**Unit 1: Business Correspondence**

**Vocabulary :**

1- Match the words and phrases from the e-mail (1-7) with the definitions (a-g).

|  |  |
| --- | --- |
| 1- Purpose 2- Agenda 3- Main points 4- Participants 5- Chairperson 6- Minutes 7- Action points  | a. Notes of what was said at a meeting. 6b. The people who take part in a meeting. 4c. A list of what will happen at a meeting. 2d. The things to do after a meeting. 7e. The person who keeps control of a meeting. 5f. The reason for or aim of having a meeting. 1 g. The most important things to talk about. 3 |

**Activity 1:**

I write to inform you that the board has received information of a takeover bid for your company. This consists of an attempt by Media Inc, the company offers 750 dollars per share. We have already asked our consultants to advise on the appropriate strategy to resist.

Although the offer seems attractive, it does not reflect the true value of the company or take into account our future prospects. We have budgeted for a major program of expansion. We plan to invest in new plant. We have also agreed to spend on a new equipment which will allow us to compete with our much larger rivals. Furthermore, we plan to combine with a distribution company in a joint venture in China. We are confident this will allow the company to succeed in opening up new markets in Asia.

Policies like these account for our success to date and contribute to our vision of the future. Therefore, we strongly advise you not to accept this offer. You can rely on the board to keep you completely informed of any future developments.

Yours faithfully,

Chairman.

 **Activity 2:**

Dear ……(name of the company‟s manager)

 We are writing to inform you that invoices have been unpaid for a period exceeding 8 months. These invoices are as follows: invoice n° 1253 of January 25; n°1452 of February 12; n° 1628 of February 20.

 We have already sent your departments two emails dated (on May 15 and on August 23) but unfortunately we have received no response. This is how we decided to address the company's senior management. The total amount of these invoices is 1 658 325 DA.

 We are obliged to request payment of 60% of the 127 amount due within a period not exceeding one month, and the remaining amount within 15 days that follow.

 We regret to inform you that in case of no serious response, we will be forced to take legal action with territorial jurisdiction.

Regards

Name

**Unit 2: The limited liability**

**Comprehension :**

1. Explain how the shareholders can be responsible for their company’s debts

According to the kind of company they have founded. If it is a partnership, they are fully liable. If they have chosen a limited company, their responsibility relates to their parts in the share capital.

1. Who are the stakeholders?

They are all people or organizations every company needs to deal with when operating.

1. Do you think the limited liability encourages investors to found company?

Yes, it does, because investors incur no risks.

**Vocabulary:**

1- Synonyms are: to create = to found, completely = fully, firm = company, organization = institution.

2- The word “criteria” is singular or plural?

It is plural, it is a Latin word, and the singular form is “criterion”.

3-

|  |  |
| --- | --- |
| Verb | Noun |
| To manage | Management |
| To associate | Association |
| To direct | Direction |
| To orient/to orientate | Orientation |
| To compete | Competition |

**Unit 3: Business Incorporation**

**Comprehension:**

1. What is incorporation ?

It is the process established by the state showing investors how to found a company, what rules to be followed are.

1. What document can be considered as a user’s manual of the company?

The articles of association.

1. Is there any other statement to be shown in the articles?

Yes, managers’ name, activities, in which cases companies must be dissolved, how to proceed if a controlling or founding shareholder dies…

**Vocabulary:**

1. Synonyms are: selecting = appointing, operating = handling, to show = to indicate, to identify.
2. What is the meaning of memorandum?

It’s a Latin word which means something we should keep in mind. It’s a written message in business or diplomacy.

**Memorandum of understanding** is an agreement, a note recording something for the future use.

1. The opposites are: necessary: unnecessary, non-essential, dispensable / public: private / to provide: to retain, to keep, to hold back / legal: illegal, unlawful / initial: final, last, latter/ agreeing: disagreeing, rejecting.
2. Complete this definition with the appropriate word : a - by – on - in

A company is a legal entity formed by a group of individuals to engage in and operate a business - commercial or industrial - enterprise. A company may be organized in various ways for tax and financial liability purposes depending on the corporate law of its jurisdiction.

**Unit 4: Corporate Governance**

**Comprehension:**

1. Do shareholders manage their company?

No, they don’t, this task is entrusted to managers or executive directors.

1. What are the main missions of the board of directors?

The board of directors examines results achieved by managers and the financial reports. Its members discuss the strategy adopted.

1. What is the difference between AGM and EGM?

The AGM is an ordinary meeting, held to discuss global issus, the EGM is held in case of crisis or problems.

**Vocabulary:**

1. Synonyms are: dissolution = dissolving, incorporating = setting up, to supervise = to control, to check = to inspect, to ask = to question, to demand = to request.
2.

|  |  |  |
| --- | --- | --- |
|  Verb | Noun | Adjective |
| To agree | Agreement | Agreed |
| To measure | Measurement | Measured |
| To present | Presentation | Presented |
| To operate | Operation/opertor | Operated |

**Unit 5: Auditing**

**Comprehension:**

* Is there a difference between internal and external audit?

They have both the same missions, internal or external auditors do the same functions. However, internal audit is done by accountants who are employees in the company; the external is done by independent auditors.

* Which companies are obliged to audit their accounts? Why?

Public limited companies are obliged to submit their financial statements to external audit. As part of their capital is owned by public, they have to insure investors about their results and situations.

* What are the likely consequences of non-compliance with internal procedures?

There is a high risk of lack of information or fraud if internal procedures are not followed in the performance of work.

* What is the creative accounting?

The exploitation of ambiguity or gaps in financial regulation in order to gain advantage or present figures in a misleadingly favourable light.

**Vocabulary**

1- Synonyms are: correctness = accuracy, to follow = to comply with, inspection =examination, to verify = to check, mission = function, to state = mention.

2-

|  |  |  |
| --- | --- | --- |
| **Verb** | **Noun** | **Adjective** |
| To accurise/accurize | Accuracy  | Accurate |
| To comply with  | Compliance | Complied/compliant  |
| To recommend | Recommendation  | Recommended  |
| To record  | Record | Recorded  |
| To examine  | Examination | Examinated |

3-

Internal audits take place within your business. As the business owner, you initiate the audit while someone else in your business conducts it. Businesses that have shareholders or board members may use internal audits as a way to update them on their business’s finances. And, internal audits are a good way to check in on financial goals. Although there are many reasons you may conduct an internal audit, some common reasons include to:

* Propose improvements.
* Monitor effectiveness.
* Make sure your business is compliant with law and regulations.
* Review and verify financial information.
* Evaluate risk management policies and procedures.
* Examine operation processes.

**Unit 6: Forensic accounting**

**Comprehension:**

* What is the main mission of forensic accounting?

Forensic accounting aims to look for any fraud like tax evasion or money laundering.

* Why is it different from auditing?

Auditing aims to reassure investors about the financial situation of the company and its compliance with current standards. Forensic accounting aims to certify that the company has not committed any illegal acts.

* Do you think forensic accountant should be highly skilled?

Yes, they should be able to investigate and having a complete knowledge of legislation.

* Does audit report have relevance in court?

No, it does not; reports produced by forensic accounting hold a legal relevance in court.

**Vocabulary:** synonyms are: questioning = interrogative, to inspect = to investigate, competency = skill/ qualifications, results = findings.

**Unit 7: Financial statements**

**Comprehension:**

* What are the main components of the balance sheet?

These are: assets, liabilities and shareholders’ equity.

* How can we get the gross profit?

We get the gross profit by deducting costs from revenues.

* Is it possible to compare the net income through the years if the company changes its accounting method?

No, it is not. That’s why one of the important standards in recording accounts is the consistency principle.

* Give the difference between the net income and the cash flow?

The net income shows how much the company is making, the money earned thanks to its activity, while the cash flow shows money generated or money spent by the company.

* What are the company's cash-generating activities?

Thess activities are: financing, investment and operating.

**Vocabulary:** synonyms are: variations = changes, to affect = to impact, element = item, to allot = to allocate, to decompose = to break down.

**Unit 8: Entrepreneurship**

**Comprehension:**

* What is the key of success given in the text?

The key is meeting customers’ expectation, to satisfy effectively their needs.

* Give other keys?

The other keys to success are linked to entrepreneur’s character; he must have attitudes such as determination, risk-taking, perseverance, foresight and vision.

* What is a business plan?

It is the study of the project's profitability.

* Why do entrepreneurs fail?

They fail if they do not consider critical elements in their study.

* Is innovation required to entrepreneurship? Say why?

No, it is not, many entrepreneurs succeed with simple ideas in services such as tourism or hotels, or in mass-market products, but their ideas offer a great deal of value to consumers.

**Vocabulary:**

1- Synonyms are: rule = tip, excellence = perfection, eminent = successful, accessibility = availability

2- Complete this table :

|  |  |
| --- | --- |
| Noun | Verb |
| Statement | To State |
| Confirmation | To confirm |
| Consolidation | To Consolidate |
| Production | To produce |
| Valuation | To valuate |

**Review Units:**

**Activity 1:** match each word with its synonym.

Company Statement

Capital Owners

Shareholders Corporation

Document Funds

**Activity 2:** say if these statements are true or false. Correct the wrong ones.

* In case of legal conflicts, people can sue shareholders.

If the company is a partnership, yes but if it’s a limited company, it’s the company as a legal entity which will be taken to court.

* The owners of a limited company have to pay all company's debts.

False, the owners of a partnership have to. The owners of the limited company are liable according to their share capital.

* Managers are the owners of the company they work in.

Owners can manage their company as they can appoint directors to do this task. They can also appoint a board of directors to control the managers recruited.

* Executive directors are members of the board of direction.

False, they are not. They are controlled by the board of direction.

* Shareholders vote for the amount of dividends in the EGM.

False, they vote for in the AGM.

* The net income is shown in the cash flow statement.

It is shown in the income statement.

* Forensic accountant are employees in the company.

They are independent auditors who work for other organizations, public departments or private companies.

* The creative accounting is a legal practice.

The practice is not forbidden by the law as the company takes advantage of the absence or ambiguity of law to pay less tax or overestimate its profit.

* The gross profit is the same as the net income.

No, they are not. The gross profit is calculated by deducting some costs from the gross profit.

* Auditors may present their reports to the court.

No, they can’t, only forensic accountants can.

**Activity 3:**

Executives Directors: people in charge of managing the company.

Share Capital: money owned by investors in a company.

Corporate Governance: the way a company is managed.

Limited Liability: shareholders are not responsible for the company's debts.

**Activity 4:** reorder these words to make correct sentences.

- partnership/the/in/for/are/the/has./Partners/debts,/fully/the/company/liable

Partners in the partnership are fully liable for the debts, the company has.

- association./to/The/is/step/a/of/memorandum/first/to/found/prepare/company/a

The first step to found a company is to prepare a memorandum of association.

- the/and/examine/to/Shareholders/statements./creditors/need/financial

Shareholders and creditors need to examine the financial statements.

- accountants/if/activity/illegal./Forensic/the/company/check/financial/is/of/the

Forensic accountants check if the financial activity of the company is illegal.

- halves/sheet/The/total./two/always/balance/of/same/a/have/the

The two halves of a balance sheet have always the same total.

**Activity 5:** match the two parts of a sentence

1. Shareholders can ask company’s directors questions, **c**
2. Companies can hold an emergency general meeting, **a**
3. Public limited companies have “plc” at the end of their **d**
4. The articles of association is a document which states the rights **b**
	1. if there's a crisis.
	2. and duties of shareholders, and the company’s purpose.
	3. at an annual meeting.
	4. Name and part of the capital is owned by the public.

**Activity 6:**

Corporate Governance refers to the way in which companies are governed and to what purpose. It identifies who has power and accountability, and who makes decisions. It is, in essence, a toolkit that enables management and the board to deal more effectively with the challenges of running a company. Corporate governance ensures that businesses have appropriate decision-making processes and controls in place so that the interests of all stakeholders (shareholders, employees, suppliers, customers and the community) are balanced.

**Activity 7:** complete this paragraph with the appropriate word.

* I am an internal auditor. I check the company's account to make sure that they are accurate and they comply with company's policies or the general accounting principles.
* If the control systems are not adequate, I make recommendation concerning changes.
* The external auditors check to see if transactions are being recorded correctly.

**Activity 8:**

The income statement shows the turnover made by the company through selling goods or services. It also shows money spent or company’s expenses. It is a very important statement as it gives a view of the company’s performance or result achieved during the reporting period.