expenses accrued	9,598	8,293
Long-term borrowings	75,728	70,354
Insurance liabilities, reserves and annuity benefits	85,389	84,283
All other liabilities	37,487	33,763
Deferred income taxes	12,763	14,198
<b>Total liabilities:</b>	<b>\$ 333,408</b>	<b>\$ 318,835</b>
Minority interest in equity of consolidated affiliates	2,374	2,179
Common stock	1,214	1,214
Accumulated gains/losses – net	2,189	2,427
Other capital	9,827	9,834
Retained earnings	30,545	29,772
Less common stock held in treasury	(12,739)	(12,927)
<b>Total share owners' equity:</b>	<b>31,036</b>	<b>30,320</b>
<b>Total liabilities and equity:</b>	<b>\$ 366,818</b>	<b>\$ 351,334</b>

## Statement of Earnings

For the years ended December 31 (In millions; per share amounts in dollars)	2020	2019	2018
<b>Revenues</b>			
Sales of goods	\$ 80,746	\$ 78,847	\$ 74,387
Sales of services	4,384	4,267	5,925
Other income	1,212	1,434	1,228
<b>Total revenues:</b>	<b>\$ 86,342</b>	<b>\$ 84,548</b>	<b>\$ 81,540</b>
<b>Costs and expenses</b>			
Cost of goods sold	\$ 28,659	\$ 27,498	\$ 25,728
Cost of services sold	4,112	4,255	5,601
Interest and financial charges	8,518	8,855	8,645
Insurance losses and policyholder and annuity benefits	10,372	10,137	9,928
Provision for losses on financing receivables	4,374	4,561	4,612
Other costs and expenses	16,811	16,735	14,480
Minority interest in net earnings of consolidated affiliates	215	188	195
<b>Total costs and expenses</b>	<b>\$ 73,061</b>	<b>\$ 72,229</b>	<b>\$ 69,189</b>
<b>Earning before income taxes and accounting changes</b>	<b>\$ 13,281</b>	<b>\$ 12,319</b>	<b>\$ 12,361</b>
Provision for income taxes	(3,547)	(3,188)	(3,441)
<b>Earning before accounting changes</b>	<b>\$ 9,734</b>	<b>\$ 9,131</b>	<b>\$ 8,910</b>
Cumulative effect of accounting changes	0	(212)	0
<b>Net earnings</b>	<b>\$ 9,734</b>	<b>\$ 8,919</b>	<b>\$ 8,910</b>
<b>Per-share amounts</b>			
Per-share amounts before accounting changes			
Diluted earnings per share	\$ 1.22	\$ 1.16	\$ 1.13
Basic earnings per share	\$ 1.23	\$ 1.17	\$ 1.14
Per-share amounts after accounting changes			
Diluted earnings per share	\$ 1.22	\$ 1.13	\$ 1.13
Basic earnings per share	\$ 1.23	\$ 1.14	\$ 1.14
<b>Dividends declared per share</b>	<b>\$ 0.49</b>	<b>\$ 0.49</b>	<b>\$ 0.45</b>

**Ex. 2.** Match the words with their patterns, and then look at the statements again to check.



**Ex. 3.** Now match the word partnerships from ex. 2 to their definitions.

- a. An asset which does not have a physical nature (such as a trademark or a patent).
- b. The holding company owns a minority interest (less than 50%), but the accounts are nevertheless consolidated.
- c. The total legal obligations of a company to pay other parties.
- d. The ordinary shares held by the owners, who therefore are the last to receive their money back in the event of liquidation.
- e. Amounts that will be collected in the normal course of business within one year.
- f. Profit which is not paid out to shareholders in the form of dividends, but instead is kept by the company to reinvest or pay off debts.
- g. The amounts affecting common stockholders, but not from movements in the stock of the company (e.g. currency translation adjustments).

**Ex. 4.** Use the correct forms of words in brackets to complete these sentences.

1. The bank had lent too much and was left with a mountain of bad debts; £4.3 billion was \_\_\_\_\_ (write off / wrote off / written off) last year.
2. Most highway building programs in the US are \_\_\_\_\_ (amortization / amortize / amortized) over 30 years or more.
3. The company reported a record income of \$251.2 million, after a \$118 million \_\_\_\_\_ (charge/charged / charges) for reduction in the \_\_\_\_\_ (book value / books value / booked value) of its oil and gas properties.
4. Under the new law, businesses face five different \_\_\_\_\_ (depreciate / depreciation / depreciations) rules for different types of equipment.

5. The company reported a loss of \$ 12.8 million, partly due to a special charge of €1.5 million to \_\_\_\_\_ (write down / wrote down / written down) the value of its spare parts inventory.

**Ex. 5.** *What kind of asset is each of the following? Which three are not assets?*

1. Vans which a delivery company owns and uses to deliver goods.
2. Vans for sale in a showroom.
3. A showroom owned by a company that sells vans.
4. A showroom rented by a company that sells cars.
5. Money which customers owe, that will definitely be paid in the next 60 days.
6. Money which a bankrupt customer owes, that will certainly never be paid.
7. The client list of a successful training company, all of which are successful businesses.
8. The client list of a training company, with names of clients that have all gone bankrupt.

**Ex. 6.** *We often make comparisons when talking about financial statements. Look at the Statement of Earnings and find the figures for the items below. Which statements (a-h) can be used to describe and compare the figures?*

- |   |                            |
|---|----------------------------|
| 1 Net earnings  | 5 Total revenues           |
| 2 Interest and financial charges                      | 6 Dividends declared       |
| 3 Basic earnings per share (2005 and 2006)            | 7 Other costs and expenses |
| 4 Earnings before income taxes and accounting changes | 8 Sales of services        |

a) It's better than last year

b) It's gone down since last year

c) There's quite a drop from 2019 to 2020

d) It's not as low as two years ago

e) Slightly more this year

f) A lot more this year

h) It's exactly the same

**Ex. 7. A.** Choose the best way to say these numbers and equations. (Sometimes more than one way is possible.)

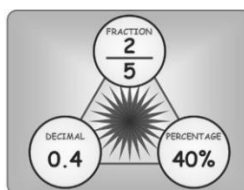
- 23.56    a twenty-three comma fifty-six                      1999    a nineteen ninety-nine  
           b twenty-three point fifty-six                            b nineteen hundred ninety-nine  
           c twenty-three point five six                            c nineteen nine nine  
           d two three point five six                                d one nine nine nine
- 10,001    a one thousand and one                                      2003    a two thousand three  
           b ten thousand one    b two double oh three  
           c ten thousand and one                                    c two thousand and three  
           d one triple oh one    d twenty oh three
- £63.30    a sixty-three pound and thirty pence  
           b sixty-three pounds and thirty pence  
           c sixty-three pounds and thirteen pence  
           d sixty-three pounds thirty

- 5,400,342
- a five hundred thousand, four hundred, three hundred and forty-two  
           b five million, four hundred thousand, three hundred and twenty-four  
           c five million, four hundred thousand, three hundred and forty-two  
           d five billion, four hundred thousand, three hundred and twenty-four

- €45.638    a forty-five thousand, six hundred and thirty-eight euro  
           b forty-five thousand, six hundred and eighty-three euro  
           c forty-five thousand, six hundred and three eight euro  
           d forty-five, sixty-three, eight euro

**B.** Now look at how to say other numbers.

➤ **Fractions and decimals:**



$\frac{1}{8}$ = one eighth	$\frac{2}{3}$ = two thirds	1.25 = one <b>point</b> two five
$\frac{1}{5}$ = one fifth	$\frac{1}{2}$ = one half	1.5 = one <b>point</b> five
$\frac{1}{4}$ = one quarter	$1\frac{1}{2}$ = one and a half	0.002 = point oh oh two <b>or nought</b>
$\frac{3}{4}$ = three quarters	$6\frac{1}{4}$ = six and a quarter	<b>point</b> zero zero two
$\frac{1}{3}$ = one third	$7\frac{5}{8}$ = seven and five eighths	99.3 = ninety-nine <b>point</b> three

➤ **Sums of money:**



€3.67 three euros sixty-seven OR three euro sixty-seven  
 \$5 m five million dollars

➤ **Years:**

1987 nineteen eighty-seven      2030 two thousand and thirty (or twenty thirty)  
 2003 two thousand and three      1901 nineteen oh-one

**Ex. 8.** *Read and put down these numbers.*

- a) 462, 2/5, 2,345, 6.75, 0.25, 3/10, 1,250,000, 10.04  
 b) (*years*) 1066 1778 1804 1918 2005 1132 1559 1874 1246 1963 1799  
 2145 1666 2012.

**Ex. 9.** *Work with a partner to check on some figures. Use the information below to make a phone call.*

**Student A.** *You're in trouble. You've just spilt coffee all over this document, and you need it for an important meeting in a few minutes. Phone your colleague (Student B) and ask him/her to give you the missing numbers.*

Christmas party budget

**(last year's figures in brackets)**

Transport	€ 7,000	(€ 6,800)
Food	€ 6,000	(€ 5,500)
Drink	€ 19,564.57	(€ 19,564.57)
Band (3 hours)	€ 5,000	(€ 4,566.00)
Breakages	€ 0	(€ 1,000.00)
Insurance (€1.5 m liability)	€ 200	(€ 0)
Total	€ 38,200	(€ 31,436.57)

**Student B.** *The following document has just been faxed to you, but some of the information has not printed properly. Unfortunately, you need all the information in order to brief your boss. You are just wondering what to do when your phone rings.*

Christmas party budget

**(last year's figures in brackets)**

Transport	€ 7,000	(€ 6,543.23)
Food	€ 6,000	(€ 5,647.98)
Drink	€ 20,000	(€ 19,500.17)
Band (3 hours)	€ 15,000	(€ 14,000.00)
Breakages	€ 0	(€45,456.00)
Insurance (€1.5 m liability)	€ 200	(€ 1,000.00)
<b>Total</b>	<b>€ 53,200</b>	<b>(€81,777.78)</b>

## LANGUAGE FOCUS

### Saying equations/formulas

+	plus, and, add	$a \times b = c$	$a$ times (or multiplied by) $b$ equals $c$
-	minus, less, subtract	$\frac{a-b}{c}$	$a$ minus $b$ divided by (or over) $c$
÷	divided by	$c$	
—	divided by, over		
x	multiplied by, times	$\frac{\text{total assets}}{\text{total liabilities}}$	total assets – divided by total liabilities
=	equals, is		

**Ex. 10.** *Write answers to these problems.*

1. 23 and 37 is ... .
2. 24 times 5 is ... .
3. 95 minus 20 is ... .
4. 65 divided by 13 is ... .
5. Add 10 and 6, multiply by 8, then subtract 40, divide by 11. What have you got left?
6. Divide 33 by 11, multiply by 7, add 10, and subtract 16. What number is left?
7. Multiply 7 by 10, subtract 15, divide by 5, and add 89. What have you got left?

**Ex. 11.** Some of the common ratios are given below. Match the ratios with the formulas (1-7) and the descriptions (a-g).

gross profit margin • earnings per share • return on equity • average interest rate • debt/equity ratio • inventory turnover • price/earnings ratio

1 
$$\frac{\text{interest expenses}}{\text{liabilities} - \text{accounts payable}}$$

5 
$$\frac{\text{revenue} - \text{cost of goods sold}}{\text{revenue}}$$

2 
$$\frac{\text{net income} - \text{dividends on preferred stock}}{\text{liabilities} - \text{accounts payable}}$$

6 
$$\frac{\text{cost of goods sold}}{\text{average inventory}}$$

3 
$$\frac{\text{net income}}{\text{shareholder's equity}}$$

7 
$$\frac{\text{market value per share}}{\text{earnings per share}}$$

4 
$$\frac{\text{total liabilities}}{\text{shareholder's equity}}$$

- a) Gives the company's pricing policy and mark-up margins. An adequate gross margin allows a company to pay its expenses, and then expand.
- b) Determines the average interest rate at which a company borrows funds.
- c) Compares the current market price with earnings to calculate if a stock is over or under valued. Used as a prediction or expectation of future performance,
- d) Indicates the return a company gets on the owners' investment. Companies that make high returns often do not require more debt investments,
- e) Shows the turnover of inventory, and can be compared against sales figures, to show the demand for the company's products.
- f) Indicates what proportion of equity and debt an enterprise uses to finance its assets. A more stringent test is to use just the long-term debt.
- g) Calculates the profit made on a per-share basis. This is quoted by U.S. publicly held companies in their financial statements.

**Ex. 12. A.** Use words from the descriptions above to complete the table. The first one is done for you.

VERB	NOUN	VERB	NOUN
to predict	prediction	to expect	_____ 4
to _____ 1	payment	to _____ 5	indication
to _____ 2	comparison	to _____ 6	expansion
to _____ 3	calculation	to perform	_____ 7



**B.** Now use verbs or nouns from above to complete the sentences. You may need to change the form.

- a) The figures are a little different to what we were \_\_\_\_\_ .
- b) The problems in the Middle East have made it really difficult to \_\_\_\_\_ next year's turnover.
- c) I think there are some mistakes in the \_\_\_\_\_ .
- d) The fund \_\_\_\_\_ much better last year. This year has been very disappointing.
- e) The \_\_\_\_\_ into Eastern Europe looks good.
- f) We need to make sure that our customers \_\_\_\_\_ us on time.

## LISTENING

**Ex. 13.** Listen to an accountant explaining ratio analysis to some managers in her company and fill in the phrases with the missing words. (track 3)

- 1. Norma has asked me to go \_\_\_\_\_ some of the ratios I used in the report.
- 2. Everyone \_\_\_\_\_ it?
- 3. Is \_\_\_\_\_ clear?
- 4. I was \_\_\_\_\_ coming to that.
- 5. OK. If there are no \_\_\_\_\_, I'd like to...

**Ex. 14.** Listen to Eric Sharp talking about financial statements, and complete the text. (track 4)

There are three or four different statements that companies include in their Annual Reports, which \_\_\_\_\_<sup>1</sup> can legally expect to see. The key documents are the profit and loss account, the balance sheet, and a funds flow statement of some kind. In the USA, and under International Financial Reporting Standards, the profit and loss account is called an income statement. This document is fairly self-explanatory: it's \_\_\_\_\_<sup>2</sup>. The balance sheet is a statement showing what the company has, and \_\_\_\_\_<sup>3</sup> at the end of the year, while the funds flow statement attempts to show whether the company is \_\_\_\_\_<sup>4</sup> cash. The tax authorities require more detail than is given in these documents; \_\_\_\_\_<sup>5</sup> is not the same as accounting profit, so they will expect to see reconciliations between the two.

**Ex. 15. A.** Listen to what these people say about financial statements and fill in the gaps. (track 5)

**Accountant:** The financial statements of a company are the most important documents that a company produces. Investors, c\_\_\_\_\_<sup>1</sup>, banks, customers – everybody reads the statements. The accounts show what a company does with its money, how p\_\_\_\_\_<sup>2</sup> it is, and also how risk-worthy it is. And you can see warning signs for the future. Our s\_\_\_\_\_ e\_\_\_\_\_<sup>3</sup> depend on properly prepared accounts.

**Trader:** I agree that the accounts of the companies have a lot of information, but it's very hard to understand it all. In my job, I need to know the f\_\_\_\_\_ s\_\_\_\_\_<sup>4</sup> of a company. People interested in the stock exchanges r\_\_\_\_\_ o\_\_\_\_\_<sup>5</sup> experts like me. But there are also many other s\_\_\_\_\_<sup>6</sup> of information. As for the accounting rules, they don't interest me, or anyone else, at all. That's s\_\_\_\_\_<sup>7</sup> for the accountants.

**Investor:** All those numbers, and I haven't g\_\_\_\_\_ a c\_\_\_\_\_<sup>8</sup> what they all mean. Pages and pages of them, and apparently they are often only 'estimates', or they can be i\_\_\_\_\_<sup>9</sup> in one of many ways. What's the p\_\_\_\_\_<sup>10</sup> when the accountants t\_\_\_\_\_<sup>11</sup> can't agree on how to show the numbers? Most of us need a lot more information and knowledge about a company than what we get in the accounts.

**Layman:** Is it all really that hard? Can't we just look at the profit or loss of the company to f\_\_\_\_\_ o\_\_\_\_\_<sup>12</sup> how it's doing? I don't see all the \_\_\_\_\_<sup>13</sup>. Accountants are there to tell us about the numbers, and I thought that's what they do. They are t\_\_\_\_\_<sup>14</sup> to report these numbers, and it can't be that hard to c\_\_\_\_\_<sup>15</sup> everything that's happened.

**Managing Director:** This is e\_\_\_\_\_<sup>16</sup> the problem. There are many ways to change the numbers to give a better p\_\_\_\_\_<sup>17</sup>. Some of my peers have been guilty of doing just that. The accountants and auditors have to t\_\_\_\_\_ r\_\_\_\_\_<sup>18</sup> for the way that numbers are reported. Accountants and their work are extremely important, they just need to make it all a little easier to understand.

**B.** Which comments do you agree with? How would you respond to the people you don't agree with?

**Ex. 16.** Look at the balance sheet, and then listen to a journalist talking about the bank. Make notes on what the journalist says, and fill in the five missing figures. (track 6)

<b>Barclays PLC</b>		
<b>Consolidated balance sheet summary – IFRS</b>		
As at 31st December		
	2005 £m	2004 £m
<b>Assets</b>		
Cash and other short-term funds	5,807	3,525
Treasury bills and other eligible bills	n/a	6,658
Trading and financial assets designated at fair value	251,820	n/a
Derivative financial instruments	136,823	n/a
Debt securities and equity shares	n/a	141,710
Loans and advances to banks	31,105	80,632
Loans and advances to customers	(1) _____	262,409
Available for sale investments	53,497	n/a
Reverse repurchase agreements and cash collateral on securities borrowed	160,398	n/a
Insurance assets, including unit-linked assets	114	8,576
Property, plant and equipment	(2) _____	2,282
Other assets	13,143	32,389
<b>Total assets</b>	<b>(3) _____</b>	<b>538,181</b>
<b>Liabilities</b>		
Deposits and items in the course of collection due to banks	77,468	112,229
Customer accounts	(4) _____	217,492
Trading and financial liabilities designated at fair value	104,949	n/a
Liabilities to customers under investment contracts	85,201	n/a
Derivative financial instruments	137,971	n/a
Debt securities in issue	103,328	83,842
Repurchase agreements and cash collateral on securities lent	121,178	n/a
Insurance contract liabilities, including unit-linked liabilities	3,767	8,377
Subordinated liabilities	12,463	12,277
Other liabilities	14,918	87,200
<b>Total liabilities</b>	<b>899,927</b>	<b>521,417</b>
<b>Shareholders' equity</b>		
Shareholders' equity excluding minority interests	17,426	15,870
Minority interests	7,004	894
<b>Total shareholders' equity</b>	<b>(5) _____</b>	<b>16,764</b>
<b>Total liabilities and shareholders' equity</b>	<b>924,357</b>	<b>538,181</b>

n/a = 'not applicable'  
IFRS = International Financial Reporting Standards

## REVISION SECTION

**Ex. 17.** Answer the questions.

1. What are three main financial statements?
2. What are assets and liabilities?
3. What types of assets do you know? Provide examples.
4. What is income statement?
5. Can a negative cash flows be sustainable? Explain.
6. What is a difference between income statement and statement of cash flows?

**Ex. 18.** *Choose the correct answer.*

1. What financial statement lists assets at a specific point in time?
  - A. balance sheet
  - B. income statement
  - C. statement of cash flows
  
2. Net income equals:
  - A. total revenues minus cost of goods sold
  - B. total revenues minus total expenses
  - C. revenues minus expenses plus income taxes
  
3. The liability created by a business when it purchases coffee beans and coffee cups on credit from suppliers is termed a(n)
  - A. account payable.
  - B. account receivable.
  - C. revenue.
  
4. The right to receive money in the future is called a(n)
  - A. account payable.
  - B. account receivable.
  - C. liability.
  
5. The cost of assets consumed or services used is also known as
  - A. a revenue.
  - B. an expense.
  - C. a liability.
  
6. The best definition of assets is the
  - A. cash owned by the company.
  - B. collections of resources belonging to the company and the claims on these resources.
  - C. resources belonging to a company that have future benefit to the company.
  
7. Dividends are reported on the
  - A. income statement.
  - B. balance sheet.
  - C. income statement and balance sheet.

8. To show how successfully your business performed during a period of time, you would report its revenues and expenses in
- A. the income statement.
  - B. balance sheet.
  - C. statement of cash flows.

9. An income statement

- A. summarizes the changes in retained earnings for a specific period of time.
- B. reports the assets, liabilities, and stockholders' equity at a specific date.
- C. presents the revenues and expenses for a specific period of time

10. Rodgers Company compiled the following financial information as of December 31, 20XX:

Sales revenue	\$1,120,000
Common stock	240,000
Buildings	320,000
Operating expenses	1,000,000
Cash	280,000
Dividends	80,000
Inventory	40,000
Accounts payable	160,000
Accounts receivable	120,000
Retained earnings, 1/1/20XX	600,000

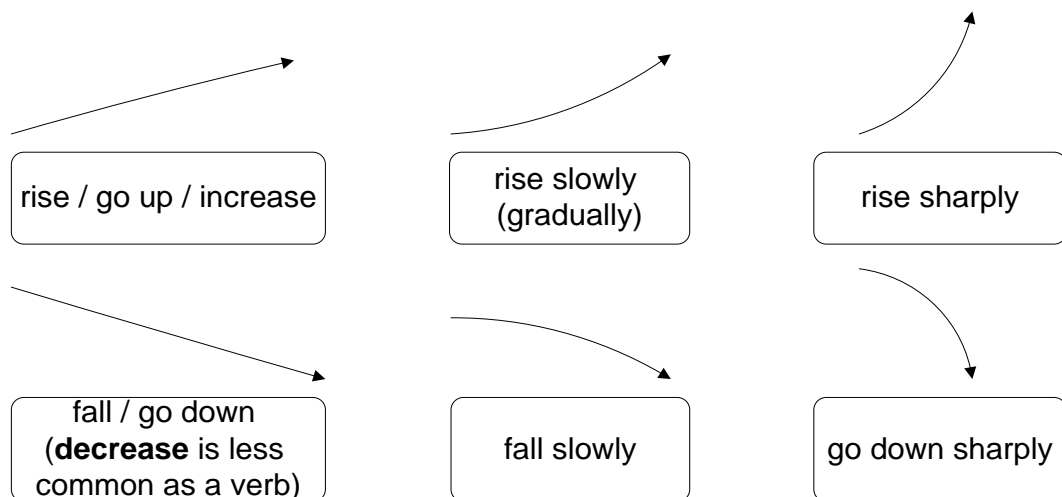
Rodger's assets on December 31, 20XX are

- A. \$1,880,000.
- B. \$1,360,000.
- C. \$760,000.

# Describing Changes

Business people often need to talk about the movement of sales, prices, interest rates, profit and loss, etc., i.e. they have to describe changes in trends, graphs, and diagrams. They may have to describe trends in reports, meetings, and presentations.

Here are some of the words used to describe these trends:



Here are some **expressions** you can use to express **reason, consequence, and result**:

- As a result of
- Was the reason for
- Explains
- Consequently
- Due to
- Caused
- Accounts for
- So
- Because of
- Resulted in
- That is why
- Thanks to

**Time expressions** you can use:

- In January / In 2011
- In Q1 / Q2 / Q3 / Q4 (In the first quarter / second quarter / third quarter / fourth quarter)
- From January to March

For example:

Apple's sales **increased significantly due to** the launch of the iPhone 4.  
[verb + adverb construction]

There was a **significant increase in** Apple's sales **due to** the launch of the iPhone 4.  
 [adjective + noun (word) construction]

Our turnover **remained stable** in January and February. However, in March and April, it **dropped suddenly as a result of** the financial crisis.  
 [verb + adverb construction]

In March and April, there was a **sudden drop in** our turnover **as a result of** the financial crisis.  
 [adjective + noun (word) construction]

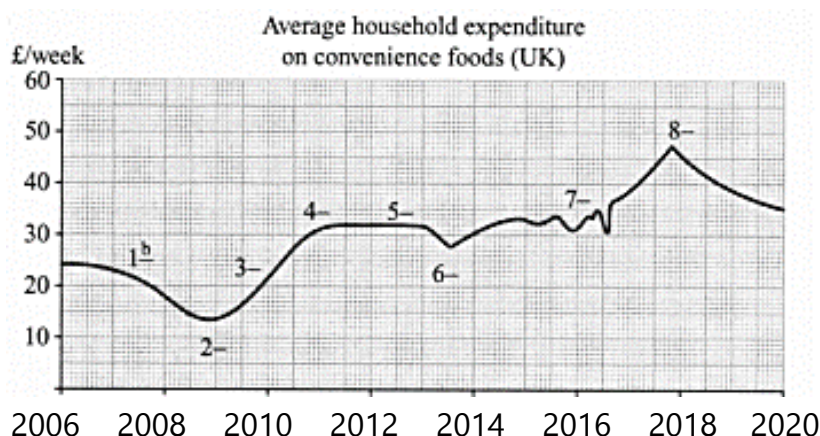
**Ex. 1.** Do the verbs in the box below indicate an upward, downward or horizontal movements?

stabilize	bottom out	go down
climb	drop	remain the same
decline	improve	increase
even out	hit a low	hit a peak
rise	recover	decrease
go up	slip back	pick up
remain stable	reach a peak	level off

<i>Upward movement</i>	<i>Downward movement</i>	<i>Horizontal movement</i>
climb	decline	stabilize

**Ex. 2.** The verbs a-h can be used to describe line graphs. Match each expression with the parts of the graph it best describes.

- a. rise / increase / go up
- b. fall / decrease / go down
- c. peak / reach its peak
- d. reach its lowest point
- e. level off / even out
- f. dip
- g. remain the same
- h. fluctuate



**Ex. 3. A.** Note how verbs are used as nouns in sentences that start with **THERE BE + NOUN (+ IN)** when describing trends.

There was a rise in interest rates.

There is an increase in sales.

As the chart shows there is a fall in profits.

As you can see there was a rise in inflation.

We can also use **be up/down**:

Prices are up by 10%; profits are down by £2m.

**B.** Replace the underlined word(s) in each sentence with another word that has the same meaning.

1. Sales has been rising since then. *There has been ...*
2. The number of customers fell last year. *There ...*
3. Profits were rising from May to August.
4. Share price has been increasing slowly.
5. The number of customers fell dramatically last year.

**Ex. 4. A.** Study how adjectives are used to describe the degree of change. They are placed before nouns:

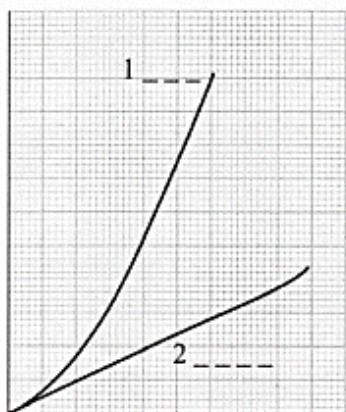
There was a slow rise in interest rates.

There is a steady increase in sales,

As the chart shows, there is a sharp fall in profits.

As you can see there was a dramatic rise in inflation.

**B.** Match the adjectives a-g with the line they best describe.



- a. gradual
- b. moderate
- c. modest
- d. sharp
- e. dramatic
- f. slight
- g. steep



**Ex. 5. A.** *Adverbs can also be used to describe the degree of change.*



Adverbs come after verbs:

There is a **rapid** increase in sales. Sales are rising **rapidly**.

*adjective*

*adverb*

An adjective describes a noun (a thing).

An adverb describes a verb (an action).

**B.** *Here are some adjectives you can use to describe the speed and size of change. Write appropriate adverbs for the adjectives below. The first ones have been done for you.*

Speed or rate of change		Size of change	
rapid	<b>rapidly</b>	noticeable	<b>noticeably</b>
slow		substantial	
sudden		considerable	
sharp		slight	
steady		significant	
gradual		dramatic	
steep		negligible	

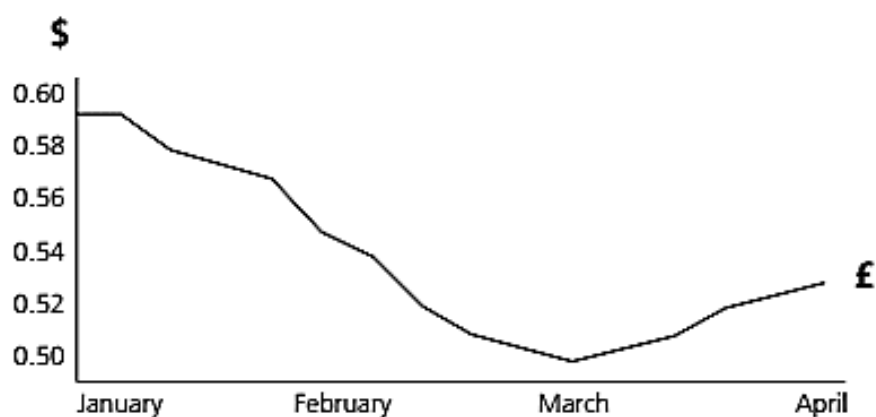
**Ex. 6.** *The sentences 1-5 on the left describe trends using **there be + adjective+noun**. Complete sentences on the right using the corresponding **verb + adverb**.*

<b>Example:</b> There was a steep increase in sales of convenience food.	Sales of convenience food <i>increased steeply</i> .
1. There was a dramatic decrease in the sales of dietary supplements.	The sales of dietary supplements _____
2. There was a modest dip in unemployment rate.	Unemployment rate _____
3. There was a slight fall in production of genetically modified food.	Production of genetically modified food _____
4. There was a significant drop in exports of sunflower oil.	Exports of sunflower oil _____
5. There was a moderate fluctuation in the availability of seasonal produce.	The availability of seasonal produce _____

**Ex. 7.** Reading newspapers you can see dramatic verbs used by journalists to describe trends. Using the dictionary, identify the direction, speed and size of change (degree) these verbs indicate. The first two have been done for you.

<b>VERB</b>	<b>TRANSLATION</b>	<b>DIRECTION</b>	<b>SPEED</b>	<b>LARGE/SMALL DEGREE</b>
plunge	стрімко падати	↓	very fast	very large
dip		↓	fast	small
soar				
plummet				
slide				
skyrocket				
jump				
nosedive				
decline				

**Ex. 8. A.** Look at the chart and answer TRUE or FALSE.

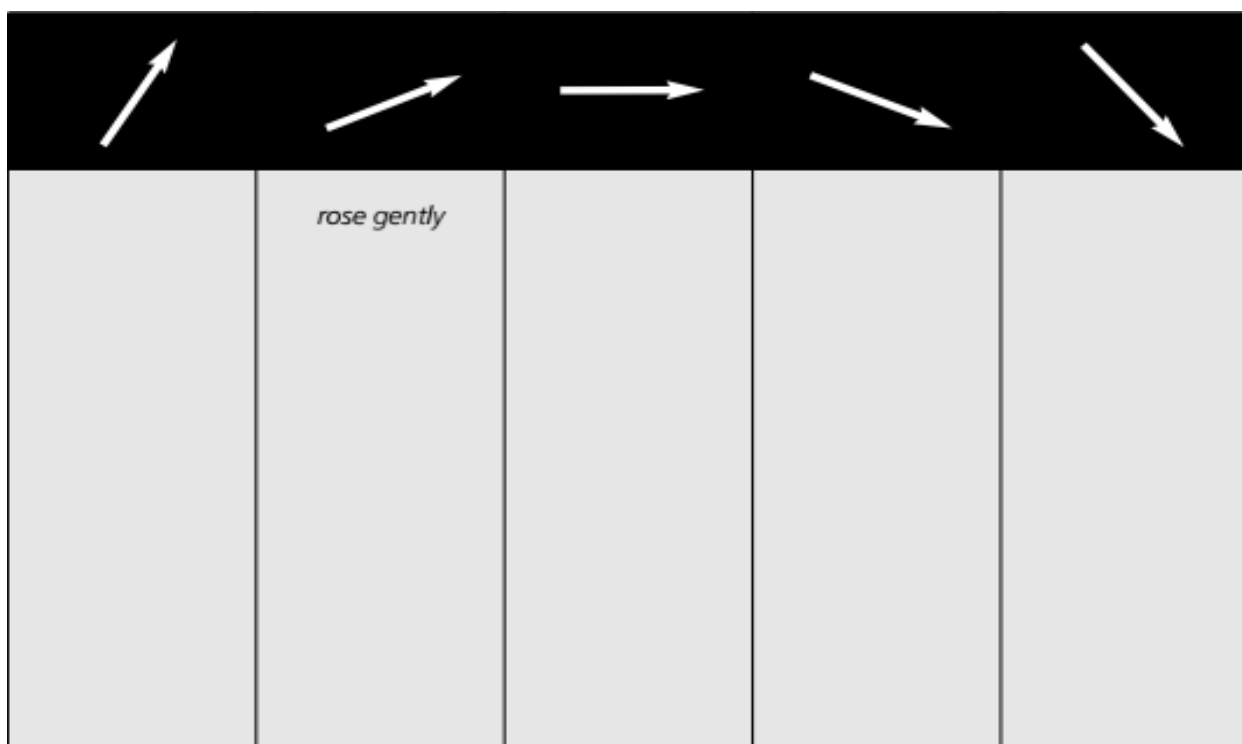


1. The dollar started the year just below sixty pence. **TRUE / FALSE**
2. The dollar went into free fall in January and February. **TRUE / FALSE**
3. The decline of the dollar levelled off in March **TRUE / FALSE**
4. The dollar hit a low of £0.50 at the beginning of March. **TRUE / FALSE**
5. Since March, the dollar has made a full recovery. **TRUE / FALSE**
6. The dollar has recovered very slightly since March. **TRUE / FALSE**
7. Since March, the dollar has made a partial recovery, but remains weak. **TRUE / FALSE**
8. The dollar halved in value in the first three months of the year. **TRUE / FALSE**
9. The dollar lost nearly a fifth of its value in the first quarter. **TRUE / FALSE**
10. The dollar is currently trading at around 53p. **TRUE / FALSE**

**B.** Put the words into the correct columns. All could go into the sentence:

The dollar \_\_\_\_\_ against the euro.

- |                 |                  |                   |                         |
|-----------------|------------------|-------------------|-------------------------|
| rose gently     | dropped slightly | fell sharply      | went up half a cent     |
| gained slightly | hit a new high   | weakened          | went into free fall     |
| levelled off    | remained steady  | gamed strongly    | gained some ground      |
| rose sharply    | remained level   | hit a new low     | went down several cents |
| soared          | plummeted        | bottomed out      | fell very slightly      |
| slid a little   | shot up          | slipped half cent | plunged                 |



**Ex. 9.** Paraphrase these sentences.

1. Sales are falling dramatically now.
2. There was a slight fall in domestic sales in 2020.
3. In 2023, sales will go down considerably.
4. As you can see, in 2019 there was a sharp increase in total turnover.
5. Salary costs went up sharply in 2017.
6. The information on this chart points out that imports have improved.
7. The price for oil is up by 20%.
8. Our company's sales are increasing steadily.
9. Some forecasters say that America's GDP will grow by 2.4% in the second quarter.
10. The raw ingredients for breakfast have increased in price by 25% since the beginning of June 2019.



**Ex. 10.** Watch the video on presenting business information using charts and graphs and add other useful words for describing graphs.  
(The Business of English Episode 8 / ABS Australia).

**A.** Write down the expressions Tan used to introduce his presentation.

**B.** Complete the sentences with the words Tan used to describe what the graph showed.

You'll notice that sales \_\_\_\_\_<sup>1</sup> steadily in the first few months, then there was a marked \_\_\_\_\_<sup>2</sup> in April. They \_\_\_\_\_<sup>3</sup> in May at around 3.2 million, and \_\_\_\_\_<sup>4</sup>, then there was a \_\_\_\_\_<sup>5</sup> drop in the following month, followed by a \_\_\_\_\_<sup>6</sup> increase in August, and this trend has continued up until the present.

**C.** What other words did Tan use? Write the words in full.

	to imp_____	to cl_____	an up_____
	to de_____	to w_____	a down_____

**D.** What other adjectives (before nouns) and adverbs (after verbs) will help you be more specific?

- <u>for big changes:</u>	marked	markedly
	massive	_____
	pronounced	_____
	_____	substantially
- <u>for small changes:</u>	slight	_____
	_____	insignificantly
- <u>for fast changes:</u>	sharp	_____
	_____	dramatically
	sudden	_____
- <u>for slow changes:</u>	steady	_____
	_____	moderately

**E.** From noun to verb: do the exercise orally (from 6'30 to 7'16), then copy the sentences in your English notebook.

**F.** Write the useful phrases for describing causes (7'37):

- 1 The drop in sales is \_\_\_\_\_ an interest rate rise.
- 2 The drop in sales is a \_\_\_\_\_ an interest rate rise.

- 3 The drop in sales is \_\_\_\_\_ an interest rate rise.  
 4 The drop in sales is a \_\_\_\_\_ an interest rate rise.

to **reach** the lowest level = to b\_\_\_\_\_ o\_\_\_

to **represent** half of the sales = to a\_\_\_\_\_ f\_\_

More than half of sales are r\_\_\_\_\_ by air conditioners and heaters.

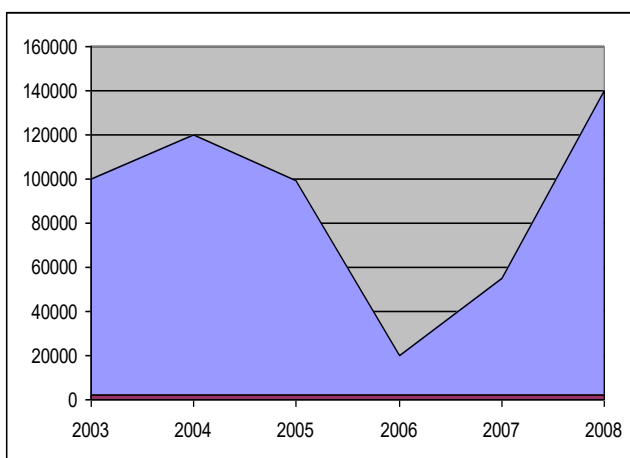
Washing machines r\_\_\_\_\_/account for/ \_\_\_\_\_ 15% (fifteen percent) of sales.

**Ex.11.** Look at the graphs showing the performance of the WorldCom share price 1992-2002 and match the changes with the time periods.

- |                                    |            |
|------------------------------------|------------|
| 1. reached a record high           | a) 1992-95 |
| 2. nosedived to an all-time low    | b) 1995-98 |
| 3. continued to skyrocket          | c) 1998-99 |
| 4. started a spectacular ascension | d) 1999    |
| 5. there was a downturn            | e) 1999-02 |



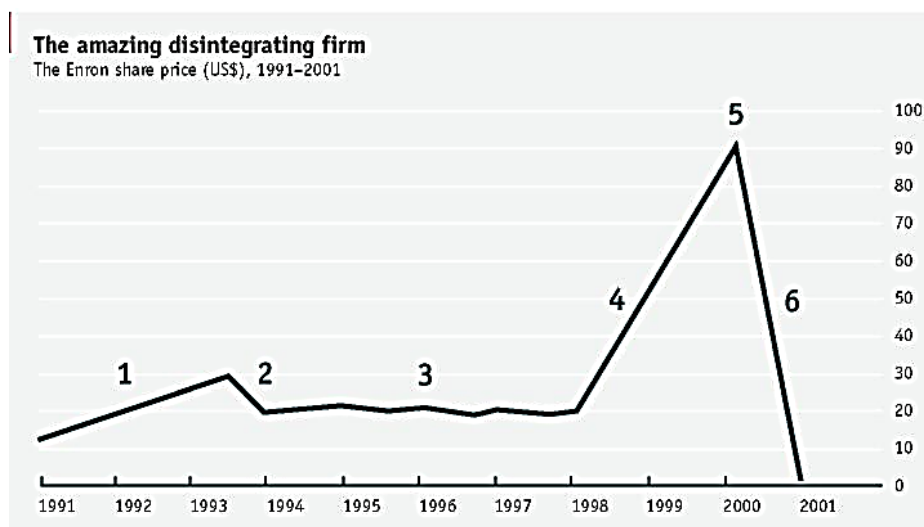
**Ex. 12.** Look at the graph and complete the sentences with appropriate words for the gaps.



- In 2003 sales \_\_\_\_\_.
- In the following year they \_\_\_\_\_.
- In 2005 there was a \_\_\_\_\_ in sales.
- In 2006 business improved and there was a \_\_\_\_\_.
- And in 2007 sales \_\_\_\_\_.
- In the five-year period sales \_\_\_\_\_ by 40,000.

**Ex. 13.** Use the following expressions to describe the performance of the Enron share price 1991-2001.

- fluctuated mildly                      a sharp increase                      reached a peak
- rose steadily                              dropped slightly                          a dramatic and sudden fall



### Prepositions of change

Profits rose 5% **to** \$1.4 billion.

The sales of Dupont have gone up **from** \$19.6 billion **to** 527.4 billion.

Sales rose **by** 20% over the holiday period.

This represents a decrease **of** 16.4% from the first quarter.

There was a dramatic fall **in** the share price.

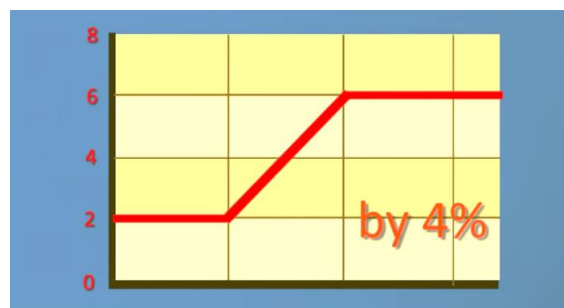
The average retail gasoline price stood **at** \$4.11 a gallon yesterday

### BY vs TO



The inflation rate has increased **TO** 4%.

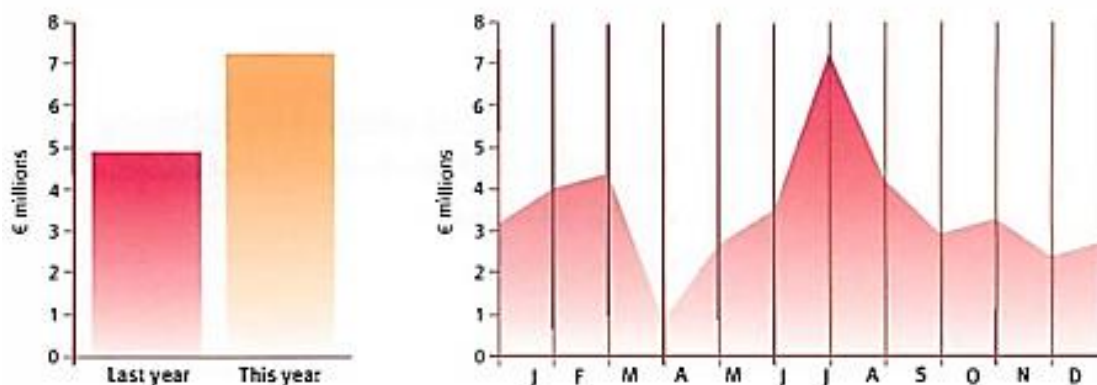
'Increased to' means inflation has reached 4%.



The inflation rate has increased **BY** 4%.

'Increased by' means 4% is the size of the rise – the size of the difference.

**Ex. 14. A.** Look at the graphs below. Complete the sentences about them with appropriate prepositions.



1. Sales have increased \_\_\_\_ €5m \_\_\_\_ €7m.
2. Sales have increased \_\_\_\_ €2m.
3. There has been an increase \_\_\_\_ €2m in our sales.
4. Sales now stand \_\_\_\_ €7m.
5. Sales reached a peak \_\_\_\_ €7m in July.
6. Sales reached a low point \_\_\_\_ €1m in April.

**B.** Write two more sentences about each of these graphs.

**Ex. 15.** Fill in the missing prepositions in the sentences below. Choose from the box.

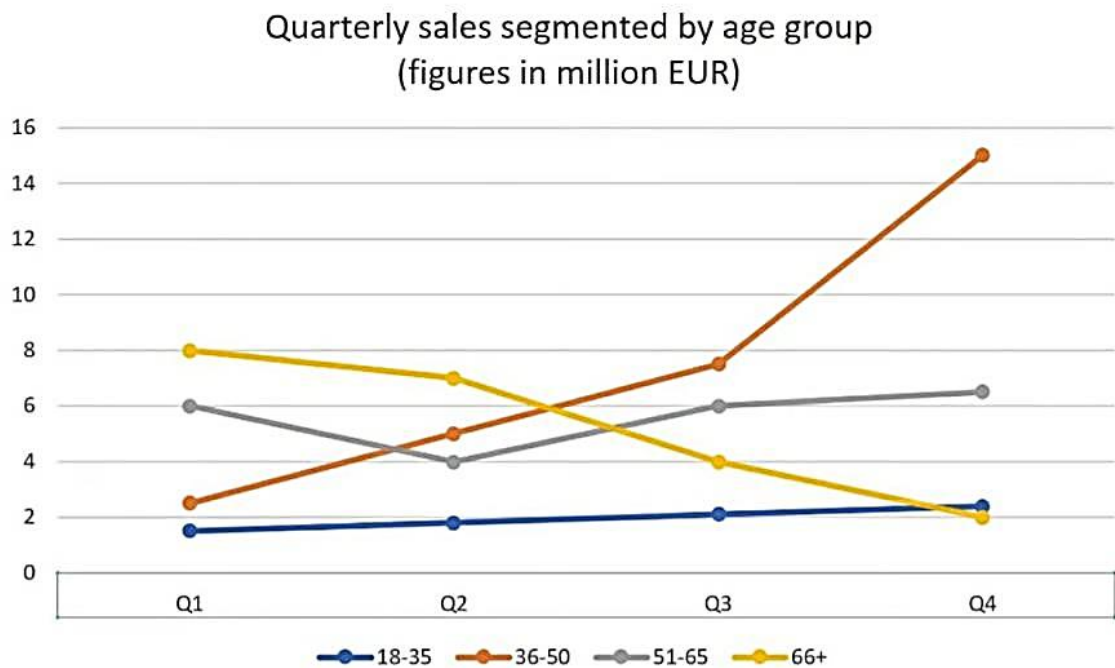
at between by from of to

*Labour costs have fallen **from** 22% of total production costs **to** 14% in the last ten years. That's 8%!*

1. There was a dramatic fall in sales \_\_\_\_ 2015 and 2018.
2. The company is currently selling 20,000 units \_\_\_\_ £23 each.
3. The growth in sales has led to a rise \_\_\_\_ 30% in profits.
4. A 10% drop in sales has reduced the profit \_\_\_\_ 40%.
5. During 2020/21 we increased retail floor space \_\_\_\_ 5% \_\_\_\_ a total \_\_\_\_ 48,000m<sup>2</sup>.
6. They expect to create 1,450 jobs world-wide \_\_\_\_ the end of next year, at the latest.
7. Capital investment for the year stands \_\_\_\_ £6,000.
8. Pre-tax profits reached a peak \_\_\_\_ 55m two years ago but have been lower since.
9. Weekly Sales have levelled off \_\_\_\_ £34,000,

10. Increased efficiency has resulted in a lowering of the break-even point from 2.770 \_\_\_\_ 2,500 units.
11. The rise in raw material prices is expected to be \_\_\_\_ 3.5% and 4.5% this year.
12. We've reduced unemployment \_\_\_\_ 10% in October \_\_\_\_ 6.1% today.
13. Since the year 2018 GDP has risen \_\_\_\_ 25%.
14. And productivity in America it is up \_\_\_\_ 30%.

**Ex. 16.** Look at the line graph and fill the gaps in the text below.



"Sales to the 18 to 35 age group increased consistently over the year. Sales rose \_\_\_\_<sup>1</sup> just under two million in the first quarter \_\_\_\_<sup>2</sup> a little over two million by the end of Q4.

Sales were strongest overall to the 36 to 50 demographic, with figures improving \_\_\_\_<sup>3</sup> five million \_\_\_\_<sup>4</sup> Q1 and Q3. However, the most spectacular results were seen in Q4; sales doubled from Q3, reaching a peak \_\_\_\_<sup>5</sup> 15 million.

For the 51 to 65 group, results were solid but there was only a negligible increase for the full year. Sales initially fell between Q1 and Q2, but recovered \_\_\_\_<sup>6</sup> four million in Q2 \_\_\_\_<sup>7</sup> 6.5 million by the end of Q4.

Finally, sales to those aged 66 and up decreased steadily throughout the year. Sales fell \_\_\_\_<sup>8</sup> eight million in the first quarter \_\_\_\_<sup>9</sup> two million by the end of Q4. There was a particularly pronounced decline between Q2 and Q3, when sales dropped \_\_\_\_<sup>10</sup> three million."



**Ex. 17.** Look at the sentences. What word could you use to complete them? There is more than one possible answer! Try to get as many answers as you can.

1. Sales \_\_\_\_\_ from 150 million to 200 million.
2. Sales \_\_\_\_\_ from 350 million to 200 million.

**Ex. 18.** Rewrite the following sentences, beginning with the given words, and replacing the words in italics with a verb phrase. (See example):

Example: There has been a *marked rise* in sales for Axal in recent weeks. – Axal sales...  
Axal sales *have risen markedly* in recent weeks.

1. Frodo has suffered *a sudden drop* in market share. – Trader's market share ...
2. Spano showed *a slight fall* in share price last week. – Spano's share price...
3. There will be *a quick recovery* in the share price. – The share price will...
4. *A levelling off* of sales for FDT is expected. – FDT sales...
5. There has been a *considerable decline* in the market. – The market...
6. There was a *sharp increase* in share prices. – Share prices...
7. *The wild fluctuation* in share values was because of the price war. – Share prices...
8. HD experienced *a rapid climb* in market share in the late 2010s. – HD's market share climbed rapidly in the early 2010s.

**Ex. 19.** Look at the line graph and describe it making use of active vocabulary.

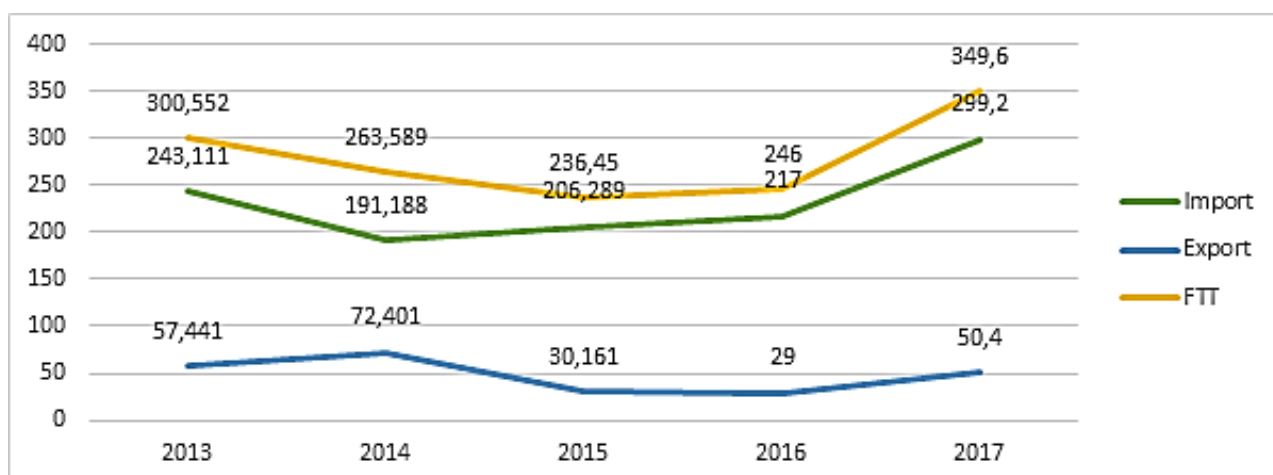
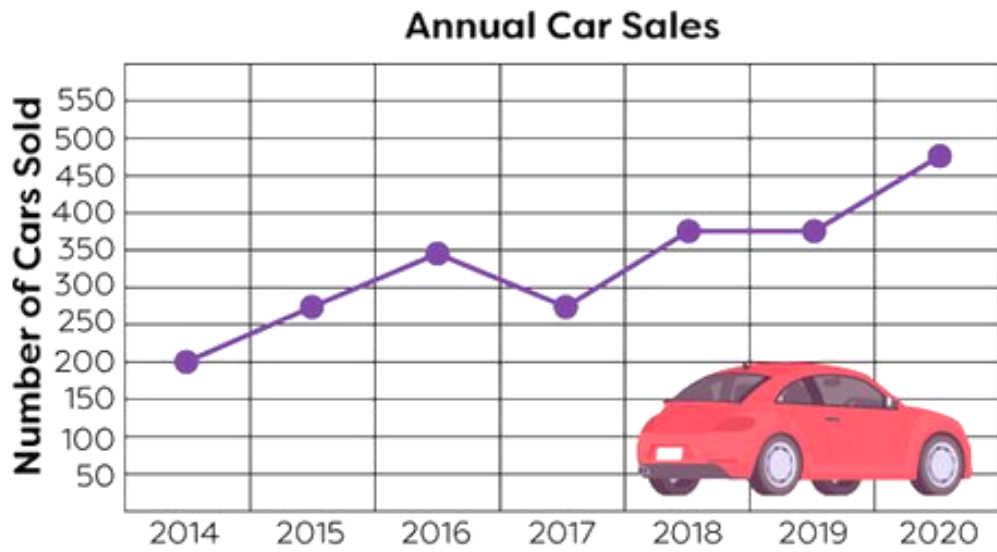


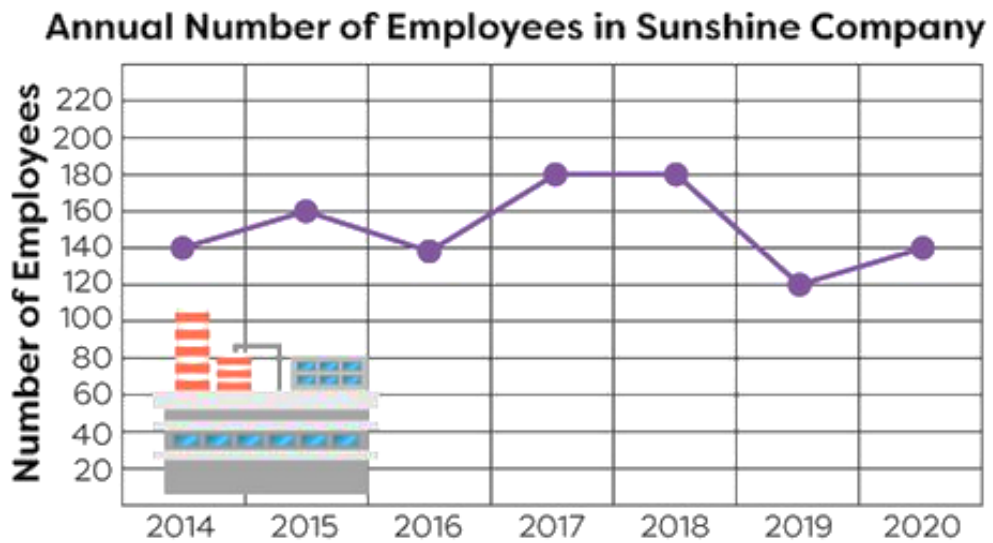
Fig. 1 Dynamics of the main characteristics of trade in goods between Ukraine and Canada for 2013-2017 (US\$ billion)

**Ex. 20.** Look at the line graphs below and describe the changes making use of active vocabulary.

**A.**



**B.**





Idioms indicate how English-speaking cultures typically treat money in language. In English culture "money is time", "money is a resource", "money is a valuable commodity".

Money manifests itself through metaphors. For many, money equals survival. For others, it's leverage. Some might say "freedom" or "success." Others might equate it to status, respect, style, security, travel, excitement, the means to attract a quality mate, or a luxury lifestyle.

And we all have our own attitudes and emotional drivers lingering under the surface, where money is concerned. Some people consume money as quickly as they receive it. Some think they are not worthy of it. Some believe it flows freely. Some think it is the root of all evil. Most of us want more of it.

If you have some time to kill and are up for a laugh, spend some time on Instagram, search hashtags such as "#successquotes" and look at the imagery people use.

Each of us relate to money through certain metaphors to give it a meaning that we can understand. For instance, let's assume you were to travel to Papua New Guinea and were told a bottle of water costs five Papuan New Guinea kina. To understand the value to that amount, you would have to translate the amount to whatever home currency that you're used to.

The money idioms and metaphors extend to far beyond just foreign exchanges and form the basis of our complex relationships with money. The attitude to money form the basis of our mindset.



What does money mean to you? If one were to conduct a survey and ask 1,000 different people, he would receive 1000 different answers: bills, gold, rain, sand, resource, dirt, evil, chance to do a lot of good deeds, charity, comfortable life, problems, etc.

An empowering money metaphor is to think of money like water. Water flows throughout the world and gives life to everything. When we are thirsty, we immediately look for water to drink. When we're in the middle of the desert, dying of thirst, we become desperate for water. In other words, the scarcer it is, the more desperate we become for it.

Money works the same way. Like water, it is also vital to most of the things we do. When we lack money, it dominates our thoughts. We begin to look for a job, or seek other ways to earn some. Like water, when we don't feel an urgent need for it, we often tend to forget about it. And thus, it's guided by our feelings.

The "new rich" are a new and dynamic class of people: digital nomads, remote workers, and lifestyle designers who have created a powerful paradigm of life with rules that they set. They forego certain aspects that characterize "old wealth" completely, such as owning a home, to become wealthy beyond belief in other areas, such as time and location freedom.

Regardless of the path in life, it's important to understand that many of us may be handicapped in our financial conditioning, and don't even realize it. We are pre-programmed to have a certain "money mindset" – based on our upbringing, social conditioning, and our own experiences surrounding money.

This conditioning is always with us, influencing the decisions we make. Truly, it affects us in ways that we don't even realize. Because it's so subjective, many of us are not able to zoom out and install a new financial mindset that can create real and lasting financial freedom for us. The emerging "New Rich" class exists separately from the traditional classes of poor, middle, and rich as we have come to know them.

Many people will never be able to create real wealth, in their current frame of mind. Why? Perhaps, it is because of mindset. Changing your mindset from a position of scarcity is like removing your computer's faulty operating system and replacing it with a new one.

One of the techniques for developing abundance mindset is to keep a gratitude journal. Rather than focusing on what you want, or what you don't have, take time every day to appreciate the abundance that's already in your life. Realize that to some extent you enjoy a life of abundance. Now humans live a longer, healthier life than hundred years ago. We have electricity, running water, security, food to eat. There are plenty things to be grateful for. Another technique is that every time you spend money on a purchase, tell yourself, "There's plenty more where that came from." The phrase conditions you to truly believe that money is a renewable resource, not a fixed one. This belief conditions you to go out

and find opportunities or create them of your own volition. This is how you create an abundance mindset.

**Ex. 1.** *Answer the questions:*










1. How do English people talk about money? Find examples from newspapers, films, interviews, famous quotes, proverbs and write them down.
2. What is an abundance mindset? What is a scarcity mindset?
3. What does money mean to you?
4. What are your foundational beliefs about money?
5. What techniques can change the attitudes to money?
6. How do Ukrainian people talk about money? Find examples from newspapers, films, interviews, famous quotes, proverbs.
7. What is your favourite book about money?
8. Who are "new rich" and what are their habits?

**Ex. 2. A.** *Read the proverbs and try to explain them. Do you agree with the sayings below? Why? / Why not?*






1. The love of money is the root of all evil.
2. Time is money.
3. Money can't buy you love.
4. Don't throw good money after bad.
5. Neither a borrower, nor a lender be.
6. A fool and his money are soon parted.
7. A good payer is a master of another's purse.
8. Where there is muck there is money.
9. If you pay peanuts, you get monkeys.
10. Money doesn't grow on trees.
11. Money talks.
12. A penny saved is a penny earned.

**B.** *Choose any proverb and use it in a story of yours. Write at least 50 words.*

Ex. 3. A. Study the meanings of the following idioms.

	<ul style="list-style-type: none"> <li>• <b>born with a silver spoon in one's mouth</b> = from a rich family</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>bread and butter</b> = a job that provides someone with the money they need to live</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>break the bank</b> = spend more money than you have</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>bring home the bacon</b> = earn money for a family to live on</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>burn a hole in one's pocket</b> = not be able to stop spending money</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>cook the books / accounts</b> = dishonest accounting</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>cut corners</b> = reduce spending, do something economically</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>flat broke</b> = you don't have any money at all</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>go Dutch</b> = share the cost of something, usually a meal, with somebody</li> </ul>



	<ul style="list-style-type: none"> <li>• <b>live from hand to mouth</b> = have just enough money to live on, to have no money to spare</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>make a fast buck</b> = make money quickly and sometimes dishonestly</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>money for old rope</b> = an easy source of income</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>foot the bill</b> = pay for something</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>save for a rainy day</b> = save money for a time when it might be needed</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>ten a penny</b> = cheap and commonplace</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>have more money than sense</b> = have a lot of money which you waste rather than spend carefully</li> </ul>

**B. Reorder the words to make idioms**

1. bacon / bring / the / home
2. hand / mouth / live / to / from
3. a / day / for / save / rainy
4. old / for / money / rope
5. in / burn / one's / a / hole /pocket
6. fast / a / make / buck
7. money / than / sense / have /more
8. books / the / cook

**C.** Fill in the gaps with the idioms from ex. 2 and 3 A.

1. In order to do well here, you need to be rich. \_\_\_\_\_ around this place.
2. I'll \_\_\_\_\_ and pay for everyone's meal at the restaurant.
3. He \_\_\_\_\_ selling those shares. I wonder if he had insider knowledge.
4. You should always put some money aside. My dad always says that \_\_\_\_\_.
5. Sue's parents give her everything she wants. She was \_\_\_\_\_.
6. These scarves are \_\_\_\_\_ in the markets here.
7. Let's \_\_\_\_\_ so we can avoid paying higher taxes.
8. Three years have passed since John had a job. He is \_\_\_\_\_.
9. We \_\_\_\_\_ last night. Dinner cost \$20 each.
10. Jenna had to \_\_\_\_\_ until the end of the year.
11. Luckily, Will has \_\_\_\_\_.
12. He can't just go out window-shopping. Money \_\_\_\_\_.
13. He just bought another camera – he \_\_\_\_\_.
14. The family had to \_\_\_\_\_ in order to put food on the table.
15. Retailing is my \_\_\_\_\_ now.
16. The small company almost \_\_\_\_\_ after it tried to meet the production demands of a major client placed that placed a huge order on credit.
17. He sells bunches of flowers he has grown himself. It's \_\_\_\_\_.

**Ex. 4.** Match the idioms 1-7 with definitions A-G.

- |                           |   |
|---------------------------|---|
| 1. weather the storm      | A. pay for your mistakes                              |
| 2. be in good shape       | B. to be so low you cannot go any further down        |
| 3. live beyond your means | C. keep falling without anything stopping the fall    |
| 4. pay the price          | D. pay much more than a fair price                    |
| 5. pay through the nose   | E. not earn enough money, so you need to borrow money |
| 6. reach/hit rock bottom  | F. survive bad times                                  |
| 7. be in free fall        | G. to be strong                                       |

**Ex. 5.** Complete the sentences with the idioms above.

1. The country is \_\_\_\_\_ for its previous spending policies.
2. I won't shop at that store again, they make you \_\_\_\_\_ for ordinary goods.
3. We have to stop \_\_\_\_\_.



4. The economy is \_\_\_\_\_ with consumers unable to get out to the shops and malls.
5. India's GDP has \_\_\_\_\_.
6. Fortunately, we \_\_\_\_\_ financially, so we should be able to weather the storm.
7. We're trying to \_\_\_\_\_ by lowering our prices.

**Ex. 6.** Study the phrasal verbs that refer to money. Translate them into Ukrainian. In the sentences below underline phrasal verbs.

**amount to**

*She lost all her savings, which amounted to a large sum of money,*

**bring in**

*Tourism is a big industry, bringing in £7 billion a year.*

*We will have to consider how we can bring funds in.*

**build up**

*Money built up in your savings can be used to boost your retirement income.*

*We helped to build up the wealth of this country.*

*The city must build its cash reserves up to a more comfortable level.*

**come into**

*She came into some money on her mother's death.*

**cut back on**

*The government has had to cut back on public spending.*

**get into**

*Make sure you don't get into debt.*

*He got himself into such a mess.*

**give away**

*She has given away jewelry worth millions of dollars.*

*I couldn't decide whether to keep the money he left me or give it away.*

**live on**

*I don't have enough to live on.*

**pay for**

*We have to have money to pay for the food we eat.*

*These water heaters are more efficient and will pay for themselves within five years.*

**pay in**

*Roberto called in at the bank to pay his cheque in. I paid in £ 750 this morning.*

**pay off**

*The most common reason for borrowing is to pay off existing loans.*

*She paid her debts off by selling her house.*

**put down**

*I had put down the first month's rent as a security deposit.*

*Do you want me to put a deposit down to secure the offer?*

**sell off**

*They plan to break up the company and sell it off. The land was sold off to developers.*

**sell out**

*Shops almost immediately sold out of the product.*

*The toy was so popular, every store in town was sold out.*

**set aside**

*Set aside a fixed amount every month towards your pension.*

*I try to set some money aside in case of emergencies.*

*More time should be set aside for preparation.*

**Ex. 7.** Complete the sentences. Choose the correct particle.

1. The cost of the operation will amount *at /to / in* 165,000 Euros.
2. I've come *into /to / in* a little money. I'll be able to repay that loan sooner.
3. Are you struggling to pay *over/off/down* your debts?
4. We have to put *to/over/down* a deposit for a new house.
5. Company plan to sell *off/over/ down* the shares next month.
6. The cash was set *around / aside / away* for road and rail improvements.

**Ex. 8.** Match phrasal verbs 1-6 with definitions A-F.

- |   |   |
|---|---|
| 1. She wanted to build up her savings a bit more before she retires.  | A. to live frugally, to count every penny     |
| 2. They got into some financial difficulties at the start of the year | B. to gradually increase the amount of smth   |
| 3. One supermarket sold out of coffee in 3 hours.                     | C. a point where you have no more money.      |
| 4. I don't know how he manages to live on UAH 800 a week.             | D. to sell all product quickly                |
| 5. Trina went to the bank to take out a loan to pay her tuition.      | E. to borrow money to cover additional costs. |
| 6. He had put aside some cash to buy a car.                           | F. Save money for a purpose                   |

**Ex. 9.** Insert the words into sentences:

pay for    amounted to    brings in    taking out    sold off    cut back
---

1. I think we should consider \_\_\_\_\_ a loan to help us pay for the wedding.
2. It's better for them to \_\_\_\_\_ unnecessary expenses as much as possible.
3. Stanley didn't have enough money to \_\_\_\_\_ such an expensive car.
4. The building was \_\_\_\_\_ for very little money by the local council.
5. The total cost of the holiday \_\_\_\_\_ over ten thousand Euros.
6. Tourism \_\_\_\_\_ a lot of money to the city.

**Ex. 10.** Explain the purpose of the ads. What do they promise? What kind of companies can use them? Write the correct particle.

1. DEBTS? WE CAN HELP YOU PAY \_\_\_\_\_ THEM!
2. YOU WON'T NEED TO CUT BACK \_\_\_\_\_ LUXURY WHEN SHOP WITH US.
3. YOU CAN TAKE YOUR MONEY \_\_\_\_\_ WHEN IT SUITS YOU
4. DON'T DELAY – PUT \_\_\_\_\_ A DEPOSIT TODAY!
5. WORK FOR US AND BRING \_\_\_\_\_ MORE MONEY!
6. BUILD \_\_\_\_\_ YOUR SAVINGS WITH OUR GOLD SAVINGS ACCOUNT

**Ex 11.** *Correct the phrasal verbs in these sentences.*

1. In order to save money, we are *cutting off* on unnecessary stationery.
2. It took us a while to *build for* a large database, but we've succeeded.
3. How are you ever going to *pay in* all these expensive things you've bought credit card?
4. Having too many credit cards is a common way for people to *get on* debt.
5. She's *come on* some money and has bought a huge house in the south of France.
6. It's a good idea to *set off* some money for when you have retired.

**Ex 12.** *Make these sentences less formal. Replace the underlined verbs with the phrasal verbs from the box.*

<b>built up</b>	<b>cut back</b>	<b>give away</b>	<b>paying in</b>	<b>bring in</b>	<b>come into</b>
-----------------	-----------------	------------------	------------------	-----------------	------------------

1. If you're going to the bank, would you mind depositing a cheque for me?
2. I'm going to donate some old clothes to a charity.
3. He inherited a lot of money when his wealthy grandparents died.
4. We need to reduce the amount of money we spend on food.
5. It's only a part-time job, but it makes me some extra money at least.
6. I'm saving a little money for my annual holiday. It will have grown into a sizeable fund.

**Ex. 13.** *Underline the phrasal verbs in sentences 1-10, then match them to the definitions below.*

1. He splashed out on a luxury two-week cruise.
2. You still owe me a lot of money and I want it back now. You'd better cough it up or else.
3. I have to pay my university fees but I'm broke and finding it hard to come up the money.
4. It was such an expensive country to visit. We got through a fortune.
5. Every time she wants something she just takes out another loan to pay for it.
6. Everyone chipped in to buy a present when Mr. Briggs retired.
7. I set aside a little money each week to pay the bills.
8. She came into a lot of money when her grandfather died.
9. The company had to pay out a fortune in compensation.
10. She cashed in on all the publicity from her divorce.

### **Definitions**

- a. to find or produce a sum of money

- b. to spend or pay back money, usually reluctantly
- c. to extravagantly spend a lot of money on something usually luxurious
- d. to gain financial advantage from a situation
- e. to use up a large amount of money
- f. to save money for a particular purpose
- g. to get money through a loan
- h. to pay a large amount of money for something
- i. to contribute money to a communal fund
- j. to receive money through inheritance when someone dies

**Ex. 14.** *Insert missing phrasal verbs. There is ONE phrasal verb you do not need to use!*

**get by   pay back   save up   splash out on   chip in   cut back   ripped us off**

1. I'm trying to \_\_\_\_\_ to buy a new Ipod. My old one got stolen.
2. I need to \_\_\_\_\_ on my spending. Last month I spent £200 on shoes!
3. I think I'm going to \_\_\_\_\_ a new dress for her wedding.
4. I need to stop worrying about my sister. She's a student so she hasn't got much money, but I'm sure she's \_\_\_\_\_.
5. The restaurant completely \_\_\_\_\_! They charged us for two bottles of wine and we only had one.
6. I need to \_\_\_\_\_ my flatmate for the food she bought last week.

**Ex. 15.** *Study how phrasal verbs are used in the text below. Match the phrasal verbs (A-I) with their meanings (1-9).*

I had wanted to buy a motorbike for ages and I had been setting money aside for months. I'd had to cut back on shopping and spending money at restaurants. Finally, I had enough money and during the Black Friday sales, I picked up a great deal. The price of a new bike was knocked down by 20%. So, I went to the bank to take out some money and then I went to pick up the motorbike. I had forgotten that I would also need insurance and the total cost came to more than I had expected. I asked a friend to lend me some cash and told him that I would pay him back as soon as I could. Unfortunately, my brand, new motorbike only lasted a month. I always parked it on the street in front of my house and one day a car crashed into it. Nobody saw the accident and my motorbike was a complete write off. Now, I'm still trying to pay off the money that I owe but I don't have a bike!

A. take out  
D. pay back  
J. come to

B. cut back  
E. knock down  
H. write off

C. pick up  
F. pay off  
I. set aside

1. to withdraw / to get money from a bank =
2. to reduce / to spend less money =
3. to repay someone / something =
4. to total / to make the final cost =
5. to finish paying for something =
6. to accept a loss of money =
7. to buy something =
8. to save up money =
9. to significantly reduce a price =

# TRANSCRIPT

## ACCOUNTING BASICS

### Ex. 9. *Track 1.*

**Eric Sharp:** In general, most of the boring work is done by purchase ledger clerks and sales ledger clerks. These are usually bookkeepers who are not qualified to a high level. The information they produce – which is basically a summary of transactions – can then be interpreted by management accountants. It can then be used by senior accountants at financial controller and director level, both for making decisions on the future of the business, and for advising other parts of the business on how to proceed.

The company's accountants also do an internal audit. The aim of this tends to be to ensure that management have sufficient internal control over what is going on. The aim of the external audit is to ensure that published financial statements give a true and fair view of the company's profit, and of its assets and liabilities.

### Ex. 10. *Track 2.*

**Sarah Brandston:** I'm Sarah Brandston. I am an Enrolled Agent, which in America is a person who has been certified by the IRS as an expert in all areas of taxation. I operate a business that employs two or more people in addition to myself, that concentrates on filing income tax returns and other forms required by the federal and local governments related to income taxes and sales taxes, for my clients. I tell people, on the most basic level, a lot of my clients are young people who are just starting out, and often they have no idea at all what's involved, they might be talented in a certain field, they might be a good graphic designer, or might be a media person, or a writer, but that doesn't mean they know how to run a business. The first thing I try and do is ease them on and tell them that the basic rule for accounting, in terms of their business, is that they have to keep records that accurately reflect their financial life, the life, the financial life in the business, and the records have to be accurate enough so that we together can file a tax return from them. That's the bottom line, that's really all it's about. Then you go and you get into more complex forms of bookkeeping for corporations or partnerships, which have to follow both the generally accepted rules that are put out by the American Institute of Certified Public Accountants, and the rules that change on a daily basis that we get from the IRS.

Bookkeeping is keeping good accounts, period, it's just taking what comes in, it's looking at how much income comes in, and it's looking at what's going out, and then further breaking down what goes out into the various categories that I've told them are important for tax purposes. So I usually say, in terms of their bookkeeping that they should set up categories that make sense to them in their business. They wouldn't want entertainment with office supplies, they wouldn't want books and periodicals with car expenses, it's just what I think are those common sense...bookkeeping is really a common sense way of keeping track of the income and expenses.

**Interviewer:** The kind of companies you work with, can you just describe the sort of range of companies that you work with, and the kind of input you give them. I assume you see them sort of more than once a year?

**Sarah Brandston:** Right. In terms of the people that I do, my clients who have their own businesses, be they self-proprietorships or small corporations or partnerships, most of the people I deal with are in creative fields. I have several film makers, I have architects and people who consult in the computer field, what I think of as my corporations, and music, those are the kind of people I think of. They're generally people that are not comfortable with doing bookkeeping, or accounting, nor do they have enough revenue in their companies that they want to, or that they're able to, pay the type of I accountant that needs to see them on a monthly basis, and charge them a minimum of twenty four hundred dollars a year, let's say, to do all the accounting, the bookkeeping, and the tax preparation for them, so I try and keep my costs low so people can function, continue to function as a business...

## FINANCIAL STATEMENTS

### Ex. 13. *Track 3.*

**Accountant:** OK. Norma has asked me to go over some of the ratios I used in the report which I sent you last week. The first of these is on page 3 - working capital. Everyone got it? OK. Working capital is quite simple – it's the current assets divided by the current liabilities. Any questions?

**Paul:** Yes. What's it for?

**Accountant:** Well, it basically tells us whether we have enough short-term assets to cover our short-term debt. If we don't, we could be in trouble. OK? Good. Next is return on assets. This is net income plus interest expense divided by total assets. Before you ask, it allows us to evaluate the way we use our assets. It can help us decide whether or not we should start a new project,



for example, by comparing the return expected against the normal borrowing costs. Is that clear?

**Sally:** I have a question. What's debt/asset ratio?

**Accountant** I was just coming to that. It's the total assets divided by total liabilities. It tells us what proportion of the enterprise's assets are being financed through the use of debt. If this ratio is high in a market with increasing interest rates, creditors are going to get worried. The debt/asset ratio determines the funding leverage of the enterprise. OK, if there are no questions, I'd like to ...

#### **Ex. 14. Track 4.**

**Eric Sharp:** There are three or four different statements that companies include in their Annual Reports, which shareholders can legally expect to see. The key documents are the profit and loss account, the balance sheet, and a funds flow statement of some kind. In the USA, and under International Financial Reporting Standards, the profit and loss account is called an income statement. This document is fairly self-explanatory: it's income less expenditure. The balance sheet is a statement showing what the company has, and what it owes at the end of the year, while the funds flow statement attempts to show whether the company is generating or consuming cash. The tax authorities require more detail than is given in these documents; taxable profit is not the same as accounting profit, so they will expect to see reconciliations between the two.

#### **Ex. 15. Track 5.**

**Accountant:** The financial statements of a company are the most important documents that a company produces. Investors, creditors, banks, customers – everybody reads the statements. The accounts show what a company does with its money, how profitable it is, and also how risk-worthy it is. And you can see warning signs for the future. Our stock exchanges depend on properly prepared accounts.

**Trader:** I agree that the accounts of the companies have a lot of information, but it's very hard to understand it all. In my job, I need to know the financial situation of a company. People interested in the stock exchanges rely on experts like me. But there are also many other sources of information. As for the accounting rules, they don't interest me, or anyone else, at all. That's stuff for the accountants.

**Investor:** All those numbers, and I haven't got a clue what they all mean. Pages and pages of them, and apparently they are often only 'estimates', or they can be interpreted in one of many ways. What's the point when the accountants themselves can't agree on how to show the numbers? Most of us need a lot more information and knowledge about a company than what we get in the accounts.

**Layman:** Is it all really that hard? Can't we just look at the profit or loss of the company to find out how it's doing? I don't see all the fuss. Accountants are there to tell us about the numbers, and I thought that's what they do. They are trained to report these numbers, and it can't be that hard to count everything that's happened.

**Managing Director:** This is exactly the problem. There are many ways to change the numbers to give a better picture. Some of my peers have been guilty of doing just that. The accountants and auditors have to take responsibility for the way that numbers are reported. Accountants and their work are extremely important, they just need to make it all a little easier to understand.

#### **Ex. 16. Track 6.**

**Journalist:** Large banks these days really do possess and manage vast sums of money. For example, Barclays' tangible assets - the buildings the banks are in, and so on, recorded in the accounts as property, plant and equipment - are only worth two point seven five four billion, but the group's total worth, or their shareholders' equity, is twenty four point four three billion. Their total assets are nine hundred and twenty four billion, three hundred and fifty-seven million pounds. Barclays' customers have deposited two hundred and thirty-eight billion, six hundred and eighty-four million pounds in their accounts, and the bank has advanced or lent its customers two hundred and sixty-eight billion, eight hundred and ninety-six million pounds. These really are huge figures.

### **Describing changes**

#### **Ex. 10.**

TAN: Now, I'd like to refer to the first graph. As you can see this is a bar graph measuring net sales over the first ten months of the year. You'll notice that sales rose steadily in the first few months, then there was a marked increase in April. They peaked in May at around 3.2 million, and levelled off, then there was a dramatic drop in the following month, followed by a significant increase in August, and this trend has continued up until the present.

UNKNOWN: What was the reason for the sudden drop in July?

TAN: This was mainly due to a drop off in air conditioner sales - so it's a seasonal effect.

UNKNOWN: Could it be a consequence of the negative effect of the interest rate rise?

TAN: Possibly. Now, if I could draw your attention to this next diagram. This is a line graph of sales - the blue line represents air conditioner sales, the red line shows heaters. As you'll note, air conditioner sales dropped steadily from January to July, bottoming out then, while heater sales experienced a sharp increase from March to June, then dropped markedly from June to July, then declined through to September, with a pronounced drop in October.

UNKNOWN: Does this explain the fluctuation in total sales?

TAN: Largely. If we look at this pie diagram, you can see that air conditioners and heaters together represent more than half of our total sales but they vary seasonally, while other appliances are fairly steady through the year.

UNKNOWN: Well, we can't sell air conditioners when it's cold. What's the solution?

Export to Europe and America!

UNKNOWN: Easier said than done.

NARRATOR: Today we're looking at presenting information using charts and graphs. We saw three types of diagram: a bar or column graph a line graph and a pie chart. Look at how Tan introduced his presentation.

TAN: Now, I'd like to refer to the first graph - as you can see this is a bar graph measuring net sales over the first nine months of the year.

NARRATOR: Tan says, "I'd like to refer to the first graph." When referring to a diagram or graph, first direct your audience's attention to that diagram. Practise with Tan some phrases to use for this.

TAN: **I'd like to refer to the first graph**

**If we have a look at this graph**

**If I could direct your attention to the graph**

**Looking at the graph on the screen**

NARRATOR: Let's look at the language Tan uses to describe what the graph shows.

TAN: You'll notice that sales **rose** steadily in the first few months, then there was a marked **increase** in April. They **peaked** in May at around 3.2 million, and **levelled off**, then there was a dramatic drop in the following month, followed by a significant increase in August, and this trend has continued up until the present.

Here's our graph:

UNKNOWN: Tan said the sales rose steadily at first, then there was a marked increase in April. This levelled off, then there was a dramatic drop, and then a significant increase. In

describing trends, we use two words - one of those words is a noun or verb. For example, we may talk about an increase, or a decrease in numbers. Other words for an increase are rise, climb, improvement, upturn.

Most of these words can also be used as a verb: to increase, to rise, to climb, to improve.

Other words for a decrease are fall, decline, worsening, downturn.

These also have verbs from them: to decrease, to fall, to decline, to worsen.

So we say, there was an improvement in the figures for April, or the figures for April have improved.

There has been a decline in sales since June, or sales since June have declined.

But we often add more descriptive words -adjectives and adverbs. Remember adjectives go before nouns, and adverbs go after verbs.

These describe the change in figures - was it big or small, fast or slow?

Other words for a big change are significant, marked, massive, pronounced, substantial.

Most adjectives can also be made into adverbs, just by adding -ly. There is no adverb for 'big', but informally we say 'a lot'.

Other words for small are slight, insignificant, and their adverbs slightly, insignificantly.

Other words for a fast or quick change are sharp, dramatic, sudden and again we add -ly for the adverbs.

And for a slow or medium change, we can use steady or moderate, and the adverbs steadily and moderately.

Now, try changing the phrases from noun phrases into verb phrases. For example, if Tan says, "There was a dramatic increase in sales" you say, "Sales increased dramatically."

Have a try.

TAN: **There was a steady rise in sales.**

**Sales rose steadily.**

**There was a significant fall in sales.**

**Sales fell significantly.**

**There was a slight recovery in sales.**

**Sales recovered slightly.**

UNKNOWN: Now let's look at how Tan handles a question about the graph. What was the reason for this sudden drop in July?

TAN: This was mainly due to the drop off in air conditioner sales so it's a seasonal effect.

UNKNOWN: Could it be a consequence of the negative effect of the interest rate rise?

Here are four useful phrases for describing causes:

**due to:** The drop in sales is due to an interest rate rise.

**a consequence of:** The drop in sales is a consequence of an interest rate rise

**because of:** The drop in sales is because of an interest rate rise.

**a result of:** The drop in sales is a result of an interest rate rise.

How does Tan explain his next diagram?

TAN: This is a line graph of sales - the blue line represents air conditioner sales, the red line shows heaters. As you'll note, air conditioner sales dropped steadily from January to July, bottoming out then, while heater sales experienced a sharp increase from March to June, then dropped markedly from June to July, then declined through to September, with a pronounced drop in October.

UNKNOWN: He says air conditioner sales 'bottomed out' in July. This means they reached their lowest level. Then he says they 'experienced a sharp increase'. And he says there was a 'pronounced' drop in heater sales in October. 'Pronounced' here means significant, or large. Finally, look at how Tan talks about his pie diagram.

TAN: If we look at this pie diagram, you can see that air conditioners and heater sales together represent more than half of our total sales - but they vary seasonally, while other appliances are fairly steady through the year.

UNKNOWN: Tan says air conditioners and heaters '**represent**' more than half of sales. This means they **account for** more than half of the sales. We could put this another way: More than half of sales are represented by air conditioners and heaters.

We could say washing machines represent 15% of sales.

Washing machines account for 15% of sales. Washing machines make up 15% of sales. And that's accounted for our time today in the Business of English. See you next time.

# ANSWER KEY

## THE FUNCTIONS AND CHARACTERISTICS OF MONEY

**Ex. 1.** Students' answers.

**Ex. 2.**

- |      |      |      |      |       |
|------|------|------|------|-------|
| 1. d | 2. g | 3. a | 4. c | 5. j  |
| 6. e | 7. h | 8. b | 9. i | 10. f |

**Ex. 3.**

- |      |      |      |      |
|------|------|------|------|
| 1. j | 2. a | 3. f | 4. d |
| 5. h | 6. i | 7. c | 8. b |

**Ex. 4.**

1. It comes from the name Moneta (another name for the Roman goddess Juno)
2. Finding someone who has what you want and wants what you have and deciding on the 'value' of the items
3. a) Africa and North America;  
b) Mexico (cocoa beans);  
c) Russia and Scandinavia;  
d) Nigeria
4. So that people could know (determine) the value of each coin
5. The Chinese
6. 1661
7. 'plastic' money (credit cards) and cheques (as well as coins and banknotes)

**Ex. 5.**

- 1) is; 2) of; 3) with; 4) sell; 5) ago; 6) used; 7) for; 8) reach; 9) worth; 10) as; 11) with; 12) did; 13) easier; 14) for; 15) doing; 16) paper; 17) over.

**Ex. 6.** Students' answers.

**Ex. 7.**

- |                       |                    |                   |                   |
|-----------------------|--------------------|-------------------|-------------------|
| 1. medium of exchange | 2. unit of account | 3. store of value | 4. limited supply |
| 5. portable           | 6. divisible       | 7. durable        | 8. commodity      |
| 9. metals             | 10. representative | 11. fiat          | 12. faith         |

**Ex. 8.**

1) B; 2) A, B, C; 3) B; 4) A; 5) B.

**Ex. 9.**

- 1 save
- 2 find
- 3 loan
- 4 barter
- 5 steal

**Ex. 10.**

A.

- |                 |              |                  |
|-----------------|--------------|------------------|
| 1. convertible  | 3. pegged    | 5. transactions  |
| 2. black market | 4. stability | 6. hard currency |

B. 1. F; 2. T; 3. T; 4. F

**COMPANIES AND FINANCE**

**Ex. 2.**

- |                                 |   |
|---------------------------------|---|
| to finance investments          | interest rate                           |
| to pay interest                 | government expenditure                  |
| to spend money                  | economic stability                      |
| to raise capital                | political stability                     |
| to make / earn a profit         | a slow increase/growth                  |
| to make a loss / sustain losses | low inflation                           |
| to receive money (from selling) | loan capital                            |
| to reduce taxes                 | healthy/strong economy                  |
| to break even                   | gross margin                            |
| to borrow money                 | indirect costs/overhead costs/overheads |

**Ex. 3.**

- |      |       |       |       |       |       |       |      |
|------|-------|-------|-------|-------|-------|-------|------|
| 1. m | 2. o  | 3. e  | 4. k  | 5. l  | 6. b  | 7. i  | 8. c |
| 9. h | 10. n | 11. j | 12. g | 13. d | 14. a | 15. f |      |

**Ex. 4. B.**

- |      |      |      |      |      |      |      |
|------|------|------|------|------|------|------|
| 1. e | 2. f | 3. d | 4. a | 5. b | 6. a | 7. c |
|------|------|------|------|------|------|------|

**Ex. 5.**

2. Indirect costs
3. Fixed costs
4. Overhead costs
5. Variable costs
6. Direct costs

**Ex. 6.**

1. 140
2. 100
3. 25%
4. 20%

**Ex. 7.**

1. Chairs, armchairs, dining tables
2. Chairs
3. Stools
4. Coffee tables
5. Chairs
6. Stools

**Ex. 8.** *Match the terms to the correct picture (1-6).*

1. Advertising costs
2. Selling costs
3. Production costs
4. Distribution costs
5. Administrative costs
6. Storage costs

**Ex. 9.**

1. a) *'Could I ask you how much money you **earn** from working here? How much money are you paid in your salary?'*
2. g) *'Each year I earn about £70,000. But that is my **gross** salary. That is before the government removes **taxes**, the money the government takes from people to pay for its services. So after taxes have been removed, my **net** salary (the money that I obtain at the end) is about £54,000.'*
3. f) *'It's not a lot of money to live on in London!'*
4. e) *'Yes, I know. But I **invested** some money in the past. I bought some stocks and shares in companies. So, every year I earn another £6,000 from them. So my total **income**, the money I receive each year, is £60,000.'*



5. i) 'So, what do you do with your income? What do you **spend** it on?'
6. c) 'I spend my money like most people, on food, bills, clothes, holidays etc... I also have some **debts**. I have credit cards, loans and a mortgage from the bank. I **owe** the bank a lot of money, money which I **borrowed** from them in the past to buy things. So, I **repay** £6,000 to the bank each year.'
7. b) 'Do you **save** a lot of money? Put money into a bank account for the future?'
8. h) 'Yes. I try to save £2,000 each month in the bank.'
9. d) 'Do you have a car?'
10. J) *'I can drive a car, but I don't own a car. With my income, it's too expensive to have a car in London. You must buy the car and then you have to pay for petrol, parking, insurance etc... I **can't afford** to have a car in London.'*

**Ex. 10.**

- |              |             |               |             |
|--------------|-------------|---------------|-------------|
| 1. fixed     | 2. variable | 3. production | 4. labour   |
| 5. operating | 6. price    | 7. analysis   | 8. overhead |

**Ex. 11.**

- |                 |                  |
|-----------------|------------------|
| 1. capital      | 6. Lenders       |
| 2. shareholders | 7. loan capital  |
| 3. dividends    | 8. principal     |
| 4. equity       | 9. interest      |
| 5. lenders      | 10. indebtedness |

**ACCOUNTING BASICS**

**Ex. 1.** Students' answers.

**Ex. 2.**

- |                                   |                                 |
|-----------------------------------|---------------------------------|
| 1. c) the matching principle      | 3. b) the prudence principle    |
| 2. a) the going concern principle | 4. d) the consistency principle |

**Ex. 3.**

- |           |            |              |
|-----------|------------|--------------|
| 1. debit  | 3. debtors | 5. stock     |
| 2. ledger | 4. credit  | 6. creditors |

**Ex. 4.**

1. Double-entry bookkeeping; account; debit
2. journals; day books
3. trial balance

**Ex. 5.**

1. credit
2. debit
3. debit/credit
4. credit/debit

**Ex. 6.**

- |                 |                   |             |
|-----------------|-------------------|-------------|
| 1. double-entry | 5. entries        | 9. trial    |
| 2. income       | 6. debit / credit | 10. balance |
| 3. expenses     | 7. credit / debit | 11. loss    |
| 4. transaction  | 8. balance        | 12. sources |

**Ex. 7.**

- |               |              |
|---------------|--------------|
| 1. left-hand  | 6. debit     |
| 2. right-hand | 7. owes      |
| 3. account    | 8. debt      |
| 4. balance    | 9. credit    |
| 5. debit      | 10. balances |

**Ex. 8.**

- |                         |                           |
|-------------------------|---------------------------|
| 1. assets               | 6. liabilities            |
| 2. tax accounting       | 7. bookkeeping            |
| 3. auditing             | 8. income                 |
| 4. cost accounting      | 9. expenditure            |
| 5. financial accounting | 10. management accounting |

**Ex. 9. A.**

Bookkeepers, accountants, auditors

**B.**

1. b 2. d 3. e 4. a 5. c

**Ex. 10.**

1. She mentions graphic designers, media people, writers, film makers, architects, people who consult in the computer field, and people who work in music.
2. She says that her clients are generally talented in their field, but they don't necessarily know how to run a business, how to do bookkeeping, or how to keep accounting records that will allow them to file tax returns.
3. Keeping records that reflect the financial life in the business accurately enough to enable one to file a tax return.
4. Corporations and partnerships.
5. She means that businesses should set up bookkeeping categories that allow them to record their expenses logically, according to what the expenses are and what the business does.

**Ex. 11.**

2. profit
3. loss
4. stock
5. debtors
6. discount
7. balance
8. trial balance
9. ledgers
10. interest
11. assets
12. loan

**FINANCIAL STATEMENTS****Ex. 1.**

Statement of financial position = Balance sheet

Statement of earnings = Profit and Loss Statement

<b>Бухгалтерський баланс</b>		
Станом на 31 грудня (у мільйонах)	2020	2021
<b>Активи</b>		
Готівка та її еквіваленти	\$ 13,485	\$ 18,278
Інвестиційні цінні папери	67,833	61,890
Поточна дебіторська заборгованість	7,290	6,870
Запаси	3,444	3,281

Фінансова дебіторська заборгованість	121,189	113,871
Страхова дебіторська заборгованість	2,560	2,187
Інші дебіторські заборгованості	985	1,009
Власність, знаряддя та приміщення	46,005	44,875
Інвестиції	18,320	18,320
Нематеріальні активи	19,836	17,998
Усі інші активи	65,871	62,755
<b>Разом активів:</b>	<b>\$ 366,818</b>	<b>\$ 351,334</b>
<b>Пасиви та власний капітал</b>		
Короткострокова позика	\$ 95,531	\$ 92,736
Кредиторська заборгованість	12,894	10,209
Авансовані кошти	2,890	3,897
Дивіденди до сплати	1,155	1,102
Усі нараховані поточні витрати	9,598	8,293
Довгострокові позики	75,728	70,354
Страхові зобов'язання, резервні та ануїтетні пільги	85,389	84,283
Усі інші зобов'язання	37,487	33,763
Відстрочені податки на прибуток	12,763	14,198
<b>Разом зобов'язань:</b>	<b>\$ 333,408</b>	<b>\$ 318,835</b>
Неконтрольний пакет акцій у власному капіталі консолідованих філій	2,374	2,179
Звичайні акції	1,214	1,214
Чисті накопичені прибутки/збитки	2,189	2,427
Інші види капіталу	9,827	9,834
Нерозподілений прибуток	30,545	29,772
Без урахування звичайних акцій у казначействі	(12,739)	(12,927)
<b>Загальний власний капітал:</b>	<b>31,036</b>	<b>30,320</b>
<b>Разом пасивів:</b>	<b>\$ 366,818</b>	<b>\$ 351,334</b>

<b>Звіт про прибутки та збитки</b>			
Станом на 31 грудня (у мільйонах; на суму акції у доларах)	2020	2019	2018
<b>Доходи</b>			
Продаж товарів	\$ 80,746	\$ 78,847	\$ 74,387
Надання послуг	4,384	4,267	5,925
Інші доходи	1,212	1,434	1,228
<b>Разом доходів:</b>	<b>\$ 86,342</b>	<b>\$ 84,548</b>	<b>\$ 81,540</b>
<b>Витрати</b>			
Вартість проданих товарів	\$ 28,659	\$ 27,498	\$ 25,728
Вартість наданих послуг	4,112	4,255	5,601
Відсотки та фінансові витрати	8,518	8,855	8,645
Страхові збитки та виплати страхувальникам; ануїтетні пільги	10,372	10,137	9,928
Резерв збитків на формування дебіторської заборгованості	4,374	4,561	4,612
Інші витрати	16,811	16,735	14,480

Неконтрольний пакет акцій у власному капіталі консолідованих філій	215	188	195
<b>Разом витрат</b>	<b>\$ 73,061</b>	<b>\$ 72,229</b>	<b>\$ 69,189</b>
<b>Дохід до оподаткування і бухгалтерських змін</b>	<b>\$ 13,281</b>	<b>\$ 12,319</b>	<b>\$ 12,361</b>
Резерв на сплату податку на прибуток	(3,547)	(3,188)	(3,441)
<b>Дохід до бухгалтерських змін</b>	<b>\$ 9,734</b>	<b>\$ 9,131</b>	<b>\$ 8,910</b>
Сума коштів з розрахунком на бухгалтерські зміни	0	(212)	0
<b>Чистий дохід</b>	<b>\$ 9,734</b>	<b>\$ 8,919</b>	<b>\$ 8,910</b>
<b>Прибуток на одну акцію</b>			
Прибуток одну акцію до бухгалтерських змін			
Понижений прибуток на одну акцію	\$ 1.22	\$ 1.16	\$ 1.13
Базовий прибуток на одну акцію	\$ 1.23	\$ 1.17	\$ 1.14
Прибуток на одну акцію після бухгалтерських змін			
Понижений прибуток на одну акцію	\$ 1.22	\$ 1.13	\$ 1.13
Базовий прибуток на одну акцію	\$ 1.23	\$ 1.14	\$ 1.14
<b>Оголошені дивіденди на одну акцію</b>	<b>\$ 0.49</b>	<b>\$ 0.49</b>	<b>\$ 0.45</b>

#### Ех. 2.

1. consolidated affiliates (дочірні, приєднані компанії; об'єднані філії)
2. retained earnings (нерозподілені прибутки)
3. current receivables (поточна дебіторська заборгованість)
4. common stock (звичайні акції)
5. total liabilities
6. accumulated gains (накопичені кошти/доходи)
7. intangible assets

#### Ех. 3.

- a. 7. intangible assets
- b. 1. consolidated affiliates
- c. 5. total liabilities
- d. 4. common stock
- e. 3. current receivables
- f. 2. retained earnings
- g. 6. accumulated gains

#### Ех. 4.

1. written off
2. amortized
3. charge; book value

4. depreciation
5. write down

**Ex. 5.**

- |                   |                     |
|-------------------|---------------------|
| 1. fixed assets   | 5. current assets   |
| 2. current assets | 6. not an asset     |
| 3. fixed assets   | 7. intangible asset |
| 4. not an asset   | 8. not an asset     |

**Ex. 6.**

- |         |            |
|---------|------------|
| 1. a, d | 5. a, d, f |
| 2. b    | 6. e       |
| 3. h    | 7. g       |
| 4. d, f | 8. c       |

**Ex. 7. A.**

- |           |          |   |
|-----------|----------|---|
| 23.56     | <b>a</b> | twenty-three comma fifty-six  |
| 10,001    | <b>c</b> | ten thousand and one  |
| £63.30    | <b>a</b> | sixty-three pound and thirty pence  |
|           | <b>d</b> | sixty-three pounds thirty   |
| 5,400,342 | <b>c</b> | five million, four hundred thousand, three hundred and forty-two              |
| €45.638   | <b>a</b> | forty-five thousand, six hundred and thirty-eight euro                        |
| 1999      | <b>a</b> | nineteen ninety-nine (year)   |
|           | <b>d</b> | one nine nine nine/one triple nine (if part of a phone number, for example)   |
| 2003      | <b>b</b> | two double oh three (if a room number or part of a phone number, for example) |
|           | <b>c</b> | two thousand and three (year)   |

**Ex. 10.**

- |       |        |       |      |      |       |        |
|-------|--------|-------|------|------|-------|--------|
| 1. 60 | 2. 120 | 3. 75 | 4. 5 | 5. 8 | 6. 15 | 7. 100 |
|-------|--------|-------|------|------|-------|--------|

**Ex. 11.**

1. average interest rate	b
2. earnings per share	g
3. return on equity	d
4. debt/equity ratio	f
5. gross profit margin	a
6. inventory turnover	e
7. price/earnings ratio	c

**Ex. 12.**

**A.**

1. pay; 2. compare; 3. calculate; 4. expectation; 5. indicate; 6. expand; 7. performance

**B.**

- |                   |              |
|-------------------|--------------|
| a) expecting;     | d) performed |
| b) predict        | f) expansion |
| c) calculation(s) | g) pay       |

**Ex. 13.**

1. over; 2. got; 3. that; 4. just; questions

**Ex. 14.**

1. shareholders
2. income less expenditure
3. what it owes
4. generating or consuming
5. taxable profit

**Ex. 15.**

- |                        |                         |
|------------------------|-------------------------|
| 1. creditors           | 10. point               |
| 2. profitable          | 11. themselves          |
| 3. stock exchanges     | 12. find out            |
| 4. financial situation | 13. fuss                |
| 5. rely on             | 14. trained             |
| 6. sources             | 15. count up            |
| 7. stuff               | 16. exactly             |
| 8. got a clue          | 17. picture             |
| 9. interpreted         | 18. take responsibility |

**Ex. 16.**

1. 268,896
2. 2.754
3. 924,357
4. 238,684
5. 24.43

**Ex. 17.** Students' answers.

**Ex. 18.** Choose the correct answer.

1. A **balance sheet**
2. B **total revenues minus total expenses**
3. A. **account payable.**
4. B **account receivable.**
5. B **an expense.**
6. C **resources belonging to a company that have future benefit to the company.**
7. B **balance sheet.**
8. A **the income statement.**
9. C **presents the revenues and expenses for a specific period of time**
10. C **\$760,000.**

## DESCRIBING CHANGES

**Ex. 1.**

<i>Upward movement</i>	<i>Downward movement</i>	<i>Horizontal movement</i>
climb	decline	stabilize
rise	bottom out	even out
go up	drop	remain stable
improve	hit a low	level off
recover	slip back	remain the same
increase	go down	
reach a peak	decrease	
pick up		
hit a peak		

**Ex. 2.**

1. b      2. d      3. a      4. e      5. g      6. f      7. h      8. c

**Ex. 3. B.**

1. There has been a rise in sales since then.
2. There was a fall in the number of customers last year.
3. There was a rise in profits from May to August.
4. There has been a slow increase in share price.
5. There was a dramatic fall in the number of customers last year.



**Ex. 5. B.**

Speed or rate of change		Size of change	
rapid	rapidly	noticeable	noticeably
slow	slowly	substantial	substantially
sudden	suddenly	considerable	considerably
sharp	sharply	slight	slightly
steady	steadily	significant	significantly
gradual	gradually	dramatic	dramatically
steep	steeply	negligible	negligibly

**Ex. 6.**

1. The sales of dietary supplements decreased dramatically.
2. Unemployment rate dipped modestly.
3. Production of genetically modified food fell slightly.
4. Exports of sunflower oil dropped significantly.
5. The availability of seasonal produce fluctuated moderately.

**Ex. 7.**

<b>VERB</b>	<b>TRANSLATION</b>	<b>DIRECTION</b>	<b>SPEED</b>	<b>LARGE/SMALL DEGREE</b>
plunge	стрілко падати	↓	very fast	very large
dip	знижуватися	↓	fast	small
soar	стрілко злетіти	↑	very fast	very large
plummet	стрілко падати	↓	very fast	very large
slide	поступово знижуватися	↓	very slow	small
skyrocket	різко зростати	↑	very fast	very large
jump	різко зростати	↑	very fast	large
nosedive	різко впасти	↓	very fast	very large
decline	спадати	↓	slow	small/large

**Ex. 8. A.**

- 1 T
- 2 T
- 3 F (*levelled off* means it stayed at the same low level for a while)
- 4 T
- 5 F (it's made a partial recovery)
- 6 F (see 5)
- 7 T

8 F (it went down by about 15%)

9 T

10 T

**B.**



hit a new high	rose gently went	levelled off	dropped slightly	fell sharply went
gained strongly	up half a cent	remained steady	weakened fell	into free fall hit a
rose sharply	gained slightly	remained level	very slightly slid a	new low went
soared shot up	gained some	bottomed out	little slipped half	down several
	ground		a cent	cents
				plummeted
				plunged

**Ex. 9.**

1. *There is a dramatic fall* in sales now.
2. Domestic sales *fell slightly* in 2020.
3. In 2023, *there will be a considerable decline* in sales.
3. As you can see, in 2019 total turnover *increased sharply*.
5. There was *a sharp increase* in salary costs in 2017.
6. The information on this chart points out that there *has been an improvement in imports*.
7. *There is a rise* in the price for oil by 20%.
8. *There is a steady increase* in our company's sales.
9. Some forecasters say that *there will be a growth in* America's GDP by 2.4% in the second quarter.
10. *There was an increase in price for* the raw ingredients for breakfast by 25% since the beginning of June 2019.



**Ex. 10. A.**

I'd like to refer to the first graph  
If we have a look at this graph  
If I could direct your attention to the graph  
Looking at the graph on the screen

**B.**

1. rose
2. increase
3. peaked
4. levelled off
5. dramatic
6. significant

**C.**

	to improve	to climb	an upturn
	to decline	to worsen	a downturn

**D.**

- <u>for big changes:</u>	substantial	massively
		pronouncedly
- <u>for small changes:</u>	insignificant	slightly
- <u>for fast changes:</u>	dramatic	sharply
		suddenly
- <u>for slow changes:</u>	moderate	steadily

**F.**

1. due to; 2. consequence of; 3. because of; 4. result of.

bottom out

account for

represent/make up

**Ex. 11.**

1. d 2. e 3. c 4. b 5. a

**Ex. 12. Possible answers:**

1. went up; 2. slipped back; 3. dramatic fall; 4. sharp increase; 5. skyrocketed; 6. increased.

**Ex. 13.**

rose steadily 1	dropped slightly 2	fluctuated mildly 3
a sharp increase 4	reached a peak 5	a dramatic and sudden fall 6

**Ex. 14.**

1. from, to; 2. by; 3. of; 4. at; 5. of; 6. of

**Ex. 15.**

1 between	2 at	3 of	4 by	5 by, to, of	6 by	7 at
8 of	9 at	10 to	11 between	12 from, to	13. by	14. by

**Ex. 16.**

- |         |       |         |            |        |
|---------|-------|---------|------------|--------|
| 1. from | 2. to | 3. by   | 4. between | 5. of  |
| 6. from | 7. to | 8. from | 9. to      | 10. by |

**Ex. 17.**

1. Sales \_\_\_\_\_ from 150 million to 200 million.  
*increased, rose, grew, improved, climbed*
2. Sales \_\_\_\_\_ from 350 million to 200 million.  
*decreased, fell, dropped, declined*

**Ex. 18.**

1. Frodo has suffered *a sudden drop* in market share. – Trader's market share has dropped suddenly.
2. Spano showed *a slight fall* in share price last week. – Spano's share price fell slightly last week.
3. There will be *a quick recovery* in the share price. – The share price will recover quickly.
4. *A levelling off* of sales for FDT is expected. – FDT sales are expected to level off.
5. There has been a *considerable decline* in the market. – The market has declined considerably.
6. There was a *sharp increase* in share prices. – Share prices increased sharply.
7. *The wild fluctuation* in share values was because of the price war. – Share prices fluctuated wildly because of the price war.
8. HD experienced *a rapid climb* in market share in the late 2010s. – HD's market share climbed rapidly in the early 2010s.

**Ex. 19. Sample answer.**

In 2017, trade and economic relations between Ukraine and Canada gained a positive dynamics to increase bilateral trade. Since 2014, it was the first time Ukraine managed to overcome the negative trends in bilateral trade cooperation due to the Free Trade Agreement between Canada and Ukraine. The total volume of trade between Ukraine and Canada amounted to US\$ 4.777 million with total exports of US\$ 141.5 million and total imports of US\$ 336.2 million.

In 2016, compared to 2017, the volume of bilateral trade between Ukraine and Canada has increased and amounts to US\$ 349.6 million. USA. Compared to 2016, Ukrainian exports to Canadian (by 74%), which amounted to US\$ 50.4 million. Imports of goods from Canada to Ukraine also increased (by 37%) and amounted to US\$ 299.2 million. The balance of bilateral trade in goods for Ukraine remained negative as usual US\$ 248.8 million

**Ex. 20.** Students' answers.

## **MONEY IDIOMS**

**Ex. 1.** Students' answers

**Ex 2.** Students' answers

**Ex. 3. B.**

1. bring home the bacon
2. live from hand to mouth
3. save for a rainy day
4. money for old rope
5. burn a hole in one's pocket
6. make a fast buck
7. have more money than sense
8. cook the books

**C.**

1. Money talks
2. foot the bill
3. made a fast buck
4. a penny saved is a penny earned
5. born with a silver spoon in her mouth
6. ten a penny
7. cook the books
8. flat broke
9. went Dutch
10. live from hand to mouth
11. saved for a rainy day
12. burns a hole in his pocket
13. has more money than sense
14. cut corners
15. bread and butter
16. broke the bank
17. money for old rope

**Ex. 4.**

1. F 2. G 3. E 4. A 5. D 6. B 7. C

**Ex. 5.**

1. paying the price
2. pay through the nose
3. living beyond our means
4. in free fall
5. reached rock bottom
6. are in good shape
7. weather the storm

**Ex. 6.**

amount to = дорівнювати

bring in = приносити

build up – нарощувати, накопичувати

come into – отримати несподівано

cut back on – урізати, економити на

get into – втрапити

give away – віддавати, жертвувати

live on – жити на

pay for - сплачувати за

pay in – вносити гроші

pay off – оплатити

put down – заплатити початковий внесок

sell off -продавати дешево

sell out – продати швидко

set aside – відкласти

**Ex. 7.**

1. to; 2. into; 3. off; 4. down; 5. off; 6. aside

**Ex. 8.**

1. B 2. C 3. D 4. A 5. E 6. F

**Ex. 9.**

1. taking out
2. cut back
3. pay for

4. sold off
5. amounted to
6. brings in

**Ex. 10.**

1. for
2. on
3. out
4. down
5. into
6. up

**Ex. 11.**

1. cutting down
2. to build up
3. pay off
4. get into
5. come into
6. set aside

**Ex. 12.**

1. paying in
2. give away
3. come into
4. cut back
5. brings in
6. build up

**Ex. 13.**

1. C
2. B
3. A
4. E
5. G
6. I
7. F
8. J
9. H
10. D

**Ex. 14.**

1. save up;
2. cut back;
3. splash out on;
4. get by;
5. ripped us off;
6. pay back

**Ex. 15.**

1. to withdraw / to get money from a bank = A
2. to reduce / to spend less money = B
3. to repay someone / something = D
4. to total / to make the final cost = J
5. to finish paying for something = F
6. to accept a loss of money = H
7. to buy something = C
8. to save up money = I
9. to significantly reduce a price = E

## REFERENCE LIST

1. Analyzing Financial Statements and Ratios. URL: <https://www.scribd.com/document/249394601/Analysis-Financial-Ratio>
2. Coffin P.H. Dictionary of Business. – 4-th edition. - Peter Coffin Publishing, 2013. 786 p.
3. Cotton D., Falvey D., Kent S. Market Leader Intermediate. 3rd edition. Business English Coursebook. Pearson Education Limited, 2010. 176 p.
4. Frendo E., Mahoney S. English for accounting. Oxford University Press, 2011. 64 p.
5. Horner D., Strutt R. Words at Work. Vocabulary development for Business English. Cambridge University Press, 2016. 308 p.
6. Krynski A., Babelyuk O., Kolyasa O., Galaidin A. Boost your English: Phrasal Verbs. Czestochowa, 2018. 274 p.
7. Lines D. Complete A-Z Business Studies Handbook. 2014. 184 p.
8. Longman Business English Dictionary. - Pearson Education Limited, 2012.- 533 p.
9. MacKenzie I. English for Business Studies. Second Edition. Cambridge University Press, 2007. 269 p.
10. MacKenzie I. Professional English in Use. Finance. Cambridge University Press, 2009. 140 p.
11. MacKenzie Ian. English for the Financial Sector. Student's book. Cambridge University Press, 2008. 161 p.
12. Marks J. Check your English Vocabulary for Banking and Finance. Second edition. A&C London, 2007. 81 p.
13. Mascull B. Business Vocabulary in Use. Cambridge University Press, 2002. 155 p.
14. Owen R. BBC Business English. URL: <https://www.scribd.com/document/335705428/BBC-Business-English-by-Roger-Owen-pdf>
15. Oxford Dictionary of Business English for learners of English. Oxford University Press, 2010. – 980 p.
16. Sweeney S. Test your Business English. Finance. Penguin Books. 80 p.
17. Іщук Н.Ю. English through Business. Навчальний посібник з англійської мови за професійним спрямуванням. – 2-ге вид., перероб. та доп. Вінниця: ПП «ТД «Едельвейс і К», 2010. 300 с.: іл.



## Internet sources:

1. <https://vdocuments.net/chapter-2-analyzing-financial-statements-and-ratios-the-number-of-shares-of-outstanding.html>
2. <http://library.thinkquest.org/28718/history.html>
3. <http://www.historyworld.net/wrldhis/PlainTextHistories.asp?historyid=ab14>  
<http://www.projects.ex.ac.uk/RDavies/arian/llyfr.html>
4. <https://www.youtube.com/watch?v=17382Sf8ptc>
5. <https://www.liveworksheets.com/ak1485662ji>
6. <https://www.pinterest.com>

**Навчальне видання**

***Іщук Наталія Юріївна  
Кондратюк Марта Володимирівна***

## **Money in Economics and Business**

Методичні вказівки для самостійної роботи з дисципліни  
«Англійська мова професійного спрямування» для здобувачів  
вищої освіти 3 курсу спеціальності 292 «Міжнародні економічні  
відносини»

Підписано до друку .....20...  
Формат 60x84/16. Папір офсетний.  
Друк цифровий. Умовн. друк. арк. 3,5  
Замовлення №.....  
Наклад 50 прим.

Віддруковано з оригіналів замовника.