



Suport curs – limba engleză

An II

English Syllabus

for 2nd Year Business Students

2015



Preface

Objectives

The purpose of *English for 2nd Year Business Students* is to develop the written and oral communication skills of business students. Functional-situational in approach, the course focuses on two vital areas of the learning process: improving reading and writing skills as well as developing learning skills. The subject matter, drawn from various business fields, is provocative and timely but never too specialized. Its authors intended the textbook to be formative rather than merely summative.

The units are designed to help students:

- Become familiar with the various vocabulary items related to business English
- Become familiar with the various expressions related to specific language functions
- Improve reading skills by focusing on both content and the use of these expressions in task-based writing exercises
- Build up writing skills by practicing the contextual use of the vocabulary items and focusing on grammar in controlled practice exercises.
- Learn and review basic business vocabulary

The main objectives of the course are meant to be externally – oriented and internally useful. The structure of the units is systematic, concise and explicit, responsive to the variety of communicative circumstances in business. The content is formative, aiming at developing students' awareness for the need for communicating correctly in a foreign language. Mainly designed to be used as self-study material, the book intends to encourage students to take individual study more seriously, to offer standardized exercises, to provide concrete examples, to focus on language use (knowledge of language, language skills, awareness of the nature of learning, awareness of the reading process, attitudes to reading: unknown words, strategies, 'meaning', opportunities for discussion/ exchanges of opinion).

The texts provide opportunities for review and expansion of the skills throughout the term. Furthermore, the units' organisation allows the student to take advantage of individual study. The abundance of material in the texts makes them easily adaptable to varying learner interests, student specialties, and language levels. The students can select the exercises, topics, and activities that are most relevant to their needs.



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UNIT ONE – MARKETING

Marketing: the activity of deciding how to advertise a product, what price to charge for it etc, or the type of job in which you do this

(Longman Dictionary of Contemporary English)

1.1. Lead-in

Consider the following questions:

1. What is the role of marketing?
2. What differences can you identify between marketing products and marketing services?
Which is more difficult and why?
3. What makes a customer feel satisfied?

1.2. Reading

Marketing is an integrated communications-based process through which individuals and communities are informed or persuaded that existing and newly-identified needs and wants may be satisfied by the products and services of others.

Marketing is used to create the customer, to keep the customer and to satisfy the customer. With the customer as the focus of its activities, it can be concluded that Marketing is one of the premier components of Business Management - the other being Operations(or Production). Other services and management activities such as Human Resources, Accounting, Law and Legal aspects can be "bought in" or "contracted out".

Marketing is defined by the American Marketing Association as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. The term developed from the original meaning which referred literally to going to a market to buy or sell goods or services.

Marketing practice tended to be seen as a creative industry in the past, which included advertising, distribution and selling. However, because the academic study of marketing makes extensive use of social sciences, psychology, sociology, mathematics, economics, anthropology and neuroscience, the profession is now widely recognized as a science, allowing numerous universities to offer Master-of-Science (MSc) programmes. The overall process starts with marketing research and goes through market segmentation, business planning and execution, ending with pre and post-sales promotional activities.

In the early 1960s, Professor Neil Borden at Harvard Business School identified a number of company performance actions that can influence the consumer decision to purchase goods or services. Borden suggested that all those actions of the company represented a "Marketing Mix". Professor E. Jerome McCarthy, at the Michigan State University in the early 1960s, suggested that the Marketing Mix contained 4 elements: product, price, place and promotion.



Product

The product aspects of marketing deal with the specifications of the actual goods or services, and how it relates to the end-user's needs and wants. The scope of a product generally includes supporting elements such as warranties, guarantees, and support.

Pricing

This refers to the process of setting a price for a product, including discounts. The price need not be monetary; it can simply be what is exchanged for the product or services, e.g. time, energy, or attention. Methods of setting prices optimally are in the domain of pricing science.

Placement (or distribution)

This refers to how the product gets to the customer; for example, point-of-sale placement or retailing. This third P has also sometimes been called Place, referring to the channel by which a product or service is sold (e.g. online vs. retail), which geographic region or industry, to which segment (young adults, families, business people), etc. also referring to how the environment in which the product is sold in can affect sales.

Promotion

This includes advertising, sales promotion, including promotional education, publicity, and personal selling. Branding refers to the various methods of promoting the product, brand, or company.

These four elements are often referred to as the marketing mix, which a marketer can use to craft a marketing plan. In order to recognize the different aspects of selling services, as opposed to Products, a further three Ps were added to make a range of Seven Ps for service industries:

Process - the way in which orders are handled, customers are satisfied and the service is delivered.

Physical Evidence - is tangible evidence of the service customers will receive (for example a holiday brochure).

People - the people meeting and dealing with the customers.

A brand is a name, term, design, symbol, or other feature that distinguishes products and services from competitive offerings. A brand is more than a name, design or symbol. Brand reflects personality of the company which is organizational culture.

A brand has also been defined as an identifiable entity that makes a specific value based on promises made and kept either actively or passively.

Branding means creating a reference of certain products in mind.



1.3. Language focus – Conditionals

Have a look at the following sentences, taken from the text entitled *Customers Buy When They Feel Good*.

1. Prospective customers will not buy **unless** they feel good about you, your company and your product or service.
2. A prospective customer will not buy **if** they have any doubt that you will deliver exactly what you promise.
3. Avoid using any claim that sounds exaggerated – **even if** it is true.

In examples 1, 2, and 3 *unless*, *if* and *even if* introduce conditional clauses.

Fill in the blanks with the required form of the verb given in brackets:

1. Now we're lost! If you ___ (take) Mr Leary's advice, this ___ (not happen).
2. Don't be afraid! If we ___ (comply with) the terms of the contract, they ___ (not sue) us.
3. Did you enjoy your meal? If you ___ (finish) eating, I ___ (clear away) the plates.
4. If the marketing assistant ___ (not notice) the mistake in the marketing plan, we ___ (not succeed) in launching the product as planned.
5. Communication skills are essential in this job. All our PR assistants are communicative. If they ___ (not be) friendly we ___ (lose) half our clients.
6. There was no mistake in his report. If there ___ (be) of course I ___ (correct) it.
7. I'm afraid we have to take action. If we ___ (not punish) him this time, he ___ (only make) more serious mistakes.
8. They can't lend us any money. But I know that if they ___ (have) it, they ___ (lend) it to us.
9. It's always the same! If you ___ (decide) to leave the office early, the boss ___ (call) you after you've left!
10. Last year we had the lowest turnover in our company's history; but only because of inflation. If we ___ (take) the inflation rate into account, we ___ (lose) so much money.

Finish the following sentences.

1. If we had to launch a new line of hi-fi equipment ...
2. If it hadn't been for the bank loan ...
3. If you don't fill in the forms ...
4. We wouldn't have missed that great opportunity if ...
5. He would be comfortably off now instead of being poor if ...
6. They would have attacked us if ...
7. Had they left earlier ...
8. We won't sign the contract unless ...
9. Unless we take immediate remedial action ...
10. But for your excellent market research, we ...

Vocabulary development



- ✓ *customer* someone who buys goods from a particular shop, restaurant, or company
- ✓ *client* someone who pays for services or advice from a professional person or organisation
- ✓ *shoppers* (plural noun) the people in a shop or town who are buying things
- ✓ *buyer* someone who buys something expensive such as a house, company, or painting,
usually from another person, not a shop or company
- ✓ *consumer* someone who buys and uses goods and services - especially people who buy
things in general
- ✓ *clientele* the people who regularly use a particular shop, restaurant etc, or the services of a
professional person

1.4. Language focus – *Question formation*

Have a look at the following questions, taken from the text entitled *What is PEST Analysis?*

1. *What are attitudes to foreign products and services?*
2. *Does language impact upon the diffusion of products onto markets?*
3. *How long are the population living? Are the older generations wealthy?*
4. *Is the government involved in trading agreements such as EU, NAFTA, ASEAN, or others?*
5. *Will government policy influence laws that regulate or tax your business?*

Questions may be classified as follows:

- ✓ *yes/no* questions questions with the answer *yes* or *no*
- ✓ *wh*-questions questions with *what, where, who, whose, which, why, when, how*
- ✓ tag questions added at the end of a statement; formed by using auxiliaries; their meaning depends on whether the statement is positive or negative, and on intonation

Read the following text. Ask ten questions referring to it.

The '**marketing mix**' is probably the most famous phrase in marketing. The elements are the marketing 'tactics'. Also known as the '**four Ps**', the marketing mix elements are price, place, product and promotion.

Some commentators will increase the mix to the '**five Ps**', to include **people**. Others will increase the mix to '**Seven Ps**', to include **physical evidence** (such as uniforms, facilities, or livery) and **process** (i.e. the whole customer experience e.g. a visit the Disney World). The term was coined by Neil H. Borden in his article '*The Concept of the Marketing Mix*' in 1965.

The concept is simple. Think about another common mix - a cake mix. All cakes contain eggs, milk, flour, and sugar. However, you can alter the final cake by altering the amounts of mix elements contained in it. So for a sweet cake add more sugar! It is the same with the marketing



mix. The offer you make to your customer can be altered by varying the mix elements. So for a high profile brand increase the focus on promotion and desensitise the weight given to price.

(http://www.marketingteacher.com/Lessons/lesson_swot.htm)

UNIT TWO – SWOT ANALYSIS

2.1. Lead-in

Consider the following questions:

1. What do you know about SWOT analysis?
2. What information is needed and where can one get it?
3. Should the SWOT analysis precede the PEST analysis? Why?

2.2. Reading

SWOT analysis is a basic, straightforward model that provides direction and serves as a basis for the development of marketing plans. It accomplishes this by assessing an organisation's strengths (what an organisation can do) and weaknesses (what an organisation cannot do) in addition to opportunities (potential favourable conditions for an organisation) and threats (potential unfavourable conditions for an organisation). SWOT analysis is an important step in planning and its value is often underestimated despite the simplicity in creation. The role of SWOT analysis is to take the information from the environmental analysis and separate it into internal issues (strengths and weaknesses) and external issues (opportunities and threats). Once this is completed, SWOT analysis determines if the information indicates something that will assist the firm in accomplishing its objectives (a strength or opportunity), or if it indicates an obstacle that must be overcome or minimized to achieve desired results (weakness or threat) (Marketing Strategy, 1998).

Elements of SWOT Analysis

Strengths and Weaknesses

Relative to market needs and competitors' characteristics, a manager must begin to think in terms of what the firm can do well and where it may have deficiencies. Strengths and weaknesses exist internally within a firm, or in key relationships between the firm and its customers. SWOT analysis must be customer focused to gain maximum benefit; a strength is really meaningful only when it is useful in satisfying the needs of a customer. At this point, the strength becomes a capability (Marketing Strategy, 1998).

When writing down strengths, it is imperative that they be considered from both the view of the firm as well as from the customers that are dealt with. These strengths should be realistic and not modest. A well-developed listing of strengths should be able to answer a couple of questions. What are the firm's advantages? What does the firm do well?

A customer-focused SWOT may also uncover a firm's potential weaknesses. Although some weaknesses may be harmless, those that relate to specific customer needs should be minimized if at all possible. In addition, a focus on a firm's strengths in advertising is important to increase



awareness in areas that a firm excels in. This method not only evokes a positive response within the minds of the consumer, but pushes the weaknesses further from the decision making process (Marketing Strategy, 1998).

Weaknesses should also be considered from an internal and external viewpoint. It is important that listing of a firm's weaknesses is truthful so that they may be overcome as quickly as possible. Delaying the discovery of weaknesses that already exist within a company will only further hurt the firm. A well-developed listing of weaknesses should be able to answer a few questions. What can be improved? What is done poorly? What should be avoided?

The role of the internal portion of SWOT is to determine where resources are available or lacking so that strengths and weaknesses can be identified. From this, the marketing manager can then develop marketing strategies that match these strengths with opportunities and thereby create new capabilities, which will then be part of subsequent SWOT analysis. At the same time, the manager can develop strategies to overcome the firm's weaknesses, or find ways to minimize the negative effects of these weaknesses (Marketing Strategy, 1998).

Opportunities and Threats

Managers who are caught up in developing strengths and capabilities may ignore the external environment. A mistake of this magnitude could lead to an efficient organisation that is no longer effective when changes in the external environment prohibit the firm's ability to deliver value to its targeted customer segments. These changes can occur in the rate of overall market growth and in the competitive, economic, political/legal, technological, or sociocultural environments (Marketing Strategy, 1998).

Possible sources of opportunities and threats are the following:

Changes in the Competitive Environment

Changes in the Sociocultural Environment

Changes in the Political/Legal Environment

Changes in the Internal Organisational Environment

It is not simply enough to identify the strengths, weaknesses, opportunities, and threats of a company. In applying the SWOT analysis it is necessary to minimize or avoid both weaknesses and threats. Weaknesses should be looked at in order to convert them into strengths. Likewise, threats should be converted into opportunities. Lastly, strengths and opportunities should be matched to optimise the potential of a firm. Applying SWOT in this fashion can obtain leverage for a company (Marketing Strategy, 1998).

As can be seen, SWOT analysis can be extremely beneficial to those who objectively analyse their company. The marketing manager should have rough outline of potential marketing activities that can be used to take advantage of capabilities and convert weaknesses and threats. However, at this stage, there will likely be many potential directions for the managers to pursue. Due to the limited resources that most firms have, it is difficult to accomplish everything at once. The manager must prioritise all marketing activities and develop specific goals and objectives for the marketing plan (Contemporary Marketing, 1992).

(adapted from SWOT Analysis, by Anthony C. Danca <http://www.bradhuckelco.com.au/swot.htm>. 5 Dec. 1999).

2.3. Language focus – Relative clauses

Have a look at the following sentences taken from the text.

*SWOT analysis is a basic, straightforward model **that** provides direction and serves as a basis for the development of marketing plans.*



*When writing down strengths, it is imperative that they be considered from both the view of the firm as well as from the customers **that** are dealt with. Managers **who** are caught up in developing strengths and capabilities may ignore the external environment.*

The words in bold introduce *relative clauses*.

Relative clauses can be defining or non-defining. They can be introduced by relative pronouns, or the relative pronouns can be omitted.

Put one suitable word in each space.

1. Our negotiations were going very well but the representative of your company started insulting us, at ___ point we decided to leave the room.
2. None of you deserves any credit. However, there is one person to ___ I owe more than I can say.
3. Do not worry! No one will ever accuse *you* of anything. After all, it was an accident for ___ nobody was to blame.
4. ___ arrives last should tell the secretary to hold all calls.
5. The boss is late, ___ is unusual for him.
6. We were the first marketing assistants ___ suggestions were not taken into account.
7. The last time we saw a good marketing plan was ___ Jones showed us the one written by his boss.
8. We decided to have a closer look at his report at 9, ___ was an hour before the meeting.
9. Anyone ___ can understand what he meant is a lot cleverer than I am.
10. Honestly speaking, there was only one paragraph ___ I considered relevant in your report.

SWOT analysis template

Subject of SWOT analysis: (define the subject of the analysis)

strengths	weaknesses
<ul style="list-style-type: none"> • Advantages of proposition? • Capabilities? • Competitive advantages? • USP's (unique selling points)? • Resources, Assets, People? • Experience, knowledge, data? • Financial reserves, likely returns? • Marketing - reach, distribution, awareness? • Innovative aspects? • Location and geographical? • Price, value, quality? • Accreditations, qualifications, certifications? • Processes, systems, IT, 	<ul style="list-style-type: none"> • Disadvantages of proposition? • Gaps in capabilities? • Lack of competitive strength? • Reputation, presence and reach? • Financials? • Own known vulnerabilities? • Timescales, deadlines and pressures? • Cashflow, start-up cash-drain? • Continuity, supply chain robustness? • Effects on core activities, distraction? • Reliability of data, plan predictability? • Morale, commitment, leadership? • Accreditations, etc? • Processes and systems, etc?



<p>communications?</p> <ul style="list-style-type: none">• Cultural, attitudinal, behavioural?• Management cover, succession?	<ul style="list-style-type: none">• Management cover, succession?
<p>opportunities</p> <ul style="list-style-type: none">• Market developments?• Competitors' vulnerabilities?• Industry or lifestyle trends?• Technology development and innovation?• Global influences?• New markets, vertical, horizontal?• Niche target markets?• Geographical, export, import?• New USP's?• Tactics - surprise, major contracts, etc?• Business and product development?• Information and research?• Partnerships, agencies, distribution?• Volumes, production, economies?• Seasonal, weather, fashion influences?	<p>threats</p> <ul style="list-style-type: none">• Political effects?• Legislative effects?• Environmental effects?• IT developments?• Competitor intentions - various?• Market demand?• New technologies, services, ideas?• Vital contracts and partners?• Sustaining internal capabilities?• Obstacles faced?• Insurmountable weaknesses?• Loss of key staff?• Sustainable financial backing?• Economy - home, abroad?• Seasonality, weather effects?

(<http://www.businessballs.com/swotanalysisfreetemplate.htm>)



UNIT THREE – HISTORY OF ADVERTISING

Advertising: the activity or business of advertising things on television, in newspapers etc
(*Longman Dictionary of Contemporary English*)

3.1. Lead-in

Consider the following questions:

1. In what way do commercials influence your buying decisions?
2. What customers can be strongly influenced by advertising? Why? Consider age, gender, wealth, social status or any other criteria you consider relevant.
3. Name some advertising media and explain which of them is the most effective in your case.

3.2. Reading

History of Advertising

In ancient times the most common form of advertising was by word of mouth. However, commercial messages were found in the ruins of Pompeii. As printing developed in the 15th and 16th century, the first steps towards modern advertising were taken. In the 17th century advertisements started to appear in weekly newspapers in England, and a century later advertising had become a popular thing.

As the economy was expanding during the 19th century, the need for advertising grew at the same pace. In 1843 the first advertising agency was established by Volney Palmer in Philadelphia. At first the agencies were just brokers for ad space in newspapers, but in the 20th century, advertising agencies started to take over responsibility for the content as well.

Advertising media

Some commercial advertising media include: billboards, printed flyers, radio, cinema and television ads, web banners, skywriting, bus stop benches, magazines, newspapers, town criers, sides of buses, taxicab doors and roof mounts, elastic bands on disposable diapers, stickers on apples in supermarkets, the opening section of streaming audio and video, and the backs of event tickets. Any place an "identified" sponsor pays to deliver their message through a medium is advertising. Covert advertising embedded in other entertainment media is known as product placement.

The TV commercial is generally considered the most effective mass-market advertising format and this is reflected by the high prices TV networks charge for commercial airtime during popular TV events. The annual US Super Bowl football game is known as much for its



commercial advertisements as for the game itself, and the average cost of a single thirty-second TV spot during this game has reached \$2.3 million (as of 2004).

Advertising on the World Wide Web is a recent phenomenon. Prices of Web-based advertising space are dependent on the "relevance" of the surrounding Web content. E-mail advertising is another recent phenomenon. Unsolicited E-mail advertising is known as "spam".

Some companies have proposed to place messages or corporate logos on the side of booster rockets and the International Space Station. Controversy exists on the effectiveness of subliminal advertising (mind control), and the pervasiveness of mass messages (propaganda).

Unpaid advertising (also called word of mouth advertising), can provide good exposure at minimal cost. Personal recommendations ("bring a friend", "sell it by zealot"), the unleashing of memes into the wild, or achieving the feat of equating a brand with a common noun ("Hoover" = "vacuum cleaner") -- these must provide the stuff of fantasy to the holder of an advertising budget.

Advertising objectives

The purpose of advertising is to stimulate demand for a product, service, or idea. Other factors influencing demand are price and substitutability. A major way advertising may stimulate demand is to create a brand franchise for a product. Kleenex, for example, can distinguish itself as a type of tissue. But, because it has successfully attained a brand franchise among consumers, it is frequently used as a generic term. One of the most successful firms to have achieved a brand franchise is Hoover, whose name was for a very long time synonymous with vacuum cleaner (and Dyson has subsequently managed to achieve similar status, having moved into the Hoover market with a more sophisticated model of vacuum cleaner).

A brand franchise can be established to a greater or lesser degree depending on product and market. In Texas, for example, it is common to hear people refer to any soft drink as a Coke, regardless of whether it is actually produced by Coca-Cola or not (the more accurate term would be 'cola').

A legal risk of the brand franchise is that the name can become so widely accepted that it becomes a generic term, and loses trademark protection. Examples include "escalator", "aspirin" and "mimeograph".

Other objectives include short or long term increases in sales, market share, awareness, product information, and image improvement.

(<http://en.wikipedia.org/wiki>)

Vocabulary development

meme

A **meme** (pronounced "meem", and rhymes with "theme" and "dream") is a unit of information that replicates from brains or retention systems, such as books, to other brains or retention systems. In more specific terms, a meme is a self-propagating unit of cultural evolution, analogous to the gene (the unit of genetics). The term was coined by Richard Dawkins in his controversial book *The Selfish Gene*. The concept predates the coining of the term, however; for



example, William S. Burroughs asserted that "Language is a virus". Memes can represent parts of ideas, languages, tunes, designs, skills, moral and aesthetic values and anything else that is commonly learned and passed on to others as a unit.

The study of memes is called **memetics**.

In casual use, the term *meme* is sometimes used to mean any piece of information passed from one mind to another. This is much closer to the analogy of "language as a virus" than it is to Dawkins's analogy of memes as replicating behaviors.

(<http://en.wikipedia.org/wiki>)

TV SPOT

a short period of time when someone can speak or perform on radio or television

SPOT

spot (n)

spotted – *spotless* – *spotty* - (adj)

spot (v)

spotlessly (adv)

3.3. Language focus – Clauses of reason

But, because it has successfully attained a brand franchise among consumers, it is frequently used as a generic term.

Because in the sentence above introduces a clause of reason.

Other words used to introduce clauses of reason: *as, since, seeing that, therefore, (just) in case*

Join the following pairs of sentences by using *because, as, since, seeing that, therefore, (just) in case*. Give as many variants as possible for each pair.

1. They lost a lot of money. They didn't focus on the customer profile suggested by our marketing department.
2. Frank knows French. He'd better do the talking during the meeting with the French partners.
3. We have to postpone the meeting. The President hasn't arrived yet.
4. Let's look for another advertising agency. This advertising agency has a really bad reputation.
5. I have brought all our advertising materials. The boss may want to have a look at them.
6. We didn't have to rush. Our bus didn't leave for another hour.
7. Our PR assistant is half Dutch. She can speak the language fluently.
8. She didn't want to upset you. She didn't say anything.
9. I cannot attend the AGM. I have to be in New York on Monday.
10. Nobody wants to help her. She has been acting very strange lately.



UNIT FOUR – ADVERTISING TECHNIQUES

4.1. Lead-in

Consider the following questions:

1. How many times can you stand listening to the same TV commercial?
2. What is the role of the image in an advertisement?
3. What is the role of the slogan in an advertisement?

4.2. Reading

Advertising techniques

Advertisers use several recognizable techniques in order to better convince the public to buy a product. These may include:

- Repetition: Some advertisers concentrate on making sure their product is widely recognized. To that end, they simply attempt to make the name remembered through repetition.
- Bandwagon: By implying that the product is widely used, advertisers hope to convince potential buyers to "get on the bandwagon."
- Testimonials: Advertisers often attempt to promote the superior quality of their product through the testimony of ordinary users, experts, or both. "Three out of four dentists recommend..." This approach often involves an appeal to authority.
- Pressure: By attempting to make people choose quickly and without long consideration, some advertisers hope to make rapid sales: "Buy now, before they're all gone!"
- Association: Advertisers often attempt to associate their product with desirable things, in order to make it seem equally desirable. The use of attractive models, picturesque landscapes, and other similar imagery is common. "Buzzwords" with desired associations are also used.
- Advertising slogans

A popular belief among many segments of society is that subliminal messages are commonly used in advertising, though this is seen by experts as little more than an urban legend.

Sustainable Competitive Advantage

In marketing, sustainable competitive advantage is an advantage that one firm has relative to competing firms. It usually originates in a core competency. To be really effective, the advantage must be:

1. difficult to mimic
2. unique
3. sustainable
4. superior to the competition



5. applicable to multiple situations

Examples of company characteristics that could constitute a sustainable competitive advantage include:

- customer focus, customer lifetime value
- superior product quality
- extensive distribution contracts
- accumulated brand equity and positive company reputation
- low cost production techniques
- patents and copyrights
- government protected monopoly
- superior employees and management team

The list of potential sustainable competitive advantage characteristics is very long. However there are some commentators that claim that in a fast changing competitive world, none of these advantages can be sustained in the long run. They claim that the only truly sustainable competitive advantage is to build an organisation that is so alert and so agile that it will always be able to find an advantage, no matter what changes occur.

(<http://en.wikipedia.org>.)

4.3. Language focus – *Clauses of purpose*

*Advertisers use several recognizable techniques **in order to** better convince the public to buy a product.*

In order to in the example above introduces a clause of purpose.

Clauses of purpose can be introduced by: *so (that), in order to, so as to*

Join the following sentences in one to illustrate the given context. Use the connectors given in capitals.

1. They had to attend a meeting early in the morning. They were afraid not to be late. They went to bed early. SO
THAT
2. The report was not complete. She had to rewrite it. IN
ORDER TO
3. The President made a speech. He wanted to explain his policy. INORDER TO
4. I told him the truth when he was alone. I didn't want to embarrass him. SO AS
TO
5. The designers were working hard. They wanted to launch product in two weeks. IN
ORDER TO



UNIT FIVE – ADVERTISING MISTAKES

5.1. Lead-in

Consider the following questions:

1. What do you understand by 'bad advertising'?
2. What qualities recommend candidates for a position in the field of advertising?
3. Why do actors accept to endorse products in TV commercials?

5.2. Reading

Slogan translations

Pepsi in China

The Legend

When Pepsi cola tried to expand their market into China, they had a terrible time. The product was good enough, but they just couldn't get their advertising slogans to work in the Chinese market. Something seemed to get lost in translation.

In the 1950s, Pepsi's slogan was "Be sociable." This was translated as, "Be intimate." Not exactly a great message considering China's political position in the '50s. Sales actually went down instead of up.

In the '60s, Pepsi's slogan was, "Now it's Pepsi for those who think young." That was translated as, "New Pepsi is for people with the minds of children." Sales fell even further.

Not knowing what else to do, Pepsi hurriedly changed its marketing once again, but the new "Come alive with Pepsi!" slogan became "Pepsi brings your ancestors back from the dead." Noting the problem, Pepsi switched to "Come alive! You're in the Pepsi generation," but this was translated as "Resurrect! Your body will be made of Pepsi!"

At that point the company just plain gave up. They never did overcome the translation problem.

To this day, cola drink sales in China are dominated by a local brand, Bite the Wax Tadpole.

Behind the Legend

American Express

Don't leave home without it - Stay home with it

AT&T

Reach out and touch someone - Violate a stranger



Apple computers

Think different - Go insane

Budweiser

When you say Budweiser, you've said it all - After Budweiser, you will not be able to speak

Burger King

Have it your way - Reject the socialist ideal

Calgon

Calgon, take me away - Use Calgon, be taken to prison

Camel

I'd walk a mile for a Camel - A camel asked me to walk two kilometers

Campbell's soup

Soup is good food - Soup is morally superior to your food

Coca-Cola

It's the real thing - Pepsi is fake

Coca-Cola

Have a Coke and a smile - Drink Coke and eat lips

Coca-Cola

Things go better with Coke - The best Coke contains unspecified things

General Electric

We bring good things to life - We bring your ancestors back from the dead, too

Goodyear

The best tires in the world have Goodyear written all over them - Someone has been writing on your car

Kentucky Fried Chicken

Finger-lickin' good - Tastes like human fingers

M&Ms

The milk chocolate melts in your mouth, not in your hand - This chocolate goes to pieces in your head

Marlboro

Come to Marlboro Country - Leave China

McDonalds

You deserve a break today - You deserve to be beaten



5.3. Language focus – Time Clauses

*Many businesses reduce their advertising **when** they are getting plenty of sales.*

In the example above, *when* introduces a time clause.

Time clauses are introduced by conjunctions of time such as: *after, as, as soon as, before, hardly...when, immediately, no sooner...than, since, the sooner, till/until, when, whenever, while.*

Remember!

We do not use a future form, or a conditional tense in a time clause.

Use *as soon as, till, when, whenever, while* or *as* to fill the gaps in the following sentences:

1. Go on ___ you come to a large square with an old statue in the middle. Then turn right and you'll find his house on your left.
2. We'll be glad ___ everything is over and we can start working.
3. They were writing the report ___ we were discussing the details of our campaign.
4. ___ they were approaching the building, they realised that they had forgotten the contract.
5. You can sign the letters ___ I am out. Let's agree on this rule..
6. Peter hasn't arrived yet and I need someone to help me. But you can leave ___ he arrives.

Rewrite the following sentences twice, using *no sooner... than* and *hardly... when*.

I had just sat down but the boss called me to his office.

I opened the file and a minute later someone rang the bell.



UNIT SIX – BANKING

6.1. Lead-in

Consider the following questions:

1. What is the importance of money?
2. Would you imagine world's economy functioning without money?
3. What makes an effective relationship society - money?

6.2. Reading

Banks act as payment agents by conducting checking or current accounts for customers, paying cheques drawn by customers on the bank, and collecting cheques deposited to customers' current accounts. Banks also enable customer payments via other payment methods such as telegraphic transfer, EFTPOS, and ATM.

Banks borrow money by accepting funds deposited on current account, accepting term deposits and by issuing debt securities such as banknotes and bonds. Banks lend money by making advances to customers on current account, by making installment loans, and by investing in marketable debt securities and other forms of money lending.

Banks provide almost all payment services, and a bank account is considered indispensable by most businesses, individuals and governments. Non-banks that provide payment services such as remittance companies are not normally considered an adequate substitute for having a bank account.

Banks borrow most funds from households and non-financial businesses, and lend most funds to households and non-financial businesses, but non-bank lenders provide a significant and in many cases adequate substitute for bank loans, and money market funds, cash management trusts and other non-bank financial institutions in many cases provide an adequate substitute to banks for lending savings to.

However the commercial role of banks is wider than banking, and includes:

- issue of banknotes
- processing of payments by way of telegraphic transfer
- internet banking or other means
- issuing bank drafts and bank cheques
- accepting money on term deposit
- lending money by way of overdraft,
- safekeeping of documents and other items in safe deposit boxes
- currency exchange

The economic functions of banks include:

- issue of money, in the form of banknotes and current accounts
- credit intermediation
- maturity transformation

Banks offer many different channels to access their banking and other services:

A branch, banking centre or financial centre is a retail location where a bank or financial institution offers a wide array of face-to-face service to its customers.

ATM is a computerised telecommunications device that provides a financial institution's customers a method of financial transactions in a public space without the need for a human



clerk or bank teller. Also, most ATMs enable card holders from other banks to get their account balance and withdraw cash, even if the card is issued by a foreign bank.

Mail is part of the postal system which itself is a system wherein written documents typically enclosed in envelopes, and also small packages containing other matter, are delivered to destinations around the world. This can be used to deposit cheques and to send orders to the bank to pay money to third parties. Banks also normally use mail to deliver periodic account statements to customers.

Telephone banking is a service provided by a financial institution which allows its customers to perform transactions over the telephone. This normally includes bill payments for bills from major billers (e.g. for electricity).

Online banking is a term used for performing transactions, payments etc. over the Internet through a bank, credit union or building society's secure website.

Types of banks

Banks' activities can be divided into retail banking, dealing directly with individuals and small businesses; business banking, providing services to mid-market business; corporate banking, directed at large business entities; private banking, providing wealth management services to high net worth individuals and families; and investment banking, relating to activities on the financial markets. Most banks are profit-making, private enterprises. However, some are owned by government, or are non-profits.

Central banks are normally government owned banks, often charged with quasi-regulatory responsibilities, e.g. supervising commercial banks, or controlling the cash interest rate. They generally provide liquidity to the banking system and act as the lender of last resort in event of a crisis.

Vocabulary development

MONEY: is the most general word: *How much money do you have?*

CASH: usually means money in coins or notes rather than cheques or credit cards: *I'm sorry, we only take cash.*

It can also mean money in any form that is available to be spent: *We're going to Australia next year if we have the cash.*

CHANGE: used for the amount of money that is given back to you when you have given more for something than the amount it costs: *three dollars fifty change*

It can also mean money in low-value coins or notes: *Can you give me change for a ten pound note?*

FUNDS: money collected for a particular purpose: *I need more funds if I'm to study abroad.*

(Longman Dictionary of Contemporary English)

- ✓ banking
- ✓ bankers
- ✓ bills of exchange
- ✓ safes
- ✓ currency
- ✓ cheque (BE)/check (AE)
- ✓ deposit
- ✓ coins
- ✓ electronic money
- ✓ to withdraw (withdrawing)
- ✓ break
- ✓ banknote
- ✓ liquid/illiquid assets
- ✓ cash
- ✓ securitization
- ✓ to issue (issued)
- ✓ intangible assets
- ✓ bonds

Use words and expressions from above to fill in the blanks in the following sentences:



1. With the revival of ___ in western Europe, stimulated by the Crusades, written instructions in the form of ___, came to be used as a means of transferring large sums of money and the Knights Templars and Hospitallers functioned as ___.
2. It is possible that the Arabs may have used bills of exchange at a much earlier date, perhaps as early as the eighth century. The use of paper as ___ came much later.
3. During the English Civil War, 1642-1651, the goldsmith's ___ were secure places for the ___ of jewels, bullion and ___.
4. Instructions to goldsmiths to pay money to another customer subsequently developed into the ___ (or ___ in American spelling).
5. Similarly goldsmiths' receipts were used not only for deposits but also as evidence of ability to pay and by about 1660 these had developed into the ___.
6. The ___ with precious metals helped to make money a more elusive entity.
7. Another trend in the same direction is the growing interest in forms of ___ from the 1990s onwards.
8. The evolution of money has not stopped. ___, the turning of ___ into ___, developed in new directions in the 1990s.
9. One much publicized development was the invention of ___ backed by ___ such as copyright of music.
10. The Bowie bonds can be an example of such bonds, named after those ___ by the pop star David Bowie.

(adapted from www.ex.ac.uk/RDavies)

6.3. Language focus – *The Infinitive*

Have a look at the following sentences, taken from the text entitled *What is Money?* by Roy Davies.

1. *They would probably be less willing **to accept** them.*
2. *In complete contrast, a form of money with virtually no tangible properties whatsoever - electronic money - seems set **to gain** rapidly in popularity.*
3. *These commodities, being widely desired, would be easy **to exchange** for others and therefore they came to be accepted as money.*

In examples 1, 2, and 3 *the infinitive* is used.

Finish the following sentences.

1. To spend so much money...
2. To make such a suggestion...
3. They can't afford to...
4. There's a customer here to...
5. She attends those training courses to...
6. Don't hesitate to...
7. Do you really have to...
8. After such a quarrel, it's likely to...
9. This business is too expensive for me to...
10. Are you strong enough to...



UNIT SEVEN – THE STOCK EXCHANGE

7.1. Lead-in

Consider the following questions:

1. What do you know about the Stock Exchange?
2. What are the main services provided by banks?

7.2. Reading

Let's start with some basic definitions. A share of **stock** is literally a share in the ownership of a company. When you buy a share of stock, you're entitled to a small fraction of the **assets** and **earnings** of that company. Assets include everything the company owns (buildings, equipment, trademarks), and earnings are all of the money the company brings in from selling its products and services.

Companies only have two ways to raise money to cover start-up costs or expand the business: It can either borrow money (a process known as debt financing) or sell stock (also known as equity financing). The disadvantage of borrowing money is that the company has to pay back the loan with interest. By selling stock, however, there is no interest to pay and no requirement to even pay the money back at all.

Let's say that you've always dreamed of opening a pizzeria. You love pizza, and you've done your homework to figure out how much it would cost to launch a new pizza business and how much money you could expect to earn each year in profit. The building and equipment would cost \$500,000 up front, and annual expenses (ingredients, employee salaries, utilities) would cost an additional \$250,000. With annual earnings of \$325,000, you expect to make a \$75,000 profit each year. Not bad. The only problem is that you don't have \$750,000 (building + equipment + expenses) in cash to cover all of those costs. What about finding investors who would give you money in exchange for a share of the ownership of the restaurant?

This is the logic that companies use when they make the decision to issue stock to private or public investors. They believe that the company will be profitable enough that investors will see a good return. In this case, if investors paid a total of \$750,000 for shares in the pizza restaurant, they could expect to earn \$75,000 annually. That's a solid 10 percent return.

As the owner of the pizza restaurant, you can set the initial price of the company, as well as the total number of shares of stock you want to sell. Interestingly, the price of the pizza business doesn't have to correlate with the actual value of the assets or the company's current profitability. You can set the price so that it reflects the future value of the investment. For example, if you set the price at \$750,000, investors could expect a 10 percent return. If you set the price at twice that much, \$1,500,000, investors would still get a respectable 5 percent return.

There are three big stock exchanges in the United States:

NYSE - New York Stock Exchange

AMEX - American Stock Exchange

NASDAQ - National Association of Securities Dealers

Warning

The stock market is not a sure way of making money. There is no guarantee that when you buy stock in a company that it will do well.



7.3. Language focus – Emphatic structures

Have a look at the following sentences:

1. *Never have I met such a manager.*
2. *Only now do I understand why you helped me.*
3. *Little do they know about this business!*
4. *What they want to do is to buy the company tomorrow.*
5. *Lack of interest is the thing that characterizes his behaviour.*

Fill in the blanks with a suitable word or phrase.

1. Strange ___ seem, this is the second year in which their firm is profitable.
2. I know you are the manager, but you ___ have to solve this problem all alone.
3. It's by ___ certain that the merger will take place tomorrow, at 10 o'clock.
4. What I like ___ is a short meeting with no minutes to be taken.
5. Such was the ___ that he didn't buy those shares.
6. Under no ___ is the dividend to be paid.
7. In no ___ can you make an agreement with them.
8. ___ did the advertising department mistake when they chose the actor, but they also gave him too much money.
9. ___ has the Prime Minister visited our company.
10. ___ before did they try to buy those shares at the Stock Exchange.

Finish the following emphatic sentences.

1. On no account...
2. Under no circumstances...
3. At no time...
4. Not only... but also...
5. No sooner...than...
6. Hardly... when...
7. Never...
8. Not a single word...
9. In vain...
10. Only in Romania...
11. So expensive were the services that...
12. Little does he...
13. What they did was...
14. What they want to hear was...



UNIT EIGHT – FINANCE

8.1. Lead-in

Consider the following questions:

1. Can you define financial matters?
2. What would you take into consideration when financing a company?

8.2. Reading

Finance studies and addresses the ways in which individuals, businesses, and organizations raise, allocate, and use monetary resources over time, taking into account the risks entailed in their projects. The term finance may thus incorporate any of the following:

- The study of money and other assets;
- The management and control of those assets;
- Profiling and managing project risks;

As a verb, "to finance" is to provide funds for business.

The activity of finance is the application of a set of techniques that individuals and organizations (entities) use to manage their financial affairs, particularly the differences between income and expenditure and the risks of their investments.

An entity whose income exceeds its expenditure can lend or invest the excess income. On the other hand, an entity whose income is less than its expenditure can raise capital by borrowing or selling equity claims, decreasing its expenses, or increasing its income. The lender can find a borrower, a financial intermediary, such as a bank or buy notes or bonds in the bond market. The lender receives interest, the borrower pays a higher interest than the lender receives, and the financial intermediary pockets the difference.

A specific example of corporate finance is the sale of stock by a company to institutional investors like investment banks, who in turn generally sell it to the public..

Finance is used by individuals (personal finance), by governments (public finance), by businesses (corporate finance), etc., as well as by a wide variety of organizations including schools and non-profit organizations. In general, the goals of each of the above activities are achieved through the use of appropriate financial instruments, with consideration to their institutional setting.

Finance is one of the most important aspects of business management. Without proper financial planning, a new enterprise cannot even start, let alone be successful. As money is the single most powerful liquid asset, managing money is essential to ensure a secure future, both for an individual as well as an organization.

Personal finance

- Questions:
- How much money will be needed by an individual (or by a family) at various points in the future?
- Where will this money come from (e.g. savings or borrowing)?



- How can people protect themselves against unforeseen events in their lives, and risk in financial markets?
- How can family assets be best transferred across generations (bequests and inheritance)?
- How do taxes (tax subsidies or penalties) affect personal financial decisions?

Personal financial decisions may involve paying for education, financing durable goods such as real estate and cars, buying insurance, e.g. health and property insurance, investing and saving for retirement.

Personal financial decisions may also involve paying for loan.

Business finance

In the case of a company, managerial finance or corporate finance is the task of providing the funds for the corporations' activities. It generally involves balancing risk and profitability. Long term funds would be provided by ownership equity and long-term credit, often in the form of bonds. These decisions lead to the company's capital structure. Short term funding or working capital is mostly provided by banks extending a line of credit.

Another business decision concerning finance is investment, or fund management. An investment is an acquisition of an asset in the hopes that it will maintain or increase its value. In investment management - in choosing a portfolio - one has to decide what, how much and when to invest. In doing so, one needs to

- Identify relevant objectives and constraints: institution or individual - goals - time horizon - risk aversion - tax considerations
- Identify the appropriate strategy: active vs passive - hedging strategy
- Measure the portfolio performance

Finance of states

Country, state, county, city or municipality finance is called public finance. It is concerned with

- Identification of required expenditure of a public sector entity
- Source(s) of that entity's revenue
- The budgeting process
- Debt issuance (municipal bonds) for public works projects

8.3. Language focus – Reported Speech

Have a look at the following sentences:

1. They **said** they had bought a new car.
2. I **told** you I would be at the meeting.
3. They **asked** if we wanted to sell the business.
4. He **wanted** to know why he had to pay so many taxes.
5. The Chief Accountant **suggested** we finish the paperwork as soon as possible.
6. Tom **advised** travelling by plane.

These sentences **report** what someone said/ asked/ ordered etc.

Report the following commands, requests and suggestions:

1. Type these letters and post them till tomorrow.



2. Don't forget to pay the telephone bill.
3. Don't leave before you finish your work!
4. Will you arrange a meeting for tomorrow?
5. Speak more quietly, please.
6. Would you mind waiting for a minute?
7. Please, work more carefully.
8. Will all those in favour raise their hands?
9. Let's visit the car Trade Fair tomorrow, shall we?
10. You must attend that interview.

Read the list containing reporting verbs, choose ten and build sentences.

Add	Decide	Mention	State
Admit	Deny	Observe	Suggest
Agree	Doubt	Persuade	Suppose
Announce	Estimate	Promise	Swear
Answer	Expect	Propose	Tell
Argue	Explain	Remark	Think
Boast	Fear	Remember	Threaten
Claim	Feel	Repeat	Understand
Comment	Find	Reply	Warn
Complain	Guarantee	Report	
Confirm	Hope	Reveal	
Consider	Insist	Say	

(from Sue O'Connell, *Advanced English CAE*, Longman, 1999, p. 155)



UNIT NINE – ACCOUNTING

9.1. Lead-in

Consider the following questions:

1. What are the advantages and disadvantages of being an accountant?
2. What are the most commonly used accounting documents? Make a list.
3. What are in your opinion the qualities of a good accountant?

9.2. Reading. The balance sheet

In financial accounting, a balance sheet or statement of financial position is a summary of the value of all assets, liabilities and owners' equity for an organization or individual on a specific date, such as the end of its financial year. A balance sheet is often described as a "snapshot" of a company's financial condition on a given date. Of the four basic financial statements, the balance sheet is the only statement which applies to a single point in time, instead of a period of time.

A company balance sheet has three parts: assets, liabilities and shareholders' equity. The difference between the assets and the liabilities is known as the net assets or the net worth of the company. According to the accounting equation, net worth must equal assets minus liabilities.

A simple business operating entirely in cash could measure its profits by simply withdrawing the entire bank balance at the end of the period, plus any cash in hand. However, real businesses are not paid immediately; they build up inventories of goods to sell and they acquire buildings and equipment. In other words: businesses have assets and so they could not, even if they wanted to, immediately turn these into cash at the end of each period. Real businesses also owe money to suppliers and to tax authorities, and the proprietors do not withdraw all their original capital and profits at the end of each period. In other words businesses also have liabilities.

Types of balance sheets

Individuals and small businesses tend to have simple balance sheets. Larger businesses tend to have more complex balance sheets, and these are presented in the organization's annual report.

Personal balance sheet

A personal balance sheet lists current assets such as cash in checking accounts and savings accounts, long-term assets such as real estate, current liabilities such as loan debt and mortgage debt due or overdue, and long-term liabilities such as mortgage and other loan debt. Securities and real estate values are listed at market value rather than at historical cost or cost basis. Personal net worth is the difference between an individual's total assets and total liabilities.

Small business balance sheet

Sample Small Business Balance Sheet				
Assets		Liabilities and Owners' Equity		
Cash	\$ 16,600	Liabilities:		
Accounts Receivable	1,200	Notes Payable	\$ 30,000	
Land	52,000	Accounts Payable	7,000	
Building	36,000	Total liabilities		\$ 37,000



Tools and equipment	12,000	Owners' equity:		
		Capital Stock	\$ 80,000	
		Retained Earnings	800	80,800
Total	\$117,800	Total		\$117,800

Assets

Long-term assets

property, plant and equipment

investment property, such as real estate held for investment purposes

intangible assets

financial assets (excluding investments accounted for using the equity method, accounts receivables, and cash and cash equivalents)

biological assets, which are living plants or animals: such as apple trees grown to produce apples and sheep raised to produce wool.

Current assets

inventories

accounts receivable

cash and cash equivalents

Liabilities

accounts payable

provisions for warranties or court decisions

financial liabilities (excluding provisions and accounts payable), such as promissory notes and corporate bonds

liabilities and assets for current tax

minority interest in equity

Equity

The net assets shown by the balance sheet equals the third part of the balance sheet, which is known as the shareholders' equity. Formally, shareholders' equity is part of the company's liabilities: they are funds "owing" to shareholders (after payment of all other liabilities);

Case Study

Constructing a balance sheet

A new business starts up as a limited liability company called Sunrise Ltd by raising \$10,000 from the owners i.e. share holders. The money is put into a new bank account. What would the assets, liabilities and equity be?

Assets:

Bank Balance 10,000

Equity & Liabilities:

Share Capital 10,000

1.2

They then use 6,000 of its bank account to buy a delivery van. Assets and liabilities after this transaction:

Assets:



Bank Balance	4,000
Delivery Van	6,000
Equity & Liabilities:	
Share Capital	10,000

1.3

Sunrise Ltd then buys some inventory at 3,000 on credit. Assets and liabilities after this transaction:

Assets:

Bank Balance	4,000
Delivery Van	6,000
Inventory	3,000

Liabilities:

Accounts Payable	3,000 (to be paid to creditors)
------------------	---------------------------------

Equity:

Share Capital	10,000
---------------	--------

Total assets must always equal total liabilities (and equity). This is inevitable, as liabilities (and equity) provide the funds that are spent on these assets.

1.4

Shortly afterwards, after selling 1,000 of inventory for 2,500, payment of 2,600 of the accounts payable and the purchase of 2,200 of machinery financed by a 2,200 bank loan, the assets and liabilities change to the following:

Sunrise Balance	Ltd. Sheet
As of December 31, 2005	
Assets	
Current assets	
Bank balance	1,400
Inventory	2,000
Accounts receivable	2,500
Total current assets	5,900
Fixed assets	
Delivery van	6,000
Machinery	2,200
Total fixed assets	8,200
Total assets	14,100
Liabilities and stockholders' equity	
Current liabilities	
Accounts payable	400
Long-term liabilities	
Loans payable	2,200
Total liabilities	2,600
Stockholders' equity	



Share capital	10,000
Retained earnings	1,500
Total stockholders' equity (Net worth)	11,500
Total liabilities and stockholders' equity	14,100

9.3. Reading.Income Statement

An Income Statement, also called a Profit and Loss Statement (P&L), is a financial statement for companies that indicates how Revenue (money received from the sale of products and services before expenses are taken out, also known as the "top line") is transformed into net income (the result after all revenues and expenses have been accounted for, also known as the "bottom line"). The purpose of the income statement is to show managers and investors whether the company made or lost money during the period being reported.

Items on income statement

Operating section

Net Revenue - Inflows of assets. Usually presented as sales minus sales discounts, returns, and allowances.

Expenses - Outflows

Cost of goods sold - represents the amount a product costs to produce

General and administrative expenses (G & A) - represent expenses to manage the business (officer salaries, legal and professional fees, utilities, insurance, depreciation of office building and equipment, stationery, supplies)

Selling expenses - represent expenses needed to sell products (e.g., sales salaries and commissions, advertising, freight, shipping, depreciation of sales equipment)

R & D expenses - represent expenses included in research and development

Depreciation - represents costs associated with depreciated assets

Non-operating section

Other revenues or gains - revenues and gains from other than primary business activities (e.g. rent, patents). It also includes unusual gains and losses that are either unusual or infrequent, but not both (e.g. sale of securities or fixed assets).

Other expenses or losses - expenses or losses not related to primary business operations.

Irregular items

They are reported separately because this way users can better predict future cash flows - irregular items most likely won't happen next year. These are reported net of taxes.

Discontinued operations is the most common type of irregular items. Shifting business location, stopping production temporarily, or changes due to technological improvement do not qualify as discontinued operations.

Extraordinary items are both unusual (abnormal) and infrequent, for example, unexpected nature disaster, expropriation, prohibitions under new regulations. Note: natural disaster might not qualify depending on location (e.g. frost damage would not qualify in Canada but would in the tropics).



Changes in accounting principle is, for example, changing method of computing depreciation from straight-line to sum-of-the-years'-digits. However, changes in estimates (e.g. estimated useful life of a fixed asset) do not qualify.

Earnings per share

Because of its importance, earnings per share (EPS) are required to be disclosed on the face of the income statement. A company which reports any of the irregular items must also report EPS for these items either in the statement or in the notes.

Top line

The term "top line" refers to the total revenues or sales mentioned in the income statement. This refers to the fact that the total revenues collected by a company appears at the top of the income statement.

Bottom line

"Bottom line" is the net income that is calculated after subtracting the expenses from revenue. Since this forms the last line of the income statement, it is generally referred to as the bottom line.



9.4. Language focus – Useful language

If you work in the Accounting Department you will be asked to write reports about the financial condition of the organization. Definitely, the report should contain not only figures, but also clear, logically connected sentences. The following expressions might help you write a good report.

Introduction:	The aim of this report is to... This report is intended to... This report looks at/describes...	It uses... It draws on... It is based on...
Reporting an observation:	It seems/ appears that... A/the majority/ minority of...	It was found that... It was felt that...
Quoting:	According to... As X said... In the words of...	
Speculating:	It may/ could/ might (well) be that...	
Generalising:	In general On the whole In the main	
Commenting:	Interestingly Curiously Oddly Strangely Surprisingly Predictably As might be (have been) expected... It is interesting that...	
Making a recommendation:	It is recommended that... It is/ would be advisable for X to... X might/ should consider + -ing	
Summing up:	To sum up/ summarise On balance In short	

(from Sue O'Connell, *Advanced English CAE*, Longman, 1999, p. 167)



UNIT TEN – TAXES

10.1. Lead-in

Consider the following questions:

1. Why does economy need a tax system?
2. What do you know about taxation in your country?

10.2. Reading

A tax is a financial charge imposed on an individual or a legal entity by a state or a functional equivalent of a state (for example, tribes, secessionist movements or revolutionary movements). Taxes consist of direct tax or indirect tax, and may be paid in money or as corvée labor.

The method of taxation and the government expenditure of taxes raised is often highly debated in politics and economics. Tax collection is performed by a government agency such as Revenue Canada, the Internal Revenue Service (IRS) in the United States, or Her Majesty's Revenue and Customs (HMRC) in the UK.

Funds provided by taxation have been used by states and their functional equivalents throughout history to carry out many functions. Some of these include expenditures on war, the enforcement of law and public order, protection of property, economic infrastructure (roads, legal tender, enforcement of contracts, etc.), public works, social engineering, and the operation of government itself. Most modern governments also use taxes to fund welfare and public services. These services can include education systems, health care systems, pensions for the elderly, unemployment benefits, and public transportation. Energy, water and waste management systems are also common public utilities.

Historically, the nobility were supported by taxes on the poor; modern social security systems are intended to support the poor, the disabled, or the retired by taxes on those who are still working.

An important feature of tax systems is the percentage of the tax burden as it relates to income or consumption. The terms progressive, regressive, and proportional are used to describe the way the rate progresses from low to high, from high to low, or proportionally. The terms can be applied to any type of tax. A progressive tax is a tax imposed so that the tax rate increases as the amount to which the rate is applied increases. The opposite of a progressive tax is a regressive tax, where the tax rate decreases as the amount to which the rate is applied increases. In between is a proportional tax, where the tax rate is fixed as the amount to which the rate is applied increases.

Forms of taxation

In monetary economies prior to fiat banking, a critical form of taxation was seigniorage, the tax on the creation of money.



Other obsolete forms of taxation include:

Scutage - paid in lieu of military service; strictly speaking a commutation of a non-tax obligation rather than a tax as such, but functioning as a tax in practice

Tallage - a tax on feudal dependents

Tithe - a tax, or more precisely a tax-like payment (one tenth of one's earnings or agricultural produce), paid to the Church (and thus too specific to be a tax in strict technical terms even though appearing as one to the payer)

Aids - During feudal times Aids was a type of tax or due paid by a vassal to his lord.

Danegeld - medieval land tax originally raised to pay off raiding Danes and later used to fund military expenditures.

Carucate - tax which replaced the danegeld in England.

Tax Farming - the principle of assigning the responsibility for tax revenue collection to private citizens or groups.

10.3. Language focus – Text features (1)

Have a look at the following sentences from the text:

1. *So*, once again, *the American product is 20+% more expensive.*
2. *This* will lighten the load for all of us.
3. *That* would be a great legacy to leave the American people.

In the sentences above “so” is a **text organizer** while “this/ that” are **reference words**.

3.4.1. Put one word in each space:

1 ___ paper money obviously had no intrinsic value 2 ___ acceptability originally depended on 3 ___ being backed by some commodity, normally precious metals. 4 ___, during the Napoleonic Wars convertibility of Bank of England notes was suspended and there was some inflation 5 ___, 6 ___ quite mild compared to 7 ___ which has occurred in other wars, was worrying to contemporary observers who were used to stable prices and, 8 ___ the recommendations of an official enquiry Britain adopted the gold standard for the pound in 1816. For centuries earlier silver had been the standard of value. 9 ___, the pound was originally an amount of silver weighing a pound. 10 ___ the UK used the pound, France and the United States were in favour of a bimetallic standard. 11 ___ when the various German states merged into a single country in 1871 they chose the gold standard. 12 ___, the Scandinavian countries adopted the gold standard shortly afterwards. 13 ___ France made the switch from bimetallism to gold in 1878 and Japan, which had been on a silver standard, changed in 1897. In 1900, the United States 14 ___ officially adopted the gold standard.

(www.wizardsofmoney.org)

3.4.2. Put one word in each space.

We will 15 ___ look at 16 ___ and 17 ___ bodies 18 ___ the International Monetary Fund IMF facilitate 19 ___ risk transfer, a timely issue given the upcoming protests set to take place at the IMF/World Bank meeting in Washington, DC soon. Then we'll see that 20 ___ two bodies are simply a necessary evil of a much bigger financial infrastructure.

Presently the big financial players are merrily increasing the financial risk to be transferred to the public and the public is not noticing all that much. 21 ___, 22 ___ many are noticing are the consequences of risk transfers that have happened in the past and materialized through 23 ___ things 24 ___ the IMF bailouts. 25 ___, not too many concerned citizens are noticing the risk transfers that are being set up right now 26 ___ the public to digest 27 ___ the future. 28 ___, this is not really their fault as the mechanisms through 29 ___ all 30 ___ is done is not only



shrouded in wizard secrecy, it is **31** ___ something of an Alice in Wonderland world **32** ___ you get past the hurdles and pop in for a visit **33** ___.

(www.wizardsofmoney.org)

UNIT ELEVEN – INSURANCE

11.1. Lead-in

Consider the following questions:

1. What types of insurance do you know?
2. Which type of insurance do you consider the most useful? Why?
3. How do insurance companies sell their products?

11.2. Reading

Health Insurance is a type of insurance whereby the insurer pays the medical costs of the insured if the insured becomes sick due to covered causes, or due to accidents. The insurer may be a private organisation or a government agency.

Private health insurance

Health insurance is one of the most controversial forms of insurance because of the conflict between the need for the insurance company to remain solvent versus the need of its customers to remain healthy, which many view as a basic human right. This conflict exists in a liberal healthcare system because of the unpredictability of how patients respond to medical treatment. Suppose a large number of customers of a particular insurance company were to contract a rare disease costing 100 million dollars to fight for each patient. The insurance company would be faced with the choice of either charging all its future customers astronomical premiums (thus losing customers and going out of business), paying all claims without complaint (thus going out of business) or fighting the customers in an attempt to deny the costly treatment (thus outraging patients and their families, and becoming a target for lawsuits and legislation).

Publicly funded medicine

Many countries have made the societal choice to avoid this important conflict by nationalising the health industry so that doctors, nurses, and other medical workers become state employees, all funded by taxes; or setting up a national health insurance plan that all citizens pay into with tax payments, and which pays private doctors for healthcare. These national healthcare systems also have their problems. Many countries have citizen groups which protest bureaucracy and cost-cutting measures that unduly delay medical treatment.

Medicare/Medicaid

In the United States, health insurance is made more complicated by Federal Medicare/Medicaid programs, which have had the unintended consequence of determining the price of medical



procedures. Many suspect that these prices are set independently of medical necessity or actual cost. A physician who refuses to accept a Medicare/Medicaid payment will be banned from accepting any such payments for a number of years, regardless of the reason for rejecting the payment or the amount offered. In either case, this means that private insurers have little incentive to pay more than the government does.

Common complaints of private insurance

Some common complaints about private health insurance companies include:

Insurance companies do not normally announce their health insurance premiums more than a year in advance. This means that, if you get sick, you may find your premiums greatly increased. This defeats the purpose of having insurance in the first place.

If insurance companies try to charge different people different amounts based on your health, people will feel they are unfairly treated. Some states require that insurance companies cover all who apply at the same cost; this rule has the effect (called adverse selection) that healthy people subsidise sick ones, and thus only really sick people buy insurance and the premiums are very expensive.

When a claim is made, it is in the best interest of the insurance company to use paperwork and bureaucracy to attempt to deny the claim. Some percentage of people will give up, leading to lower costs for the insurance company.

Health insurance is only available at a reasonable cost through an employer-sponsored group plan. This means that unemployed individuals and self-employed individuals are at a disadvantage.

Employers can write some or all of their employee health insurance premiums off of their taxable income whereas individuals have to pay taxes on income used to fund health insurance. This reduces the employee's bargaining power in negotiating service with the insurance provider and also increases their dependence on the employer. In the US, COBRA was passed in an attempt to address the latter concern.

Experimental treatments are generally not covered. This practice is especially criticised by those who have already tried, and not benefited from, all "normal" medical treatments for their condition.

The Health maintenance organisation ("HMO") type of health insurance plan has been criticised for excessive cost-cutting policies. The least popular of these policies is having accountants or other administrators essentially making medical decisions for customers by deciding which types of medical treatment will be covered and which will not.

Common complaints of publicly funded medicine

Price no longer influences the allocation of resources, and healthcare worker's pay is often not related to quality or speed of care. Thus very long waits can be had before care is received.

11.3. Language focus – Noun Clauses



*Many suspect **that** these prices are set independently of medical necessity or actual cost.*

*Some states require **that** insurance companies cover all who apply at the same cost; this rule has the effect (called adverse selection) that healthy people subsidise sick ones, and thus only really sick people buy insurance and the premiums are very expensive.*

Noun clauses are often introduced by *that* and are therefore called that-clauses. Not all noun clauses are introduced by *that*.

In *that*-clauses following such verbs as *demand, suggest, insist, require* and after expressions such as *it is necessary/essential/important...* the subjunctive may be used in formal style.

e.g. *He **demanded that** the insurance company **pay** at once.*

***It is essential that** he **arrive** before ten.*

In less formal contexts, *should* can be used.

e.g. *He demanded that the insurance company **should pay** at once.*

*It is essential that he **should arrive** before ten.*



UNIT TWELVE – HOME INSURANCE

12.1. Lead-in

Consider the following questions:

1. What possible risks does home insurance take into consideration?
2. Why should people insure their homes against very unlikely situations?
3. Which the most frequent risk that home insurance covers?

12.2. Reading

Home insurance, or **homeowners insurance**, is an insurance policy that combines insurance on the home, its contents, and, often, the other personal possessions of the homeowner, as well as liability insurance for accidents that may happen at the home.

The cost of homeowners insurance scales upward depending on what it would cost to replace the house, and which additional "riders", meaning additional items to be insured, are attached to the policy. The insurance policy itself is a lengthy contract, and names what will and what will not be paid in the case of various events. Typically, claims are *not* paid due to earthquakes, floods, "Acts of God", or war (whose definition typically includes a nuclear explosion from any source). Special insurance can be purchased for these possibilities.

Most insurers charge less if it appears less likely the home will be damaged or destroyed: for example, if the house is situated next to a fire station, or if the house is equipped with fire sprinklers and fire alarms.

In the United States, most home buyers borrow money in the form of a mortgage, and the mortgage lender always requires that the buyer purchase homeowners insurance as a condition of the loan, in order to protect the bank if the home were to be destroyed. In most mortgage agreements, the lender "impounds" the homeowners insurance payments, meaning that although the insurance payments are due every six months, the homeowner must send the lender one-sixth of the money every month along with his mortgage payment. Then every six months, the lender pays the premium to the insurance company. This "impounding" is a scheme to ensure that the homeowner never misses a premium payment, and therefore will be sure to have insurance for the length of the mortgage.

Life insurance

Life insurance policies, including pensions and life annuity policies, provide payments depending on the life or the death of a particular person or persons.

Life insurance policies are issued in two basic types: term life and permanent life



Term life insurance, in a level term form, requires fixed, regular premiums and pays the death benefit, also called the principle sum, only if the insured dies during the policy's term. There are no cash values built under these policies.

Whole life insurance also requires fixed, regular premiums and pays the death benefit when the insured dies. Because the level premium in the early years of such a policy exceeds the average cost of claims and expenses there are moneys available to be invested. The policy owner has access to these invested amounts via the policy's *surrender value*. Surrender values are not usually available in the first few years of the policy because of high initial expenses. In this sense a whole-life policy has an *investment* component. Therefore, whole-life insurance is more expensive than term life.

Annuity policies are issued by insurance companies in two ways: **deferred** and **immediate**. A **deferred annuity**, as the name implies, includes a period of premium payment before the normal payments to the beneficiary (usually monthly) commence. If the beneficiary dies during this period, then the accumulated premiums (with or without interest) are paid as a benefit. An **immediate annuity** requires a single (lump-sum) payment and payments to the beneficiary start immediately.

12.3. Language focus –Coordinating Conjunctions

Co-ordinating conjunctions join pairs of parts of sentences or sentences.

*In the United States, most home buyers borrow money in the form of a mortgage, **and** the mortgage lender always requires that the buyer purchase homeowners insurance as a condition of the loan, in order to protect the bank if the home were to be destroyed.*

The most frequently used co-ordinating conjunctions are: *and, but, both... and, either... or, neither... nor, not only... but also.*

Other co-ordinating conjunctions: *besides, however, nevertheless, otherwise, so, therefore, still, yet, though.* With the exception of *nevertheless* and *therefore*, these can be used in other ways and sometimes as other parts of speech and their position will vary according to how they are used.



UNIT THIRTEEN – INSURANCE CONTRACT

13.1. Lead-in

Consider the following questions:

1. What possible risks does home insurance take into consideration?
2. Why should people insure their homes against very unlikely situations?
3. Which the most frequent risk that home insurance covers?

13.2. Reading

Insurance, in law and economics, is a form of risk management primarily used to hedge against the risk of a contingent loss. Insurance is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for a premium. Insurer is the company that sells the insurance. Insurance rate is a factor used to determine the amount, called the premium, to be charged for a certain amount of insurance coverage. Risk management, the practice of appraising and controlling risk, has evolved as a discrete field of study and practice.

Generally, an insurance contract includes, at a minimum, the following elements: the parties (the insurer, the insured, the beneficiaries), the premium, the period of coverage, the particular loss event covered, the amount of coverage (i.e., the amount to be paid to the insured or beneficiary in the event of a loss), and exclusions (events not covered). An insured is thus said to be "indemnified" against the loss events covered in the policy.

An **Insurance contract** determines the legal framework under which the features of an insurance policy are enforced. Insurance contracts are designed to meet very specific needs and thus have many features not found in many other types of contracts. Many features are similar across a wide variety of different types of insurance policies.

Vocabulary development

"Time is money!"

Other phrases with *money*

Match the phrases (1 to 10) with their corresponding definition (a to j).

1. <i>I'm not made of money</i>	a) used to say that a particular person or thing is likely to do something or be successful
2. <i>put your money where your mouth is</i>	b) you cannot afford something when someone asks you to pay for it
3. <i>money is no object</i>	c) used to say that you should not waste money
4. <i>a fool and his money are soon parted</i>	d) used to say that stupid people spend money quickly without thinking about it
5. <i>give sb a (good) run for their money</i>	e) to try to solve a problem by spending a lot of



	money but without really thinking about the problem
6. <i>money doesn't grow on trees</i>	<i>f)</i> used to show by your actions that you really believe what you say
7. <i>see the colour of sb's money</i>	<i>g)</i> to have definite proof that someone has enough money to pay for something
8. <i>spending money like it's going out of fashion</i>	<i>h)</i> used to emphasize that someone spends a lot of money
9. <i>the smart money is on sb/sth</i>	<i>i)</i> to say that someone can spend as much money as they want to on something
10. <i>throw money at sth</i>	<i>j)</i> to make your opponent in a competition use all their skill and effort to defeat you

13.3. Language focus – *Words commonly mis-spelled*

Choose the correct spelling of the words below:

accomodation – accommodation
address – adress
advertisement – advertisment
alltogether – altogether
committee – commitee
curiosity – curiosity
dissappear – disappear
divide – devide
embarassed – embarrassed
independent – independant
prefered – preferred
pronounciation – pronunciation
responsibility – responsability
seperate – separate
trully – truly
writing – writting



UNIT FOURTEEN – SMALL BUSINESS

14.1. Lead-in

Consider the following questions:

1. Why are small businesses important for the economy of a country?
2. Can small business prevent unemployment?

14.2. Reading

There is something magical, almost mythical, about small business in America. While big business often is seen as a faceless model of corporate efficiency, small businesses stand in for the noble American values of hard work and self-reliance. And to top it off, small business is the engine of U.S. economic growth, responsible for 75 percent of all net new jobs, we are frequently told.

President Bush, who rarely sings the praises of big business in his speeches and public appearances, waxes positively poetic in his frequent meetings with small-business owners. “You’re welcome to the American Dream, no matter who you are or where you’re from,” he said in one such session in October. “The entrepreneurial spirit is strong, and that’s what’s going to lead this recovery. The people are going to be able to find work because the small business owners of America are risk takers, bold thinkers, and love their country, and are willing to expand the job base.”

If small business is supposed to be leading the recovery, it is doing a pretty lousy job in terms of job growth. Over the past five months the economy has added a mere 278,000 jobs, including a barely measurable 1,000 jobs in December, according to the Bureau of Labor Statistics. That is certainly an improvement after the economy shed 2.3 million jobs over the previous two and a half years, but the five-month total is just a bit more than the average monthly gain in the last two expansions.

14.3. Language focus – Revision: The Passive

Have a look at the following sentences:

1. *Self-employment is **tracked** in the government's separate household survey, but those figures **are considered** less reliable than the payroll survey.*
2. *Data that breaks down employment by firm size **is closely guarded** by the Census Bureau and Internal Revenue Service.*

In the examples above the verb has a **passive** form.



Fill in the blanks with the required form of the verb given in brackets:

Nonautomatic licensing interferes where approval (1) ___ (grant freely). This (2) ___ (use) as a restriction itself, or it (3) ___ (use) to administer a quota. The license may be subject to certain conditions (4) ___ (meet): for example, a requirement to export; the use to which the imported good is to be put; the purchase of a specified quantity of the domestically produced like product; or the availability on the domestic market of the domestically produced like product.

Mercantilism is an economic philosophy of the 16th and 17th centuries that international commerce should primarily serve to increase a country's financial wealth, especially of gold and foreign currency. To that end, exports (5) ___ (view) as desirable and imports as undesirable unless they lead to even greater exports. In WTO context the term (6) ___ (use often) to describe the quid pro quo nature of bargaining over trade policies.

Parallel imports refer to trade that (7) ___ (make) possible when a good that (8) ___ (protect) under intellectual property provisions (patents, copyrights) (9) ___ (sell) in different countries for different prices. A parallel import comprises arbitrage activity and occurs when the good (10) ___ (import) from a lower-price market into a higher-price country.

Change the following sentences from the active voice into the passive. Make all the necessary changes.

1. The government has announced that the inflation will rise till the end of the year.
2. It's time the authorities solved the pollution problems.
3. We always deliver our goods on time.
4. Yesterday they sold all the shares our company is trading on the Sock Exchange.
5. A computer operator will find a solution for our problem.
6. His legal advisers told him not to say anything else till the police come to a conclusion.
7. If I wasn't so busy I would type and post the letter in due time.
8. The prime minister agreed with the report and so they could start a new business.
9. The board has been discussing his declaration for five hours and they haven't reached to a conclusion yet.
10. We will deal with your complaint as soon as we solve our own problems with the firm.



UNIT FIFTEEN – SETTING UP A BUSINESS

15.1. Lead-in

Consider the following questions:

1. Would you like to set up your own business?
2. In what field of activity?
3. Do you need special training for that?
4. Make a list with the key points you have to consider before starting your own business. Compare the list you have drafted with the elements mentioned in the following text.

15.2. Reading

Are you ready? Is Entrepreneurship For You?

In business, there are no guarantees. There is simply no way to eliminate all the risks associated with starting a small business - but you can improve your chances of success with good planning, preparation, and insight. Start by evaluating your strengths and weaknesses as a potential owner and manager of a small business. Carefully consider each of the following questions:

Are you a self-starter? It will be entirely up to you to develop projects, organize your time, and follow through on details.

How well do you get along with different personalities? Business owners need to develop working relationships with a variety of people including customers, vendors, staff, bankers, and professionals such as lawyers, accountants or consultants. Can you deal with a demanding client, an unreliable vendor, or a cranky receptionist if your business interests demand it?

How good are you at making decisions? Small business owners are required to make decisions constantly - often quickly, independently, and under pressure.

Do you have the physical and emotional stamina to run a business? Business ownership can be exciting, but it's also a lot of work. Can you face six or seven 12-hour workdays every week?

How well do you plan and organize? Research indicates that poor planning is responsible for most business failures. Good organization of financials, inventory, schedules, and production can help you avoid many pitfalls.

Is your drive strong enough? Running a business can wear you down emotionally. Some business owners burn out quickly from having to carry all the responsibility for the success of their business on their own shoulders. Strong motivation will help you survive slowdowns and periods of burnout.

How will the business affect your family? The first few years of business startup can be hard on family life. It's important for family members to know what to expect and for you to be able to trust that they will support you during this time. There also may be financial difficulties until the business becomes profitable, which could take months or years. You may have to adjust to a lower standard of living or put family assets at risk in the short-term.

Here is a list that came up after careful thinking and honest answering the questions above:



- **Planning** is one of the most important aspects of starting a business. Proper planning is needed for success in business and, for that matter, anything you do in life. Business planning implies writing and using the business plan.
- All businesses require some form of **financing**. Learn about raising capital, borrowing money and managing the financial operations of your business. This comprises: estimating costs, finding capital, applying for a loan, knowing about small business lenders, filling in financial statements.
- Marketing is all about satisfying customer needs. Learn how to better understand customer needs and ways to satisfy those needs. You will have to be informed on marketing research, competitive analysis, marketing plan, advertisements and PR, trade shows or e-marketing
- The employees of a business are its most important asset. Learn how to find and manage your employees successfully. This means not only finding employees but also get familiar with employment taxes, employment law, employees' benefits.
- Understanding tax requirements is a necessary aspect of all businesses. Learn about payroll taxes, employee identification numbers (EIN), Federal income taxes, and other required taxes (self-employment taxes, state taxes, local taxes, sales and use taxes).
- Following the conceptual stage of starting a business, a prospective owner will move towards the actual legal formation of the business. There is much that needs to be known about forms of ownership, required licenses and business law.
- SBA (Small Business Agency) offers many special programs and supports many special interests, such as women entrepreneurs, veterans, native Americans, minorities, young entrepreneurs). Within its mission to assist the development and growth of small businesses, the SBA has a vast menu of focused initiatives.

(www.sba.gov)

15.3. Language focus – *Revision: modal verbs*

Have a look at the following sentences:

1. I **will** draft the presentation for you. **Would** you compile the data I need?
2. Their plans **might** change if you tell them the news.
3. **Can** I take two days off?
4. In our new headquarters employees **must not** smoke.

The words written in bold are **modal verbs**.

Write appropriate sentences using the following prompts. Use different modals where appropriate and explain your choice.

1. Ask someone to help you write the report for the next meeting of the Board.
2. Tell your customers that they have to send you the order till the end of the month.
3. Inform your manager that it is possible that prices rise till next month.



4. There is a slight possibility not to get the loan from the bank because the papers were not correctly filled in.
5. They are unable to keep their temper when meeting with their supplier.
6. It is impossible that they discussed the terms of their partnership yesterday.
7. It is not necessary for you to complete the application form right now.
8. The production costs are too high and we have to take action.
9. They sent the letter yesterday. Has it arrived?
10. It wasn't a good idea to travel by train.

Use modal verbs in the following situations:

1. make predictions about unemployment
2. refuse to stay late hours; comment your refusal
3. speak about your plans for tomorrow (there are things you will possibly do, and problems there is a smaller possibility to be solved tomorrow)
4. express logical deduction
5. imagine you work in a multinational; tell a friend what you are and are not permitted to do at your place of work
6. since he attends an interview for a job, help your friend with suggestions of how to behave
7. talk about past habits you managed to get rid of or to improve



UNIT SIXTEEN – THE BUSINESS PLAN

16.1. Lead-in

Consider the following questions:

1. What is a business plan?
2. When and why do we need to draft a business plan?
3. What does a business plan contain?

16.2. Reading

A business plan outline is the second most important starting point once you've pre-determined your audience. The business plan outline should be prepared before the actual research and writing of the business plan.

Research & Information Collection:

Once you have made the decision of the type of funding your business requires, it is time for the research. Business plan research covers several key areas:

- Insight from your experience working and observing the industry you will enter. This data will have to be backed up by the next two sources.
- Published information from library, Internet, and paid database services will provide information on the market growth, overall industry perspective, and customer profiles.
- Field research covers interviews with customers, suppliers, competitors, and industry experts. This provides the real insight behind all the published facts.

Collection Files:

The easiest way to go about collecting all your experiences, interviews, and research is to create files for each section of the business plan. These files can be: paper-based, computer files or set-up using business planning software. As you start the research and collection phase of planning, fill your files with notes and printouts.

General Industry Overview:

Begin the research process with an overview of the industry; uncovering industry and association reports. By having a general understanding of the industry, you will avoid embarrassment in contacting experts with basic questions. Begin the field research once you have a good grasp of the industry fundamentals and need answers to the hard-to-find information.

Analysis:

Once the bulk of the data has been collected, the process of analysis begins. Look at building a competitive profile, contingency plan, risk assessment, etc.

Financials:



Start the financials when you have found some average industry ratios for your business. Work closely with your accountant to develop realistic projections. Being overly optimistic will raise eyebrows with your investors or banker.

Executive Summary:

Save the first section for last. When you have thoroughly, completed all sections of the business plan, write the summary. Highlight the key points and include the return on investment or loan payback requirements.

Review & Editing:

Remember, you only have one shot at making a good impression. A well-written business plan that opens doors and wins the money is a plan that has been revised and reviewed. Do not forget this important step. Ask others for feedback. Make certain to edit, proofread, proofread, and proofread. Business planning is not easy but by following these critical steps to writing a business plan, you will ensure your business has a chance at funding and

16.3. Language focus – Revision: the tense system

Fill in the blanks with the required form of the verb given in brackets:

But how much money can a bank (1) ___ (create) through the lending process? A lot of that (2) ___ (depend) on how risky its loans (3) ___ (be). Banks can create new loans (or bank money) up to a certain maximum multiple of their shareholder capital – that is, the amount shareholders (4) ___ (invest) in the bank, which is also the excess of the bank's assets over its liabilities. Remember a banks assets (5) ___ (be) its loans to the public, and its liabilities (6) ___ (be) deposits of the public. Capital for a bank can (7) ___ (think of) as a safety net – the more capital a bank (8) ___ (have), the safer it (9) ___ (be). That multiple of shareholder capital that banks (10) ___ (create) as money (11) ___ (depend) on how risky the loans they (12) ___ (choose) make (13) ___ (be). If they (14) ___ (be) very risky the multiple (15) ___ (be) lower. Put another way, a bank that (16) ___ (make) risky loans (17) ___ (have) to hold more capital (i.e. more of a safety net) as a percentage of total loans than a bank that (18) ___ (make) less risky loans.

Risky loans in this context (19) ___ (mean) loans that are more likely (20) ___ (not to pay back) in full, and this is the financial risk "created out of thin air" we (21) ___ (speak) about in another chapter. If lots of risky loans (22) ___ (end up) in default (that is, not paid back) then the bank (23) ___ (report) this as a loss and people (24) ___ (start) to lose confidence in the financial system, which can ultimately lead to financial crises and sometimes collapse. So, although these risks (25) ___ (create) "out of thin air" they can create very real consequences because our whole global economy (26) ___ (be) tied to the financial system and therefore (27) ___ (be) completely dependant on continued confidence in it.

(www.smartmoney.com)

Fill in the blanks with the required form of the verb given in brackets:

The "Oil-Standard" Kicks Out the Gold-Link of Money To understand this point about the monetary attacks let us first understand how the original Bretton Woods system (28) ___ (collapse).



Throughout the 1960s the United States (29) ___ (spend) massive amounts of money (US dollars) abroad to fund various military operations that, while under the guise of the "war against communism", (30) ___ (buy) ultimately insurance on investments and economic interests abroad. While certain capital controls (31) ___ (exist) to prevent speculative pressure on currencies US investors still (32) ___ (have) many economic interests throughout these regions. A rise in democracy may (33) ___ (nationalize) natural resources, (34) ___ (create) land reforms and otherwise (35) ___ (collapse) the value of US investments. In turn this (36) ___ (have) serious ramifications on the US stock exchanges and (37) ___ (reverberate) throughout the whole financial system. This big military spending abroad on Vietnam and other adventures (38) ___ (cause) America to have a big and rather permanent trade deficit and greatly (39) ___ (increase) the supply of US dollars abroad relative to US gold reserves at home. President Nixon (40) ___ (force) to break the peg of the US dollar to the fixed price for gold in 1971 and then the US dollar kept decreasing in value with respect to gold as the US (41) ___ (increase) its military activities abroad. This (42) ___ (cause) a huge disturbance in the international monetary system and soon the whole adjustable peg system (43) ___ (break down). The IMF (44) ___ (disband) at this time because its founding mission (45) ___ (not exist) anymore now that the Adjustable Peg (46) ___ (break down).

(www.smartmoney.com)



UNIT SEVENTEEN – INTERNATIONAL TRADE

17.1. Lead-in

Consider the following questions:

1. Is there any international organization that co-ordinates the activity of worldwide trade?
2. Is such an organization/organism needed?
3. How do you imagine the evolution of international trade in the years to come – in about fifty years, for example?

17.2. Reading

International trade is the exchange of capital, goods and services across international boundaries or territories. In most countries, it represents a significant share of GDP. While international trade has been present throughout much of history (see Silk Road, Amber Road), its economic, social, and political importance has been on the rise in recent centuries. Industrialization, advanced transportation, globalization, multinational corporations, and outsourcing are all having a major impact on the international trade system. Increasing international trade is crucial to the continuance of globalization. International trade is a major source of economic revenue for any nation that is considered a world power. Without international trade, nations would be limited to the goods and services produced within their own borders.

International trade is in principle not different from domestic trade as the motivation and the behavior of parties involved in a trade does not change fundamentally depending on whether trade is across a border or not. The main difference is that international trade is typically more costly than domestic trade. The reason is that a border typically imposes additional costs such as tariffs, time costs due to border delays and costs associated with country differences such as language, the legal system or a different culture.

Another difference between domestic and international trade is that factors of production such as capital and labor are typically more mobile within a country than across countries. Thus international trade is mostly restricted to trade in goods and services, and only to a lesser extent to trade in capital, labor or other factors of production. An example is the import of labor-intensive goods by the United States from China. Instead of importing Chinese labor the United States is importing goods from China that were produced with Chinese labor.

The Ricardian model focuses on comparative advantage and is perhaps the most important concept in international trade theory. In a Ricardian model, countries specialize in producing what they produce best.



Regulation of international trade

Traditionally trade was regulated through bilateral treaties between two nations. In the 19th century, especially in Britain, a belief in free trade became paramount. This belief became the dominant thinking among western nations since then despite the acknowledgement that adoption of the policy coincided with the general decline of Great Britain. In the years since the Second World War, controversial multilateral treaties like the GATT and World Trade Organization have attempted to create a globally regulated trade structure. These trade agreements have often resulted in protest and discontent with claims of unfair trade that is not mutually beneficial.

Free trade is usually most strongly supported by the most economically powerful nations, though they often engage in selective protectionism for those industries which are strategically important such as the protective tariffs applied to agriculture by the United States and Europe. The Netherlands and the United Kingdom were both strong advocates of free trade when they were economically dominant, today the United States, the United Kingdom, Australia and Japan are its greatest proponents. As tariff levels fall there is also an increasing willingness to negotiate non tariff measures, including foreign direct investment, procurement and trade facilitation. The latter looks at the transaction cost associated with meeting trade and customs procedures.

During recessions there is often strong domestic pressure to increase tariffs to protect domestic industries. This occurred around the world during the Great Depression. Many economists have attempted to portray tariffs as the underlining reason behind the collapse in world trade that many believe seriously deepened the depression.

The regulation of international trade is done through the World Trade Organization at the global level, and through several other regional arrangements such as MERCOSUR in South America, NAFTA between the United States, Canada and Mexico, and the European Union between 27 independent states.

17.3. Language focus – Text features (2)

Have a look at the following sentences:

1. There are **a number of** activities specific for the ITC. **First**, it facilitates the integration of its clients into the world trading system. **Next**, it supports national efforts to implement trade development strategies. **Finally**, it strengthens key trade support services, both public and private.
2. The information sources for international trade and business development are **largely** accessible through the Internet.

A number of, first, next, finally are ‘organizers’ of the text and *largely* is a modifier.

17.4. Language focus – Text features (3)



There are exercises in which you will be required to pay attention to common spelling errors or to punctuation and to give your own, correct solution. You may also be asked to check whether words have been omitted or extra words included.

*The exercises below will help you to practice **proof-reading activities**.*

In most lines of this text, there is either a spelling or punctuation error. For each line, write the correctly spelled word, or show the correct punctuation, in the space beside the text. Indicate correct lines with a tick.

An ad valorem duty (tarif, charge, and so on) is based on the value of the dutiable item and expressed in percentage terms: for example, a duty of 20 percent on the value of automobiles.

Advisory Centre on WTO Law is an Entity based in Geneva that provides legal counselling on WTO law and dispute settlement to developing and transition countries that are WTO members on a subsidized basis, depending on the income level of the requesting government.

AGOA (African Growth and Opportunities Act): U.S. legislation providing duty-free access for a large number of products for 35 African economies.

Aggregate Measure of Support is a measure of the total support given to an activity as a result of policies such as production subsidies and market price support policies.

Anti dumping: is a trade policy used by importing governments to counteract dumping, for example by imposing duties or negotiating price increases.

Appellate Body is the: WTO body that hears appeals against the findings of dispute settlement panels.

Border Tax Adjustment is a fiscal measure compensating, in whole or in part, for the different treatment either between imports and similar domestic products or between exports and similar products sold on the domestic market. For example, refunds, of domestic indirect taxes on goods destined for export; or changes on imports similar to the taxes levied on like domestic products. In trade context, activities supported by the donor community aimed at strengthening the ability of stakeholders in developing countries to develop national trade policy, undertake analysis and identify their interests in international trade negotiations.

The Cartel:- is an arrangement between firms to control a market – for example, to fix prices or limit competition between members of the cartel.

Ceiling binding is often used to describe a situation where there is a large difference between the tariff that is actually applied: and the level at which the tariff is bound in GATT (the 'ceiling').

C.I.F.: Cost, insurance and freight. The cost of a good delivered to the importing country's port.

(www.nysscpa.org)



UNIT EIGHTEEN – INCOTERMS

18.1. Lead-in

Consider the following questions:

1. What are Incoterms?
2. What is the scope of Incoterms?
3. What are the advantages and disadvantages of using them?

18.2. Reading

Read the definition and the text.

Incoterms

Trade terms in coded form as established by the International Chamber of Commerce in 1953, whereafter they have been regularly updated. (Last update 2000).

The terms represent a set of international rules for the interpretation of the principal terms of delivery used in trade contracts.

(www.ponl.com)

The purpose of Incoterms is to provide a set of international rules for the interpretation of the most commonly used trade terms in foreign trade. Thus, the uncertainties of different interpretations of such terms in different countries can be avoided or at least reduced to a considerable degree. The scope of Incoterms is limited to matters relating to the rights and obligations of the parties to the contract of sale with respect to the delivery of goods. Incoterms deal with a number of identified obligations imposed on the parties and the distribution of risk between the parties. In total 13 Incoterms have been defined which are grouped into four basically different categories, applicable for sea and inland waterway transport or for all modes of transport:

	Applicable for sea transport only	Applicable for all modes of transport (including water)
Departure term		EXW (Ex Works)
Shipment term, main carriage unpaid	FAS (Free Alongside Ship) FOB (Free On Board)	FCA (Free Carrier)
Shipment term, main carriage paid	CFR (Cost and Freight) CIF (Cost, Insurance and Freight)	CPT (Carriage Paid To) CIP (Carriage and Insurance Paid to)
Delivery term	DES (Delivered Ex Ship)	DAF (Delivered At Frontier) DDU (Delivered Duty Unpaid)



	DEQ (Delivered Ex Quay)	DDP (Delivered Duty Paid)
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From top (EXW) to bottom (DDP) the point of transfer in the transport chain moves from the sellers premises to the buyers place. The second and third group specify the shipment conditions, with freight and insurance unpaid or paid. For the first 3 groups the risk of loss or damage during (sea) transportation are with the buyer of the goods, whereas for the fourth group all risks up to delivery are with the seller of the goods.

(<http://www.ponl.com>)

18.3. Language focus – *Text organizers*

Have a look at the following sentences:

1. *He arranged the meeting **and** wrote the report for the MD.*
2. *They are **both** skilled businessmen **and** famous doctors.*
3. *You can **either** sell your business **or** declare bankruptcy.*
4. *Inco terms are used in many countries. In the USA, **for example**, business people don't even imagine trading without their help.*
5. *I couldn't come to the meeting, **since** I was ill.*

In these examples the words written in bold are used **to organize** speaking and writing.



Appendix

1. Types of insurance fraud

The types of insurance fraud that exist are as diverse as the types of insurance policies that are available. Some of the major areas in which insurance fraud occurs are in the life, health care, automobile, and property insurance industries.

Life insurance

An example of life insurance fraud is the John Darwin disappearance case, an ongoing investigation into the faked death of British former teacher and prison officer John Darwin, who turned up alive in December 2007, five years after he was thought to have died in a canoeing accident. Darwin was reported as "missing" after failing to report to work following a canoeing trip on March 21, 2002. He reappeared on December 1, 2007, claiming to have no memory of the past five years.

The John Darwin disappearance case is an investigation into the faked death of British former teacher and prison officer John Darwin, who turned up alive in December 2007, five years after he was thought to have died in a canoeing accident.

John Darwin was arrested and charged with fraudulently obtaining a passport and claiming money by deception. His wife - who was also arrested and charged, having claimed the money on his life insurance - alleged he had been secretly living in their house and the house next door, and that the couple had planned to set up a hotel for canoeing holidays in Panama. On 23 July 2008 Anne and John Darwin were both sentenced to over 6 years imprisonment.

Health care insurance

One of the main reasons that medical fraud is such a prevalent practice is that nearly all of the parties involved find it favorable in some way. Many physicians see it as necessary to provide quality care for their patients. Many patients, although disapproving of the idea of fraud, are sometimes more willing to accept it when it affects their own medical care.

Another motivation for insurance fraud in the healthcare industry, just as in all other types of insurance fraud, is a desire for financial gain. Public healthcare programs such as Medicare and Medicaid are especially conducive to fraudulent activities, as they are often run on a fee-for-service structure. Physicians use several fraudulent techniques to achieve this end. These can include "up-coding" or "upgrading," which involve billing for more expensive treatments than those actually provided.

Automobile insurance

The Insurance Research Council estimated that in 1996, 21 to 36 percent of auto-insurance claims contained elements of suspected fraud. Examples of soft auto-insurance fraud can include filing more than one claim for a single injury, filing claims for injuries not related to an automobile accident, misreporting wage losses due to injuries, or reporting higher costs for car repairs than those that were actually paid.

Organized crime rings can also be involved in auto-insurance fraud, sometimes carrying out schemes that are very complex. An example of one such ploy is given by Ken Dornstein, author of *Accidentally, on Purpose: The Making of a Personal Injury Underworld in America*. In this scheme,



known as a “swoop-and-squat,” one or more drivers in “swoop” cars force an unsuspecting driver into position behind a “squat” car. This squat car, which is usually filled with several passengers, then slows abruptly, forcing the driver of the chosen car to collide with the squat car. The passengers in the squat car then file a claim with the other driver’s insurance company. This claim often includes bills for medical treatments that were not necessary or not received.

Property insurance

Possible motivations for this can include obtaining payment that is worth more than the value of the property destroyed, or to destroy and subsequently receive payment for goods that could not otherwise be sold. According to Alfred Manes, the majority of property insurance crimes involve arson. One reason for this is that any evidence that a fire was started by arson is often destroyed by the fire itself. According to the United States Fire Administration, in the United States there were approximately 31,000 fires caused by arson in 2006, resulting in losses of \$755 million. Example: The Moulin Rouge in Las Vegas was struck by arson twice within 6 years.

2. Example of a Lingua Test

I. You are going to read a text about teamwork. Some sentences have been removed from the text. Choose from sentences A- G the one which fits each gap (1-6). There is one sentence which you do not need to use.

How to build the teamwork culture

by Susan M. Heathfield

Team building is creating a work culture that values collaboration. In a teamwork environment, people understand and believe that thinking, planning, decisions and actions are better when done cooperatively. **1**___

It’s hard to find work places that exemplify teamwork. **2**___ Workers are rarely raised in environments that emphasize true collaboration. Organizations are working on valuing diverse people, ideas, backgrounds, and experiences. We have miles to go before valuing collaboration will be the norm.

3___ Admittedly, they’re the hard things, but with commitment and appreciation for the value, you can create an overall sense of teamwork in your organization.

Create a Culture of Teamwork

To make teamwork happen, these powerful actions must occur.

Executive leaders communicate the clear expectation that teamwork and collaboration are expected.

4___ People who own work processes and positions are open and receptive to ideas and input from others. Executives model teamwork in their interaction with each other and the rest of the organization. **5**___ The organization members talk about and identify the value of a teamwork culture. If values are formally written and shared, teamwork is one of the key five or six. **6**___

The lone ranger, even if she is an excellent producer, is valued less than the person who achieves results with others. Compensation, bonuses, and rewards depend on collaborative practices as much as individual contribution and achievement. Important stories and folklore that people discuss within



the company emphasize teamwork. (Remember the year the capsule team reduced scrap by 20 percent? People who “do well” and are promoted within the company are team players.)

(adapted and abridged from <http://humanresources.about.com/library/weekly/aa122001a.htm>)

- A. You can, however, create a teamwork culture by doing just a few things right.
- B. No one completely owns a work area or process all by himself.
- C. People recognize, and even assimilate, the belief that “none of us is as good as all of us.”
- D. Actually, teamwork is not a difficult thing to achieve at all.
- E. In America, our institutions such as schools, our family structures, and our pastimes emphasize winning, being the best, and coming out on top.
- F. They maintain teamwork even when things are going wrong and the temptation is to slip back into former behavior.
- G. Teamwork is rewarded and recognized.

II. QUESTIONS 1-10 DIRECTIONS: For each blank think of ONE word that can best fit in the context. On your answer sheet write the ONE word you have found.

Starting your (1)____ business could be the way to achieving financial independence, or (2)____ could just as well land you in debt for the rest of your life. That, at (3)____, is the view of Charles and Brenda Leggat, a Scottish couple, who last week saw (4)____ fish farm business put into the hands of the receiver. ‘We started the business in 1985 when (5)____ was being encouraged by the banks to borrow money. (6)____ the time we were sure that we could make (7)____ into a going concern,’ said Charles Leggat, a farmer from (8)____ Highlands, ‘and the banks lent us more or less (9)____ we asked for. Their people analysed the proposals we put (10)____, and they agreed that it would be a highly profitable business.’

QUESTIONS 11-20 DIRECTIONS: For each blank decide which of the options A, B, C or D is best. ONLY ONE answer is correct and THERE IS ALWAYS ONE correct answer. On your answer sheet write A or B or C or D.

Sure (11)____, within five years the Leggats were exporting trout and salmon products to hotels (12)____ over Europe, and employed over fifty staff. But with the advent (13)____ the recession, they began to lose ground as orders dried up. ‘The awful thing (14)____,’ said Brenda Leggat, ‘that now the business had been valued by the banks at a fraction of its true worth. If they had left us to work our way out of our difficulties I am sure that we could have gone back into profit. (15)____ it is, we have been left (16)____ a livelihood, and the banks have not recovered (17)____ they lent us.’ The Leggats both felt that their banks had not treated (18)____ fairly. ‘They were falling over (19)____ to lend us the money, but they have done very little to keep the business going, and fifty local people (20)____ work.’ A spokesman for the main bank concerned, the National Caledonian, refused to comment.

11. A enough B however C fairly D of course



- | | | | | |
|-----|--------------|--------------|-------------|------------------|
| 12. | A in | B all | C around | D throughout |
| 13. | A of | B in | C with | D for |
| 14. | A was | B is | C had been | D will have been |
| 15. | A There | B How | C Like | D As |
| 16. | A out of | B off | C without | D outside |
| 17. | A that | B that which | C what | D whatever |
| 18. | A it | B that | C rather | D them |
| 19. | A themselves | B them | C ourselves | D us |
| 20. | A to | B at | C in | D with |

QUESTIONS 21-25 DIRECTIONS: For each of the following questions there are four parts underlined and lettered A, B, C and D. One of the underlined parts, A or B or C or D contains a mistake. On your answer sheet write the letter (A or B or C or D) that corresponds to the underlined part that contains the mistake.

21. (A) Someone once described the age we live in (B) like that of a vanishing world, one in which (C) the familiar is constantly disappearing for ever and technological change (D) is often difficult to cope with.

22. (A) So it should come as no surprise (B) to most of us to hear that (C) yet another part of everyday life is (D) almost to go for ever.

23. (A) Still, when I read recently that (B) within the next decade money as we know it (C) will probably seize to exist in technologically advanced countries, I had to read the article twice (D) to make sure it wasn't April 1st.

24. (A) According to Professor Gerry Montague of the Institute for Economic Reform, (B) the familiar coins and banknotes (C) will soon be replaced entirely (D) by credit cards of various kinds.

25. And the shop of the future (A) will be linked directly on the network of banking computers; (B) the assistant will simply key in your (C) bank account code number and the amount (D) you have spent, and thank you politely.

QUESTIONS 26-30 DIRECTIONS: Starting from the word in CAPITAL LETTERS at the end of each sentence, derive another word that best fits in the context of that sentence indicated by a blank space ("____"). On your answer sheet, write the derived word.

- | | |
|--|---------|
| There will be no pay rises in the (26)____ future. | SEE |
| Jim is one of the most (27)____ members of the committee. | SPEAK |
| What are the entry (28)____ at this university? | REQUIRE |
| All (29)____ must be received before July 20 th 2013. | APPLY |
| Taking into consideration the findings, we can predict some (30)____ growth. | ECONOMY |

III. Write an essay in response to the following question. Where necessary, you may wish to make qualified generalisations, mention cause and effect or use examples. Make your own position clear at the end and try to give reasons for your view.



Your essay should not be longer than 200 words.

When some people win, must others lose, or are there situations in which everyone wins?



Key:

- 1 C
- 2 E
- 3 A
- 4 B
- 5 F
- 6 G

BE USE 15

1	OWN
2	IT
3	LEAST
4	THEIR
5	EVERYONE
6	AT
7	IT
8	THE
9	EVERYTHING
10	FORWARD
11	A
12	B
13	A
14	B
15	D
16	C
17	C
18	D
19	A
20	C
21	B
22	D
23	C
24	B
25	A
26	FORESEEABLE
27	OUTSPOKEN
28	REQUIREMENTS
29	APPLICATIONS
30	ECONOMIC