

*'Borrow money from pessimists – they don't expect it back.'*  
Steven Wright, American actor, writer and comedian

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## STARTING UP

A

Answer these questions individually. Then compare your answers with a partner.

## Money Quiz

- 1 How much cash do you have with you 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 statements and credit-card bills?
  - c) restaurant bills?
  - d) your receipts when shopping?
  - e) prices in several shops or online before you buy something?
- 3 Do you:
  - a) give money to beggars?
  - b) give money to charities?
  - c) give away used items such as clothes?
  - d) sell things you don't want (for example, on eBay)?
- 4 How do you feel about borrowing money?  
Do you tend to:
  - a) always manage to stay in credit and save regularly?
  - b) sometimes go into the red and use an overdraft facility?
  - c) usually pay interest on your credit card at the end of the month?
- 5 Some people try not to 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?

B

What do your answers to the questions in Exercise A say about your attitude to money? Are your attitudes typical? What do they say about your culture?

## VOCABULARY

## Financial terms

## A Match the words in the box to the definitions 1 to 6 below.

equity stake recession shares debt stock market forecast

- 1 equal parts into which the capital or ownership of a company is divided
- 2 a period of time when business activity decreases because the economy is doing badly
- 3 money risked when a business owns part of another company
- 4 a place where company shares are bought and sold
- 5 a description of what is likely to happen in the future
- 6 money owed by one person or organisation to another person or organisation

## B Match the sentence halves.

- |                       |                                                                                                          |
|-----------------------|----------------------------------------------------------------------------------------------------------|
| 1 Profit margin is    | a) a part of a company's profits paid to the owners of shares.                                           |
| 2 Investment is       | b) the difference between the price of a product or service and the cost of producing it.                |
| 3 Bankruptcy is       | c) money which people or organisations put into a business to make a profit.                             |
| 4 A dividend is       | d) the amount of money which a business obtains (in a year) from customers by selling goods or services. |
| 5 Pre-tax profits are | e) when a person or organisation is unable to pay their debts.                                           |
| 6 Annual turnover is  | f) the money a business makes before payment to the government.                                          |

## C Complete this news report with the terms from Exercises A and B.

And now the business news ...

There was a further downturn in the economy this month as the .....<sup>1</sup> in the United States and Asia-Pacific region continues. Yesterday was another day of heavy trading on the .....<sup>2</sup>, with big losses in share values. The .....<sup>3</sup> for the near future is not good, as market confidence remains low.

Paradise Lane, the struggling luxury hotel group, is seeking new .....<sup>4</sup> to try and avoid .....<sup>5</sup>, following the announcement of disastrous interim results. It currently has a .....<sup>6</sup> of nearly \$5 billion. There are rumours of rivals GHN taking a large .....<sup>7</sup> in the troubled hotel group.

Phoenix Media announced a 15% increase in .....<sup>8</sup> on an .....<sup>9</sup> of \$4.5 million. Added to the strong performance in the last quarter, this is likely to result in an increased .....<sup>10</sup> of over 14 cents per share, well up on last year, which will certainly please shareholders\*. Following a rise in sales in the emerging markets of ...

\* the people who own shares in a business

D  CD 1.36 Listen and check your answers.

## E What word partnerships can you identify from the text in Exercise C?

EXAMPLE: *heavy trading*

## F Discuss with your colleagues.

- What is the economic situation in your country at the moment?
- Which parts of the economy are doing well or badly?
- What is your forecast?
- Which types of business are making profits or losses?
- What sort of businesses are a good investment?
- Can you think of any businesses which have gone bankrupt recently?
- Which company shares are going up or down at the moment?

See the DVD-ROM  
for the i-Glossary.



## LISTENING

## Managing investments



Darrell Mercer

A

CD1.37 Darrell Mercer is Investment Director at PSigma Investment Management. Listen to the first part of the interview and complete the gaps.

The aim of the business is to provide .....<sup>1</sup> for private individuals who have .....<sup>2</sup> that they wish to employ to achieve a certain .....<sup>3</sup>.  
My role as the Investment Director is to both .....<sup>4</sup> for the client with the intention of meeting that aim, that return, and also then manage that strategy on an ongoing basis.

B

CD1.38 Listen twice to the second part and complete the chart. Then go to the audio script on page 157 and check your answers.

Asset	Example
1 cash	
2 fixed-interest securities	lending to a ..... <sup>1</sup> or a ..... <sup>2</sup>
3 index-linked securities	linked to the ..... <sup>3</sup>
4 equities	a ..... <sup>4</sup> or a ..... <sup>5</sup>
5 investments not linked to equity returns	..... <sup>6</sup> property ..... <sup>7</sup> (e.g. precious metals) ..... <sup>8</sup> (an interesting area of development over last 20 years)
6 alternative investments	..... <sup>9</sup> funds ..... <sup>10</sup> funds

Watch the interview on the DVD-ROM.



C

CD1.39 Listen to the final part. Which of the following does Darrell not mention?

- 1 gold    2 fixed-income securities    3 hedge funds    4 early cycle equities

## READING

## An inspirational story

A

Find idiomatic expressions in the article heading (page 55) which mean:

- 1 someone who does a lot of complicated business transactions  
2 a young person who is very skilled or successful at something.

B

Read the article and complete the profile.

Name	Kieran Prior
Age	
Job	
Duties	
Company	
Work location	
IQ	
Personality/Strengths	
Current area of specialisation	

C

What is your reaction to Kieran's story?

# Kieran Prior: Goldman Sachs's whizz-kid wheeler dealer



Working on the noisy, frenetic trading desk at Goldman Sachs's London offices on Fleet Street earlier this decade, Kieran Prior and John Yeatts, two bright and ambitious

twentysomethings from very different worlds, became close friends. Although Prior, then 23, was just a year older than Yeatts when they met, he enjoyed giving practical advice, teasing the American about his Saturday-night dates. Yeatts returned the favour. When traders ordered lunch delivered to their desks, Yeatts cut up Prior's food and fed him one small bite at a time. Prior was born with a rare condition that affects his movement

and impairs his speech. He cannot get out of his wheelchair unaided, and has never been able to walk.

Yet despite these physical limitations, Prior is thriving on Goldman's trading desk – possibly the most demanding and competitive testing ground in finance – winning the admiration of colleagues while gaining experience, confidence and responsibility.

It's not easy managing investments of any size for the high-powered trading machine that supplies much of the earnings of Wall Street's most profitable firm. It is extraordinary that Prior is able to do so with such physical limitations.

Gary Williams, the former head of European equity trading, who hired Prior nearly eight years ago, has enormous respect for his determination. 'He is an exceptionally smart, perceptive guy who has purposefully risen to – and overcome – so many challenges,' said Williams. 'The noise and hurly-burly of the trading floor make trading more difficult for someone in Kieran's position, but the challenge actually appeals to him.'

Intellectually, Prior, now 29, has few limits. Since joining Goldman as a

financial analyst in the equity division in 2000, Prior – whose IQ score of 238 puts him in the top 1% of the world's population – has risen from performing basic research analysis and trading Euro Stoxx futures to running a \$50m (£25m) group of European equities and derivatives.

Prior joined Goldman just four days after he graduated from university. Early on, he caught the attention of John Thornton, Goldman's then-president, as Thornton was walking across the trading floor. Thornton stopped for a brief chat – and was amazed.

'I couldn't help but be impressed,' said Thornton. 'First of all, Kieran's sheer, raw talent is impressive, and when you add to that the determination he shows getting through the day in a place like Goldman Sachs, which is so demanding, it is just breathtaking.'

Prior is free to invest in almost any business sector, but recently narrowed his focus to just 20 companies because of the extreme volatility in the markets. 'I joined Goldman in a bear market,' he said, 'but these markets are the most difficult I've ever seen, so I'm just using this period of volatility to learn as much as I can.'

from the *Sunday Times*

## D Find words in bold in the text that mean the following.

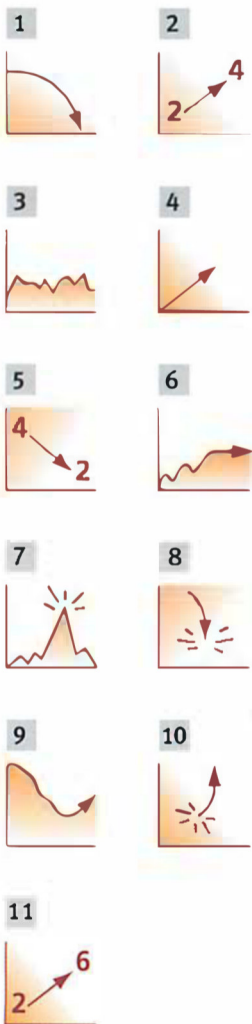
- 1 a financial market in which prices are falling
- 2 people who deal in shares and bonds
- 3 someone who carefully examines the financial state of a company
- 4 sudden and quick change
- 5 the area of a financial market where a particular company does business
- 6 the capital that a company has from shares rather than from loans
- 7 the careful examination of the performance of companies and stocks
- 8 the part of the economy made up by companies
- 9 the profit that a company makes in a particular period of time
- 10 things such as options or futures based on underlying assets such as shares, bonds and currencies

## E In groups, discuss which of the following sectors you think are likely to be volatile in an economic recession.

- telecommunications
- advertising
- healthcare
- food
- biotechnology
- cars
- budget supermarkets
- steel
- travel
- construction

## LANGUAGE REVIEW

## Describing trends



We can describe trends in English in different ways.

## 1 Verbs of change

Demand for BlackBerries has **soared** in recent years.

Sales are **falling**.

Profits **improved** in July.

## 2 Prepositions

Profits rose 5% **to** \$1.4 billion.

The sales of Dupont have gone up **from** \$19.6 billion **to** \$27.4 billion.

Sales rose **by** 20% over the holiday period.

This represents a decrease **of** 16.4% from the first quarter.

The average retail gasoline price stood **at** \$4.11 a gallon yesterday.

## 3 Different verb forms

The figures **paint** a gloomy picture for Japanese growth. (present simple)

The unemployment rate **is rising**. (present continuous)

Last summer, our market share **fell**. (past simple)

This year, orders from Brazil **have levelled off**. (present perfect)

If the price of petrol **rises** further, we'll **make** a loss. (first conditional)

➡ Grammar reference page 148

**A** What kind of movement do these verbs describe? Match them to the symbols (1–11) on the left. Then compare your answers with your partner. (You will need to use some symbols more than once.)

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

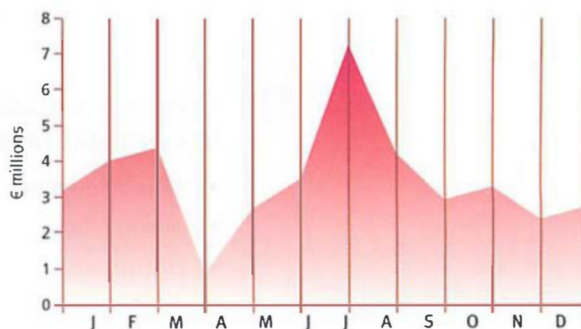
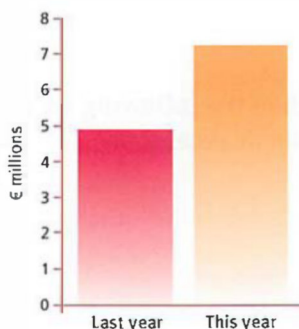
**B** Which of the verbs in Exercise A also have noun forms? What are they?

EXAMPLE: *to increase – an increase*

**C** Look at the graphs below. Complete the sentences about them with appropriate prepositions.

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

**D** Write two more sentences about each of these graphs.



## SKILLS

## Dealing with figures

## USEFUL LANGUAGE

## YEARS

1984 *nineteen eighty-four*  
 2012 *two thousand and twelve*  
 or *twenty twelve*

## CURRENCIES

£3.15 *three pounds fifteen*  
 \$7.80 *seven dollars eighty*  
 €250 *two hundred and fifty euros*  
 ¥125 *one hundred and twenty-five yen*

## BIGGER NUMBERS

3,560 *three thousand five hundred **and** sixty (BrE)*  
*three thousand five hundred sixty (AmE)*  
 598,347 *five hundred **and** ninety-eight thousand, three hundred **and** forty-seven (BrE)*  
*five hundred ninety-eight thousand, three hundred forty-seven (AmE)*  
 1,300,402 *one million three hundred thousand, four hundred **and** two (BrE)*  
*one million three hundred thousand, four hundred two (AmE)*  
 1m *one /a million (1,000,000)*  
 3bn *three billion (3,000,000,000)*  
 \$7.5bn *seven point five billion dollars*  
 €478m *four hundred **and** seventy-eight million euros (BrE)*  
*four hundred seventy-eight million euros (AmE)*

If you don't specify an exact amount, a plural is used.

It cost **thousands** of dollars. They spent **millions** of euros.

## DECIMALS

16.5 *sixteen point five*  
 17.38% *seventeen point three eight per cent*  
 0.185 *(nought /zero) point one eight five*

## FRACTIONS

$\frac{1}{4}$  *a quarter*       $\frac{1}{2}$  *a half*  
 $\frac{2}{3}$  *two thirds*       $\frac{3}{4}$  *three quarters*

- A** Work in pairs. Student A, turn to page 136 and read the text aloud to Student B. Student B, listen to Student A while reading this article. Correct any incorrect information.

## Business in brief

It was a bad day for the London market. Following disappointing results from FedEx in the US and fears of a credit crunch, the FTSE 100 fell 105 points or 1.8 per cent to 5,756.9, while the

FTSE 250 fell 189.1 points or 1.9 per cent to 9,534.8.  
 Only eight blue-chip stocks managed to make gains. The best was Smith & Nephew. Shares in the medical devices group rose 2.9 per cent to 595½p after UBS upgraded the stock to a 'buy' recommendation. S&N was also supported by rumours of a bid approach from a Japanese company.  
 On the other hand, British

Airways, down 5.2 per cent to 225¾p, fell even further after Morgan Stanley cut its target to 149p. This was because of worries about increasing fuel prices.

Tate and Lyle, the sugar and sweeteners group, lost 5.2 per cent to 402¼p after CityGroup lowered its forecasts because of rising corn prices. Following recent floods in the US, the cost of corn has risen 25 per cent.

FT

- B**  CD1.40 Listen and check the pronunciation of the figures.

- C** Write all the numbers from the correct version of the article in Exercise A in full, according to the way they are pronounced.

EXAMPLE: 105 points      *a hundred and five points*



## MAKE YOUR PITCH

Entrepreneurs with new business ideas take part in a TV programme to persuade wealthy people to invest in their project.

### Background

BNT is an American TV channel specialising in business news. Currently, it has a weekly programme called *Make your pitch*. In the programme, entrepreneurs of any age can make a pitch (a persuasive sales presentation) to two wealthy business people (tycoons) asking for money to help them develop a business idea, product or service. If the tycoons think the idea will be profitable, they invest some of their own money in the project. However, they usually ask for a large stake in the entrepreneurs' business in return for their investment.

### Rules of the competition

Read the rules that the entrepreneurs are given before they make their pitch.

- 1 Introduce yourself and state the name of your business.
- 2 Tell the tycoons how much you want them to invest and on what terms.
- 3 Make a short presentation (2–3 minutes) describing your idea/product/service.
- 4 Say who the product is aimed at: for example, the type of person and age range.
- 5 Mention any research you have done or actions you have taken to sell the product/service or develop your idea.
- 6 Try to convince the tycoons that your idea/product or service will be profitable and make money for them.





**CD1.41** Listen to an entrepreneur ending a presentation of the product, a storage device, that he and his partner want the tycoons to invest in. Tick the correct statements.

- 1 The product can be adapted to any space.
- 2 It can be used to store different kinds of household objects.
- 3 It looks impressive.
- 4 It can only be used once.
- 5 The entrepreneurs want the tycoons to invest €200,000 in their business.
- 6 If the tycoons accept the entrepreneurs' offer, they will end up owning 20% of the business.

**CD1.42** Listen to the questions and answers following the entrepreneurs' pitch. In groups, discuss these questions.

- 1 If you were one of the tycoons, what other questions would you ask the entrepreneurs before negotiating a stake in their company?
- 2 Do you think you would invest in this product? Why? / Why not?
- 3 If you decided to invest, what stake in the business would you ask for?
- 4 Apart from investing money, how else could you add value to their business? For example, personal qualities? business experience?

In tonight's programme, there will be four pitches to the tycoons by entrepreneurs.

- |                                     |                                 |
|-------------------------------------|---------------------------------|
| 1 100 sculptures of famous people   | 3 Alfresh lunch box with cooler |
| 2 New Formula XF anti-wrinkle cream | 4 On-the-Spot car cleaning      |

## Task

The tycoons listen to a short pitch (1–2 minutes) from each of the entrepreneurs. Then they ask questions to get additional information. Finally, they decide whether or not they will invest in the project, and on what terms.

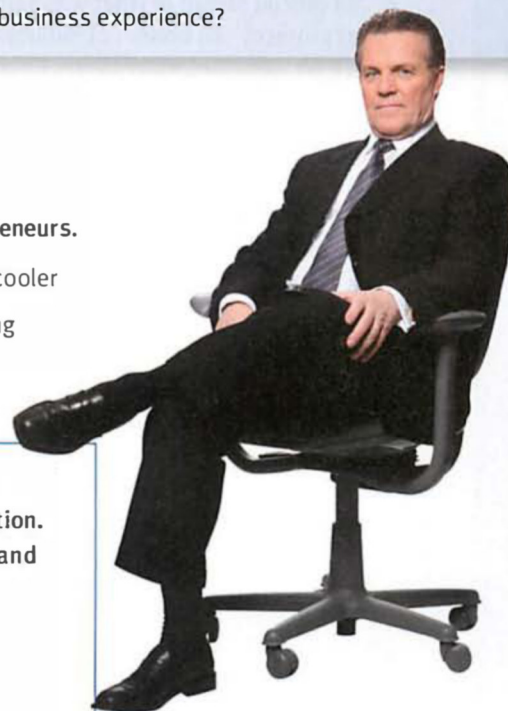
- 1 Work in groups of four. Take turns playing the roles of tycoons and entrepreneurs.

Tycoons: Turn to page 145.

Entrepreneurs: Choose one of the following products and turn to the relevant page.

- Sculptures of famous people (page 136)
- New Formula XF anti-wrinkle cream (page 141)
- Alfresh lunch box with cooler (page 136)
- On-the-Spot car cleaning (page 144)

- 2 Work as one group. Discuss all four projects. Rank them according to how good an investment they are for the tycoons (1 = excellent investment, 4 = poor investment). If you can't agree, take a vote.



## Writing

Write an e-mail to the most successful entrepreneur confirming the investment which the tycoons will make in their project. Give reasons for the tycoons' decision.

➔ Writing file page 127

Watch the Case study commentary on the DVD-ROM.

