Review 7

Mergers and acquisitions

1 **Match each word or phrase about finance in the box with its definition below.**

acquisition	assets	due diligence
economies of scale	fixed costs	liabilities
liquidity	merger	turnover	variable costs.

1 full investigation of a company's activities and finances _____
2 the amount of money that a company owes _____
3 the process of combining two companies to form a bigger one _____
4 something that someone buys (especially a company that has been bought by another company) _____
5 costs that alter directly when the business alters its level of output (e.g. raw materials, components, labour costs for factory workers) _____
6 costs that do not alter when the business alters its level of output (e.g. rent, marketing, management salaries) _____
7 things such as money, buildings or equipment that a person or company owns _____
8 measure of a company's ability to quickly convert assets into cash _____
9 reductions in the cost of producing a unit of a product that occur as the output increases _____
10 total amount of money coming into a company from sales (usually given as an annual figure) _____

2 **Find words or phrases from the box in Exercise 1 that have the same or similar meaning to the following.**

1 cost of sales/direct costs _____
2 overheads/indirect costs _____
3 cash-flow _____
4 debts _____
5 revenue/income _____

3 **Match the words in the box with their definitions (and extra information).**

climb	dip	deteriorate	fluctuate	jump
peak	rise	slide	soar	stabilize

1 become higher (literally: to move up using your hands and feet) _____
2 become less (literally: to put something into a liquid and quickly lift it out again) _____
3 change frequently, especially from a high level to a low one and back again _____
4 stop changing and become steady _____
5 get worse (opposite: improve) _____
6 get worse gradually (literally: to move smoothly and quickly across a surface) _____
7 increase (opposite: fall) _____
8 increase quickly to a high level (literally: to fly high in the sky) _____
9 increase suddenly and by a large amount (literally: push your body off the ground using your legs) _____
10 reach the highest point before becoming lower (the noun means 'the top of a mountain') _____

4 **Read this sentence:**

There was a _____ increase in sales.

Make adjectives that can go in the empty space using the letters and meanings given.

(Clue: the letter in bold is always the first letter.)

1 _____ abcdeeilnors (large)
2 _____ aac**d**imrt (sudden and surprising)
3 _____ adee**m**ort (neither big nor small)
4 _____ ahpr**s** (sudden)
5 _____ acfgiiinn**s**t (large or noticeable)
6 _____ ghil**s**t (small in size)
7 _____ dden**s**u (quick and unexpected)

5 **Look at one way to show 'cause & effect':**

*The new technology we bought last year **resulted in** a significant increase in productivity.*

Now show 'effect & cause' using these words to complete the gaps: *a, as, because, due, of, of, result, thanks, to, to.*

The increase in productivity last year was
(1) _____ /
(2) _____ /
(3) _____ /
(4) _____ the new technology we bought.

6 **Complete the sentences using the most appropriate form: *will, be going to* or the present continuous. Use contractions (*I'll, I'm*) where possible.**

1 (describing your plans) Next year _____ (we/enter) the Croatian market by buying a small local firm.
2 (making a promise) Don't worry, _____ (you/have) the goods by the end of the week.
3 (giving details of a fixed arrangement) _____ (I/meet) Barbara from 9:00 to 10:00 at her office, and I should be back around 10:30.
4 (making an instant decision) Is that my mobile phone ringing? I'm sorry, _____ (I/turn) it off.

7 **Complete this presentation extract using the words and phrases in the box.**

as a result of	however	let's move on
next slide shows	notice from the chart	
resulted in	seem to suggest	whereas

... OK, (1) _____.
My (2) _____ our administration costs one year after the merger. You will (3) _____ that the figures (4) _____ no noticeable impact on costs (5) _____ the merger. But this hides the real situation. Initially, the merger (6) _____ many large compensation payments for managerial staff who lost their jobs, and this increased costs. (7) _____, over the longer term salary costs are coming down as a result of the cuts. Next year we expect administration costs to be 2.3M, (8) _____ this year they will be about 2.9M.