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ANGLIČTINA

pre študentov ekonomickej a finančnej matematiky
a manažérskej matematiky

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Unit 1 MANAGEMENT AND COMPANY STRUCTURES

Management is the act or practice of running and controlling a business or similar organisation. Top managers have to set objectives for their organisation and then develop particular strategies how to achieve them. This is true of business enterprises, government departments, educational institutions and sports teams, although for government services, universities, etc., we usually talk about administration and administrators rather than management and managers. Managers analyse the activities of the organisation and the relations among them. They divide the work into distinct activities and then into individual jobs. They select people to manage these activities and perform the jobs. Managers have to be good at communication and motivation. They need to communicate the organisation’s objectives to the people responsible for attaining them. They have to motivate their staff to work well and to contribute something to the organisation. They make decisions about pay and promotion. Managers also have to measure the performance of their staff, and ensure that the objectives and performance targets are reached. Moreover, they have to train their staff, so the performance continues to improve. Furthermore, they have to establish and maintain good relations with customers, major suppliers, bankers, government agencies, and so on. These tasks require many various skills, which are almost never found in one person, so top management is work for a team and a team needs a clear leader, in this case the chairman or managing director.

I. a/ Explain the following notions: management, setting objectives, motivation, performance targets.

b/ Summarise the responsibilities of top management.

Most companies are made up of three groups of people: the shareholders (who provide the capital), the management (persons who control a business, including both directors and high-ranking managers) and the workforce (all the employees of an organisation).

An organisation chart is a diagram showing the work and responsibilities for each of the various parts of an organisation and how the parts are related to each other and to outside organisations. Study the organisation chart below:

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Board of Directors
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Managing Director or Chief Executive Officer
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Senior Management
---------------------------------
Medium Management
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At the top of the company hierarchy is the Board of Directors, which is responsible for policy decisions and strategy. The Board is headed by the Chairperson or President. It will
usually appoint a Managing Director (MD) or Chief Executive Officer (CEO), who has overall responsibility for the day-to-day running of the business. Senior managers head various departments or functions within the company, which may include the following.

- Production
- Finance
- Research and Development (RD)
- Personnel or Human Resources (HR)
- Public Relations
- Marketing
- Information Technology (IT)

II. Study the company hierarchy and discuss the responsibilities at all levels. Discuss the responsibilities of each department. Which department would you like to run? Why? What qualifications would you require for each position? Is experience necessary?

Company profile

General Motors Corp. (NYSE: GM), the world's largest automaker, has been the global industry sales leader since 1931. Founded in 1908, GM today employs about 325,000 people around the world. It has manufacturing operations in 32 countries and its vehicles are sold in 200 countries. In 2004, GM sold nearly 9 million cars and trucks globally, up 4 percent and the second-highest total in the company's history. GM's global headquarters are at the GM Renaissance Centre in Detroit.

Pictured, from left to right:
- G. Richard Wagoner, Jr.
  GM Chairman & Chief Executive Officer
- John M. Devine
  GM Vice Chairman
- Frederick (Fritz) A. Henderson
  GM Vice Chairman and Chief Financial Officer
- Robert A. Lutz
  GM Vice Chairman, Global Product Development

Developing partnerships around the world.

GM is the majority shareholder in GM Daewoo Auto & Technology Co. of South Korea, and has product, powertrain and purchasing collaborations with Suzuki Motor Corp. and Isuzu Motors Ltd. of Japan. GM also has advanced technology collaborations with DaimlerChrysler AG and BMW AG of Germany and Toyota Motor Corp. of Japan, and vehicle manufacturing ventures with several automakers around the world, including Toyota, Suzuki, Shanghai Automotive Industry Corp. of China, AVTOVAZ of Russia and Renault SA of France.
Building brands. Leading the way.

GM's automotive brands are Buick, Cadillac, Chevrolet, GMC, Holden, HUMMER, Opel, Pontiac, Saab, Saturn and Vauxhall. Genuine GM Parts and accessories are sold under the GM, GM Goodwrench and ACDelco brands through GM Service and Parts Operations, which supply GM dealerships and distributors worldwide. GM engines and transmissions are marketed through GM Powertrain. GM operates one of the world's leading financial services companies, GMAC Financial Services, which offers automotive and commercial financing along with an array of mortgage and insurance products. GM's OnStar is the industry leader in vehicle safety, security and information services.

Record-breaking performance.

In 2004, for the fourth consecutive year, GM set industry sales records in the United States, its largest market, for total trucks, pickup trucks and sport utility vehicles. In China, GM's second-largest market in 2004, GM's sales increased 27 percent and set a company record.

III. Read the GM Company profile again. What do these figures refer to?

2004; 4; 27; 1931; 9 mil; 32; 1908; 325 000; 200

VOCABULARY

Match the words from the texts with their corresponding definitions.

1 sales a central office
2 to supply b to buy
3 a mortgage c a business plan, often associated with the idea of risk
4 to purchase d following in regular unbroken order
5 headquarters e a particular make of a product
6 an operation f a course of action for dealing with a particular matter or situation
7 a brand g a planned series of actions
8 a strategy h a person or business which has an agreement to sell goods of another firm
9 consecutive i to provide something that is needed
10 a policy j money obtained for selling goods
11 a distributor k a business, company, or organisation, esp. one with many parts
12 a venture l an agreement to borrow money, esp. so as to buy a house, and pay interest on it to the lender over a period of years
13 an objective m a total or amount/object which one aims to reach
14 a target n an aim, esp. one that must be worked towards over a long period

IV. Replace the expressions in italics with the words used in the text.

1. The sales director _________ (leads, is at the front of) a team of 20 representatives.
2. The documents contained an ___________ (collection or ordered group) of facts and figures.
3. This service is only available to ___________ (actually being what he/she/it seems to be; real) tourists.
4. Who is ___________ (is in charge of; controlling) this company?
5. The president has decided to ___________ (choose for a position or job) a new minister.
6. There is a very rigid ___________ (different levels of an organisation) in the Civil Service.
7. Nissan is one of the GM’s competitors producing ___________ (fml. degree of usefulness) ___________ (any means of travel or transport, esp. that moves on wheels).
8. Scientists are worried about the ___________ (concerning the whole world) climatic changes.
9. The two companies are working in close ___________ (an act of working together, esp. for a special purpose).
10. GM ___________ (makes or produces, esp. by machinery or other industrial processes usu. in large quantities) cars, ___________ (the parts of a vehicle that carry power from the engine to the wheels) and ___________ (parts which can be added to a machine, a car, etc. to make it more useful or more attractive).
11. Passengers have to be searched for ___________ (protection against law breaking, violence, enemy acts, etc.) reasons.
12. This company is one of the largest ___________ (organisations, esp. business firms) of its kind.
13. She ___________ (took as best, most suitable, etc., from a group; chose) a diamond ring from the collection.
14. He ___________ (gained or arrived at after long effort; reached) the rank of deputy director.
15. There are good chances of ___________ (advancement in rank or position) in this firm.
16. She ___________ (gave or was given a course of instruction or practice, esp. in a profession or skill) as a singer under a famous professor of music.
17. Part of her job is to ___________ (continue to have, do, etc., as before) good relations with our suppliers.

Language focus

Present perfect and past simple

Look at these sentences from the text.

A General Motors Corp. has been the global industry sales leader since 1931.
B In 2004, GM sold nearly 9 million cars and trucks globally.

1 What tense is the verb in bold in A and B?
2 Which tense has a connection with the present?
3 Why are different tenses used in these sentences?

Practice

Complete the following company profile with either the present perfect or past simple tense of the verbs in brackets.

Whenever lists of America’s brightest and best are compiled 3M is guaranteed to feature. 3M ________ (be) born at the beginning of the 20th century as Minnesota Mining & Manufacturing. The mining soon ________ (cease) when the company’s founders
(fail) to dig up the corundum they had hoped to discover. So they (turn) to trading in sandpaper, a product that uses the abrasive corundum. Since the beginning 3M (know) that it must continually innovate in order to survive. 3M is among the 25 companies with most patents in the world. The company spends some 6.5% of its total sales on research and development and that (increase) from about 4.5% at the beginning of the 1980s.

The company (have) subsidiaries in Europe for almost 40 years. Since 1984 a number of European Management Action Teams (be) set up under the direction of Joe Warren.

The company (always pay) close attention to the environment. It (already make) great progress in the use of recyclable packaging materials.

**for and since**

Complete the time expressions with **for** and **since**.

_____ a week   _____ half an hour   _____ May   _____ 2001

_____ months   _____ a couple of days   _____ 9 o’clock   _____ I left school

_____ several years   _____ 1st June   _____ I was born   _____ 30 seconds

Study this conversation.

A Where do you live?
B In a house near the pond.
A How long have you lived there?
B For two years.
A Why did you move there?
B I wanted to leave the centre.

Now make similar conversations, using the following prompts.

work for, have a car, know your teacher, speak English, wear glasses, own a cash card, have a mobile phone, use this book, be a student, like pop music

Study this conversation.

A Have you had lunch? / Have you ever had lunch in a restaurant?
B Yes. I have. I’ve just had it. / No, I haven’t. / I haven’t had lunch yet.
A What did you have?
B Vegetable soup and fried chicken.

Now make similar conversations, using the following prompts + ever, yet, already, just or never

travel by train, wash your hair, see an American film, play volleyball, smoke a cigar, write an email, drink champagne, drive a car, ride a horse, meet a famous person, win a competition, be to Vienna, speak to a foreigner, make a mistake, do someone good, catch a cold
Unit 2  

RECRUITMENT

The process of finding, choosing and engaging suitable new people for an organisation is called as recruitment. When a company needs to recruit new people, it may advertise the job or position in the appointments page of a newspaper. People who are interested can then apply for the job by sending in a letter of application or covering letter (US cover letter) and a curriculum vitae or CV (US résumé) containing details of their education and experience. Then the most suitable applicants will be selected and invited to attend the interview. Another way for a company to hire is by using the services of a recruitment agency (US search firm) who will provide them with a list of best candidates.

The aim of your CV and application is to get the interview. British and American styles differ in details. Study this example – British style.

Curriculum Vitae

Personal Details

John Watson  
48 Bristol Road  
London, BH3 7AC  
England  
Phone 0111 512 0654  
E-mail: john.watson@mailbox.com

Education

2003 – 2004   London Chamber of Commerce and Industry, Diploma in Public Relations  
2000 – 2003   University of London, BA in Journalism  
1993 – 2000   Greenfield School, Bristol  
A levels in German (B), English (B), History (A) and Math (C)

Professional Experience

2005 – present   Public Relation Officer, Irish Nature Trust  
Responsible for researching and writing articles on all aspects of the Trust’s activities and their distribution to the press  
2004 – 2005   Press officer, Lake District Tourist Board

Skills

IT   Computer literate  
Languages   Fluent German and French  
Additional   Driving licence

Interests

Swimming, hiking, ballroom dances

References

James Whitney   Derek Holmes  
Professor of Journalism   Editor-in-chief  
University of London   National Geographic
The letter of application is as important as the CV in that it often provides the first direct contact between a candidate and an employer. If the letter is not well written and presented, it will make a poor impression. The letter of application normally contains four paragraphs in which you should:

• confirm that you wish to apply and say where you learned about the job
• say why you are interested in the position and relate your interests to those of the company
• show that you can contribute to the job by emphasising your most relevant skills and experience
• indicate your willingness to attend the interview

Study this example – British style:

48 Bristol Road
London, BH3 7AC

10 June 2006

Ms Joan Beckett
Personnel Manager
Nature and Environment
24 Kensington Gardens
London NW 3EF

Dear Ms Beckett,

I am writing to apply for the position of assistant editor advertised in The Financial Times of 29 January.

Although I am presently employed by regional press, it has always been my intention to work for a nationally based magazine. I would particularly welcome the chance to work for your magazine as I have long admired the quality of your articles and your position as a defender of environmental issues. As you will notice on my enclosed CV, the job you are offering suits both my personal and professional interests.

My work experience has familiarised me with many of the challenges involved in public relations today. My involvement with local community projects has given me experience for working both with young and old people in the society. I would welcome the chance to work as a part of a dynamic team where I could make a significant contribution while developing my skills yet further.

I would be pleased to discuss my curriculum vitae with you in more detail at an interview. In the meantime, please do not hesitate to contact me if you require more information. I look forward to hearing from you.

Yours sincerely,

John Watson

John Watson
I. Explain the following notions and make comments on their layout: CV (résumé) and letter of application.

As we consider this subject important for all students we are presenting various authentic articles on this topic.

Skillsarena selected by Paymentshield to test recruits

Skillsarena has announced that Paymentshield, the independent supplier of general insurance products to the mortgage intermediary sector, has selected the company’s online skills tests to assess potential employees for work in one of the UK’s fastest growing companies.

Skillsarena provides clients with a portfolio of online tests, including a suite for assessing levels of competency in Microsoft Office™ applications (including Word and Excel), a clerical suite which covers audio typing, speed typing, data entry, spelling and grammar; plus suites for analysing call centre, accounts and aptitude skills, including maths and literacy. Clients are also able to produce bespoke tests, enabling them to assess the specialist skills and knowledge of both prospective and existing employees.

Chris Traynor, Sales and Marketing Director at Paymentshield comments: “Recruiting the right people is really important to us and as an expanding business we need to get the right people in place quickly. By using more sophisticated screening methods, as well as traditional interviews, we can get the right people in place more efficiently.”

Jane Owen, Managing Director at Skillsarena adds: “We are delighted to be working with a company with such an excellent reputation. Paymentshield has used our tests to assess candidates at all levels from call centre agents to senior roles in the IT department and we are delighted to help such a thriving company with their recruitment needs.”

Building career success

For potential job-seekers desperate for help with their applications, a new initiative has been launched by Cwwriting.net through their CV Builder package, which should at last take all the hassle out of preparing the much dreaded CV.

Cwwriting.net provides an easy cost-effective alternative to other expensive CV writing options and, crucially, those signing up to the new service – whether graduates, career professionals or those just starting out – will find all the advice and expertise they need concentrated in one place, rather than spread throughout the Internet.

Most importantly, clients can be assured not only that the personal details they provide will remain fully protected and stored on a secure database, but that the onerous task of starting a CV from scratch after each submission will become a thing of the past. In the future, it will be a simple matter of amending or updating information as circumstances or needs change.

Cwwriting.net is not another unfeeling automated Internet tool either. It has a real human face and is operated by a team of highly skilled professionals, dedicated to providing clients with professional advice and top quality CV applications that will enable them to sell their skills and abilities much more effectively and improve their chances of securing that all important job interview.
In short, Cvwriting.net offers not just the practical benefits of another internet tool, but the physical building blocks for future career success.

New Podcast* Unlocks the Job Search DaVinci Code

Executive career marketing expert Phillip Wilson released a controversial new podcast today for executives struggling to find a job in today’s market. The podcast, 3 Reasons The Most Qualified Person Doesn’t Always Get the Job, explains what Wilson described as the “Job Search DaVinci Code” to a winning job search today.

“Being qualified isn’t enough to land a job today,” Wilson explained, “instead you must think like a marketing consultant. This unlocks the secret code to getting your phone to ring.”

The report outlines 3 keys that explain why the most qualified candidate often misses out on job offers.

1. They don’t stand out. In today’s job market, where companies sometimes receive thousands of resumes in reply to a single job ad, your resume and cover letter must stand out. “You shouldn’t put your resume on neon paper, but your executive resume writing needs to look polished, professional and inviting to read.”

2. They don’t have access to a decision-maker. Over 90 percent of job applicants send resumes and cover letters to HR departments or recruiters – who Wilson calls gatekeepers – who must sift through stacks of resumes each day. Instead Wilson advises to send resumes directly to hiring managers who give candidates an “inside track” on jobs.

3. They don’t have a sponsor inside the company. The last key, and what Wilson calls the most powerful key to landing a job, is to win over a hiring manager as your sponsor. “One problem many qualified candidates have is that they are almost too good – they threaten their potential hiring manager.” Wilson teaches candidates to help show how they can make their potential new boss look good to their superiors. “If you can convince a hiring manager that bringing you in will help them look they will move heaven and earth to get you on board,” Wilson says.

* Podcast (blend of iPod and broadcast) – an audio programme in a compressed digital format, delivered via an RSS feed over the Internet to the subscriber and designed for playback on computer or digital portable audio players, such as iPod.

VOCABULARY

Match the words from the text with their corresponding definitions.

1 to assess a to succeed in getting a job, etc.
2 a portfolio b to introduce new products onto the market
3 sophisticated c of high or higher rank
4 screening d the act of giving a document, proposal, etc. to somebody in authority so that they can study or consider it
5 senior e bringing the best possible profits or advantages for the lowest possible cost
6 to launch f to calculate or decide the value of
7 cost-effective g a person having a higher position or rank
8 expertise h a person who takes responsibility for a person or thing
9 to store i to make or become better by getting rid of faults
Replace the expressions in italics with the words used in the text.

1. The diaries contained detailed _________ (written descriptions of something what has happened) of the writer’s experiences in Japan.
2. She has passed an ________ (natural ability or skill, especially in learning) test easily.
3. I can _________ (to tell firmly and with confidence with the aim of removing doubt) the medicine is perfectly safe.
4. The candidates were given ________ (specially made to someone’s measurements) tests.
5. The success of this experiment is ________ (of deciding importance) to the project as a whole.
6. His ___________ (ability to do something well) as a designer is not on question.
7. You really ___________ (failed to benefit from something useful or enjoyable by not taking part in it) a lot of fun by not coming to the party.
8. She ___________ (made a close and thorough examination of things in a mass or group) her papers to find the lost letter.
9. She is ___________ (suffering extreme need, anxiety or loss of hope) work.
10. Skillsarena provides clients with online tests, including a ___________ (a set of related parts) for assessing levels of competency.
11. Tourism is a ___________ (developing well and being healthy, strong, or successful) industry in Austria.
12. The incident ___________ (is a possible danger for something/someone) to ruin his chances in the election.
13. He disagrees at the moment, but I’m sure we can _________ him ________ (gain the support of, often by persuading) to our point of view.
14. She is the sort of person who ___________ (is easily seen, is noticeable) in a crowd.
15. There is a ___________ (inflm. a large number or amount of something) of unopen mail waiting for you.
16. The new trade figures have just been ___________ (be known and printed).
17. It’s a real ___________ (situation causing difficulty or annoyance) to get children to eat.
18. It’s completely ruined, so we’ll have to start ___________ (starting from the beginning or with nothing).
19. Solving these problems is an ___________ (needing great effort, causing trouble) task for me.
20. Scientists have ___________ (discovered and let it come out) the secrets of the atom.
21. This event happened in the ___________ (connected with things that actually exist, as opposed to things of the mind, spirit, etc.) world.
Language focus

Present simple and present continuous

Look at these sentences.

1. The bus arrives at 11.15 in the morning.
2. Who are you waiting for?
3. Peace Corps require their male employees to be at least 1.75 m tall.
4. Dell is recruiting more and more graduates.
5. My wife gets up at 5.30 most mornings.
6. I am reading a good book.
7. We’re leaving for Geneva tomorrow morning.

Which sentence refers to:

a. a future arrangement
b. a future event based on a timetable
c. a temporary situation
d. a permanent state or situation
e. a changing and developing situation
f. a regular or habitual action
g. an action that is happening now

Practice

Read the interview with Marco Flores, a Spanish executive. Put the verbs in brackets in the present simple or the present continuous tense.

“I ________ (work) for Elcomnet, a medium-sized company just outside Cordoba, selling and manufacturing electronic components. The company ________ (have) about 1,200 employees. I ________ (be) the finance manager which ________ (mean) that I ________ (have) complete responsibility for all aspects of our financial policy. I carefully ________ (follow) the results of our regional branches in Spain and I also ________ (co-ordinate) and ________ (manage) the business and marketing efforts. This year the company ________ (introduce) a new range of products that we ________ (import) from France. Next month I ________ (go) to Barcelona to meet the office manager and discuss developments in this region. Currently I ________ (earn) 4,200 Euro a month with a bonus which ________ (depend) on results. I ________ (live) in an apartment in the centre of town and I ________ (drive) to work every day in the company car.”
The business of looking after people’s money is called banking. Banks, as financial intermediaries, may offer a whole range of financial services, but their distinguishing characteristic is their role in the money supply through the creation of deposits. The ability of a bank to create money in this way is limited in most countries by government controls on lending as well as by its obligation to pay out current account deposits in cash on demand.

The banking sector in the Slovak Republic is made up of a variety of institutions supervised by the country’s central bank, The National Bank of Slovakia. This bank looks after government’s finance and monetary policy and acts as a banker to other banks. However, for the general public and many businesses, banking services are provided by commercial banks, which have branches throughout the country. They receive and hold deposits, pay money according to customers’ instructions, lend money, etc.

Following the monetarist argument that the average level of prices and wages is determined by the amount of money in circulation, and its velocity of circulation, many central banks now set money supply targets. By increasing or decreasing the money supply, the central bank indirectly influences interest rates, demand, output, growth, unemployment and prices. The central bank can reduce the reserves available to commercial banks by changing the reserve requirements. This reduces the amount of money that banks can create and makes money tight. Alternatively, the central bank can engage in what are called open market operations, which involve selling short-term government bonds to the commercial banks, or buying them back.

There are still many people in Britain who do not have a bank account. Traditionally, workers are paid wages and non-manual workers receive a monthly salary in the form of a transfer paid directly into their bank accounts.

A current account usually pays little interest, but also allows the holder to withdraw his cash with no restrictions. Deposit accounts (US notice accounts) pay interest. Standing orders and direct debits are ways of paying regular bills at regular intervals.

Banks offer both loans and overdrafts. A bank loan is a fixed sum of money, lent for a fixed period, on which interest is paid. Regular parts payments of debts are called instalments. An overdraft is an arrangement by which a customer can overdraw an account, i.e. run up a debt to an agreed limit; interest on the debt is calculated daily.

In order to optimise the return on their assets (loans), bankers have to find a balance between yield and risk, and liquidity and different maturities, and to match these with their liabilities (deposits). The maturity is the date on which a loan becomes due for repayment; the yield of a loan is its annual return - the rate of income expressed as a percentage.

Commercial banks offer many other bank services. If you need cash, you can withdraw money from automatic cash dispensers using your credit card or debit card. When travelling abroad you may use your bank to buy foreign currency, because their rates are better than in common exchange offices.

Through Internet banking you can
• have an easy access to latest information on all your accounts.
• initiate payments and transfer money instantly between accounts.
• check all your standing orders and direct debits.
• locate specific transactions using a range of search criteria.

However, banks charge a commission for the work of keeping a current account and for certain other services. They send regularly, usually monthly, a bank statement to each customer, giving details of all debits and credits made, especially to his current account, during a given period, and showing the opening and closing balances.
Currently many banks also provide mortgages, i.e. they lend money to home-buyers on the security of houses and flats.

**VOCAULARY**

**Match the words from the text with their corresponding definitions.**

1. a deposit  a. an amount of money that is paid to someone according to the value of the goods they have sold
2. wages  b. the amount of money in a bank account at a particular time
3. a salary  c. money placed in a bank account
4. interest  d. anything with money value that a company owns
5. a standing order  e. a payment made for work done, usu. paid weekly
6. a direct debit  f. a monthly payment in exchange for work
7. a yield  g. a movement of money into or out of an account
8. liquidity  h. a company’s debts
9. assets  i. an instruction to a bank to pay fixed sums of money to certain organisations at stated times
10. liabilities  j. like a standing order, but the amount is not specified in advance
11. a transaction  k. the rate of income an investor receives from a security
12. a commission  l. money paid to a lender for the use of borrowed money
13. a balance  m. total value of the goods produced or services performed
14. output  n. cash or other liquid assets in excess of current liabilities
15. maturity  o. the date on which a bill of exchange, insurance policy or a loan becomes due for payment or repayment

I. **Replace the expressions in italics with the words used in the text.**

1. He acted as an ____________ (person who comes between two people or groups of people in order to bring them into agreement) in the dispute.
2. The ____________ (of or about money) system of some countries used to be based on gold.
3. She ____________ (took away) $50 from her bank account.
4. ____________ (machines from which customers can obtain money at any time by putting in a card and pressing numbered keys to give a special number) are operated by cash cards.
5. We must keep back some ____________ (amounts set aside from profit to meet unexpected future expenditure or future investment) for the case of illness.
6. We must ____________ (recognise differences [between]) between compound interest and simple interest.
7. Last year there was a fall in the ____________ (quantity such as value, cost, or speed, measured by its relation to some other amount) of inflation.
8. The American teachers in Slovakia were paid in local ____________ (the particular type of money in use in a country).
9. The bank cannot guarantee a high ____________ (an amount of money produced as a profit) on your investment.
10. Everyone has a legal ____________ (condition or influence that makes it necessary for someone to do something) to provide the tax office with details of their earnings.
11. The law imposes ____________ (acts of limiting) on the export of high technology goods.
12. Parents have to _____________ (keep watch over an activity as the person in charge) their children’s homework.
13. The electronic ______________ (act or process of moving from one place to another) of money is provided by the Internet banking.
14. These developments have created a great ______________ (the desire of people for particular goods or services) for home computers.
15. When a company or a government needs to borrow money from the public they can do it by issuing _____________ (general term for any fixed-interest securities).
16. I have _______________ (orders) not to let anyone in.
17. The government has reduced the number of $10 notes in ______________ (the movement of money from place to place from person to person).
18. The _______________ (speed in a certain direction) of light was exactly defined in 1983.

II. Answer the following questions:

1. What is the role of The National Bank of Slovakia in the banking system in the Slovak Republic?
2. What tools does The National Bank of Slovakia apply?
3. What services do the commercial banks offer? Are their services free?
4. How can you easily obtain cash?
5. What are the advantages and disadvantages of credit/debit cards?
6. Make some comments on Internet banking.
7. What data does a bank statement contain?
8. How would / did you select your bank?

Language focus

The future

• We use will:
1. to express a decision made at the time of speaking.
   *Have you sent the report yet?*
   *No. I’ll send it now.*
2. to make a prediction.
   *I’m sure that our company will win the contract.*
3. to talk about a future fact.
   *Next year, the company will be fifteen years old.*

• We use going to:
1. to talk about an intention or a decision already made.
   *In January, we are going to invest in a new production line.*
2. to make a prediction based on the present situation.
   *Petrol prices are going up due to the oil crisis.*

• We use present continuous to express arrangements.
1. I’m having lunch with my business partner tomorrow.
2. We’re flying to Berlin this afternoon.

• We use present simple to express future events that are based on a timetable or calendar.
1. **Summer term starts** on 10 February.
2. **My train leaves** at 11.00.

- We use **future continuous**:
  1. to express an activity that will be in progress at a specific time in the future.
     
     *This time tomorrow we’ll be lying on the beach in Croatia.*
  2. to refer to a future event that will happen in the natural course of events.
     
     *The President will be flying to China with his wife.*

- We use **future perfect** to express an action that will be completed before a specific time in the future.

  *I’ll have done* my homework by 7 this evening.

**Practice**

I. **Underline the appropriate future form.**

   a/ A I’ll / I’m going to make myself a cup of tea. Do you want one?
       B No thanks. I’ll / I’m going to have it later.
   b/ A I won’t / I’m not going to work today, I feel awful.
       B Don’t worry, I’ll / I’m going to ring your teacher and tell him you’re sick.
   c/ A I’m tired. I think I’ll / I’m going to go to bed.
       B Good night. I’ll / I’m going to watch the TV.
   d/ I can’t go to the cinema tonight. I’ll / I’m going to do my homework.
   e/ A I’ve got a headache.
       B Stay there. I’ll get / I’m going to get you an aspirin.

II. **Put the verb in brackets in the correct tense expressing future.**

   “Ladies and gentlemen. Welcome on board this Austrian Airlines flight to London. In a very short time we ______________ (take off). When we have reached our cruising speed of 900 km an hour, we _____________ (fly) at 12 000 m. Our flight time is 2 hours and 15 minutes, so we ____________ (be) in London in time for lunch. The cabin crew ____________ (serve) refreshments during the flight. We hope you __________ (enjoy) the flight. If you need any assistance, just press the button and a flight attendant ______ (come) to help you.”

   “If you look out on the left-hand side, you _________ (see) Mont Blanc. In a few moments, the crew ___________ (come) round with duty free goods. We ______ also ____________ (give out) immigration forms, which will be collected as you go through passport control.”

   “In ten minute’s time we ________________ (land). Please, fasten your seatbelts.”

III. **Choose the correct future form.**

   a/ It’s going to rain / raining tomorrow so we can’t go playing tennis.
   b/ The bank is opening / opens at 8.30.
   c/ You’ll know where the party is. We will make / will be making so much noise that you’ll hear us from the other end of the block.
d/ By the time I am thirty I will marry / will have married a good-looking partner.
e/ By the time I am forty I will earn / will be earning over a million Slovak crowns a year.
f/ By the time I am fifty I am giving up / will have given up smoking.
g/ I’m coming / I’ll come with you whether you like or not.
h/ I’ll be coming / will come with you if you like.
i/ My plane is taking off / takes off at 6.30 AM.
Unit 4 WHOLESALE, RETAILING AND FRANCHISING

Wholesale is the business of selling goods in large quantities, especially to shopkeepers, not to consumers. A wholesaler is a person who runs such a business buying in bulk from producers, manufacturers, importers and other wholesalers, and selling in smaller quantities to retailers. Wholesale price is the price at which retailers buy goods from wholesalers. Cash and carry is the business, especially in the grocery trade that sells goods at a discount on condition that buyers pay cash and themselves collect and carry away the goods.

Retailing is the business of selling goods to the general public. Most retailers sell from shops or stores, which are called outlets. Many countries have large retail chains that sell a standardised selection of products. Their outlets are often in shopping centres (AmE malls), where there is a large variety of shops in the same location. Many retailers operate from out of town locations with parking facilities, known as supermarkets. These are self-service shops selling a wide variety of goods that are much in demand by consumers, especially food and drink, household cleaning and other materials. Larger supermarkets are called superstores, and if their area exceeds 30,000 square metres, they are called hypermarkets. Department stores are large retail shops with several or many departments, each having its own manager and staff and selling a different kind of goods, the whole being under central control. Retail price is the price paid by the consumer.

Franchising is a business system in which a monopoly producer (the franchisor) gives another producer or trader (the franchisee) by formal licence the exclusive right, i.e. a right held by no one else, to manufacture or sell the products of the franchisor in a certain area such as a town, county or country.

As a part of the franchise agreement the franchisee pays an initial sum of money - a franchise fee or front end fee – to the franchisor and agrees to pay a royalty or management services fee for continuing advice and assistance, which is usually calculated as a percentage of annual turnover or as an amount based on the number of units produced or sold. The franchisee may also pay an advertising fee to contribute to the franchisor’s annual advertising and marketing costs. The franchisee also has to find the necessary capital to open the business and he must agree to buy all his supplies only from the franchisor.

The franchisor provides an operations manual, which is a document containing all the information that the franchisee needs to run his or her business. A franchisor may appoint a master franchisee to supervise the business within one particular country (an ordinary franchisee buys the rights to manage a specific business franchise only in a particular area).

The following shows the list of things the franchisee has to do during the day:

- people management (recruitment – interviewing the staff, training, performance reviews)
- time management (organising his own work schedule, allocating time for different tasks, prioritising – arranging problems in the order in which they will be dealt with)
- networking (the practice of meeting or contacting other people involved in the same kind of work to share information, support each other, etc., attending franchise conferences, meeting with press)
- administrative work (dealing with accounts, payrolls, taxes, ordering supplies)
- working at home (monthly accounts, balance sheets, planning future development, etc.)

Generally, the franchisee has to conform to all franchisor’s standards (quality, service, corporate culture and value). He directly employs people, orders and pays for supplies, and takes care of any maintenance or refurbishment. He is responsible for local marketing,
whereas national advertising is the franchisor’s responsibility. The franchisee expects the franchisor team to support him; in return, the franchisor expects the franchisee to get on with his part of the deal and develop the business without constant supervision.

Good mutual relationship between the franchisor and the franchisee is the basis for successful business.

**VOCABULARY**

**Match the words from the text with their corresponding definitions.**

1. to review  
   a. to be more than a number or amount, esp. a fixed number
2. a discount  
   b. keeping things in good condition
3. an outlet  
   c. a document giving permission to make or sell something
4. payroll  
   d. giving a new look to something
5. to exceed  
   e. a price reduction
6. a licence  
   f. to be in accordance with established rules
7. turnover  
   g. a collection of things of one kind, such as goods for sale; range
8. a schedule  
   h. a shop that sells products made by a particular company
9. to conform  
   i. to consider and judge carefully
10. maintenance  
    j. a planned list or order of things to be done, dealt with, etc.
11. refurbishment  
    k. the rate at which goods are sold
12. a selection  
    l. a list of workers employed by a company and the amounts paid to each employee

**I. Replace the expressions in italics with the words used in the text.**

1. Much of the success of Japanese business in 1980s has been put down to a management of __________ (mix of values, expectations, styles and practices at company level).
2. __________ (statement showing the financial position of a business at a certain date) shows what the company owns, what the company owes and what belongs to the owners.
3. One of the ways of doing business is __________ (the sale of goods in shops to customers, for their own use and not for selling to anyone else).
4. The reporter managed to get an __________ (limited to one person, group, or organisation; not shared with others) interview with the Prime Minister.
5. There was a tanker carrying milk __________ (in large quantities and not packed in separate containers).
6. The car is available in a wide __________ (a number or collection of different sorts of the same general type) of colours.
7. The work was done under my __________ (the act of keeping watch over [a job or activity, or the people doing it] as a person in charge).
8. They cost $99 in the stores, but the __________ (the business of selling goods in large quantities, especially at low prices) price is $69.
9. __________ (the practice of meeting or contacting other people involved in the same kind of work) is an important activity necessary for improving professional connections.
10. The writer gets a 10% __________ (money paid to the owner of the patent for permission to use a patented design, usually at an agreed percentage of the selling price of the product) on each copy (sold) of his book.
11. We have __________ (given as a share) accommodation to each of the refugees.
12. We need to __________ (arrange [number of things, problems, etc.] in the order they will be dealt with) all these jobs before we can start working on them.
13. To start up the machine you need an _________ _________ (book giving information about how to do something, especially how to use a machine).

II. Explain the following notions: cash and carry, supermarket, superstore, hypermarket, franchising, franchisor, franchisee, people management, time management, networking, administrative work.

Language focus

Make and do

- We use do:

  1. to talk about an activity without mentioning exactly what it is.  
     What is he doing?  
     Are you doing anything special?
  2. to talk about task or work.  
     I haven’t done my homework yet.  
     I saw two workers doing repairs on the bus stop yesterday.
  3. with the determiner (e.g. the, some) + -ing, to talk about activities that are repeated or take some time.  
     The secretary does the typing for us but she doesn’t do the copying.

- We use make:

  1. make means to bring into existence or to produce a result.  
     We made a new design for the product.  
     The company makes cars.
  2. with nouns connected with talking about sounds.  
     I’d like to make an enquiry.  
     Those machines make a big noise.
  3. with nouns connected with travelling.  
     We are making a trip on Sunday morning.  
     We have to make a visit there as soon as possible.

- There are many other expressions with make and do which do not follow these guidelines.  
  It is best to learn these or use a dictionary if you are unsure.

do: good, well, harm, your best, (someone) a favour, an exercise, research, business, etc.
make: arrangements, money, progress, an appointment, an attempt, a choice, start, sure, certain, profit, sense, up one’s mind, redundant, etc.

Practice

1. Which of the following words are used with make, and which with do?

```markdown
<table>
<thead>
<tr>
<th>make</th>
<th>do</th>
</tr>
</thead>
<tbody>
<tr>
<td>a suggestion</td>
<td>a complaint</td>
</tr>
<tr>
<td>business</td>
<td>a speech</td>
</tr>
<tr>
<td>one’s best</td>
<td>a mistake</td>
</tr>
<tr>
<td>a decision</td>
<td>nothing</td>
</tr>
<tr>
<td>a trip</td>
<td>a job</td>
</tr>
<tr>
<td>an exam</td>
<td>a cup of</td>
</tr>
<tr>
<td></td>
<td>the cleaning</td>
</tr>
<tr>
<td></td>
<td>a loss</td>
</tr>
<tr>
<td></td>
<td>an offer</td>
</tr>
</tbody>
</table>
```
2. Complete the following sentences using an appropriate form of make and do and one of the nouns in exercise 1 or in the guidelines.

a/ Mary, can you try to ________ me __________ with my dentist for this afternoon, please?
b/ Dad, can you ________ me __________? I need to borrow a car.
c/ We don’t know what went wrong, but we’re ________ some ______________.
d/ I can’t tell you now, but we expect to ________ __________ early next week.
e/ We spent two days ________ ________ to the warehouse roof after the storm last week.
f/ We ________ a lot of __________ in Japan, and as the profit margin is high, we ________ a lot of __________.
g/ I checked the figures last night and found that I had ________ a lot of __________.
h/ Last year we ________ ________ despite the recession.
i/ ________ workers ________ is never an easy task for a manager.
j/ She ________ ________ that the rope was firmly fastened around her waist.
k/ The customer ________ ________ about the poor quality of frozen food.
l/ A break will ________ you ________.

Vocabulary development: prefixes

The following prefixes give the words opposite meaning.

<table>
<thead>
<tr>
<th>dis-</th>
<th>il-</th>
<th>im-</th>
<th>in-</th>
<th>ir-</th>
<th>un-</th>
</tr>
</thead>
</table>

1. Match the prefixes with the group of adjectives.

a  ______  precise, mobile, patient, possible, personal, probable, mature, polite
b  ______  responsible, regular, relevant
c  ______  appropriate, expensive, competent, correct, direct, essential, efficient
d  ______  manageable, lawful, economical, popular, official
e  ______  organised, connect, proportionate, respectful
f  ______  logical, legible, liberal

Can you work out any rules?

2. Add prefixes to the following adjectives and complete the sentences using each of them only once.

loyal  equal  acceptable  complete  proper  material
literate  legal  resistible  similar  sensitive  rational
a/ On such a hot day, the water was ______________.
b/ It would be ______________ to comment at this stage.
c/ It is ______________ to me whether he stays or goes.
d/ He was accused of being ______________ to the government.
e/ The rooms upstairs are of ______________ size.
f/ Nowadays you rarely meet computer ______________ people.
g/ Such behaviour is totally ______________ in a civilised society.
h/ Your fear seems to be ______________.
i/ These wines are not ______________.
j/ Spoken language contains many ______________ sentences.
k/ The traffic in drugs is ______________.
l/ She is completely ______________ to my feelings.
Unit 5  SETTING UP A BUSINESS

Sole Trader or Sole Proprietor (UK)

This is the simplest way of starting a business. You are self-employed and the only owner of a business. You provide all the capital, bear all the risk, and in return receive all the profits.

Partnership (UK)

This is an unincorporated (unregistered) association of two or more people carrying on business together for the purpose of making a profit. Each partner is responsible for the debts of the partnership, and profits and losses are shared between them in agreed proportions. It is almost always necessary to draw up a formal partnership agreement in which the procedures for running the business and the precise role of each partner are defined.

Private Limited Company (UK)

This company can be formed with a minimum of two people becoming its shareholders. They must appoint a director and a company secretary – a professionally qualified person who carries out the legal duties of the company.

Before a limited company can be officially registered, two important documents have to be drawn up: the memorandum of association and the articles of association.

If the company goes out of the business, the responsibility of each shareholder is limited to the amount that they have contributed – they have limited liability. Such a company has Ltd (Limited) after its name.

In the US, businesses have the same basic forms. Unlike British firms, you will find Inc. after the name of a company. The abbreviation “Inc.” means incorporated (registered) with the authorities in the state where they have their headquarters.

Public Limited Company (UK)

Many larger businesses in the UK are public limited companies. Most of them are converted from private companies. Their business names must end with the initials “plc”. It must have an authorised share capital of at least £50,000, of which at least £12,500 must be paid up. It may offer shares and securities to the public on the stock exchange.

* * *

Setting up a successful business requires careful preparation and planning but also involves a degree of risk-taking. For a new business it is essential to draw up a business plan. It is also drawn up by many businesses, which had passed through a bad period or if they have had a major change of policy. This document sets out the objectives of a business over a stated period, often three, five, or ten years.

It must include the name and the type of the business (a sole trader or proprietor, partnership, etc.), personal details plus relevant work experience, information about the personnel and their job functions, the description of the market, the sort of advertising or marketing intended to be done as well as the necessary premises or machinery or vehicles. There is also a number of other questions that entrepreneurs must ask themselves concerning the products or services that they are going to sell, the structure of the business itself, the competition that
they will face and the sources of finance that they will need to open their new venture. The plan should provide monthly cash flows and production figures for at least first two years. It must also outline its strategy and the tactics it intends to use in achieving its objectives.

Corporate alliances

Because of the increasing competition in the world economy, companies need to strengthen their operations to remain profitable. There is a number of ways how to do this, including the following.

Joint venture

It is a commercial undertaking entered by two or more parties, usually in the short term. Joint ventures often carry on their principal business independently of, and at the same time, as the joint venture. Joint ventures are becoming increasingly common as companies cooperate with each other in international markets, in order to share costs, exploit new technologies, or gain access to new markets. This type of deal allows partners to combine their strengths in one specific area.

Merger

It is a combination of two or more businesses on an equal footing that results in the creation of a new entity formed from the combining businesses. Companies merge for many reasons, for example, to cut costs in particular areas, such as research and development, to increase market share, etc.

Takeover or acquisition

When one business takes control of another, this is known as an acquisition. In most countries the authorities keep strict control of all takeovers and mergers to protect the interests of shareholders.

VOCABULARY

Match the words from the text with their corresponding definitions.

1 Memorandum of Association a person who organises, finances and manages a business that produces and sells goods or services
2 Articles of Association b general term used for all types of shares traded on stock exchanges
3 limited liability c the place in which company does business: an office, shop, work-shop, factory, warehouse, etc.
4 draw up d to use or develop (a thing) fully so as to get profit
5 premises e responsibility for debts up to the value of the company’s share capital
6 exploit f to prepare and put into written form
7 entity g a professionally qualified person who carries out the legal duties of the company
Replace the expressions in italics with the words used in the text.

1. I find it ______________ (more and more all the time) difficult to live within my income.
2. The managing director ______________ (gave a short, general description of something) their responsibilities.
3. The tax increases in ______________ (the compared relationship between two things in regard to size, amount, etc.) to the amount you earn.
4. Starting a new business can be a risky ______________ (business enterprise).
5. The President is elected for a five-year ______________ (fixed or limited period of time).
6. Is this business on a firm ______________ (a particular [stated] kind of position or base)?
7. Writing a cheque is quite a simple ______________ (set of actions necessary for doing something).
8. He agreed to give evidence against the terrorists ______________ (in exchange or as payment [for]) a guarantee of protection.
9. The ______________ (people or organisations that are in charge of a particular country or area) in Cuba refused to allow him to enter the country.
10. On arriving to the USA they ______________ (changed into another form, state, etc.) pounds into dollars.
11. Our business needs very ______________ (exact in form, detail, measurement, time, etc.) calculations.
12. It was meant to be a surprise; I did not ______________ (have a plan for something in one’s mind) you to see it so soon.

Explain the following notions: sole trader, partnership, limited liability company, public limited company, joint venture, merger, takeover or acquisition.

Business skills focus

Giving a presentation

Making a presentation in a foreign language is a complex task, which can be a stressful experience, especially if you have never given a presentation before. These guidelines contain invaluable advice about all aspects of presenting, and include appropriate language to use in order to signpost your talk clearly so that your audience can follow the transitions between the sections.

Voice
The audience must be able to hear and understand what you are saying. Speakers tend to speak too softly, too fast and without pausing or varying the tone of voice. You can practise by speaking about something you know or have an opinion about. Pay careful attention to when you include pauses, volume changes and variations in tone of voice.

**Body language**

Adopting a right body position and using appropriate gestures to show interest, highlight points, and keep your audience’s attention are important factors. Address your audience as “you” as this helps to make both sides feel closer and makes you more relaxed. Remember:

- Make eye contact with the audience, turning your head so that you regularly look at every member of the audience.
- Move around a little if you are standing, and vary the position of your upper body if you are sitting down. Use your hands and arms to provide gestures at appropriate moments.

Generally, presentations can be divided into four parts:

I. **Introduction**  
II. **Preparing the audience**  
III. **Delivering the message**  
IV. **Winding up**

**Useful words and expressions**

I. **Introducing yourself and the talk**

*Good morning, ladies and gentlemen.*  
*My name is ................. and I’m going to give you a presentation on ...  
... and I’m going to be talking about ...*

II. **Preparing the audience**

*I have divided my presentation into X sections / parts ...  
In the first section I’m going to talk (describe, characterise, ...) about /... will be talking about  
Then I’m going to talk (look at, analyse, explain,...) about / ... will be talking about ...  
After that I’m going to talk (...) about / ... will be talking about...  
Finally I’m going to ... / will be ...*

III. **Delivering the message**

*Firstly, ... secondly, ... now I would like to go on to the next point, which is ... , the next section ... , finally ...*

IV. **Winding up**

*Before closing I’d like to summarise the main points:  
To recap,  
To sum up,  
First I was talking about, ... . Then ... . Finally ... .*
In the end, in my opinion, ...
That’s all I wanted to say. Thanks for listening. If you have any questions, I’m ready to answer them.

**Highlighting:**

This is particularly important because...
I’d like to emphasise the fact that...
It should be pointed out that...
I would like to draw your attention to...

**Giving examples:**

For instance...
For example...
such as...
like...

**Asking rhetorical questions**

Do you really think that...?
So, just how can this be achieved?
So, how can this be done?

**Drawing conclusions**

This means that...
Consequently...
Therefore...

**Recommendation:** Use visual aids (charts, tables, transparencies, etc.).

Consider and decide whether to present from notes or from a complete text. What do you think are the advantages and disadvantages of these two approaches to giving a presentation?

**Language focus**

**Expressing contrasts**

There are several ways of expressing contrast in English:

- **although**
- **even though**
- **though**
- **despite**
- **in spite of**

*Although* she joined the company only a year ago, she’s been promoted twice.

*Even though* they loved each other, they decided to part.

*Though* he was only twelve he could run faster than any kid in the school.

*Despite* the recession, they achieved record profits.

*We went out* in spite of the rain.

Some other words expressing contrast:

*I can’t go. Nevertheless, I appreciate your invitation.*

*The company’s sales have fallen slightly. However, this is not a serious problem.*

*Unlike* their commercial rivals, the company has made a big profit.
They want a house, whereas we would like to live in a flat. In contrast to your belief that we will fail, I am confident that we will succeed.

Practice

1. Join the sentence halves below.

A In spite of the present recession, a people aren’t buying them.
B Even though our products are cheap, b they are keeping their prices low.
C Despite rising costs, c we still haven’t reached our target.
D Although profits are increasing, d we can reach our output deadline.
E Despite the fact that our supplies were late, e the long-term outlook is optimistic.

2. Finish each of the following sentences so that it has the same meaning as the sentence printed before it.

A The headquarters of most major Slovak companies are located in Bratislava despite the very expensive rents.
The headquarters of major Slovak companies are located in Bratislava, even though ____________________________________________________________________________.
B Although some European and American management practices are similar, there are many striking differences between them.
Despite ____________________________________________________________________________.
C Despite the increase in their salaries, 60% of Asian workers still spend Saturday at work.
Even though ____________________________________________________________________________.
D Although they have intense work habits, many Japanese socialise quite easily after work.
Despite ____________________________________________________________________________.
E In spite of their dedication to their companies, many employees want more leisure time.
Although ____________________________________________________________________________.
F Although some women are successful in business, the majority of companies are run by men.
In spite of ____________________________________________________________________________.

3. Complete the following sentences with an appropriate expression of contrast.

a The company lost $5 million this quarter ___________ a profit of $4 million a year earlier.
b Some of the studies show positive results, ___________ others do not.
c There is little chance that we succeed in changing the law. ___________, it is important that we try.
d We thought the figures were correct. ___________, we have now discovered some errors.
e ___________ most systems, this one is easy to install.
4. Join the pairs of sentences using the expression of contrast in brackets.

a Young people are concerned about the environment. They can’t always afford environmentally friendly products. (Even though ...)
   Even though

b The company’s sales fell in the 90s. Their reputation for high quality didn’t decline. (In spite of ...)
   In spite of

c Pollution is rising in Prague. People still prefer to travel by cars. (Despite ...)
   Despite

d Many countries organise separate waste collections. Many others don’t. (Despite the fact that ...)
   Despite the fact that

e Most beauty products carry the label ‘against animal testing’. Some of the components may have been tested on animals. (Although ...)
   Although
Companies need to know how they are performing in order to analyse problems, find solutions and make plans for the future. Financial accounts provide information about financial performance. These tell the company not only how much it is selling, or how much revenue it is receiving, but also what its costs are. With this information a company can calculate how much money it has made (profits) or how much it has lost (losses) during a specific period. Listed companies, whose shares are sold on the stock exchange, have to present their accounts to the public in an annual report.

Bookkeeping is the act or skill of keeping the accounts of a business company. It is a part of accountancy by which an orderly record is made in books of account of the money value of all the day-to-day business dealings of a particular organisation. Bookkeepers record every purchase and sale that a business makes, in the order they take place, in journals. At a later date, these temporary records are entered in or posted to the relevant account book or ledger. Of course, the “books” these days are likely to be computer files. At the end of an accounting period, all the relevant totals are transferred to the profit and loss account. Double-entry bookkeeping records the dual effect of every transaction – a value both received and parted with. Payments made or debits are entered on the left-hand (debtor) side of an account, and payments received or credits on the right-hand side. In most business transactions, the seller of goods or services sends the buyer a bill or invoice, and later a receipt acknowledging payment. Businesses are obliged to retain the documents – known as vouchers – that support or prove an item in an account, and make them available to the internal or external auditors who check the accounts. Accountants, unlike bookkeepers, analyse financial records, and decide how to present them.

There are various possible ways of recording debits and credits, valuing assets and liabilities, calculating profits and losses, etc., but there are about a dozen generally accepted accounting principles that accountants must follow to present “a true and fair view” of a company finances.

Companies are required by law to give their shareholders particular financial information. Most companies include three financial statements in their annual report.

The profit and loss account (US statement of earnings) shows revenue and costs and expenses associated with earning that revenue during that time. It gives figures for total sales or turnover and for costs and overheads. The first figure should be greater than the second; there should generally be a profit. Part of the profit is paid to the government in taxation, part is usually distributed to shareholders as a dividend, and a part is retained by the company to finance further growth, to repay debts, to allow for future losses, and so on.

The balance sheet (US statement of financial position) shows the financial situation of the company on a particular date, generally the last day of its financial year. It lists the company’s assets, its liabilities, and shareholders’ funds. A business’s assets consist of its cash investments and property (buildings, machines, and so on), and debts – amounts of money owed by customers for goods or services purchased on credit. Liabilities consist of all the money that a company will have to pay to someone else, such as taxes, debts, interest and mortgage payments, as well as money owed to suppliers for purchases made on credit, which are grouped together on the balance sheet as creditors.

The cash flow statement (US statement of cash flows), as its name suggests, shows the flow of cash in and out of the business between balance sheet dates. If a company has a majority interest in other companies, the balance sheets and profit and loss accounts of the parent company and the subsidiaries are normally combined in consolidated accounts.
VOCABULARY

Match the words from the text with their corresponding definitions.

1 dividend a money that a business or organisation receives over a period of time, esp. from selling goods or services
2 overheads b money spent in business
3 an interest c an amount of money made by business
4 a subsidiary d a book in which transactions are recorded in order that they take place
5 an auditor e a book of accounts
6 credit f an amount entered on the left-hand (debtor) side of an account
7 debit g an amount entered on the right-hand side of an account, recording a payment received
8 a voucher h a list of goods or services received that serves as a bill
9 retain i a single thing, esp. part of a list, group, or set
10 an invoice j a receipt or document that supports or proves an item in an account
11 ledger k an outside financial specialist
12 costs l the expenses involved in running a business, e.g. rent, salaries; operating costs
13 revenue m a part of a company’s profit that is divided among the people who have shares in the company
14 a journal n a company of which more than 50% is owned by a parent company
15 profit o a stake in a business
16 an item p to keep possession of

I. Replace the expressions in italics with the words used in the text.

1. _______ - _______ (system by which each account has two sides, a debit side and credit side, and each transaction is entered twice) is the basic system of modern book-keeping.
2. The cost is being repaid out of government __________ (amounts of money).
3. He was a man with an __________ (well arranged, systematic) mind.
4. The cost of the project will be $3 million, which __________ (takes into consideration) inflation at 4%.
5. Financial statements, which bring together the balance sheets and the profit and loss accounts of parent and subsidiary companies so that the financial affairs of the group can be treated as a whole are referred to as __________ __________.
6. In legal documents quantities are expressed in words and __________ (numbers representing amounts, especially officially published numbers).
7. I have had some __________ (personal or business relations) with him, but I do not know him very much.
8. It is not easy to __________ (give away; stop having) one’s favourite possessions.
9. The government obtains revenue through direct and indirect __________ (an act of paying money to the government according to income, property, goods bought, etc.).
10. The villagers still __________ ([accept and] act according to) the customs of their grandparents.
11. Falling profits _______ (forced or made someone do something) them to close the factory.
12. We must __________ (state that one has received) his letter.
13. Ask the shop for a ___________ (written statement that one has received money or some goods) when you pay the bill.
14. Accountants are obliged to have all the ___________ (directly connected with the subject) documents ready.
15. Most of African countries belong to ___________ (person, group or organisation that owes money) nations.
16. These temporary records are entered in or ___________ (recorded the entries) to the relevant account book.

II. Explain the following notions: profit and loss account, balance sheet, cash flow statement.

Language focus

The passive

Look at the following extracts from the text.

A Bookkeepers record every purchase and sale that a business makes in journals.
B These temporary records are entered in or ___________ to the relevant account book or ledger.

What form is the verb in bold in each sentence?

- We use a passive verb form, when we are more interested in the person or thing (the agent) affected by the action.
  The World Trade Organisation was founded in 1995.
- We use by if we want to mention the agent.
  Companies are required by law to give their shareholders particular financial information.
- There are passive forms of most verb tenses, for example:

<table>
<thead>
<tr>
<th>Tense</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present simple</td>
<td>Every product is checked for quality.</td>
</tr>
<tr>
<td>Present continuous</td>
<td>Nowadays new roads and infrastructure are being built.</td>
</tr>
<tr>
<td>Present perfect</td>
<td>15 000 cars have been sold since the beginning of the year.</td>
</tr>
<tr>
<td>Past simple</td>
<td>In 2004 the corporate tax rate was reduced to 19%.</td>
</tr>
<tr>
<td>Past continuous</td>
<td>The equipment wasn’t being used efficiently.</td>
</tr>
<tr>
<td>Past perfect</td>
<td>“You arrived late. A decision had already been made.”</td>
</tr>
</tbody>
</table>

- After will, can, may, must, should, might, could etc. we use the verb be + past participle.

Practice

I. Change the following sentences into the passive. Omit the agent if it is not important.

1. Customers may return the bottles for refilling.
2. The company does not test its products on animals.
3. They have recently added more than 20 items to their product range.
4. Before the company entered the East European market, it had already established a strong image in America.
5. You should use the product according to the instructions.
6. The company can stop the production immediately.
7. Their competitor introduced special lotion for babies.
8. The producer will make similar films next year.

II. Complete the following passage with the appropriate passive forms of the verbs in brackets.

A new campaign ___________ (launch) at the beginning of this year by the UK government, which aims to reduce the amount of domestic waste. Households ___________ _____________ (encourage) to recycle certain waste products and to sort and prepare others for collection at specific sites. From there they ________________ (take) to special waste treatment plants where special machinery will process them for reuse as recycled material.

In Britain today, when the contents of the average household dustbin _______________ (analyse), we find that, in terms of weight, 36% of the total ________________ (compose) of paper and cardboard, 23% of kitchen waste, 14% of plastics with glass, dust and ashes each representing a further 9%.

Actually, there are only a few items of domestic waste that cannot _____________ (recycle). One example is disposable nappies, which _____________ (design) to be thrown away after use. However, a lot of progress could ____________ (make) to reduce the amount of kitchen waste most of which can ______________ (transform) into a garden fertiliser. Indeed, if more people chose to do this, then the weight of the average dustbin ___________ ___________ (reduce) significantly.

As far as the glass products are concerned, the situation is more encouraging as nearly 20% of all the glass that ________________ (use) every year in the country ______________ (take) back for recycling.

Nevertheless, it is clear that the mountains of domestic waste will only decrease if efforts ____________ (make) both by individual households and local government authorities. Special equipment such as collection trucks must ______________ (purchase) and people must ______________ (make) aware of how they can contribute to improving the situation. This _______________ (achieve) with increasing success in number of regions in Europe during the last few years, a trend that ______________ (expect) to continue in the future.
Vocabulary development: prefixes

Prefixes can sometimes be added to words to change their meaning.

1. Match the following prefixes with their corresponding definitions.

<table>
<thead>
<tr>
<th>Prefix</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>bi-</td>
<td>between; among the group</td>
</tr>
<tr>
<td>equi-</td>
<td>two; twice; double</td>
</tr>
<tr>
<td>ex-</td>
<td>under; below; less important or of lower rank than</td>
</tr>
<tr>
<td>extra-</td>
<td>bad or badly; wrong or wrongly</td>
</tr>
<tr>
<td>inter-</td>
<td>later than; after</td>
</tr>
<tr>
<td>mis-</td>
<td>before; in preparation; in advance</td>
</tr>
<tr>
<td>multi-</td>
<td>bad or badly; wrong or wrongly</td>
</tr>
<tr>
<td>non-</td>
<td>bad or badly; wrong or wrongly</td>
</tr>
<tr>
<td>post-</td>
<td>later than; after</td>
</tr>
<tr>
<td>pre-</td>
<td>before; in preparation; in advance</td>
</tr>
<tr>
<td>re-</td>
<td>bad or badly; wrong or wrongly</td>
</tr>
<tr>
<td>sub-</td>
<td>bad or badly; wrong or wrongly</td>
</tr>
</tbody>
</table>

2. Match the prefixes from exercise 1 with the words below.

<table>
<thead>
<tr>
<th>Prefix</th>
<th>Word</th>
<th>Word</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>bi-</td>
<td>lingual</td>
<td>lingual</td>
<td>-arranged</td>
</tr>
<tr>
<td>equi-</td>
<td>national</td>
<td>national</td>
<td>graduate</td>
</tr>
<tr>
<td>ex-</td>
<td>personal</td>
<td>lateral</td>
<td>understand</td>
</tr>
<tr>
<td>extra-</td>
<td>zero</td>
<td>calculation</td>
<td>marital</td>
</tr>
<tr>
<td>inter-</td>
<td>cultural</td>
<td>contract</td>
<td>print</td>
</tr>
<tr>
<td>mis-</td>
<td>-director</td>
<td>insurance</td>
<td>distant</td>
</tr>
</tbody>
</table>

3. What other words do you know that can be used with these prefixes?
International trade is the exchange of goods and services between countries. Depending on what a country needs and produces, it can import (bring in goods from abroad) or export (send goods out of a country for sale).

Trade in commodities is referred to as visible trade in Britain and merchandise trade in the US. Services, such as banking, insurance, tourism, and technical expertise, are invisible imports. The difference between the amount of money a country pays for its imports and the amount it receives for its exports is called the balance of payments. Unlike the balance of trade, which includes only visible dealings (articles of trade, and gold and silver bars and coins), the balance of payments takes note of invisible imports and exports, interest payments and movements of capital. If the country imports more than it exports, it has a trade deficit. If it exports more than it imports, it has a trade surplus. Most countries have to pay their deficits with foreign currencies from their reserves. Countries without currency reserves can do business by way of barter or counter-trade.

Governments can control international trade. The most important measures are tariffs (or duties) and quotas. A tariff is a tax collected by a government on goods coming into or sometimes going out of the country and the quota is the maximum quantity of a product allowed into a country during a certain period of time. These measures are protectionist as they raise the price of imported goods to “protect” domestically produced goods. The General Agreement on Tariffs and Trade (GATT), concluded in 1994, aims to maximise international trade and minimise protectionism. GATT is based on the comparative cost principle, which means that all countries will raise their income if they specialise in producing commodities in which they have the highest relative productivity. International organisations such as the World Trade Organisation (WTO) and the European Free Trade Association (EFTA) regulate tariffs and reduce trade restrictions between member countries.

Companies can choose from various ways to establish their products in a foreign market. They can start by collaborating with local experts such as sole agents or multi-distributors, who have specialist knowledge of the market and sell on behalf of the company. Gradually, they can open a local branch or sales office. Another option is to sell, or give permission to use, patents and licences for their products. They may wish to start by manufacturing in the export market, in which case they can either set up a local subsidiary or a joint venture with a local partner.

Sales related documents

An order is a request from one firm or individual for supply of goods from another firm. Usually, orders are placed by filling up a pre-printed form. The forms are typically arranged in columns and provide space for a description of the product, the quantity requested, the unit price and the total price.

An essential document in export trade is the commercial invoice or bill. It gives the names and addresses of the seller and the buyer, the dates and numbers of the invoice and the order, a description of each kind of goods bought, the quantity, the price per unit and the total price of each kind, the total price of the goods, the discount allowed and the total amount of the invoice.

The bill of lading (B/L) is a transfer document that is used if the goods are sent by sea. On the other hand, in inland road, rail and air transport the waybill is used.

One way of financing international trade is by a letter of credit (L/C). The foreign buyer transfers money from its bank to a correspondent bank in the exporter’s country. This bank informs the exporter that a letter of credit for a sum of money is available when he
presents a bill of lading or other transfer document, a commercial invoice and an insurance certificate. Another possibility is to pay by a bill of exchange.

**VOCABULARY**

**Match the words from the text with their corresponding definitions.**

1. commodity  
a. to finish arranging an agreement successfully
2. a branch  
b. the local office of a larger organisation
3. barter  
c. a business activity begun by two or more people
4. a measure  
d. an article of trade, esp. a mineral or farm product
5. joint venture  
e. exchanging goods for other goods rather than money
6. place (an order)  
f. to give a person, firm, etc., who can do the needed action
7. collaborate  
g. an action taken to bring about a certain result
8. a bill of exchange  
h. to work together or with someone else, esp. for a special purpose
9. conclude an agreement  
i. a written order instructing someone to pay someone else a certain sum on a given date

**I. Replace the expressions in italics with the words used in the text.**

1. Trade in commodities ___________ (is called, named) as visible trade in Britain.
2. The ___________ (legal document which gives a person or company the exclusive right to make or sell an invention) runs out in three years’ time.
3. The car factory’s output is now up to 12,000 ___________ (single complete things = cars) per month.
4. The foreign buyer transfers money from its bank to a ___________ (bank having regular business relations with another [esp. in a foreign country]) bank in the exporter’s country.
5. He has received a ___________ (a document giving a statement made by an official person that a fact or facts are true) of health.
6. Tariffs and quotas are ___________ (protecting one’s own country’s trade, esp. by tariffs) measures.
7. The employers ___________ (increased in amount, size, etc.) the minimum wages by 5%.
8. The government has two ___________ (number of courses of action that are possible and may be chosen): to reduce spending or increase taxes.
9. The company has applied to court for ___________ (formal act of allowing: written or spoken agreement) to renegotiate the contract.
10. The ___________ (considered as a complete amount) number of bicycles produced last year amounted to 200,000.

**II. Explain the following notions: import, export, balance of payments, balance of trade, trade deficit, trade surplus, tariffs (duties), quotas, order, invoice, bill of lading, letter of credit and waybill.**
**Language focus**

**Describing graphs**

Here are the words and phrases you need to talk about trends using graphs. Make sure you can translate these into Slovak.

<table>
<thead>
<tr>
<th><strong>UP – verbs</strong></th>
<th>increase</th>
<th>rise</th>
<th>improve</th>
<th>grow</th>
<th>go up</th>
</tr>
</thead>
<tbody>
<tr>
<td>take off</td>
<td>soar</td>
<td>shoot up</td>
<td>jump</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>DOWN – verbs</strong></th>
<th>fall</th>
<th>drop</th>
<th>go down</th>
<th>decrease</th>
<th>decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>slump</td>
<td>plummet</td>
<td>slip</td>
<td>shrink</td>
<td>tumble</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>UP – nouns</strong></th>
<th>an increase</th>
<th>a rise</th>
<th>an improvement</th>
<th>a growth</th>
<th>a surge</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>DOWN – nouns</strong></th>
<th>a fall</th>
<th>a drop</th>
<th>a decline</th>
<th>a decrease</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>CHANGE IN BOTH DIRECTIONS – a verb &amp; a noun</th>
<th>fluctuate</th>
<th>a fluctuation</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>NO CHANGE – verbs</th>
<th>level off</th>
<th>stagnate</th>
<th>remain stable</th>
<th>stay at the same level</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>AT THE TOP – verbs</th>
<th>reach a peak</th>
<th>peak</th>
<th>top out</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>AT THE BOTTOM – verbs</th>
<th>reach a low point</th>
<th>bottom out</th>
<th>recover</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>DEGREE OF CHANGE</th>
<th>Adjectives: slight</th>
<th>moderate</th>
<th>considerable</th>
<th>significant</th>
<th>substantial</th>
<th>dramatic</th>
<th>sharp</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Adverbs:</th>
<th>slightly</th>
<th>moderately</th>
<th>considerably</th>
<th>significantly</th>
<th>substantially</th>
<th>dramatically</th>
<th>sharply</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>SPEED OF CHANGE</th>
<th>slow</th>
<th>gradual</th>
<th>steady</th>
<th>rapid</th>
<th>quick</th>
<th>sudden</th>
</tr>
</thead>
</table>

**NOTE:**  
*Rise* is an irregular, intransitive verb. Things can rise, but you cannot rise something.

*Raise* is a regular, transitive verb. People raise things. As well as *to increase* – to cause to rise – *raise* has lots of other meanings, including *to collect capital, to bring up children*, etc.
1. Join expressions from each box to make sentences about the graph.

Sales reached a peak of in December 2004.
Sales plummeted in January.
Sales fluctuated from in February.
There was a slight growth in March.
Sales levelled off at about $9 million in April.
Sales remained stable from April to May.
There was a moderate increase to $9.3 million in June.
Sales dropped by almost $1 million in July.
There was an upturn again in August.
Sales rose dramatically June to September.
Sales decreased gradually in September.
Sales fell sharply to $3.9 million in October.
Sales bottomed out at $3.5 million.
There was a sudden surge in November.
Sales stood at $5.1 million almost $11 million.

NOTE: Remember the prepositions in bold type!
2. Practise the expressions using current graphs illustrating sales, exports, imports, inflation, unemployment, exchange rates, crude oil prices, etc.
Unit 8  TAXATION

It is a compulsory transfer of money from private individuals, institutions and commercial enterprises to finance government expenditure. It can be levied upon wealth or income or in the form of surcharge on prices. In the first case it would be then called a direct tax and in the second an indirect tax.

Direct taxes

Taxes which have to be paid by the taxpayer direct to the government, such as income tax, capital gains tax, or inheritance tax are direct taxes.

The tax in wages and salaries (and business profits in the US) is called income tax. It is reimposed annually and is assessed and collected by the Board of Inland Revenue. It is charged at a rate known as the standard rate, to which are added graded increases of rate, called the higher rates, for higher taxable incomes. Persons receive certain allowances, which reduce the amount of tax that they pay. Tax relief is a tax-free amount allowed in calculating a taxpayer’s taxable income, e.g. life insurance premiums, etc. (In Slovakia, 19% flat rate is applied, i.e. a simple income tax at one fixed rate at all levels of income.) A statement, which every taxpayer must by law make once a year, stating his income during the past tax year, and claiming allowances from taxable income is called a tax return.

Capital gains tax is charged on a gain (profit) resulting from the sale of an asset by a private taxpayer. (The tax is not charged on the gain made from the sale of a person’s home, car, personal possessions sold for less than a certain sum of money, etc.)

Inheritance tax was introduced in Britain in 1986 to replace capital transfer tax. It is charged on the value of property transferred at death to an heir, and on the value of gifts made during the giver’s lifetime. The rate of tax charged usually depends on the amount inherited and, in some countries, on the closeness of the relationship of the heir to the dead person, being low if the heir is close relation such as the spouse or a child.

In Britain the tax on business profits is called corporation tax. It is charged on the whole of the net trading profit of a company, whether they are paid as dividends or kept as reserves.

Indirect taxes

Property taxes, sales taxes, customs duties on imports and excise duties are indirect taxes.

Property tax is a tax charged on the value of real property, i.e. land and buildings.

Value-added tax (VAT) is a form of general sales tax charged as a percentage of the selling price of an article or commodity. It is added to the invoice at each stage of production and distribution, from manufacturer to wholesaler and retailer.

A government tax on certain goods and commodities such as a wide range of imports and some exports is called customs duty or tariff; on some home-produced things, such as alcoholic drinks and tobacco products, petrol and fuel oil, this tax or levy is called excise duty.

Action taken to avoid having to pay tax unnecessarily, using means that are not illegal is called tax avoidance. Using illegal means (e.g. making false declarations) of avoiding payment of a tax is called tax evasion.

Tax rates differ greatly among countries and corporate tax rates vary among industrialised nations. Less developed countries usually have lower corporate tax rates in order to attract foreign investment.
While taxation might create barriers to firms engaged in or seeking export or import trade, incentives may help to expand industry. Investment incentives differ from country to country and can take different forms.

- **Tax holiday.** A stated period of years during which a producer who sets up a new industrial unit enjoys the advantage of paying no tax on part or the whole of his profits.
- **Tax deductions.** Most incentives relate to tax-deductible items. Some countries allow 100% depreciation on machinery in the year of purchase, while others grant accelerated depreciation.
- **Cash grants.** Some countries offer them and often tie them to the number of jobs created and to the location of the investment.
- **Other incentives** of a monetary nature may include training allowances and research subsidies, low interest loans, etc.

Global expansion of import and export trade has created a number of taxation problems. Taxation that falls on the same source of income in more than one country is called **double taxation.** Such a situation happens when the same tax base, e.g. personal income, is taxed more than once. To avoid such situations a large number of treaties (double taxation agreements) have been concluded between countries to ensure that their own residents are not doubly taxed.

Multinational companies often establish their headquarters in low-tax countries such as Monaco, Liechtenstein, the Cayman Islands, and the Bahamas, known as tax havens. In the case of individuals, the cost of the tax saving is usually residence in the tax haven for a major part of the year.

**VOCABULARY**

Match the words from the texts with their corresponding definitions.

1. allowance a. an amount charged in addition to the usual amount or the amount already paid
2. a subsidy b. a charge or payment fixed according to a standard scale
3. premium c. something which encourages one to a greater activity
4. to claim d. to establish an additional payment officially
5. to grant e. to give someone something they have asked for
6. to impose f. to ask money for something
7. to charge g. to ask for, take or state that one should have (something to which one has a right)
8. treaty h. the fact of falling in value
9. rate i. money that is paid by government to make prices lower, reduce the cost of producing goods
10. an incentive j. the amount of money that you pay to insure something
11. depreciation k. a formal agreement between two or more countries
12. surcharge l. something, esp. money, provided regularly for a special purpose
I. Replace the expressions in italics with the words used in the text.

1. Government _______________ (spending or using up) on education is rising.
2. The king’s eldest son is the ____________ (the person who has the legal right to receive the property or title of another person, when that person dies) to the throne.
3. The opposition criticised the new airport as a waste of ____________’ (any persons or organisations that have a legal duty to pay tax) money.
4. The government department that collects direct taxes on income is called the __________

5. After entering the EU Slovakia started to ____________ (demand and collect officially) a higher tax on tobacco.
6. The quality of their products never ____________ (is different, becomes different, changes); it is always excellent.
7. In the shop there was a complete _____________ (set of different objects of the same kind; selection) of gardening tools.
8. Fill in your ________’s (person’s partner’s in marriage; husband’s or wife’s) name here.

II. Explain the following notions: income tax, tax relief, tax return, flat rate, capital gains tax, inheritance tax, corporation tax, property tax, value-added tax (VAT), customs duty or tariff, excise duty, tax avoidance, tax evasion, tax holiday, tax deductions, cash grants, double taxation and tax havens.

Language focus

First and second conditional

• We use the first conditional to talk about the consequences of something which may possibly happen in the future.

If you invest your money in agriculture, you will obtain state subsidies.
We’ll give you 7 per cent discount if you pay by cash.

Note that we use a present tense in the if-clause, and future tense in the main clause.

• We use the second conditional to talk about something which we think is unlikely to happen, or to refer to an imaginary situation.

What would you do if you lost your job?
If I had more money, I would buy more equipment.

• When the verb to be is used in the if-clause, we sometimes use were instead of was, especially after I.

If I were you, I would sell the shares.
Practice

1. Decide which of these things may happen to you and which are unlikely to happen. Write sentences using appropriate verb forms.

   a If / go abroad next summer / go to America.
   b If / need money / ask my parents.
   c If / fail all exams / go to University of Economics.
   d If / go on holiday / take out health insurance.
   e If / have an opportunity to study abroad / choose (not) the Czech Republic.
   f If / not back by 11 p.m. / stay in the hotel.
   g If / earn more / spend more.
   h If / order the flight tickets / pay less.
   i If / the letter of application be not well written and presented / make a poor impression.
   j If / make a poor impression on your English teachers / not get good references from them.

2. Read each statement and use the information to complete the sentence that follows it by putting the verbs in brackets into the appropriate conditional form.

   a One of your clients has written to you applying for a mortgage. However, she has not included enough information about her financial situation.
      If you ____ (have) complete information, you ______________ (be able to) make a decision.

   b A bank representative has just refused your request for a $3,000 loan because you do not have enough money in your savings account.
      If you ____ (have) more money on deposit, the bank ______________ (lend) you the $3,000.

   c You have recently applied for a transfer from your present job in Vienna to another position with the company’s Czech subsidiary.
      If your application ____ (be) successful, you ____________ (have to) move house to Prague.

   d A friend has invited you to join him as a business partner. You feel that you do not have enough experience.
      If you ____ (have) more experience, you _______________ (accept) his offer.

   e You have been instructed how to give presentations on selected topics.
      If you ___________ (keep) to the guidelines, you ________________ (get) good marks.

   f One of your business clients has just informed you that he is prepared to change banks unless you arrange more favourable credit terms.
      If you ______________ (not provide) him cheaper credit, you _______________ (lose) him.

Zero conditional

Zero conditional sentences refer to ‘all time’, not just the present or future. They express the situation that is always true. *If* means *when* or *whenever*.

*If it freezes* hard the rivers and lakes *are* covered with ice.
*If you spend* over $50 at that shop, you *get* a 5 per cent discount.
The Stock Exchange is an organised market place where shares or stocks are bought and sold under fixed rules. Companies can raise money on the stock market or stock exchange in two different ways.

They can issue shares (US stocks) to institutional investors or the general public. Another name for stocks and shares is equities, because all stocks or shares of a company – or all those of a particular category – have an equal nominal value. Companies generally use a bank to underwrite the issue. This operation is not free. In return for a fee, the bank guarantees to purchase the security issue at an agreed price on a certain day in case there are no buyers for it. When an investor buys a share, using the services of a specialist company or broker, he or she becomes a shareholder (US stockholder) and owns a part of a company. Shares generally entitle their owner to vote at companies’ General Meetings, to elect company directors and receive a dividend – a proportion of a company’s annual profits. A dividend is expressed either as a percentage, or as a part of a pound/dollar, etc., e.g. pence/cents per share.

Companies can also borrow money from investors by issuing bonds – loans for fixed periods with fixed interest rates. Long-term government bonds or gilt-edged securities are securities with fixed interests bearing little or no risk of non-payment. The term securities refers to both shares and bonds.

The New York Stock Exchange (NYSE), is the largest stock exchange in the world (by dollar volume) and second largest by number of listings. Its share volume was exceeded by that of NASDAQ during the 1990s, but the total market capitalization of companies listed on the NYSE is five times that of companies listed on NASDAQ. (The NYSE agreed to merge with the fully electronic stock exchange Archipelago Holdings in late April 2005.)

The NYSE trades in a continuous auction format. There is one specific location on the trading floor where each listed stock trades. Exchange members interested in buying and selling a particular stock on behalf of investors gather around the appropriate post where a specialist broker, who is employed by a NYSE member firm (that is, he/she is not an employee of the New York Stock Exchange), acts as an auctioneer in an open outcry auction market environment to bring buyers and sellers together and to manage the actual auction. Most of the time natural buyers and sellers meet in a market that provides efficient price discovery in an auction environment that is designed to produce the fairest price for both parties. The human interaction and expert judgement as to order execution differentiates the NYSE from fully electronic markets. However, in excess of 50% of all order flow is now delivered to the floor electronically. Recent proposals have been made to adopt a Hybrid market structure combining elements of open outcry and electronic markets.

NASDAQ (originally an acronym for National Association of Securities Dealers Automated Quotations) is a U.S. electronic stock market.

NASDAQ allows multiple market participants to trade through its electronic communications networks (ECNs) structure, increasing competition. The Small Order Execution System (SOES) is another NASDAQ feature, introduced in 1984, to ensure that in 'turbulent' market conditions small market orders are not forgotten but are automatically processed. With approximately 3,200 companies, it lists more companies and, on average, trades more shares per day than any other stock exchange in the world. It is home to companies that are leaders across all areas of business including technology, retail, communications, financial services, transportation, media and biotechnology. NASDAQ is the primary market for trading NASDAQ-listed stocks.

The Financial Times-Stock Exchange (FT-SE) 100 Share Index (known as the “Footsie”) records the average value of the 100 leading British shares, and is updated every
minute. The most important US index is the Dow Jones Industrial Average (DJIA). The NASDAQ-100 Index includes 100 of the largest domestic and international non-financial companies listed on The NASDAQ Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain financial companies including investment companies. The NASDAQ-100 Index is calculated under a modified capitalization-weighted methodology.

All these three indices show the movement of prices and yields.

VOCABULARY

Match the words from the text with their corresponding definitions.

1. to raise  a. to add the most recent information to something
2. to issue  b. to treat or deal with, esp. by means of an established system
3. a share  c. the way in which something is organised
4. to underwrite  d. to give someone the right to do something or have something
5. fee  e. fml. the carrying out, performance, or completion of an order, plan, or piece of work
6. broker  f. one of the equal parts into which the ownership of a company is divided
7. auction  g. payment for professional or special services
8. gilt-edged securities  h. securities paying a small rate of interest but unlikely to fail, and therefore considered safe
9. to entitle  i. to support with money and esp. take responsibility for possible failure
10. execution  j. to put into circulation
11. to update  k. to collect together
12. open outcry  l. an agent who advises his clients of what investments to make in buying and selling shares
13. to process  m. a public meeting at which valuables are sold to the person who offer the most money
14. a format  n. a method of trading by voice, when each dealer in the market calls out the commodities he wishes to sell or buy, and the price

I. Replace the expressions in italics with the words used in the text.

1. The New York Stock Exchange does not have the largest number of ____________ (the states of being included in a list, esp. of companies whose shares are traded).
2. NATO is one of the most famous ____________ (words made up from the first letters of the name of something) in the world.
3. This year’s profits were ____________ (more than) a million pounds.
4. This is a book ____________ (planned or developed for a certain purpose or use) mainly for use in colleges.
5. This company does not ____________ (see or express the difference between; distinguish) between men and women – everyone is paid the same rate.
6. We have experienced a ____________ (having a restless or uncontrolled quality) period of history.
7. The design has been ______________ (changed – a plan, a condition, the form or quality of something – esp. slightly) to improve fuel consumption.

8. We ______________ (took and used as one’s own) their production methods.

9. Britain has built up her wealth by ______ (buying and selling goods) with other countries.

10. They have collected money ____________ (for, in the interest of) the blind.

11. He is a man of ________________ (having many parts or elements) interests.

12. A market analyst published his ________________ (opinion) in the Financial Times yesterday.

13. What’s your ________________ (of or for one year) salary?

14. A crowd ________________ (came together) to see what had happened.

15. Now that the problem has been identified, ________________ (rightly belonging to, correct for the particular circumstances) action can be taken.

16. You need some ________________ (relating to or involving detailed knowledge or specific focus within a field) advice.

17. The market provides efficient price ________________ (presentation) in an auction environment.

II. Explain the following notions: equities, shareholder, bonds, FT-SE 100 Share Index.

Language focus

Third conditional

• We use the third conditional to talk about actions or events which did not happen in the past, but which could have happened.

If you had invested money on the Stock Exchange, you would have lost a lot of money.

Note that we use the past perfect tense in the if-clause, and would have + past participle in the main clause.

NOTE
It is possible for each of the clauses in a conditional sentence to have a different time reference, and the result is a mixed conditional.

If we had bought a map (we didn’t), we would know where we are (we don’t).

Practice

1. Put the verbs in brackets in the correct tense to form either the third or a mixed conditional.

   a If we ________________ (take) proper measures on time, we ________________ (not go) bankrupt.

   b If we ________________ (hire) more personnel we ________________ (expand) faster.

   c If he ________________ (work) harder he ________________ (obtain) higher pay.

   d If I ________________ (know) anything about cars, I ________________ (repair) my own car last month.

   e If the inflation ________________ (not rise) over the last months, the National Bank ________________ (not raise) the interest rates.

   f If Slovakia ________________ (not join) the EU, we ________________ (not use) their funds.
g If you ___________________ (open) a savings account with more than $10,000, you ______ (receive) 3% interest.

h If they ______________ (not take out) a mortgage, they _________________ (not live) in that flat.

i If you ___________ (not sell) your shares in 2001, you ______________ (receive) dividends.

j If you ______________ (borrow) the money from your parents you __________________ (not have to pay) interest.

Vocabulary development

Phrasal verbs 1

1. Match the phrasal verbs on the left with the expressions on the right.

1          account for   a continue, esp. in spite of an interruption, etc.
2          back up   b take action about
3  break down   c get rid of people or things of unacceptable quality
4  call off    d prepare plans or documents
5  carry on   e reject
6  carry out   f fail
7  catch on   g invent a story, esp. in order to deceive
8  deal with   h be a particular amount of something
9  draw up   i support
10 find out   j draw attention to
11 give up   k become popular
12 make up   l stop doing or having something
13 point out   m establish
14 set up    n perform, do
15 turn down   o cancel
16 weed out   p get some information, discover

2. Complete the sentences below using the phrasal verbs in their correct forms from exercise 1.

1. Our company has enough reserves to ___________________ such a situation.
2. They criticised our last Annual report and _________________ a lot of untrue stories.
3. The company has to _________________ cost and sales analyses of the entire product line and then _________________ poorly performing products.
4. About 20% of firm’s products _________________ most of its sales.
5. The managers probably won’t _________________ without fight, but they have no choice.
6. The chief financial officer _________________ our budgets and asked us to _________________ new ones. And what’s worse, the production people _________________ him ______.
7. Peugeot _________________ a company in Slovakia.
8. The meeting has been _________________ because several people are unable to attend.
9. May I _________________ that if we don’t leave now we will miss the bus?
10. It is a popular style in Britain, but it will never _________________ in America.
11. The negotiations _________________ without any agreement being reached.
12. Nobody could _________________ how to operate the machine.
13. We can _________________ our discussion after lunch.
Skills focus

Reading

Read the following authentic headlines as well as the news section and decide in each case whether they reflect a good or poor performance of the company. You may need a dictionary to help.

Big 3 auto sales slump
3:52pm: U.S. sales tumble in June; GM sees nearly 26 percent decline. (more)

Manufacturing growth slower than expected
11:17am: ISM's monthly gauge comes in at 53.8, below the 55.0 expected by economists. (more)

Surprise drop in construction: report
10:12am: Homebuilding dropped 0.4 percent - double analysts' predictions, sign of a cooling market. (more)

Nissan board OKs talks with GM
9:45am: Directors approve discussions on an alliance with General Motors and Renault. (more)

Wal-Mart sales near low end of forecasts
6:16am: No. 1 retailer's 'same-store' sales rise 1.2 percent; higher gasoline prices weigh on customer spending. (more)

MORE NEWS
- Merge Tech CEO, CFO resign; shares plummet
- Report: CEOs flood back to the Big Apple
- Paulson gets $18.7M Goldman bonus
- Hedge funds fall flat in June
- Personal income, spending higher in May
- Kerkorian steps up the pressure | Stock soars
- Shake-up fails to rouse Airbus parent
- Cendant to sell travel unit for $4.3B
- Scrushy, former Alabama governor found guilty
- NYSE revamps trading fees
- Paper backs off Verizon, BellSouth story

This is the list of sectors in which stocks / shares are arranged.

Stock Sectors

<table>
<thead>
<tr>
<th>Aerospace &amp; Defense</th>
<th>Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airlines</td>
<td>Financial</td>
</tr>
<tr>
<td>Automotive</td>
<td>Materials</td>
</tr>
<tr>
<td>Biotechnology</td>
<td>Media &amp;</td>
</tr>
<tr>
<td>Consumer</td>
<td>Entertainment</td>
</tr>
<tr>
<td></td>
<td>Pharmaceuticals</td>
</tr>
</tbody>
</table>
Many media have a financial section, which includes information about the share prices of listed companies. This information enables you to follow the progress of any shares that you own or may be thinking of buying.

**Change**  This shows how much the closing price of the share changed in comparison with the previous day’s closing price. For example Barclays closed 1.50 pence higher than the previous day.

**Offer**   The price at which the seller is willing to sell.

**Bid**   The price at which the intending buyer is willing to buy a stock or share.

**Stock name**   The name of the share / stock.

**High / Low**   These columns show the highest and lowest prices (in pence) for the shares during the current year.

**Close**   The last market price of a security late in the afternoon of the particular day.

**Open**   The market price of a security early in the morning of the particular day.

**Volume**   The total number of shares traded on the Stock exchange on a particular day.

**Mid**   The middle market price, i.e. the price halfway between the bid price and the offered price.
Insurance is designed to provide a sum of money to compensate for any losses or damage suffered as a result of a risk that has been insured against in a specific insurance policy, such as fire, accident, theft, loss, damage, injury or death. People pay premiums to insurance companies, which use the money to indemnify those who suffer loss or damage, etc. Some people also use insurance policies as a way of saving. Life assurance policies usually pay a certain sum on a specific date - for example, when a person retires, or earlier if the person dies.

Insurance companies, like pension funds, are institutional investors that place great amounts of money in various securities: shares, bonds, government bonds, etc. Insurance companies generally employ their own agents who sell insurance to customers, but there are also brokers who work with several companies, selling insurance in return for a commission. If a particular insurance company considers that the risk it has underwritten is too big, it might share the business with other companies, by way of reinsurance, i.e. taking responsibility for a fixed part of any loss, and receiving a like proportion of the premiums.

Lloyd’s of London is a unique international insurance market. It is a corporation of underwriters and insurance brokers. Lloyd’s itself does not underwrite insurance business; all its business comes to it from some 260 Lloyd’s brokers, who are in touch with the public, and is underwritten by some 279 syndicates of Lloyd’s underwriters, who are approached by the brokers and who do not, themselves, contact the public.

Approximately 20,000 Lloyd’s underwriters must each deposit a substantial sum of money with the corporation and accept unlimited liability before they can become members. The members or “names” are grouped in syndicates. They share in the profits or losses of the syndicates and provide the risk capital. Lloyd’s brokers look for the best quotation on behalf of their clients.

There are many kinds of insurance contracts, all of which fall within one or other of the four main classes: accident, fire, life and marine. In the following section we will deal with only a few of them.

Motor vehicle insurance

It is a special section in the accident insurance class covering the owner of a motor vehicle against damage or loss due to an accident, fire, theft, etc.

Theft insurance

It includes policies insuring against loss where the main risk is from stealing, such as all-risk policies, money policies, and sometimes policies for business premises and private houses.

Third party insurance

Third party is a party, who is not one of the parties who make a contract, but who is intended to benefit under the contract if he/she suffers loss or injury as the result of some negligent act of the insured. The first and second parties to an insurance contract are the insurer and the insured; a third party is a person whom a legal liability is owed.
Liability insurance

A group of policies that protect the insured person against his liability to pay compensation for bodily injury, sickness or death or for damage to property. Such liability may arise esp. in the use of motor vehicles, the exercise of profession (such as medicine and law), the running of a business (employer’s liability, etc.) and in private life.

Life insurance (or assurance)

This insurance relates to an inevitable event, i.e. one that must happen at some time, such as person’s death, or the date he/she reaches a certain age.

Why buy life insurance? The main reason for insuring your life is to replace an income you are generating that someone else relies on. The most common case is a one- or two-earner family with young children. If an earner dies, life insurance can enable the survivors to go on without having to make financial sacrifices.

Life insurance can also pay for one-time costs that are connected with death, such as funeral and burial costs, administration costs (e.g., for probate and transferring title to property to the heirs), estate and inheritance taxes, and outstanding debts (such as final medical expenses not covered by health insurance).

Annuity insurance

Life spans in the United States have been increasing for over a hundred years. It is now common for people who reach retirement age to live 20 years or more in retirement, most of those years in good health. It’s good to live a long and full life, but you want to be sure that your income lasts as long as you do, and its purchasing power is as strong as you are. How can you manage the risk of “outliving your assets”?

Annuities are a unique financial product that, along with Social Security, employer pensions and other assets, can enhance your retirement security.

VOCABULARY

Match the words from the text with their corresponding definitions.

1 a risk a the legal process of deciding that someone’s will has been properly made and can be carried out
2 a policy b the legal right to ownership or possession
3 span c the use of the stated power or right
4 to indemnify d to take responsibility for fulfilling an insurance agreement
5 to underwrite e to speak to someone, esp. in order to make a request or suggestion for the first time
6 a quotation f a contract with an insurance company
7 exercise g a fixed sum of money paid each year to a person for a stated number of years or until death
8 probate h a length of time over which the stated thing continues or works well
9 title i the calculated cost of a piece of work or a service
10 annuity j the dangers inherent in business and life
11 to approach k to pay someone for loss, hurt, or damage
12 outstanding which cannot be avoided or prevented from happening; certain to happen
13 inevitable not yet done, settled, or paid

I. Replace the expressions in italics with the words used in the text.

1. Our companies formed a __________ (group of companies combined together for a particular purpose, usu. business) to get the big new contract.
2. In this business you need __________ (connected with ship or trade at sea) insurance.
3. They made __________ (large enough to be noticeable or have an important effect) changes to the arrangements.
4. The report said the doctor had been __________ (not taking enough care) in not giving a full examination.
5. My house is __________ (protected by a contract to pay money to someone if something, esp. misfortune, happens to them) fire.
6. This computer programme will __________ (cause to exist; produce) a list of random numbers.
7. His family insisted he should be given a proper __________ (the act or ceremony of putting a dead body into a grave).
8. The building has been insured against __________ (the crime of taking someone else’s property from a place).
9. These small businesses have __________ (gained advantage, profited from /as a result of something) greatly from the fall in interest rates.
10. Good secretarial skills should __________ (increase in strength or amount) your chances of getting a job.
11. When her will was published, we were surprised at the size of her __________ (the whole of a person’s property, esp. as left after death).
12. Some unexpected difficulties have __________ (come into being or begun to be noticed).
13. His parents made a lot of __________ (facts of giving up something important or valuable, esp. for what is believed to be a good purpose) to make sure he got a good education.

II. Explain the following notions: motor insurance, theft insurance, third party insurance, liability insurance, life insurance, annuity insurance.

Language focus

Reported speech

Notice how the tenses change in the following examples.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>“Who do you work for?”</td>
</tr>
<tr>
<td>2</td>
<td>“We are reviewing the prices.”</td>
</tr>
<tr>
<td>3</td>
<td>“My business went bankrupt.”</td>
</tr>
<tr>
<td>4</td>
<td>“Have you sent us the order?”</td>
</tr>
<tr>
<td>5</td>
<td>“I’ll give you a discount of 10%.”</td>
</tr>
<tr>
<td>6</td>
<td>“Can you check the receipts?”</td>
</tr>
</tbody>
</table>
Practice

1. Report the following statements and questions.

1. “I have never been to America,” she said to me. She told me _______________________.
2. “Lunch is served between 11.00 and 14.00.” The receptionist said that ____________________________ between 11.00 and 14.00.
3. “I can’t help you.” She said ________________________.
4. “I went to London last summer.” He boasted ________________________________.
5. “The play will be interesting.” I thought ________________________________.
6. “You shouldn’t smoke!” the doctor said. The doctor told me that ________________________________.
7. “Where do you live?” They asked me ____________________________.
8. “How can I get to the airport?” I asked the policeman ____________________________.
9. “Where is the bank?” I asked local people ____________________________.
10. “Did you send them a postcard?” She asked me if ____________________________.

2. Below are the answers given by car drivers during a market research survey about their experience of buying fuel. Write the drivers’ answers in reported speech.

1. I did so at least three times.
2. I am satisfied with the services provided.
3. I would like to see improvements in certain areas in the future.
4. I would feel more relaxed if I didn’t have to do the work of refuelling my cars by myself.
5. I rarely have the oil checked.
6. I have never complained about a low quality of petrol.
7. The price influences my decision most.
8. I clean my windscreen or check the air pressure.
9. I have been refuelling at this petrol station for 2 years.
10. I am going to pay cash.

What were the questions?

3. The following sentences are extracts from a speech given by Arthur Burns, the Marketing Manager of West Tobacco Products, at a meeting with members of his department. Put each one into reported speech using the verbs in brackets.

a/ “Let me refresh your memories about the importance of the Asian market.” (remind)

b/ “I believe that China can be the world’s most lucrative market.” (claim)

c/ “That is why we established manufacturing joint ventures there.” (explain)

d/ “Another point about the Chinese market is that the industry is dominated by China’s state tobacco monopoly.” (add)

e/ “Furthermore, China is planning to ban cigarette advertising in the media.” (announce)
f/ “I would say that the reason for the ban is that China wants to respect international standards more.” (think)

---

g/ “I guarantee that the department has already looked into other alternatives to advertising. (promise)

---

h/ “I have to make you aware of the danger of this law.” (warn)

---

**Vocabulary development**

**Phrasal verbs 2**

Three-part phrasal verbs are transitive (followed by an object) and consist of a verb, an adverb particle and a preposition.

Replace the words in italics with three-part phrasal verbs. Use a word from each box in the correct form.

<table>
<thead>
<tr>
<th>come (2 x)</th>
<th>out</th>
<th>for (2 x)</th>
</tr>
</thead>
<tbody>
<tr>
<td>catch</td>
<td>down</td>
<td>to</td>
</tr>
<tr>
<td>miss</td>
<td>away</td>
<td>with (3 x)</td>
</tr>
<tr>
<td>cut</td>
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<td>on (2 x)</td>
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<td>look</td>
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<td>make</td>
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</tbody>
</table>

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a I’m very ____________ *(excited about, expecting with pleasure)* retiring next year.

b The director has ____________ *(received)* a lot of criticism lately.

c If we don’t submit an offer, we may ____________ *(fail to benefit from something useful)* a good opportunity.

d The airline has ____________ *(thought of, produced, created)* a novel solution to the problem of jet-lag.

e Nothing can ____________ *(compensate for with something good)* missing such a good chance.

f The doctor told him to ____________ *(reduce the amount or size of something)* smoking.

g The government ____________ *(caused to end, stopped having or doing something)* free school meals.

h At the moment our technology is more advanced than theirs, but they are ____________ ____________ us *(coming up from behind and reaching the same level as)* fast.
Skills focus

Reading

GLOSSARY OF INSURANCE TERMS

There are a great many insurance terms. The selected ones are arranged in alphabetical order.

ACTUARY
An insurance professional skilled in the analysis, evaluation, and management of statistical information. Evaluates insurance firms’ reserves, determines rates and rating methods, and determines other business and financial risks.

ADJUSTER
An individual employed by a property/casualty insurer to evaluate losses and settle policyholder claims. These adjusters differ from public adjusters, who negotiate with insurers on behalf of policyholders, and receive a portion of a claims settlement. Independent adjusters are independent contractors who adjust claims for different insurance companies.

AGENT
Insurance is sold by two types of agents: independent agents, who are self-employed, represent several insurance companies and are paid on commission, and exclusive or captive agents, who represent only one insurance company and are either salaried or work on commission.

ANTITRUST LAWS
Laws that prohibit companies from working as a group to set prices, restrict supplies or stop competition in the marketplace. The insurance industry is subject to state antitrust laws but has a limited exemption from federal antitrust laws. This exemption, set out in the McCarran-Ferguson Act, permits insurers to jointly develop common insurance forms and share loss data to help them price policies.

APPRAISAL
A survey to determine a property’s insurable value, or the amount of a loss.

ARBITRATION
Procedure in which an insurance company and the insured or a vendor agree to settle a claim dispute by accepting a decision made by a third party.

ARSON
The deliberate setting of a fire.

AUTO INSURANCE POLICY
There are basically six different types of coverages. Some may be required by law. Others are optional. They are:

1. Bodily injury liability, for injuries the policyholder causes to someone else.
2. Medical payments or Personal Injury Protection (PIP) for treatment of injuries to the driver and passengers of the policyholder’s car.
3. Property damage liability, for damage the policyholder causes to someone else’s property.
4. Collision, for damage to the policyholder’s car from a collision.
5. Comprehensive, for damage to the policyholder’s car not involving a collision with another car (including damage from fire, explosions, earthquakes, floods, and riots), and theft.
6. Uninsured motorists coverage, for costs resulting from an accident involving a hit-and-run driver or a driver who does not have insurance.

AUTO INSURANCE PREMIUM
The price an insurance company charges for coverage, based on the frequency and cost of potential accidents, theft and other losses. Prices vary from company to company, as with any product or service. Premiums also vary depending on the amount and type of coverage purchased; the make and model of the car; and the insured’s driving record, years of driving and the number of miles the car is driven per year. Other factors taken into account include the driver’s age and gender, where the car is most likely to be driven and the times of day – rush hour in an urban neighborhood or leisure-time driving in rural areas, for example. Some insurance companies may also use credit history-related information.
Marketing is the process involving activities intended to make and attract a profitable demand for a product by means such as advertising, sales promotion, pricing, carrying out market research, and developing and testing new products. The four variables which a company may skilfully use to strengthen demand for its products – product, price, promotion and place (i.e. distribution channel) are often referred to as “The Four Ps” or marketing mix.

Product advertising is an important part of the marketing mix. Its aim is to increase sales by making a product or service known to a wider audience. A company can advertise in a large number of ways, depending on the size and type of people it wishes to target. The different media for advertising include radio, television, newspapers, magazines, the Internet, or direct mail.

Corporate advertising is not directly concerned with increasing sales of a particular product or service, but more with the brand image, or picture, a company wants to present to the public.

Sales promotion is the work of selling the product by all useful methods such as: personal persuasion of possible customers by visit, phone or letter; exhibitions, displays and demonstrations; competitions for prizes; free samples; trading stamps, etc.

The most important factors in pricing decisions are production costs (including overheads), the level of demand and the current market price. Of course, broader company objectives, such as profit and sales targets or market location, are also important. There are also a lot of circumstances that might make companies change their prices: excess production capacity or falling market share on the one hand, or the demand that exceeds supply, on the other. In general, the lower the price, the greater the sales, but there are numerous exceptions. For example, price cuts can have unpredictable psychological effects: buyers may believe that the product is of lower quality, or will be soon replaced. Similarly, price rises convince some customers that the product must be of high quality, or will soon become very hard to get hold of.

Two major aspects of marketing are the recruitment of new customers (acquisition) and the retention and expansion of relationships with existing customers.

Marketing can also be classified by the way the marketing messages are communicated to the target audience. Direct marketing is a form of marketing that attempts to send its messages directly to consumers, using "addressable" media, such as mail. Therefore, direct marketing differs from regular advertising in that it does not place its messages on a third party medium, or in the agora, such as a billboard or a radio commercial would. Instead, the marketing of the service or commodity is addressed directly to the end consumer.

Culture. One of the most difficult barriers to international trade is the problem of culture. Many marketing programs have gone wrong because of misunderstandings and many products, otherwise perfectly acceptable to foreign markets have failed of mistakes in the communication process. Language can prove to be an insurmountable obstacle to marketing on an international scale if firms are not sensitive to different interpretations of common terms.
Packaging. Beyond the product itself, packaging can be used to increase the likelihood that consumers will respond favourably to a firm’s product. Package design can facilitate communication on two levels: on the informational level, by identifying the brand and providing ingredients and directions, and on the promotional level, by differentiating the product from competing products through sales messages that emphasise product features and benefits.

Sales support. A vendor often offers additional inducements to prospective buyers in the form of after-sales service. The service comes in two stages. Initially, there is a period of guarantee during which faults must be corrected by the vendor without charge. Then, when the guarantee has expired, the manufacturer agrees either to inform the customer of centres where qualified staff can make repairs and supply new parts, or he provides the service himself.

VOCABULARY

Match the words from the text with their corresponding definitions.

1. demand a. the amount of goods and services offered for sale
2. to target b. to give special force or attention to show importance of something
3. supply c. the amount of goods and services that people actually want to buy
4. retention d. a person who sells something
5. a billboard e. a formal declaration that something will be done, esp. a written agreement by the maker of the article to repair or replace it if it is found to be imperfect within a certain period of time
6. to facilitate f. (of something which lasts for a period of time) to come to an end; run out
7. a vendor g. fml. the state or action of keeping possession of; avoid losing
8. to emphasise h. to cause to have an effect on a particular, intentionally limited group
9. inducement i. a public space reserved for advertisers to put their ads on
10. sensitive j. fml. many
11. to expire k. to show (oneself or itself) afterwards or in the course of time or experience, etc., to be
12. guarantee l. something which provides encouragement to do something
13. numerous m. able to understand others’ feelings
14. to prove n. fml. to make easy or easier; help

I. Replace the expressions in italics with the words used in the text.

1. Many companies face _______________ (too large, difficult to be dealt with) problems.
2. They are giving away _______________ (small amount of a product that allows one to find out what it is like) bottles of this new kind of cooking oil.
3. _______________ (at the beginning), she opposed the plan, but later she changed her mind.
4. He has collected _______________ (types of stamps given by a shop to a customer each time the customer spends a certain amount, for sticking in a book and later exchanging for goods or money) for six months.
5. ____________ (the part not being used) production capacity leads to changes in prices.
6. There are too many ____________ (things which can vary in quantity and size) to predict the result accurately.
7. Do you want ____________ (ordinary, without any extra or special features) or diet cola?
8. It’s almost impossible to ____________ ____________ (find something that you want or need) tickets for the final.
9. In spite of my effort at ____________ (the act or skill of making someone willing to do something by reasoning, arguing, repeatedly asking, etc.), he wouldn’t agree.
10. Flour and fat are the most important ____________ (any of the things that are formed into a mixture when making something).
11. Shipbuilding used to be one of Britain’s ____________ (greater when compared with others in size, number, importance or seriousness) industries.
12. I can’t see where I ____________ ____________ (made a mistake, e.g. in following a method).
13. Simple ____________ (instructions about how to do something, where to go, etc.) for assembling the model are printed on the box.
14. Her book was ____________ (positively and showing your good opinion of somebody / something) received.
15. The second question was so difficult I didn’t even ____________ ____________ (make an effort at; try to do something) it.
16. They are expecting profits over $5 million in the ____________ (happening now, of the present time) year.

II. Explain the following notions: marketing, marketing mix, market research, product advertising, corporate advertising, sales promotion, media for advertising, pricing, price cuts, audience, culture, packaging, sales support.

Language focus

Gerund or infinitive

- We use the gerund:

1. after certain verbs, for example:

<table>
<thead>
<tr>
<th>admit</th>
<th>appreciate</th>
<th>avoid</th>
<th>consider</th>
</tr>
</thead>
<tbody>
<tr>
<td>enjoy</td>
<td>finish</td>
<td>imagine</td>
<td>involve</td>
</tr>
<tr>
<td>postpone</td>
<td>propose</td>
<td>stop</td>
<td>suggest</td>
</tr>
</tbody>
</table>

The company has finished advertising the product.

2. as the subject of a sentence.

Breaking into emerging markets was their success.

3. after prepositions, for example:

<table>
<thead>
<tr>
<th>after</th>
<th>before</th>
<th>by</th>
<th>when</th>
<th>while</th>
<th>without</th>
</tr>
</thead>
</table>

He left the party without saying goodbye.
4 after verbs and expressions followed by prepositions, for example:

<table>
<thead>
<tr>
<th>Expression</th>
<th>Infinitive</th>
<th>Infinitive</th>
<th>Infinitive</th>
<th>Infinitive</th>
</tr>
</thead>
<tbody>
<tr>
<td>to be interested in</td>
<td>to be good at</td>
<td>to be fond of</td>
<td>to be used to</td>
<td></td>
</tr>
<tr>
<td>instead of</td>
<td>to think of/about</td>
<td>to look forward to</td>
<td>to feel like</td>
<td></td>
</tr>
<tr>
<td>to succeed in</td>
<td>to approve of</td>
<td>to insist on</td>
<td>to object to</td>
<td></td>
</tr>
</tbody>
</table>

She succeeded in **getting** the job.

5 after these expressions.

<table>
<thead>
<tr>
<th>Expressions</th>
<th>Infinitive</th>
<th>Infinitive</th>
<th>Infinitive</th>
<th>Infinitive</th>
</tr>
</thead>
<tbody>
<tr>
<td>to have difficulty</td>
<td>it’s no good</td>
<td>it’s not worth</td>
<td>it’s no use</td>
<td></td>
</tr>
</tbody>
</table>

The food is not worth **eating**.

- We use the infinitive:

1 after certain verbs, for example:

<table>
<thead>
<tr>
<th>Verb</th>
<th>Infinitive with to</th>
</tr>
</thead>
<tbody>
<tr>
<td>afford</td>
<td>agree</td>
</tr>
<tr>
<td>forget</td>
<td>help</td>
</tr>
<tr>
<td>manage</td>
<td>offer</td>
</tr>
<tr>
<td>refuse</td>
<td>seem</td>
</tr>
<tr>
<td>choose</td>
<td>decide</td>
</tr>
<tr>
<td>hope</td>
<td>learn</td>
</tr>
<tr>
<td>plan</td>
<td>promise</td>
</tr>
<tr>
<td>tend</td>
<td>threaten</td>
</tr>
</tbody>
</table>

The incident threatens **to ruin** his chances in the election.

2 after modals, either with or without **to**.

<table>
<thead>
<tr>
<th>Verb</th>
<th>Infinitive with to</th>
</tr>
</thead>
<tbody>
<tr>
<td>have to</td>
<td>ought to</td>
</tr>
<tr>
<td>used to</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Verb</th>
<th>Infinitive without to</th>
</tr>
</thead>
<tbody>
<tr>
<td>can</td>
<td>might</td>
</tr>
<tr>
<td>could</td>
<td>must</td>
</tr>
<tr>
<td>may</td>
<td>shall</td>
</tr>
<tr>
<td>should</td>
<td>will</td>
</tr>
<tr>
<td>will</td>
<td>would</td>
</tr>
</tbody>
</table>

We **ought to handle** these bags with due care.  **He might get** there in time, but I can’t be sure.

- Some verbs can be followed by either a gerund or an infinitive.

<table>
<thead>
<tr>
<th>Verb</th>
<th>Infinitive</th>
<th>Preposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>start</td>
<td>continue</td>
<td>need</td>
</tr>
<tr>
<td>begin</td>
<td>remember</td>
<td>stop</td>
</tr>
<tr>
<td>hate</td>
<td>like</td>
<td>try</td>
</tr>
<tr>
<td>I hate <strong>to work</strong> long hours at the weekend.  I hate <strong>working</strong> long hours.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Some of these verbs have different meanings depending on whether they are used with the gerund or the infinitive.

**to remember** + gerund = to keep in memory something done in the past
**to remember** + infinitive = not to forget to do something
I remember seeing the commercial on TV last week. 
Remember to send the order before 2 PM.

to try + gerund = to do something as an experiment, for example to see if it is successful

to try + infinitive = to make an attempt to do something

We tried growing all our own vegetables.
The two sides are still trying to reach an agreement.

Practice

Gerund or infinitive

1. Put the verbs in brackets in either the gerund or infinitive form.

   Research conducted in 23 countries has shown that social and demographic factors as well as the marketing strategies of multinational food and drink companies tend _________ (make) the lifestyles and eating habits of different European countries alike.

   There are several reasons for the increasing uniformity in consumption in Europe: birth rates keep on ___________ (fall), thus creating smaller households which rely on _________ (use) microwaves and convenience foods. The number of one-person households in Europe also continues _______________ (grow) rapidly.

   The aggressive marketing strategies of multinationals can also _______ (play) a key role in ___________ (change) buying habits. After ____________ (win) a major share of a market, companies often decide ____________ (expand) into new markets and make every effort ____________ (attract) new consumers. For instance, the French, who used ____________ (have) croissants for breakfast, now enjoy ___________ (eat) breakfast cereals. The British have become fond of _____________ (drink) mineral water and Spaniards are beginning ______________ (buy) frozen pizzas and tomato ketchup more than ever.

   With companies looking for new markets and increased choice for consumers, Europe’s gastronomic diversity may ___________ (end).

2. Put the verb in brackets in either the –ing form or the infinitive.

   a   I like _______________ (cook) roast-beef for Sunday lunch.
   Do you like _______________ (cook)?

   b   I started _____________ (play) tennis last summer.
   Look! It’s starting _____________ (rain).

   c   I have tried _____________ (open) the window.
   If you can’t fall asleep try _____________ (count) sheep.

   d   John stopped _____________ (have) a cigarette.
   Stop _____________ (make) complaints. Do it yourself!

   e   I remember _____________ (lock) the door.
   Remember _____________ (lock) the door when you leave the house.
Zoznam použitej literatúry

OXFORD Advanced Learner’s Dictionary
LONGMAN Dictionary of Contemporary English
LONGMAN Dictionary of English Language and Culture
OXFORD Dictionary of Finance and Banking
LONGMAN Dictionary of Business English
The Penguin International Dictionary of Finance

Lannon, Tullis, Trappe: Insights into Business
Tullis, Trappe: New Insights into Business
McKenzie: Financial English
McKenzie: Management and Marketing

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http://www.iii.org/media/glossary/
http://www.onelook.com

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