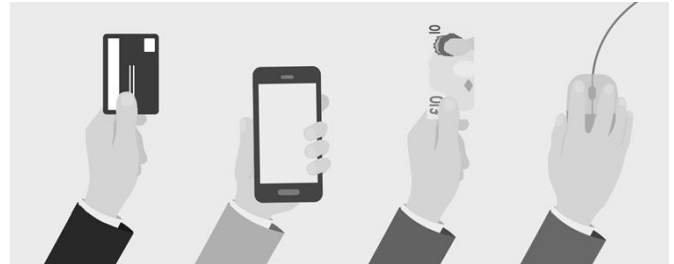


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1) WAYS OF PAYMENT

1. Read the text carefully and do the exercises below.

When we make a purchase, we must pay for the goods we buy. How can we pay? You have to know how to spend your money on, and also the methods you can choose to pay. With all of the options for making purchases and payments, it can be difficult to know which payment method to choose and if there's a "best" way to pay for things.



1. **TO PAY CASH:** to pay at the moment the purchase is made

To pay cash ≠ to pay on credit

Instalment: sum we periodically when we pay on credit (to pay in instalments)

2. **TO PAY IN CASH:** to pay with money (banknotes and coins). It's the most commonly used payment type for everyday purchases. Using it couldn't be simpler. It's almost always used face-to-face and you can physically see the money being handed over (and get any change straight away too).

To pay in cash ≠ to pay with a document

Advantages: Using cash can be a great way to avoid overspending. You can choose exactly how much you're willing to spend and carry that amount with you, then (1) stop spending when your wallet is empty.

Disadvantages: For some people, cash can "burn a hole" in their wallets: the temptation can lead to undesired spending.

Need cash?

- ✓ Cash machine (also known as an ATM): A self-service machine allowing cardholders with a PIN (Personal Identification Number) to **withdraw** cash from their account. Besides (2) withdrawals, other services – such as checking your balance or paying bills and taxes – are also available on cash machines.
- ✓ Cashback: When purchasing goods with a debit card, some retailers (generally supermarkets or petrol stations), offer a cashback service. This enables a customer to add a cash value to the transaction and obtain the cash at the checkout, as an alternative to using a cash machine. The transaction value and the cash value will be debited directly from the cardholder's bank account. Cashback is only available on debit cards.

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3. TO PAY USING A CREDIT CARD: A credit card is used to buy goods or services on credit. When you use a credit card to buy things, you are borrowing money from the credit card company who will have advised you of your credit limit – the maximum amount you can borrow. You'll have to repay the money and pay any interest due. If you pay your bill off in full each month, you won't pay any interest.



Advantages: For certain purchases, credit cards may be convenient or even necessary. For some purchases, you may be required to use a card – like booking a hotel room or renting a car in advance. Many credit cards offer rewards programmes. You are also protected if your credit card is stolen.

Disadvantages: Some businesses charge extra fees for credit card payments. Some shops enforce a minimum credit card purchase. Banks charge businesses a fee when customers pay with a credit card so many businesses set a minimum amount for credit card purchases.

4. TO PAY USING A DEBIT CARD: A debit card is linked to your current or savings account and is used to pay for goods and services in your country, abroad and online. The amount of the purchase is debited from your available balance on the same day. However (3) it can sometimes take a few days for the funds to be debited from your account. Debit cards also allow you to withdraw money at cash machines or get cashback in shops that offer that service.



Advantages: Like credit cards, debit cards can be used to pay for things in cases where cash is not accepted. The money you spend comes directly out of your savings account, making it a great way to avoid spending more money than you have available.

Disadvantages: Pay attention to the balance before using your debit card. If you try to spend more than you have, your purchase may be declined.

5. TO PAY BY CHEQUES (BrE) / CHECKS (AmE)

CHEQUE: a written order, usually on a standard printed form, directing a bank to pay money. It is used instead of money to pay for things. (To pay BY cheque/check). When you open a bank account you may be given a chequebook which contains a number of cheques. Each cheque will already be printed with your bank sort code and account number, your bank's name and address and a unique cheque number.



Advantages: It's more convenient than carrying cash around. One does not have to count notes and risk making counting mistakes. Cheques are traceable. They are easy to follow or locate. Cheques are safer if crossed. They can be post dated.



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Disadvantages: They may be valueless if the drawer has no funds in his/her account. Depositing cheques into an account is time consuming. People without bank accounts will be inconvenienced by crossed cheques.

CHARACTERISTICS OF A CHEQUE

A cheque is an order of payment to **order** (to be paid only to a specific payee) or to **bearer** (payable to the holder or presenter). It is a negotiable document. It can be endorsed and thus (4) transferred to a third party.

When we pay with a cheque we fill in the counterfoil with the receiver's name, the date and the amount of money as a record of payment.

PARTIES TO A CHEQUE:

There are 3 parties to a cheque:

- 1- DRAWER: party who signs the cheque.
- 2- DRAWEE: party that must pay the cheque (the bank)
- 3- PAYEE: the person to whom the cheque must be paid.

KINDS OF CHEQUES:

- ✓ Order cheque: It contains the payee's name. It must be endorsed so that it may be cashed or deposited.
- ✓ Bearer cheque: It doesn't contain the payee's name. It is paid to the person presenting it.
- ✓ Crossed cheque: It can't be cashed. It must be deposited in a current account or savings account.

6. PROMISSORY NOTE (PN): It's a written promise of payment. This document is usually negotiable and contains a signed promise to pay a stated sum of money to a particular person at a designated date or on demand.

There are two parties to a PN:

MAKER: party who signs the PN

PAYEE: Person who receives the money

7. NEW PAYMENT OPTIONS: These days you may be able to pay for a purchase using your smartphone – some phones allow you to buy things by tapping your phone on a terminal checkout. Another popular



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option is payment via apps, digital wallets or other programmes. These payment methods usually link to your credit card, debit card or your bank account.

A- Multiple choice.

1- You want to use money from your savings account to make a purchase. Which payment method should you use?

a- credit card

b- cheque

c- debit card

2- You want to use money from your current account to make a purchase. Which payment method should you use?

a- credit card

b- cheque

c- debit card

3- What is the best strategy for avoiding credit card interest?

a- pay the full balance each month.

b- pay the minimum balance.

c- skip payments.

4- Which of the following is the best reason to use cash for purchases?

a- getting more cash from the ATM is easy to do.

b- losing it won't be a big deal.

c- keeping track of how much you have spent is simple.

5- The person named in the cheque to whom the money is to be paid is known as _____

a- Drawer

b- Drawee

c- Payee

B) Circle the meaning of the following connectors:

1- Then: EXAMPLE SEQUENCE

2- Besides: ADDITION CONTRAST

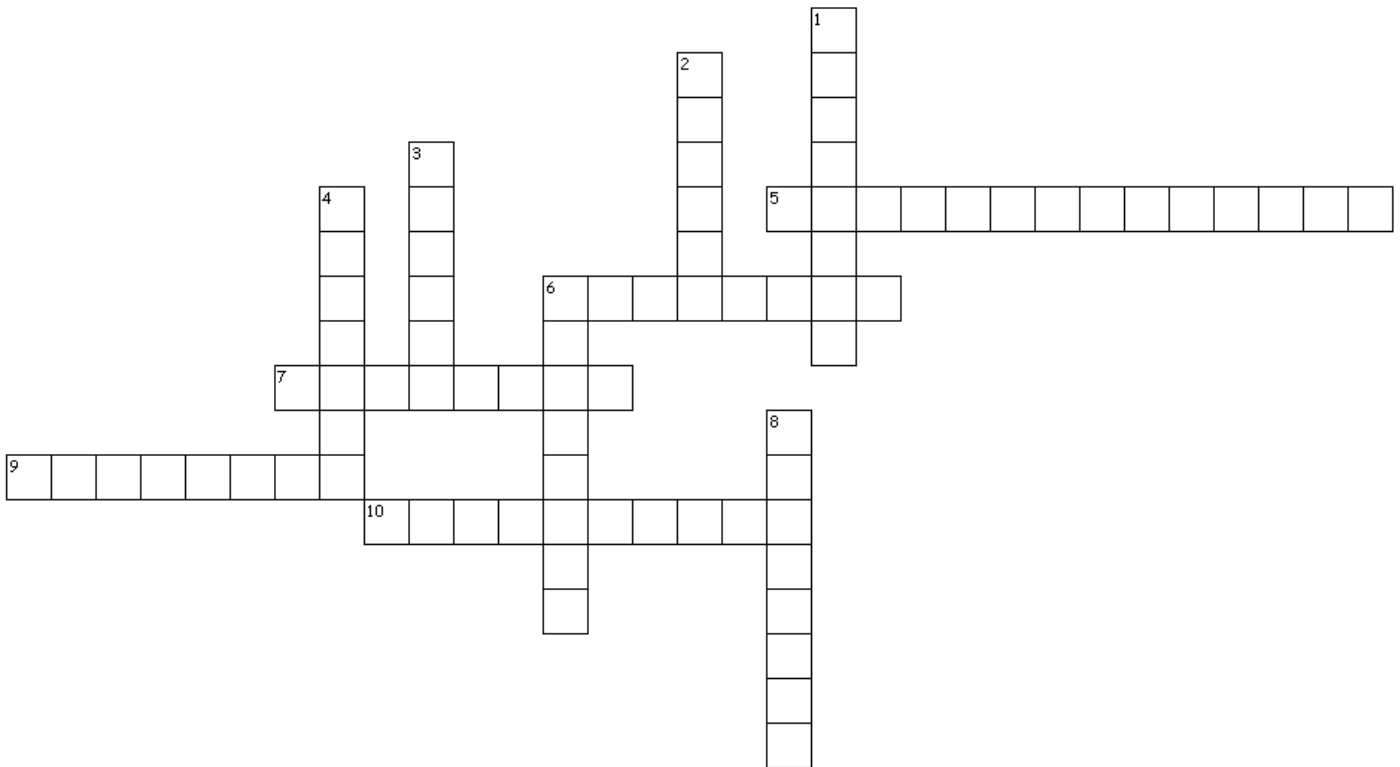
3- However: CONTRAST CAUSE

4- Thus: ADDITION RESULT

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C) Crossword puzzle:

WAYS OF PAYMENT



ACROSS:

- 5- A document that contains a promise to pay a stated amount to a stated person.
- 6- A person who buys goods or a service.
- 7- Money that is charged by a bank or other financial organization for borrowing money.
- 9- The act of buying something.
- 10- One of a number of parts into which an amount of money that is owed has been divided

DOWN:

- 1- A cheque to someone who has then written another person's name on it so that they can receive the money instead.
- 2- A small, folding case for paper money, credit cards, and coins.
- 3- The money that is returned to someone who has paid for something that costs less than the amount that they gave.
- 4- The amount of money you have in a bank account.
- 6- An amount of money that a shop, usually a supermarket, allows you to take from your bank account when you pay for something with a bank card.
- 8- To take money out of an account.

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2) TYPES OF BUSINESS ORGANIZATIONS

1. Look at this meme and answer: What type of business organization is represented? Talk together with your classmate about what the meme is telling us about this type of business organization. Share your ideas with the rest of the class.



1. Read the text carefully and do the exercises below.

When you start a business, you have a choice as to how the ownership is legally organized. Business ownership can take one of three legal forms: sole proprietorship, partnership, or corporation. It is important to select the most appropriate form of ownership that best suits your needs and the needs of your business.

SOLE PROPRIETORSHIP

The word sole means "single" or "one". The word proprietor means "owner". A sole proprietorship, therefore (1), is a business owned by one person. The sole proprietorship is the oldest and most common form of business ownership.

Most sole proprietorships are small-business operations, each owned by an individual. An individual who starts a business is known as **entrepreneur**. Many of these businesses provide services, such as auto repair, house cleaning, carpentry, or plumbing. They generally

Before You Read

PREDICT

What might be an advantage of owning your own business? A disadvantage?

▲ **SMALL BUSINESS IS BIG**
Small businesses have traditionally been the backbone of the American economy. What small businesses have started in your area recently?



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operate out of homes, small offices, or storefronts. Some sole proprietorships become quite successful, but many go out of business.

ADVANTAGES OF SOLE PROPRIETORSHIP

Organizing a business as a sole proprietorship has several advantages. The most important advantage is having the freedom to make all the decisions. Besides (2), you receive all profits. This type of business has easy set-up, simple licensing and paperwork, and few government regulations.

1- Easy Set-Up. A sole proprietorship is the easiest form of business organization to set up. It does take some effort, but because a minimal amount of documentation is required, the cost of organizing a sole proprietorship is relatively low.

2- Employees. You can hire one or more employees to work in your business. Some large companies, which are also organized as sole proprietorships, have a lot of employees.

3- Total control. As a sole proprietor, you can run your business as you wish. You can choose what merchandise to sell or services to provide, what prices to charge, and what hours you will work.

4- Profits to owner. When your business makes a profit, you can keep it all (after you pay taxes). As your business grows and becomes more successful, you will receive larger profits.

DISADVANTAGES OF SOLE PROPRIETORSHIP

With most choices people make, there is a positive side and a negative side. Although (3) organizing your business as a sole proprietorship has definite advantages, this form of business organization also has several drawbacks:

1- Limited capital. When you start a sole proprietorship, the only source of working capital, besides money you borrow, is your own money. Moreover (4), the amount of cash available to you may be limited. Without a sufficient amount of money to establish the business, begin operations, and expand, you could have serious difficulties.

2- Unlimited liability. A major disadvantage is that if your business is not successful you are responsible for all losses. Unlimited liability is a situation in which the owner of the business is responsible to pay the business debts **out of personal assets**. In other words, if your business is unsuccessful, you could lose your car, home, savings, and other assets.

3- Limited Human Resources. An advantage of a sole proprietorship is that you are the only decision maker in the business. However, being the only person in charge can also be a disadvantage. When you are the sole owner of the business, you cannot rely on other individuals to help carry the load (accounting, advertising, marketing, purchasing, etc.)

4- Limited life. A sole proprietorship has a limited life, a situation in which a business's life span or existence is determined by the owner's life span or the owner's decision to terminate the business. The business may also legally end if sold to someone else.

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◀ YOU ARE THE BOSS In a sole proprietorship, the owner makes all the decisions and takes all the responsibility. However, it is impossible for one person to be knowledgeable and skilled in all areas. What skills and knowledge might a sole proprietor owner lack?

A) Are the following statements True or False? Correct the false ones.

1- Sole proprietorship is a business organization owned by one individual or more.

.....

2- A sole proprietor is in direct control of the organization.

.....

3- A sole proprietor may have difficulties in raising capital.

.....

4- If the business is not successful, the owner loses only the money invested.

.....

B) Circle the meaning of the following connectors:

1- Therefore: RESULT CONTRAST

2- Besides: CONDITION ADDITION

3- Although: CONTRAST EXAMPLE

4- Moreover: REASON ADDITION

2. Now read about partnerships and do exercises a) and b).

THE PARTNERSHIP

A partnership is a business owned by two or more people. Partners as co-owners agree voluntarily to operate the business for profit. When a partnership is formed, the partners sign a special legal agreement: **a partnership agreement**.

In a partnership you and your co-workers decide how to divide profits and losses from the business. You also outline the duties and responsibilities of each partner. All partners must agree to the conditions stated in the partnership agreement.



ADVANTAGES OF PARTNERSHIPS

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1- Easy Set-Up: A partnership is relatively easy to set up. Although some paperwork is required, it (1) is generally minimal. The most important legal document of a partnership is the partnership agreement. All the terms and conditions of the partnership must be clearly stated in it (2). Taking care to make the agreement as complete and clear as possible can help you to avoid misunderstandings between partners as the business grows.

2- More Skills and Knowledge: The various partners can contribute different skills and experience.

3- Available Capital: Several individuals in a business partnership can contribute more money to a business venture than one person acting alone with only personal assets.

Obtaining bank financing may be more feasible when more than one individual is responsible for the loan. Banks may also be more willing to loan greater sums of money to a partnership than to a sole proprietorship because the risk is shared among the partners.

4- Total control by partners: In a partnership the operation of the business is the sole responsibility of the partners.

▲ PROFESSIONAL PARTNERSHIPS

Partnerships are common among groups of professionals, such as architects, lawyers, and accountants. Can you name groups of people in other occupations that might form partnerships?

DISADVANTAGES OF PARTNERSHIPS

1- Unlimited liability: If the partnership loses money or has financial problems, each co-owner is personally responsible for all of the debts of the business. They are responsible for paying the bills out of their (3) personal assets.

2- Disagreement among partners: When several people manage a business, they may not always agree on important business decisions.

3- Shared profits: Hard work on your part may be the crucial factor in the success of the business. Nevertheless, you still have to share the profits with your partners.

4- Limited life: The life of a partnership depends on the willingness and ability of the partners to continue in business together.

As You Read

QUESTION

What are two advantages of a partnership over a sole proprietorship?

A- What do the underlined words refer to?

1- it:

2- it:

3- their:

B- Find a word that means:

1- Money that is earned in business (Introduction)

2- A decision, often formal and written, between two or more people (Introduction)

3- Very small (Advantages)

4- To try to prevent something bad from happening (Advantages)



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5- Something having value, such as a possession or property, which is owned by a person, business, or organization. (Disadvantages)

THE CORPORATION

You have probably heard about the word corporation. A number of large corporations exist globally, such as General Motors, Sony, Hewlett-Packard, Motorola and Goodyear. A corporation is a form of business organization that is created by law, functions as a separate legal entity, and is owned by two or more individuals called **stockholders**. Stockholders are at risk only for the **shares** of stock bought. Stockholders are the legal owners of the corporation. Each stockholder receives a stock certificate, which is a document that is proof of ownership.

ADVANTAGES OF CORPORATIONS

- 1- Ability to raise capital: If the corporation needs money for growth, expansion, or other purposes, the company can sell additional shares of stock to raise the necessary funds.
- 2- Limited liability: A great advantage to the stockholders, or owners, of a corporation is that they have limited liability. This means that if the corporation has debts or financial problems, the owners may lose only the amount of their investment – the price they paid for their stock.
- 3- Continued Life: When a sole proprietor retires, dies, or sells his or her business to someone else, that business ceases to exist. In a corporation, however, a change of owners does not end the legal operation of the business. Stockholders may enter or leave at any time without affecting the existence of the corporation. Its legal status as a business continues indefinitely.
- 4- Separation of Ownership and Management: The owners do not run the business in most corporations. Instead, they elect a **board of directors**, a group of individuals who are responsible for overseeing the general affairs of the corporation. Corporate officers and professional managers are hired to make day-to-day decisions in running the business. Other specialists, such as lawyers and accountants, advise the professional managers.

DISADVANTAGES OF CORPORATIONS

- 1- Complex and Expensive Set-Up: A great deal of work is required to create a corporation. You must complete many forms, file reports, and adhere to many laws and regulations.
- 2- Slow Decision-Making Process: In corporations, especially large ones, many different people study the issues and discuss and debate them before making a decision.

3. Are the following statements True or False? Correct the false ones.

- 1- The corporation is a legal form of business ownership.
- 2- Shareholders have unlimited liability.
- 3- Ultimate control of a corporation rests with the shareholders.

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4- Creating a corporation is harder than creating a partnership.



THINK CRITICALLY

What effect might an increase of stock-holders have on a corporation?



Analyze Which investment poses a greater financial risk? Why?

FRANCHISE

Is a franchise a form of business ownership?

A franchise is not a form of business ownership, but it is important to understand its legal status. A franchise is a **contractual agreement to sell a company's products or services** in a designated geographic area. Franchises are very popular in fast-food businesses, such as Mc Donald's, Subway, Burger King, all of which have franchises.



If you start a franchise, you first organize your business as a sole proprietorship, partnership, corporation, or limited liability company. You then purchase a franchise from a corporation, such as Burger King. This corporation is known as a parent corporation. You are now licensed, and the franchise is an asset of your business.

Two levels of people are involved in a franchise system: (1) **the franchisor**, who establishes the brand's trademark or trade name and a business system; and (2) **the franchisee**, who pays an initial fee and royalties for the right to do business under the franchisor's name and system.

Some of the more common services that franchisors provide to franchisees include: a recognized brand name, training for you and your management team, research and development of new products and services, initial and continuing marketing and advertising.

ANALIZE

What kind of business would you start with a partner? With another student, choose a business and discuss how you would share responsibilities if you started a partnership together. Ask: What ways might you finance the business? What skills do each of you have that might complement each other in a partnership?

7. Business Advice: Read this situation and answer the question below. Include the appropriate advice for this particular case.

Scenario #1: Luke, Austin, and R.J. have been close friends since high school, and even went to college together. All three graduated last year; Luke with a degree in Computer Science, Austin with a degree in Graphic Design, and R.J. with a degree in Business Administration. All three self-proclaimed "computer geeks" and have worked part-time through high school and college fixing computer problems. Each has approximately \$50,000 in savings for this business venture. They have been talking about starting a computer company in their local town to help businesses and individuals with computer problems or those who need help developing and designing web sites. In doing research, Justin found that there are

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only two other computer companies in their town of 100,000 people, and neither one will do both web design and computer hardware/software troubleshooting.

What type of business organization should Luke, Austin, and R.J. adopt? Why?

3) BANKS

1. Look at these bank logos and answer the questions:

- Which of these banks are located in your city/country?
- Are they local or international banks?
- Which ones do you suppose are the most important?
- Do your parents have accounts in any of these banks?



2. Read the text and find the types of banks described. What's the difference between them?

1) _ _ _ _ _

2) _ _ _ _ _

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BANKS



In the past, banks were safe places where to deposit your money to protect it from any risk. But is that the only service we get from them nowadays?

Banks are places where people can keep their money.

Most people use banks to save money in their savings accounts and to pay money from their checking accounts. Banks are large institutions which deal with several aspects of the economy of countries, individuals and monetary systems.

Not all banks offer the same products and deal with the same type of customers. They are categorized according to the products they offer and the target they aim at. In some cases there are banks that offer services to both. Banks can be classified into:

- ❖ Commercial banks
- ❖ Merchant banks.

Commercial banks sometimes called **Clearing banks**. Commercial banks deal with individuals and they give people the possibility of saving or investing money. They provide banking services such as:

1) accepting deposits either in current accounts or savings accounts. When you open a current account the bank gives you a **chequebook**. You can draw a cheque to pay without the risk of using cash. When you have a current or savings account you become a bank client and you are entitled to several privileges, for example: You can ask the bank to give you a credit card.

2) granting loans (loan: amount of money you borrow from a bank)

3) issuing credit cards and ATM cards (debit cards)

4) payment of fees, salaries and wages into the workers' accounts.

Reminder!

fee: amount of money paid for professional services.(a doctor's fee- a lawyer's fee)

salary: money that you receive as payment from the organization you work for, usually paid to you monthly.

wage: money you earn that is paid according to the number of hours, days or weeks that you work.

ATM: Automatic Teller Machine

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Then workers can get their money using their ATM cards.



Merchant banks give similar services not to individual customers but to companies or corporate customers. They offer:

1) Stockbroking and portfolio management services

stockbroking: the act of buying and selling shares, bonds and funds for people.

portfolio: the total holding of the securities, stocks and commercial papers owned by a private investor or a financial institution.

2) Mergers, takeovers and acquisitions are handled by this type of banks

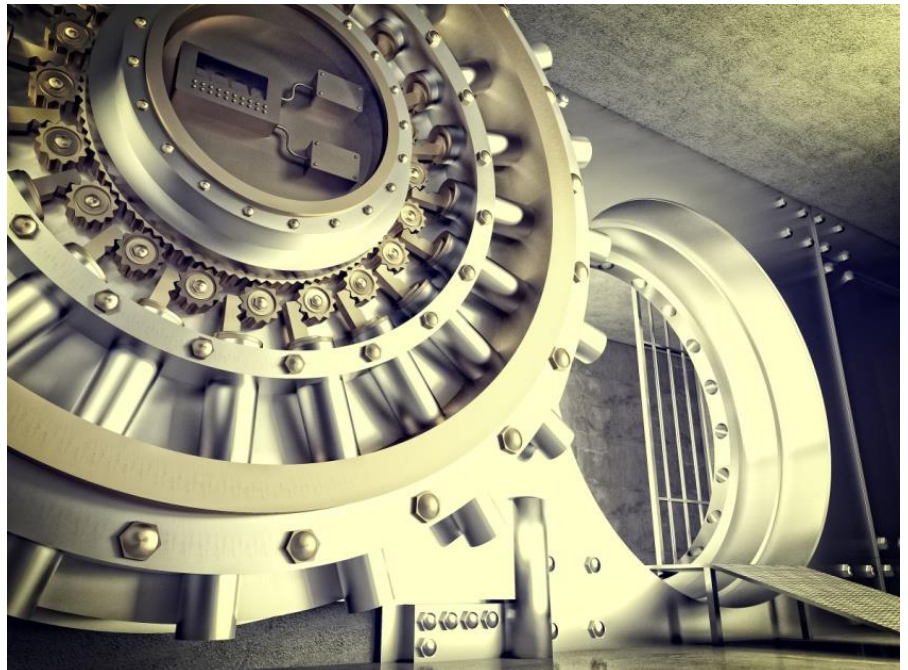
merger: the combination of two or more business enterprises into a single enterprise.

takeover: when one company takes control of another by buying more than a half its shares.

acquisition: something that you have obtained by buying it

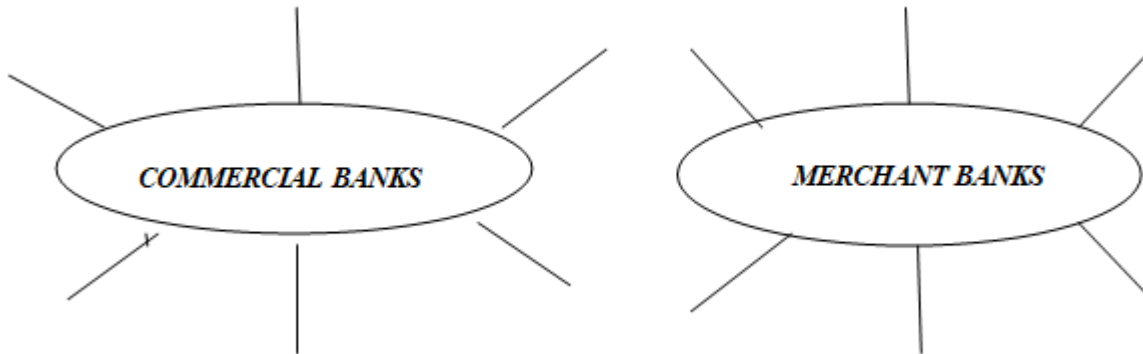
3) They provide financial advice too.

Banks make a profit from the differential between the interest rates they pay on deposits and those they charge on loans.



3. Complete the spider web with the different services offered by these banks.

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4. Translate.

- a. to provide _____
- b. to grant _____
- c. a grant _____
- d. merchant _____
- e. a take-over _____
- f. a merger _____

5. Are these sentences True or False? Underline the justifications in the text.

1. Nowadays banks offer services similar to those offered by banks in the past.
2. Banks usually offer the same products and deal with the same type of customers.
3. You can open a savings account and deposit money in an ATM.
4. People can pay gas and electricity in commercial banks.
5. Employers usually deposit worker's salaries and wages in merchant banks.
6. Merchant banks offer services such as buying or selling stocks.

6. Complete the text using the words from the box

accounts	can	connected	earns	often	their	use	where
----------	-----	-----------	-------	-------	-------	-----	-------

Banks are places where people can keep money. Most people banks to save money in their savings and to pay money from their checking accounts. Today, when a person money from their job, their paycheck is electronically deposited (put) into their savings or checking account. Then, he or she pay their bills by



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writing checks from their checking accounts or pay online their bills are electronically
.....to their bank accounts.

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Books

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Articles

- Justin Pritchard (Banks)

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English - 4th Advanced

First assignment: Unit 1 “WAYS OF PAYMENT”

Deadline: 1st week in April

Do the following activities from the 4th Advanced booklet:

Unit 1 “WAYS OF PAYMENT” (pages 1 to 5)

Pages 1 to 3: READ

Pages 4 and 5:: DO exercises A,B AND C