10 Describing change

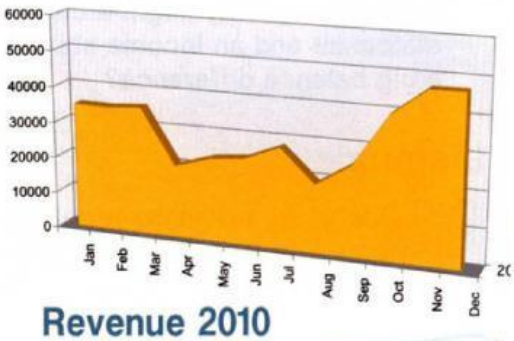
2010 Annual Sales Report

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

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

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.

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.

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