

Business and finance

A - Banks and businesses:

Most businesses need to borrow money to finance (= pay for) investments
(= things they need to buy in order to help the company, e.g. machines).

The money they borrow from a bank is called a loan, and on this loan they have to pay interest, e.g. if you borrow 1000 dollar and the interest rate is 10%, then you have to pay back 1000 dollar plus 100 dollar in interest.

B - Businesses and profit:

One of the aims (= the things that you hope to do/achieve) of a company to make a profit (= earn/receive more money than its spends) (≠ make a loss).

If a company does not make a profit or a loss, it **breaks even**.

Most companies are happy if they can break even in their first year of business.

Companies receive money from selling their products – this money is called the profits.

The money that they spend is called the expenditure, they spend money on these things: raw materials (= materials in their natural state used to make something else, e.g. coal and oil are important raw materials used to make plastics), labour , overheads (= necessary costs for a company, e.g. rent for buildings, electricity)

C - Rise and fall:

Business people often need to talk the movement of sales, prices, interest rates, profit and loss, etc. Here are some of the words used to describe these movements:

Rise/ go up / increase



rise slowly /gradually



rise sharply



Fall / go down



fall slowly



go down sharply



decrease

D - Business and the economy

In order to grow/expand (= get bigger) and thrive/ prosper (= do well / be successful), many companies want or need the following:

- Low inflation, so prices do not go up
- Low interest rates, so the company can borrow money without paying a lot of interest
- Economic and political stability (= things remain steady and stable and there are no sudden changes in the economic and political situation)
- A healthy/ strong economy (= in good condition), and not an economy in recession (= in a period of reduced and slow business activity)
- Tax cuts (= tax reductions/ lower taxes), so they can keep more of their profit. This often depends on government expenditure, e.g. The government will not be able to reduce taxes if public expenditure continue to rise.

Part one:

1- What single word or phrase is being defined in each of these sentences ? (look to A and B to help you)

- 1.1- Money you borrow from a bank for your business.
- 1.2- What you must pay the bank if you borrow money.
- 1.3- The continuous increase in the price of things.
- 1.4- When a company does not make a profit or a loss.

1.5- When an economy is in a period of reduced and slow business activity.

2- Replace the underlined word(s) in each sentence with another word that has the same meaning. (look to C and D to help you)

2.1- There has been a slow rise in sales.

2.2- Fortunately the company is doing well now

2.3- This is one of their main aims.

3- Look to the graph and complete the sentences on the left with one word for each gap.

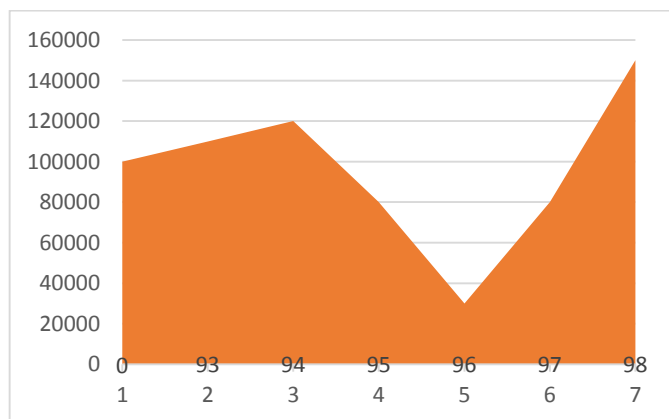
3.1- In 1993 sales

3.2- In the following year they

3.3- In 1995 there was a in sales

3.4- And in 1997 sales

3.5- In the five-year period sales by 40.000



Part two: put this verbs in their right form.

Base form (infinitive)	Second form (past simple)
know	
	moved
study	
write	
	kept
tell	
eat	
find	
say	said
begin	began
speak	spoke
understand	
drive	
forget	forgot
pay	