



Lesson 5.
MONEY

“A bank is a place that will lend your money if you can prove that you don’t need it” – Bob Hope (1903–2003) American Comedian

1. Answer the questions individually. Then compare your answers with your teacher.

1. How much cash do you have at the moment? Do you:
 - a. Know exactly?
 - b. Know approximately?
 - c. Not know at all?
2. Do you normally check:
 - a. Your change?
 - b. Your bank statement and credit card bills?
 - c. Restaurant bills?
 - d. Your receipts when shopping?
 - e. Prices in several shops before you buy something?



3. Do you:

- a. Give money to beggars?
- b. Give money to charities?
- c. Give away used items, such as clothing?

4. If you go for a meal with someone you don't know well, do you:

- a. Offer to pay the whole bill?
- b. Suggest dividing the bill into equal parts?
- c. Offer to pay the whole bill but expect them to pay next time?
- d. Try to avoid paying anything

5. What do you think of the people who do not pay the correct amount of tax? Is this:

- a. A serious crime?
- b. Morally wrong but not a crime?
- c. Excellent business practice?

6. If you lend a colleague a small amount of money and they forget to pay it back, do you:

- a. Say nothing?
- b. Remind them that they owe you money?
- c. arrange to go for a drink with them and say you've forgotten your wallet or purse.

What do your answers say about your attitude and your culture?

PAST DUE

2. Match the definitions with the correct word in the box

gross margin
Stock market

recession
Debt

shares
investment

1. _____ money owed by one person or organization to another person or organization
2. _____ a period of time when business activity decreases because the economy is doing badly
3. _____ difference between the selling price of a product and the cost of producing it
4. _____ a place where company shares are bought and sold
5. _____ money which people or organizations put into a business to make a profit
6. _____ equal parts into which the capital or ownership of a company is divided.



3. Match the sentence halves.

1. Earning per share are

3. Bankruptcy is....

5. Pre-tax profits are ...

2. A forecast is....

4. A dividend is

6. Revenues are....

- a. A part of the profits of a company paid to the owners of shares.
- b. A company's profits divided by the number of its shares
- c. A description of what is likely to happen in the future
- d. Money which businesses receive from selling good or services
- e. When a person or organization is unable to pay their debts.
- f. The money a business makes before payment to the government.

4. Complete this report with the terms from Exercises A and B.

In our home markets it has been another excellent year. (1) _____ are up by £23 million, and the (2) _____ for the next quarter is equally good. Profits from abroad are down because of a (3) _____ in Japan. However, our performance overall has been good, and the (4) _____ have increased to 26.4% and the (5) _____ will be increased to 4.3% per share which will please our shareholders.

We plan to issue new (6) _____ in order to finance expansion in Asia. We also plan to increase our (7) _____ in plant and equipment before entering the Chinese market. We are particularly pleased with our performance in France and Germany where (8) _____ have increased. As a result of using a new distributor, our costs fell giving us a (9) _____ of 40% on our main product line. We will use any extra cash to reduce our level of (10) _____

Our performance in Italy should improve significantly following the (11) _____ of our biggest competitor. However, we should not become too satisfied with our share price as economic conditions remain uncertain and the (12) _____ will continue to reflect this. Share prices will not rise in the short term.



5.1 Hugh Campbell is the founder of Capital, a London-based finance firm which raises money for entrepreneurs. Listen to the first part of the interview and complete the chart.

Types of Business	Type of investor
Business set up by new entrepreneurs
Business borrowing up to
Business borrowing more than



5.2 Listen to the second part of the interview and answer these questions. (*How do venture capitalist select the companies to invest in?*)

1. According to Hugh, which three areas do venture capitalist look at when selecting companies to invest in?
2. What type of market is good to invest in and why?
3. What helps some businesses to win against other companies?
4. What three questions would Hugh ask the management team?



5.3 Listen to the third part of the interview . What kind of company does Hugh describe? Why did he like this type of company?



5.4 Listen to the final part of the interview. Which part of these statements are true? Correct the false ones.

1. Hugh was offered the chance to buy fifty percent of an Internet business.
2. He didn't invest because he thought the management team was weak.
3. The business did very well for a couple of years.
4. It was sold for twenty times it's original value.





6. Before you read the articles decide which of these statements are true.

1. Both Wal-Mart and Target Stores are based in the UK.
2. Wal-Mart is the worlds largest retailer.
3. Target is not a competitor or Wal-Mart.

Complete the chart after the reading

	Wal-Mart 4th quarter	Target 4th quarter	Wal-Mart Full year	Target Full year
Total profits				
% increase in profits / earnings				
Earnings per share				
Sales revenues				



By Lauren Foster

Wal-Mart yesterday really surprised investors when it sounded a strong note of optimism. This optimism is a marked turnaround from three months ago when Wal-Mart warned about the

strength of the recovery in US consumer spending.
10 Lee Scott, the CEO, said: 'I am more optimistic about the year we have just started than I have been in several years. I am not
15 only optimistic about the economy and the continuing strength of the housing market but also encouraged about Wal-
20 Mart's position.'
Mr Scott was also encouraged by consumer spending, which he said was driven by higher tax refunds and 'eventually
25 improvements in the jobs picture'.

The world's largest retailer by revenues said
30 fourth-quarter profits rose 11 percent to \$2.7bn, or 63 cents a share, compared with \$2.5bn, or 56 cents a share over a year
35 ago. Revenues for the quarter increased 12.2 percent to \$74.5bn.
For the full year, Wal-Mart's profits jumped 13.3
40 percent to \$8.9bn or \$2.03 a share, up from \$7.8bn. Revenues increased 11.6 percent from \$229.6bn to \$256.3bn. International
45 sales were strong, contributing about \$7bn to the near \$27bn gain in

overall sales.
Mr Scott said Wal-Mart
50 had a good year but the international division had an excellent year.
He stressed that, while gross margin was better than originally forecast, the improvement was thanks to the mix of merchandise, not higher prices. 'We are not raising
55 prices and have no intention of doing so,' Mr Scott said.

From the *Financial Times*
FINANCIAL TIMES
World business newspaper.



Target Stores



By Lauren Foster

Target yesterday beat Wall Street expectations when it delivered a 21.1 percent rise in quarterly earnings.

5 Gains in Target's credit card business, as well as both its Target Stores division and Marshall Field's stores, offset a small drop in pre-tax profit at the Mervyn's department store chain.

15 Target has cultivated a more upmarket and style-conscious image than other discount retailers. It is the third-largest general retailer in the US by revenues.

20 Target yesterday said it saw continued price pressure from rival Wal-Mart. For the fourth quarter, Target's profit rose to \$832m, or 91 cents a

share, compared with \$688m, or 75 cents a share, a year ago. Analysts had expected Target to earn 87 cents a share, according to Reuters Research.

35 Revenues for the quarter rose 10.7 percent to \$15.57bn from \$14.06bn, while same-store sales – from stores open at least a year – rose 4.9 percent.

40 Target said pre-tax profit soared 18.5 percent at Target Stores. At the department stores, which have been ailing, pre-tax profit jumped 15.6 percent at Marshall Field's but fell 0.3 percent at Mervyn's.

Credit card operations

added \$168m to pre-tax profit in the recent quarter, up 11.7 percent from a year ago.

55 For the full year, Target's profits were \$1.84bn, or \$2.01 a share, up 11.4 percent from \$1.65bn, or \$1.81 a share, the year before. Revenues rose 9.7 percent to \$48.16bn from \$43.91bn, driven by new stores, a 2.9 percent rise in same-store sales and growth in credit revenues.

From the *Financial Times*

FINANCIAL TIMES
World business newspaper.

7. Read both texts and answer the questions. Which company:

- a. feels confident about the future?
- b. has developed a more fashionable image?
- c. had particularly good results overseas in the last 12 months?
- d. is not planning to increase prices?
- e. did better than the American stock market forecast?
- f. feels its success is due to the variety of it's goods?

7A. Read both texts and answer the questions. Which company:

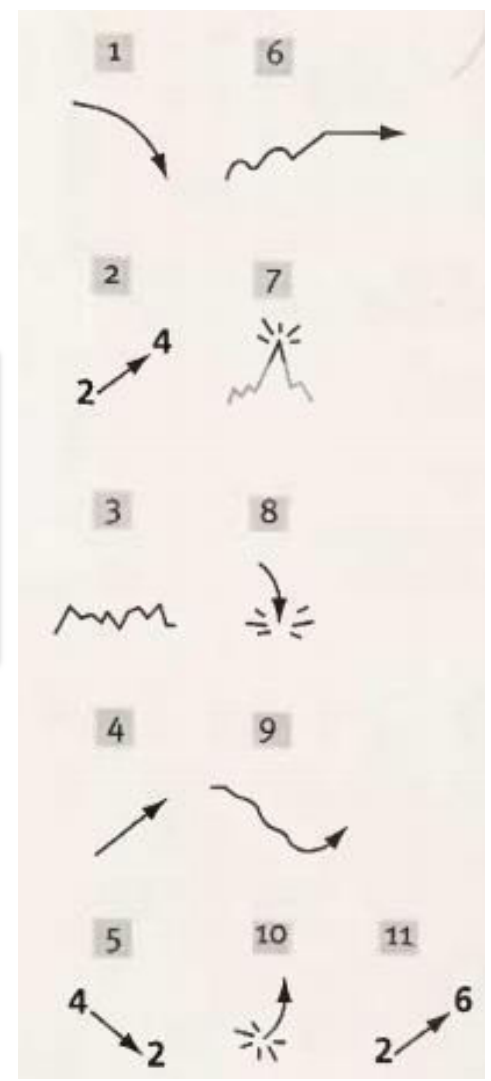
- | | |
|------------------|-------------|
| 1. Consumer | a. Division |
| 2. Tax | b. Pressure |
| 3. International | c. Refunds |
| 4. Quarterly | d. Spending |
| 5. Price | e. Earnings |



Lesson 5. Money

7. What kind of movement do the verbs below describe? Match them to the symbols 1 to 11. (Use some symbols more than once)

decline	gain	drop	increase
rocket	plummet	double	fall
level off	triple	recover	decrease
fluctuate	improve	peak	rise
jump			



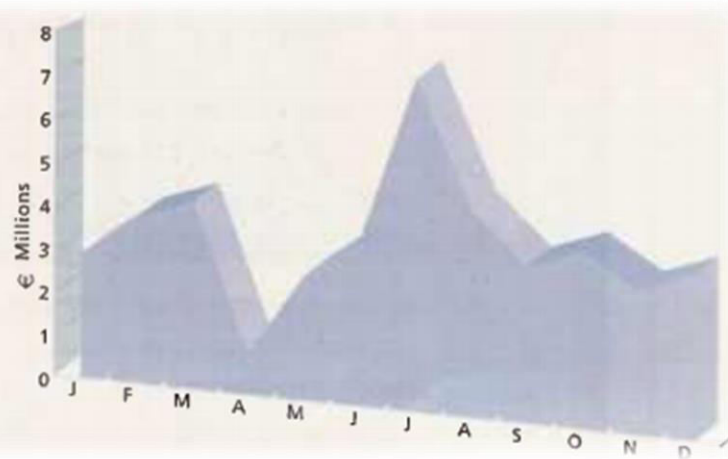
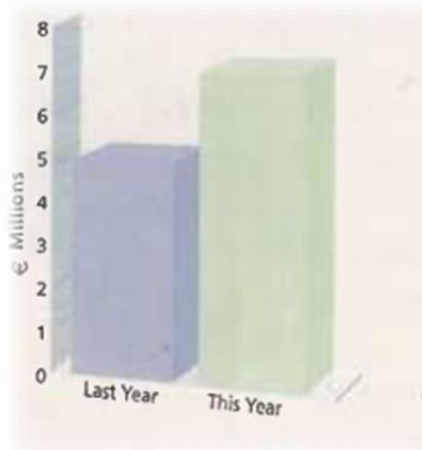
A. Which of the above verbs also have noun forms? What are they?

For example: to increase = an increase

8. Complete these sentences about the graphs below with appropriate prepositions.

1. Sales have increased €5m €7m.
2. Sales have increased €2m.
3. There has been an increase €2m in our sales.
4. Sales now stand €7 million.
5. Sales reached a peak €7 million in July.
6. Sales reached a low point €1 million in April.

9. Write two more sentences about each of the graphs below.



10. Look at the different types of money. Which words describe British money, and which describe American?

- | | |
|----------------------|----------------------|
| 1. a ten pence piece | 5. a five pound note |
| 2. a quarter | 6. a penny |
| 3. a one pound coin | 7. a dime |
| 4. a dollar bill | 8. fifty cents |

11. COLLOCATIONS. All of these words can be used with money. Complete each gap with the correct word.

- pay
- spend
- waste
- invest
- earn
- save
- borrow

1. If you work, you _____ money.
2. If you go shopping, you _____ money.
3. If you buy something, you _____ for it with cash or a credit card.
4. If you don't use your money carefully, you _____ it.
5. If you haven't got enough money, you _____ it from friends or from the bank.
6. If you want to _____ money, you put it in the bank, or you _____ it in a company, and hope the company is successful.

11. Read and Discuss the article

Ten (More) Reasons You're Not Rich

http://finance.yahoo.com/news/pf_article_105934.html