

Review 7

Mergers and acquisitions

1 Match each word or phrase about finance in the box to its definition below.

acquisition assets due diligence
economies of scale fixed costs liabilities
liquidity merger turnover variable costs

- 1 full investigation of a company's activities and finances
- 2 the amount of money that a company owes
- 3 the process of combining two companies to form a bigger one
- 4 something that someone buys (especially a company that has been bought by another company)
- 5 costs that alter directly when the business alters its level of output (e.g. raw materials, components, labour costs for factory workers)
- 6 costs that do not alter when the business alters its level of output (e.g. rent, marketing, management salaries)
- 7 things such as money, buildings or equipment that a person or company owns
- 8 measure of a company's ability to quickly convert assets into cash
- 9 reductions in the cost of producing a unit of a product that occur as the output increases
- 10 total amount of money coming into a company from sales (usually given as an annual figure)

2 Find words or phrases from the box in 1 that have the same or similar meanings to the following.

- 1 cost of sales / direct costs: _____
- 2 overheads / indirect costs: _____
- 3 cash-flow: _____
- 4 debts: _____
- 5 revenue / income: _____

3 Match the words in the box to their definitions (and extra information) below.

climb dip deteriorate fluctuate jump
peak rise slide soar stabilize

- 1 become higher (literally: to move up using your hands and feet)
- 2 become less (literally: to put something into a liquid and quickly lift it out again)
- 3 change frequently, especially from a high level to a low one and back again
- 4 stop changing and become steady
- 5 get worse (opposite: improve)
- 6 get worse gradually (literally: to move smoothly and quickly across a surface)
- 7 increase (opposite: fall)
- 8 increase quickly to a high level (literally: to fly high in the sky)
- 9 increase suddenly and by a large amount (literally: push your body off the ground using your legs)
- 10 reach the highest point before becoming lower (the noun means 'the top of a mountain')

4 Read this sentence:

There was a _____ increase in sales.

Make adjectives that can go in the empty space using the letters and meanings given.

(Clue: the letter in bold is always the first letter.)

- 1 _____ abcdeeilnors (large)
- 2 _____ aacd**i**mrt (sudden and surprising)
- 3 _____ adee**m**ort (neither big nor small)
- 4 _____ ah**p**rs (sudden)
- 5 _____ acfgi**i**innst (large or noticeable)
- 6 _____ ghil**s**t (small in size)
- 7 _____ ddensu (quick and unexpected)

5 Look at one way to show 'cause → effect':

*The new technology we bought last year **resulted in** a significant increase in productivity.*

Now show 'effect → cause' using these words to complete the gaps: *a, as, because, due, of, of, result, thanks, to, to.*

The increase in productivity last year was _____
/ _____ / _____ / _____
_____ the new technology we bought.

6 Complete the sentences using the most appropriate form: *will, be going to* or the present continuous. Use contractions (*I'll, I'm*) where possible.

- 1 (describing your plans) Next year _____ (we / enter) the Croatian market by buying a small local firm.
- 2 (making a promise) Don't worry, _____ (you / have) the goods by the end of the week.
- 3 (giving details of a fixed arrangement) _____ (I / meet) Barbara from 9:00 to 10:00 at her office, and I should be back around 10:30.
- 4 (making an instant decision) Is that my mobile phone ringing? I'm sorry, _____ (I / turn) it off.

7 Complete this presentation extract using the words and phrases in the box.

resulted in as a result of seem to suggest
whereas however let's move on
next slide shows notice from the chart

... OK, (1) _____.

My (2) _____ our administration costs one year after the merger. You will (3) _____ that the figures (4) _____ no noticeable impact on costs (5) _____ the merger. But this hides the real situation. Initially, the merger (6) _____ many large compensation payments for managerial staff who lost their jobs, and this increased costs. (7) _____, over the longer term salary costs are coming down as a result of the cuts. Next year we expect administration costs to be 2.3M, (8) _____ this year they will be about 2.9M.