

7.2 Vocabulary Business performance

Discussion

1 Match these newspaper headlines with the extracts they belong to. Decide why the headlines are good or bad news.

1 **Titanic Enterprises go under**

2 Air New Zealand in the black

3 **OLDIES RECORDS COVER COSTS**

4 HONECKER LTD. GO TO THE WALL

5 BRIZAL COFFEE BREAK EVEN

6 **Marks & Engsel go bankrupt**

7 **LIVERPOOL F.C. IN THE RED**

8 Predictor Inc. make a profit

a After a series of expensive transfer deals the club has failed to meet financial goals.

b The cooperative has run out of capital and had to close all its branches.

c The music firm was a hit with investors as record revenues matched expenses.

d S American shareholders had grounds for optimism as news filtered through of a probable return to profitability.

e Catastrophic results in E Europe led to the company's collapse on the Berlin stock exchange.

f The futurology specialists will report a miraculous return on investment at tomorrow's AGM.

g Profitability soared as sales of flights to rugby internationals took off.

h As the company's stock sank to rock-bottom, chairman Leonard Caprio described it as 'only the tip of the iceberg'.

Giving financial information

2 Mark sentences 1–8 and a)–h) from a financial report ↗, ↘, or → to show whether the words in **bold** indicate an increase, a decrease, or stability. Which two phrases mean something else?

- 1 Last year our billings **rose** by 45%. ↗
- 2 Variable costs **are falling**.
- 3 The book value of our assets **has jumped**.
- 4 We expect fixed costs **to stabilize**.
- 5 In 2001 our stock **slid** to a record low.
- 6 Production costs **fluctuate** over the year.
- 7 Liquidity will **dip** if payments are late.
- 8 Liabilities **reach a high** when business is slow in August.

- a) Our overheads should **level off**.
- b) Our shares **slumped** during the crash.
- c) Our turnover almost **doubled**.
- d) Cost of sales **varies** from month to month.
- e) Our debt **peaks** at the end of summer.
- f) The value of our buildings and equipment **has climbed**.
- g) Our operating costs **are dropping**.
- h) Cash flow **will deteriorate** if we allow customers more credit.

Now match sentences 1–8 to those with similar meanings a)–h).

3 Choose the correct label a) or b) for each graph.



Internet research

Search for the keywords *bulls bears* to find out about two types of stock market investors. What other 'animals' can you find on the stock markets?

4 Match the causes and effects in each set of four below.

- | | |
|---|---|
| 1 There was a considerable improvement in the company's image | a) as a result, debt will grow slightly . |
| 2 We plan to acquire new technology; | b) the company enjoyed moderate growth . |
| 3 As a result of its strategic alliances, | c) a sudden surge in redundancies. |
| 4 A wave of corporate raids resulted in | d) thanks to a joint venture with a prestigious American corporation. |
| 5 After the merger, our profitability will improve significantly | e) profits will shoot up dramatically . |
| 6 Due to lower labour costs, | f) as a consequence of their diversification into new markets. |
| 7 They saw a slight increase in sales | g) because of rumours of hostile takeovers. |
| 8 Share prices often go up sharply | h) as a result of economies of scale. |

5 The phrases in **bold** in 4 describe different degrees of change. Put them in order from smallest (-) to largest (+).

Verb + adverb	-	+
Adjective + noun	-	+

6 Complete the sentences below using phrases in the box. Sometimes there is more than one possible answer.

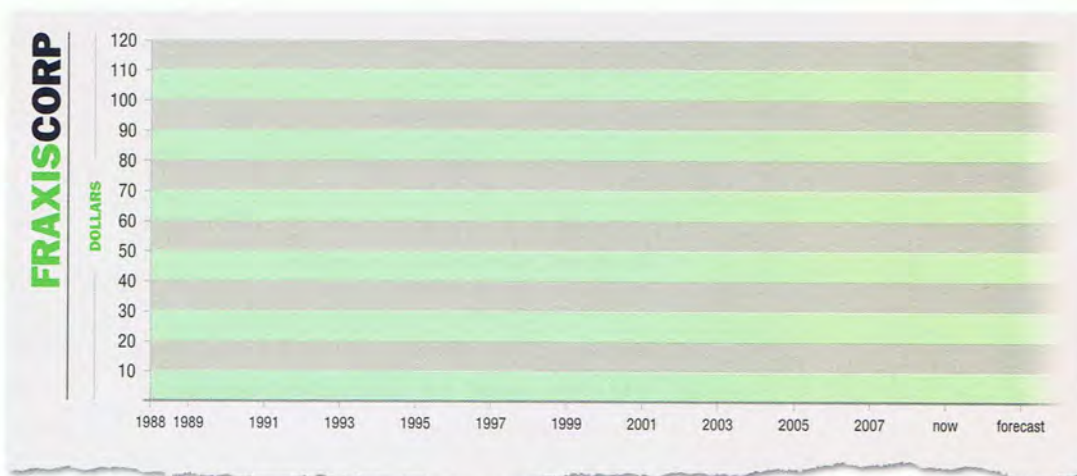
as a result as a result of resulted in thanks to due to
as a consequence as a consequence of because of

- The FTSE 100 fell again _____ increasing economic uncertainty.
- Rumours of a merger _____ Tenzin Pharma gaining 6%.
- Nidden PLC has successfully resisted a raid; _____ its price has levelled off.
- Henry Halen climbed quickly _____ excellent third quarter results.
- Profit warnings from several computer companies _____ significant drops in price.
- JTL Holdings' Brazilian subsidiary went bankrupt. _____ its stock fell to £22.

Which five phrases explain causes? Which three introduce effects?

Listening for detail

7 3:02 Listen to a radio stock market report and complete the graph of Fraxis Corp's share-price history.



Presenting

8 With a partner, practise describing the information in a graph.

Student A: turn to page 112.

Student B: turn to page 116.