

# LESSON 11

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**due diligence**

**investigation**

**commit to**

**In a general sense, the term “due diligence” means performing duties in a sufficiently thorough and careful manner. It is most commonly used to refer to the investigations and checks that a company carries out when it is planning to acquire another company, or invest large amounts of money in a business venture.**

What kind of due diligence is it wise to carry out before one commits to investing money in someone else’s business? Before one commits to investing ..., it’s wise to gather together detailed information on the business, and analyse the level of risk involved in the investment

**control (n)**

**A control is any established policy or practice that is designed to ensure that activities, procedures etc. happen properly and efficiently in a business. For example, one simple control that can prevent mistakes is to ensure that any financial data recorded by one person is then checked by somebody else.**

Why is it usually harder for small companies to prevent fraud than large companies? It’s usually harder for small companies to ... because, owing to lack of resources, they often don’t have the necessary controls in place for this

**pay upfront**

**in the long run**

Why do consumers often choose to buy goods on credit even though it’d be more economical in the long run to pay upfront?

Consumers often ... even though it’d be ... because it allows them to spread the cost over a long period

77 **quit – quit – quit**

What's an informal way of saying "I've resigned from my job"?

An informal ... "I've quit my job"

Make a sentence with the verb "quit", please.

He's quitting his job because he can't stand the irregular shift work

**Business structures (2)**

**partnership**

**limited liability partnership**

**incorporated**

**administrative**

**solicitor**

**A partnership is a business structure where two or more people own and run a business together and share the profits. The individuals and the business are not separate legal entities, so the partners are personally liable for all bills and debts.**

**However, it is possible to set up a limited liability partnership. This is an incorporated organization, which means it is registered as a separate legal entity from the people who run it. Running a limited liability partnership involves more administrative work than running an ordinary partnership, and partners have to submit annual financial statements to the government. However, the partners have no personal liability for debts if the business fails. The assets of the company can be sold to pay debts, but personal possessions such as cars, houses etc. cannot. Firms of solicitors and accountants are often limited liability partnerships.**

What do we mean by a limited liability partnership?

By a limited liability partnership, we mean a business partnership in which the partners have no personal liability for debts if the business fails

78 What does this mean, in other words?

In other words, this means that, if the business fails, the assets of the company can be sold to pay debts, but personal possessions cannot

**wrap up**

**adjourn**

**ahead of schedule**

**outstanding**

When might a business meeting be wrapped up ahead of schedule?

A business meeting ... if all the items on the agenda are addressed quickly and successfully

And what happens if time runs out before everything's been dealt with?

If time ..., the chair adjourns the meeting until another time, when the outstanding items can be dealt with

**dividend**

**shareholder**

**quarter**

**A dividend is a proportion of a company's profit that the company chooses to pay directly to shareholders, usually on a regular basis, for example quarterly or annually. Shareholders might receive dividends in cash or in the form of additional shares.**

**However, not all companies choose to pay dividends. Instead, they might, for example, choose to reinvest profit in order to grow the business.**

How do companies usually pay dividends to their shareholders?

Companies ... either in cash or in the form of additional shares

How often are dividend payments normally made?

Dividend payments ... quarterly or annually

79 Why are companies that are experiencing rapid growth unlikely to pay dividends?

Companies that ... because they tend to prefer to reinvest profits in order to create further growth

## across the board

What would a company boss mean if they promised to introduce pay rises across the board?

If a company boss promised ..., they'd mean that everybody in every area of the company would get a pay rise



See Section E of Charts

## Describing change (2)

**modest**

**significant**

**forecast**

Instead of simply saying, for example, "Last year, there was an increase in profits", we can use adjectives and adverbs to give more detail. If the increase was fairly small, we could say "There was a modest increase in profits". If the increase was quite large, we could say "Profits rose significantly".

A few other examples of words we often use are:

**gradual**

**steady**

**sharp**

**dramatic**

And, of course, we use the adverbs "gradually", "steadily", "sharply" and "dramatically" too.

When a stock market collapses, what happens to share prices?

When ..., share prices fall dramatically (or sharply)

- 80 If you owned a small manufacturing business, which situation would you prefer: a sudden and sharp growth in demand for your products, or a steady growth over a long period? If I owned ..., I'd prefer ...

Why?

Give me an example of the word "gradual", please.      The Prime Minister  
is forecasting a gradual  
improvement in the economy

**low (n)**

**peak (v + n)**

**level out**

**fluctuate**

**stable**

At what time of year do average temperatures reach a low in this part  
of the world?

Average temperatures ...

And in which month do they peak (reach a peak)?

They peak  
(reach a peak) in ...

Give me an example of the verb "level out", please.

Sales rose steadily  
during the second quarter,  
but they appear to have levelled out now

Give me an example of the word "stable", please.

Share price have  
fortunately remained  
stable for the last two weeks

Why do hotel room prices fluctuate so much throughout the year?

Hotel room prices ...  
because hotels increase  
prices when demand for rooms is  
high, and drop them when demand is low

81      Describe the information shown in this graph, please.

*Possible answer for "Sales" graph:*

In 1995, the average monthly sales figure in terms of units was approximately 27,000. This number rose gradually over the next seven years or so, levelling out at 40,000 in 2003. Sales then remained stable for the following three years. Between 2006 and 2011, sales fluctuated quite significantly, before plummeting to a level of around 17,000 by 2014.

*Possible answer for "Customer complaints" graph:*

In 1995, the average number of complaints received each month from customers was 150. Complaints remained at this level over the next two-and-a-half years but then rocketed, reaching a peak of 355 per month in the year 2000. Complaint numbers then decreased slightly and remained stable at just under 320 a month from 2001 until 2003. Complaints then fell dramatically over the following four years and, in 2007, reached a low of 80 per month. Since then, average complaint numbers have been rising fairly steadily.

## 82 fax

In your view, is the fax machine now obsolete technology?

Yes, in my view, ... ~ No, in my view, ...

Why or why not?

### **Exercise 5**

*From the four options given with each sentence, choose the one word that fits correctly in the gap.*

- 1 Any further increase ... orders might be difficult for us to manage. ( in / about / with / among )
- 2 It's nearly always better to pay ... one's debts before putting money into a savings account. ( out / for / in / off )
- 3 If I order the product online, what's the normal time ... for delivery to a UK address? ( frame / plan / guide / rule )
- 4 The business went ... liquidation exactly two years after opening. ( into / for / to / under )
- 5 I need to improve my small ... if I want to make the most of the networking opportunities at this conference. ( tell / chat / speak / talk )
- 6 The company's response ... my complaint was a very generous offer of a refund. ( for / to / with / about )

- 7 So, to sum ..., we have two main objectives: increasing market share and improving quality control. ( over / up / after / out )
- 8 I clean my desk every day as a ... of routine. ( question / course / matter / task )
- 9 Promise me you aren't going to ... shop all evening in the restaurant. ( talk / speak / chat / say )
- 10 If my boss puts any more pressure ... me to do overtime, I'm going to quit! ( with / on / for / under )