

LESSON 14

98 go bust

When we say a company has gone bust, we mean it has been forced to close because of a lack of money, and has perhaps gone into liquidation.

Name a well-known company that's gone bust in recent years.

The name of ...



See Section A of Charts

Abbreviations (3)

Ref = reference

PS = post scriptum

**SAE = stamped addressed envelope
(or self-addressed envelope)**

Misc. = miscellaneous

What do the following abbreviations mean, and how are they used in business correspondence?

Ref

"Ref" means "reference", and is followed by a colon and then some numbers and/or letters. These numbers and letters identify a particular document or matter that the writer is referring to.

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"PS" means "post scriptum", which is Latin for "after writing". It's an informal abbreviation that can be placed after the end of a letter when we want to add more text.

SAE "SAE" is an abbreviation that stands for "stamped, addressed envelope" or "self-addressed envelope".

Misc. "Misc." is an abbreviation of the word "miscellaneous", an adjective describing a group of different things that don't belong to any particular category.

equity

When we talk about our equity in a property or a business, we mean the value of what we own minus any related liabilities. For example, if we own a house worth £400,000 and our mortgage is only £100,000, then we have £300,000 of equity in the property.

If your mortgage on a property was £150,000 but the property itself was worth £750,000, how much equity would you have?

If my mortgage ... but the property itself ..., my equity would be £600,000

When a business borrows money from a bank, does the bank then have equity in the business?

No, if a business ..., the bank doesn't have ..., but it does become a creditor

cargo

consignment

Which do you imagine is the cheapest way to transport large cargo consignments: by air, by rail or by sea?

I imagine the cheapest ...

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going concern

reserves

turn around

A going concern is a company that has the financial resources to continue trading and does not expect to close down in the near future. If a company is not a going concern, it has an obligation to declare the fact.

Is it likely you'd be able to maintain a business as a going concern if it was operating at a loss and the company had no reserves?

No, it isn't likely I'd be able ...

What could you do to try to turn the business around?

To try to turn the business around, I could cut back on spending, perhaps by reducing overheads, payroll etc.

bearish

bullish

If we say the stock market is bearish, we mean that the general atmosphere is negative, and that people expect share prices to fall. The opposite of "bearish" is "bullish", meaning that share prices are expected to rise.

What happens when the atmosphere in the stock market becomes bearish?

When ..., many investors start selling shares because they expect prices to fall

And which adjective do we use to describe the positive atmosphere when a lot of people are buying shares because they think prices will rise?

We use the adjective "bullish" to describe ...

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standardize

tailor-made

component

specification

If something is standardized, it means everyone agrees to make it or do it according to particular standards and specifications. For example, a car manufacturer might standardize its door handles, mirrors, locks etc. This is cheaper than producing tailor-made components for each different model of car.

In manufacturing, what's the main benefit of using standardized components in a product?

In manufacturing, the main ... production costs are lower because tailor-made components are more expensive to produce

state-of-the-art

A state-of-the-art product is one that uses the newest and best technology and design.

Make a sentence with the expression "state-of-the-art", please.

Even the most state-of-the-art computer technology only has a shelf life of a few years

price war

competitor

undercut

What happens in a price war?

In a price war, companies try to undercut their competitors in order to gain market share

Why do small companies usually suffer in a price war?

Small companies ... because they're less able to cope with the drop in profits caused by the price reductions

102 **commission**

incentive

Why is it common for sales reps and retail workers to receive commission in addition to their basic wage or salary?

It's common for sales reps and ... because earning commission is an incentive for them to perform well by selling more

turn down

reference

Do you know anyone who's had a job application turned down as the result of a poor reference from a former employer?

Yes, ... ~ No, ...

gross margin (gross profit margin)

net margin (net profit margin)

When considering profit margins, we can think about the gross profit margin or the net profit margin. The gross profit margin for a product is the difference between the selling price and the direct costs, whereas the net profit margin is the difference between the selling price and the total costs.

When considering the profit margin on a product, why is the gross margin larger than the net margin? When considering ..., the gross margin is larger than the net margin because the gross margin is the difference between the selling price and the direct costs, whereas the net margin is the difference between the selling price and the total costs

103 **bring forward**

put (or push) back

If you change the time or date of a meeting so that it will happen earlier than originally planned, we say you have brought the meeting forward. If you move the meeting to a later time or date, you have put it back, or pushed it back.

When someone says they want to bring a decision forward, do they want the decision to be made earlier or later than originally planned? When someone ..., they want the decision to be made earlier than originally planned

And what's the opposite of "bring forward"? The opposite ... "put back" or "push back"

Give me an example, please. The board meeting has been pushed back owing to the chairman's illness

intellectual property

patent

copyright

trademark

inventor

artistic

If you have an original idea, and the result of that idea is something valuable such as an invention, a new design, or a piece of music, you can stop other people copying your ideas by applying for the ideas to become your intellectual property.

Three common ways to make something your intellectual property are to apply for either a patent or a copyright, or to register a trademark.

If you have invented a new product or a way of making a product work better, you probably need to apply for a patent. This gives you the legal right to be the only person or company that can make that particular product. A patent only lasts for a limited time.

If you've created something artistic like a piece of music, a painting, or a novel, you need to apply for a copyright. This also stops other people copying your work, but again only for a limited time.

- 104 **A trademark is a design that represents your company or brand. It can consist of just a logo, a logo and some words, or just some words. If you register your trademark, nobody can copy it.**

How can an inventor ensure that nobody steals their idea?

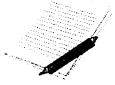
An inventor can ensure ... by
obtaining a patent on their invention

And how can we prevent our written or artistic work from being stolen?

We can prevent ... by obtaining a copyright

How can we stop others using our trademark?

We can stop ... by
registering the trademark



Dictation 6

Potentially, we can save money/ by acquiring goods in bulk/ at wholesale prices./ According to my figures,/ we can finally pay off all our creditors./ Customers were purchasing the loss leader/ but, unfortunately, little else./ The televisions sold like hot cakes,/ but output was so low/ that a shortage of stock soon developed./ A window popped up/ asking me to take part in a survey./ Some workers were made redundant/ but productivity increased,/ meaning that output was unaffected./ What's the correct procedure/ for forming a business partnership?/ The layout of the premises/ was perfect for her shop./ It was a matter of urgency./ With sponsors coming forward to help,/ bankruptcy was no longer staring me in the face.