ing ← from / buy / for

67 Business and finance

A Banks and businesses

Most businesses need to borrow money to finance (= pay for) investments (= things they need to buy in order to help the company, e.g. machines). The money they borrow from the bank is called a loan, and on this loan they have to pay interest, e.g. if you borrow £1,000 and the interest rate is 10%, then you have to pay back £1,000, plus £100 in interest.

B Businesses and profit

One of the main aims/objectives (= the things that you hope to do/achieve) of a company is to make a profit (= earn/receive more money than it spends) (≠ make a loss). If a company does not make a profit or a loss, it **breaks even.**

Most companies are happy if they can **break even** in their first year of business.

Companies receive money from selling their products – this money is called the **turnover**. The money that they spend is called the expenditure (*fml*). They spend money on these things: raw materials (= materials in their natural state used to make something else, e.g. coal and oil are important **raw materials** used to make plastics); labour (= employees); **overheads** (= necessary costs for a company, e.g. rent for buildings, electricity, telephone)

C Rise and fall

Business people often need to talk about the movement of sales, prices, interest rates, profit and loss, etc. Here are some of the words used to describe these **trends** (= movements):

rise / go up / increase	**rise slowly** (also **gradually**)	**rise sharply**
fall / go down ('decrease' is less common as a verb)	**fall slowly**	**go down sharply**

Note: **rise, increase,** and **fall** are also used as nouns: a **slow rise** in interest rates, a **steady increase** in sales, a **sharp fall** in profits, a **dramatic** (= sharp) **rise** in inflation. We can also use **be up/down**: prices **are up** by 10%; profits **are down** by £2m.

D Businesses and the economy

In order to **grow/expand** (= get bigger) and **thrive/prosper** (= do well / be successful), many companies want or need the following:

- **low inflation**, so prices do not go up
- **low interest rates**, so the company can borrow money without paying a lot of interest
- **economic** and **political stability** (= things remain steady and stable and there are no sudden changes in the economic and political situation)
- a **healthy/strong** economy (= in good condition), and not an economy **in recession** (= in a period of reduced and slow business activity)
- **tax cuts** (= tax reductions / lower taxes), so they can keep more of their profit. This often depends on government expenditure, e.g. The government will not be able to **reduce** taxes if **public expenditure** continues to rise.

Exercises

67.1 What single word or phrase is being defined in each of these sentences?

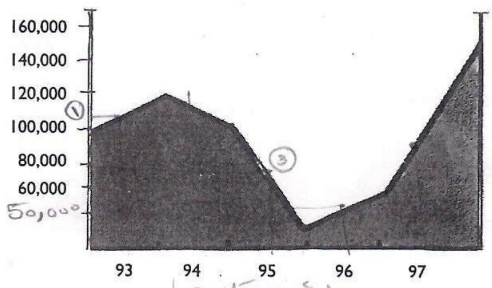
1 Money you borrow from a bank for your business. a loan. (قرض)
2 What you must pay the bank if you borrow money. interest.
3 The continuous increase in the price of things. go up (ترتفع)
4 The things you hope to do/achieve within a period of time. objectives (الأهداف)
5 When a company does not make a profit or a loss. prekes efen.
6 When an economy is in a period of reduced and slow business activity. Fall (يقل)

67.2 Replace the underlined word(s) in each sentence with another word that has the same meaning.

1 There has been a slow rise in sales. Fall.
2 This comes after a dramatic fall last year.
3 Fortunately the company is doing well now.
4 And it's growing very quickly.
5 This is one of their main objectives. (aims) أهداف
6 Profits have risen considerably. go up (يرتفع)

67.3 Look at the graph and complete the sentences on the left with one word for each gap.

1 In 1993 sales ...go up.......
2 In the following year they ...rise slowly..........
3 In 1995 there was a ....fall........ ...slowly...... in sales.
4 In 1996 business improved and there was a ..go down sharply....
5 And in 1997 sales ..rise........... ..sharply....
6 In the five-year period sales ..as............. by 40,000.



67.4 Fill the gaps to form compound words or common phrases.

1 ..public........ expenditure
2 ..political........ stability
3 tax ..cuts........
4 ..interest........ rate
5 raw ..materials..........
6 profit and ..Businesses..........

67.5 Can you answer these questions about your own country?

1 What is the current inflation rate?
2 If you borrowed $10,000 from your bank, what would the interest rate be approximately?
3 What is the state of the economy at the moment? Is it strong? Is it in recession?
4 Do you think businesses are optimistic about the future?
5 Has the government reduced company taxes or personal taxes in the last twelve months?
6 Has public expenditure risen or fallen in the last twelve months?

Words