Lesson
25

WORDS TO LEARN

desire
detail
forecast
level
overall
perspective
project
realistic
target
translation
typically
yield

Financial Statements

Study the following definitions and examples.

1. **desire** v., to wish for
   a. We desire to have our own home.
   b. He desires to retire when he becomes forty.
2. **detail** v., to report or relate minutely or in particulars
   a. The office manager detailed each step of the inventory process at the staff meeting.
   b. Fabio created a financial statement that detailed every expected expenditure for the next quarter.
3. **forecast** n., a prediction of a future event; v., to estimate or calculate in advance
   a. The financial forecast indicates a deficit in the next quarter.
   b. Analysts forecast a strong economic outlook.
4. **level** n., a relative position or rank on a scale
   a. We have never had an accountant work at such a sophisticated level before.
   b. The meeting was only open to staff at the assistant director level or higher.
5. **overall** adj., regarded as a whole; general
   a. The company's overall expectations were out of proportion.
   b. Overall, our costs are running true to prediction.
6. **perspective** n., a mental view or outlook
   a. The budget statement will give the manager some perspective on where the costs of running the business are to be found.
   b. Joseph's accountant gave him some perspective as well as some data on how much he could expect to earn in his first year in business.
7. **project** v., to estimate or predict
   a. We need to project our earnings and expenses in order to plan next year's budget.
   b. The director projects that the company will need to hire ten new employees this year.
8. **realistic** adj., tending to or expressing an awareness of things as they really are
   a. Stefano found that an accurate accounting gave him a realistic idea of his business's financial direction.
   b. Realistic expectations are important when you review your financial statements.
9. **target** v., to establish as a goal; n., a goal
   a. We targeted March as the deadline for completing the financial statement.
   b. Most managers target desired income as the primary criterion for success.
10. **translation** n., the act or process of translating
    a. The translation of the statement from Japanese into English was very helpful.
    b. The accountant was able to provide a translation of the economic terms used in the meeting.
11. **typically** adv., acting in conformity to a type; characteristically
    a. Office expenses typically include such things as salaries, rent, and office supplies.
    b. The director typically dominates the staff meetings.
12. **yield** n., an amount produced; v., to produce a profit
    a. Henry's budget gave him the desired yield: a better indication of his expected profit.
    b. The company's investment yielded high returns.

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WORDS IN CONTEXT

Read the following passage and write the words in the blanks below.

desired	level	projected	translate
detailed	overall	realistic	typical
forecasts	perspective	target	yield

A business budget focuses on future profits and future capital requirements. A budget can help the business owner determine the amount of profit the business is expected to make, the amount of sales it will take to reach a goal, and what (1) _____ of expenses are attached to those sales. A business establishes a (2) _____, a goal to work toward. A business (3) _____ the sales that will be needed to reach this target.

Projecting or planning ahead is part of (4) _____ business planning. When creating a (5) _____ income statement, a business owner tries to determine how to reach the (6) _____ target. The annual profit must be sufficient to (7) _____ the owner a return for his or her time spent operating the business, plus a return on the investment. The owner's target income is the sum of a reasonable salary for the time spent running the business and a normal return on the amount invested in the firm.

After projecting the income needed, the business owner has to (8) _____ the target profit into a net sales figure for the forecasted period. The owner has to determine whether this sales volume is (9) _____. One useful technique is to break down the required annual sales into a daily sales figure to get a better (10) _____ of the sales required to yield the annual profit.

At this stage in the financial plan, the owner should create a (11) _____ picture of the firm's expected operating expenses. Many books and business organizations give (12) _____ operating statistics data, based on a percentage of net sales. The business's accountant can help you assign dollar values to anticipated expenses.

Developing a projected income statement is an important part of any financial plan, as the process forces the business owner to examine the firm's future profitability.

LIVEWORKSHEETS

WORD FAMILIES

verb	desire	Our manager is trying to predict how many customers will desire our product over the next quarter.
noun	desire	Her desire for greater control of the business led her to discuss her need for more information with her accountant.
adjective	desirable	The category summary, while desirable, was time-consuming to prepare.

verb	detail	The job description details all the duties of this position.
noun	detail	The budget report needs to be accurate down to the last detail.
adjective	detailed	The director asked for a detailed description of our meeting.

verb	project	The budget summary helped us project our expenditures for the year.
noun	project	The financial project was time-consuming and challenging.
noun	projection	Maurice's projections for the upcoming fiscal year were not as helpful as we had hoped.

verb	realize	The plan helps her realize her dream of having the business turn a profit.
noun	reality	The financial statement reinforced the reality that our business is in deep trouble.
adjective	realistic	The accountant needs realistic numbers on which to base his plan.

verb	translate	The computer was able to translate data from the created spreadsheet into the spreadsheet program I prefer.
noun	translation	The translation of the document was provided at no charge.
adjective	translatable	The data was not translatable between programs and had to be entered by hand, which took hours.

noun	type	This type of business requires a lot of start-up money.
adjective	typical	Part of a category summary is defining the expenses that are typical of the business in question.
adverb	typically	Typically, we finished preparing the budget just in time to meet the deadline.

LIVEWORKSHEETS

WORD PRACTICE

LISTENING COMPREHENSION

CD1
Track 25

Part 1 Photo

Look at the picture and listen to the sentences. Choose the sentence that best describes the picture.



1. Ⓐ Ⓑ Ⓒ Ⓓ

Part 2 Question–Response

Listen to the question and the three responses. Choose the response that best answers the question.

2. Ⓐ Ⓑ Ⓒ

3. Ⓐ Ⓑ Ⓒ

Part 3 Conversation

Listen to the dialogue. Then read each question and choose the best answer.

4. What is the woman doing?
   (A) Developing a project report.
   (B) Preparing a financial statement.
   (C) Making a weather forecast.
   (D) Writing an expense report.

5. When does she want to have this finished?
   (A) By noon.
   (B) Before 8:00.
   (C) By the end of the week.
   (D) Before the end of the year.

6. What does the man offer to do?
   (A) Write a check.
   (B) Sign a statement.
   (C) Solve her financial problems.
   (D) Correct her calculations.

Part 4 Talk

Listen to the talk. Then read each question and choose the best answer.

7. Who is this talk directed at?
   (A) Large companies.
   (B) Financial advisors.
   (C) Small business owners.
   (D) Finance companies.

8. When does a business typically become profitable?
   (A) During the first five years.
   (B) During the first year.
   (C) After five years.
   (D) After two years.

9. According to the speaker, what is the first step to take when starting a small business?
   (A) Get an office with a key.
   (B) Write a financial statement.
   (C) Raise start-up funds.
   (D) Hire a project manager.

LIVEWORKSHEETS

READING

Part 5 Incomplete Sentences

Choose the word that best completes the sentence.

10. Before we begin, I think we should all focus on the _____ outcome of this effort.
    (A) desirableness (C) desired
    (B) desire (D) desirability

11. The accountant can review all the _____ of the financial statement with you.
    (A) detailed (C) details
    (B) detailing (D) detail

12. The _____ figures for the next quarter will not be available until a week from tomorrow.
    (A) project (C) projection
    (B) projected (D) projects

13. The projected financial statement demonstrated to Susan that her business had a _____ chance of increasing its profit over the next two quarters.
    (A) realistic (C) realistically
    (B) realist (D) reality

14. To create our financial strategy, our consultant took the experiences of similar businesses and _____ relevant outcomes to our situation.
    (A) translatable (C) translator
    (B) translation (D) translated

15. Our business experienced a _____ fall in profits during the third quarter of the year.
    (A) typical (C) type
    (B) typically (D) typed

Part 6 Text Completion

Memo

To: Department Heads
From: Roy Jones, Manager
Re: Planning Meeting

As you know, our quarterly planning meeting will take place in two weeks. I want to let you know some of the topics that will be discussed, to give you a chance to prepare.

First, the overall economic situation in the country looks very good for the coming year. Economists __16__ an increase in consumer spending, especially in our sector. Therefore, we should look into increasing production. I believe that a 15 percent increase by the end of the year is a realistic target.

Second, since the company plans to increase sales overseas, we will need to hire several __17__. We will need to discuss how many we need and which languages should have priority.

These are the most important topics for the meeting. If anyone __18__ to put a special item on the meeting agenda, please let me know by the beginning of next week.

16. (A) foreclose
    (B) forebode
    (C) forego
    (D) forecast

17. (A) translators
    (B) translates
    (C) translations
    (D) transports

18. (A) desire
    (B) desires
    (C) will desire
    (D) have desired

LIVEWORKSHEETS

Part 7 Reading Comprehension

Questions 19–23 refer to the following article and e-mail message.

Do you have a sound financial plan for your small business? You should. The majority of small businesses fail during the first five years, typically because they have not made realistic financial plans. A new business owner may start out with the necessary funds, a qualified staff, and office space and equipment. These things may not save the business from disaster, however, if the business owner hasn't set realistic targets and made plans to reach them. Everyone who contemplates starting a new business should sit down and write out all the details of a financial plan before doing anything else.

To: Shirley Haines
From: Matthew Rockwell
Subject: Financial planning
Attach: Financial Plans for Small Businesses

Shirley,

Have you seen the attached article on financial planning? It appeared in this week's issue of *Small Business Owner* magazine. It has given me a new perspective on things. I can't believe we have already been running our business for six months, but we still haven't sat down together to write out a financial plan. Overall, I believe our business is doing well, and we certainly have enough clients. But, I now understand that our future success depends on having a good financial plan. We need to project our earnings for the next year and set financial targets. We should get to work on this right away. Can we meet tomorrow afternoon? Three o'clock is a good time for me. Let me know soon.

Matthew

19. According to the article, why do most small businesses fail?
(A) Lack of financial planning.
(B) Lack of adequate office space.
(C) Lack of qualified staff.
(D) Lack of adequate funds.

20. Why did Matthew write the e-mail message?
(A) He wants to start a small business with Shirley.
(B) He is writing an article for a magazine.
(C) He wants to make a financial plan.
(D) He is looking for new clients.

21. When does Matthew want to meet with Shirley?
(A) Tomorrow.
(B) Next week.
(C) In six months.
(D) Next year.

22. The word *typically* in line 3 of the article is closest in meaning to
(A) unfortunately
(B) usually
(C) really
(D) sadly

23. The word *perspective* in line 4 of the e-mail is closest in meaning to
(A) information
(B) advice
(C) goal
(D) view

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