# 10 Describing change

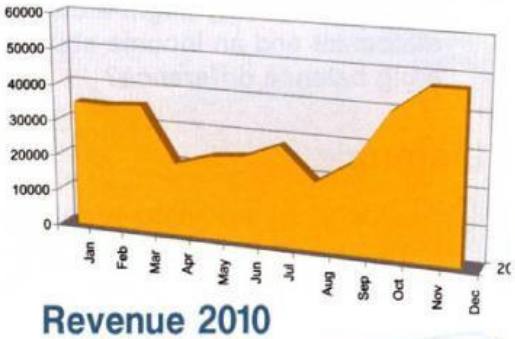
## 2010 Annual Sales Report

GRAND TOY COMPANY

Between January and March, revenue **hovered** around $35,000. In April, the cost of goods went up **slightly**. As a result, we increased prices. This had a negative effect on sales. In fact, revenue **plummeted sharply** to $20,000.

From April to June, revenue **stabilized** and **steadily** increased. In July, sales dropped **dramatically** from $28,000 to just $19,000. This was the result of a new competitor opening up across town.

We **recovered** quickly in September just before the busy season. This was partly due to a sharp **decline** in cost of goods. It allowed us to lower our prices. From October through December, we experienced our usual seasonal increases.




Revenue 2010

rise, increase, go up

fall, decrease, go down

stable, unchanged

fluctuating, unstable

sharp/dramatic increase, skyrocket

sharp/dramatic decrease, plummet

## Get Ready!

**1 Before you read the passage, talk about these questions.**

1 What words describe changing amounts?

2 What are some of the ways to say something increased or decreased?

## Reading

**2 Read the graph and the company's annual report. Then, mark the following statements as true (T) or false (F).**

1 __ Revenue usually increases during a certain season.

2 __ Revenue dropped after a new store opened.

3 __ The company's revenue declined from April to June.

## Vocabulary

**3 Match the words (1-5) with the definitions (A-E).**

1 __ steadily
2 __ stabilize
3 __ plummet
4 __ slightly
5 __ dramatically

A to stop changing
B to drop very far quickly
C without much change; consistently
D with great, rapid change
E to change in a small way

**4 Fill in the blanks with the correct words from the word bank.**

WORD BANK

hovered recovered declined sharply

1 The company _____ from its losses.

2 Sales _____ and the company went out of business.

3 Net income had minimal movement; it _____ at a moderate level.

4 Due to a large increase in costs, profits fell _____.



LIVEWORKSHEETS

**5** **Listen and read the annual report again. What enabled the company to drop their prices?**

## Listening

**6** **Listen to a conversation between a manager and an accountant. choose the correct answers.**

1 What is the dialogue mostly about?
   - **A** the effects of competition on setting prices
   - **B** reasons why the company must decrease prices
   - **C** the results of the holiday season price increases
   - **D** the causes of changes in sales revenue throughout the year

2 What caused an additional increase in sales revenue?
   - **A** a decrease in prices
   - **B** an increase in advertising
   - **C** an unusually busy holiday season
   - **D** a competitor going out of business

**7** **Listen again and complete the conversation.**

**Accountant:** Here's the sales report, Mr. Porter.
**Manager:** Ah, yes, thank you. Wow. Sales revenue really **1** _____ in April.
**Accountant:** Yes, it did. I'm **2** _____ _____ why.
**Manager:** Well, it was **3** _____ a result of our price increases.
**Accountant:** That **4** _____ _____. But why did sales increase so much from October to December?
**Manager:** Well, that's the holiday season.
**Accountant:** Yes, but I've never seen sales go **5** _____ _____. What else caused it?
**Manager:** It's probably **6** _____ _____ Mike's Toy Shop going out of business. They were major competition.

## Speaking

**8** **With a partner, act out the roles below based on Task 7. Then switch roles.**

**USE LANGUAGE SUCH AS:**

*Wow. Sales revenue really ...*
*I'm not sure why.*
*It's probably due to ...*

**Student A:** You are an accountant. Talk to Student B about:
- rising/falling revenue
- causes

**Student B:** You are a manager. Answer Student A's questions.

## Writing

**9** **Use the graph and the conversation from Task 8 to fill out the sales report. Make up a name for the accountant.**

**2010 ANNUAL SALES REPORT**

Prepared by _____ _____

Between January and March, sales revenue _____
_____
_____

In April, the cost of goods increased _____
As a result, we increased prices _____
sales revenue plummeted _____

In July, sales revenue, although previously stabilized,
_____
This was a result of _____
_____

From October through December, _____
_____
_____



LIVEWORKSHEETS

# 11 Gleaning information from financial statements

From: John Simmons, Senior Accountant
To: Becky Johnson, Human Resources; Charles Stanley, Sales; Nicolas Long, Marketing

Good morning! Many employees complain about keeping records. We do keep lots of records, but there's a good reason. We need them to **assess** the health of the company. Here are some ways we **interpret** your records.

**Return on Sales**

Net Income ÷ Revenue = Return on Sales

**Return on Equity**

Net Income ÷ Equity = Return on Equity

**Year-Over-Year Growth Rate**

Profit 2011 ÷ Profit 2010 = Year-Over-Year Growth Rate

These equations and others help us examine **factors** that **eat away at** our profits. Last year we had **thin** profits. Because we had accurate records, we found out that it was due to **uncollectible** receivables.

## Get Ready!

**1 Before you read the passage, talk about these questions.**

1 How do accountants use records to determine the health of companies?

2 What are some of the ways they interpret financial records?

## Reading

**2 Read the email. Then, choose the correct answers.**

1 What is the passage mainly about?

A opportunities for growth
B ways to interpret financial records
C methods for reducing return on sales
D options for increasing return on equity

2 Which equation is NOT presented in the email?

A Return on Equity
B Return on Sales
C Return on receivables
D Year-Over-Year Growth

3 What can be inferred about the company's customers?

A They keep detailed records.
B Some expect a high return on sales.
C They interpret financial information.
D Some do not pay for their purchases.

## Vocabulary

**3 Match the words (1-5) with the definitions (A-E).**

1 __ assess
2 __ factor
3 __ thin
4 __ return on sales
5 __ return on equity

A not having much substance; small in quantity
B net income in comparison to total revenue
C something that has an influence on something else
D net income in comparison to the value of the company
E to test something



LIVEWORKSHEETS

**4 Fill in the blanks with the correct words and phrases from the word bank.**

**WORD BANK**

interpret  year-over-year growth rate
uncollectible  eat away at

1 The _____ shows that the company is expanding.
2 The company went out of business. Its debts are _____.
3 It's the accountant's job to _____ the financial records.
4 Declining sales will definitely _____ profits.

**5 Listen and read the email again. How is year-over-year growth rate calculated?**

## Listening

**6 Listen to a conversation between a salesperson and an accountant. Mark the following statements as true (T) or false (F).**

1 __ The woman fills out a sales report monthly.
2 __ The man thinks paperwork is a waste of time.
3 __ The woman prefers paperwork over selling.

**7 Listen again and complete the conversation.**

**Salesperson:** Here's my weekly sales report.
**Accountant:** Wonderful. Thank you.
**Salesperson:** I'm **1** _____. Why do we have to keep such **2** _____ records?
**Accountant:** Because they help us **3** _____ the company's health. Why do you ask?
**Salesperson:** Well, it **4** _____ me down. I'd rather **5** _____ _____ selling than doing paperwork.
**Accountant:** I know what you mean. It takes time to **6** _____ _____. But it's worth it.
**Salesperson:** How so?
**Accountant:** Accurate records help us see if anything is eating away at our profits.

## Speaking

**8 With a partner, act out the roles below based on Task 7. Then switch roles.**

**USE LANGUAGE SUCH AS:**

*I'm curious. Why do we ...*
*Because ... Why do you ask?*
*I'd rather ... than ...*

**Student A:** You are a salesperson. Talk to Student B about:
- sales reports
- their purpose
- their uses

**Student B:** You are an accountant. Answer Student A's questions.

## Writing

**9 Use the email and the conversation from Task 8 to fill out the financial statement.**

**2011 FINANCIAL STATEMENT**

| | |
|---|---|
| Profit 2010 | 11,750 |
| Profit 2011 | 13,500 |
| Sales revenue | 56,500 |
| Net income (profit) | 13,500 |
| Owner's equity | 41,000 |

**Return on Sales**

_____ ÷ _____ = _____

**Return on Equity**

_____ ÷ _____ = _____

**Year-Over-Year Growth Rate**

_____ ÷ _____ = _____



LIVEWORKSHEETS