

Money troubles

1 February 2021

Vocabulary

Profit and loss (P and L): the gain and loss arising from commercial transactions.

Cash flow: the net amount of cash and cash-equivalents being transferred into and out of a business.

Balance sheet: a statement of the assets, liabilities, and capital of a business or other organization at a particular point in time.

Frown: frown one's brows in an expression indicating disapproval, displeasure, or concentration.

The books (in this context): accounts.

Furlough: lay off (workers), especially temporarily.

Heart-to-heart: a serious conversation between two people, in which they talk honestly about their feelings.

Shop steward: a person elected by workers, for example in a factory, to represent them in dealings with management.

Deplete: diminish in number or quantity.

Financial challenges for Tufty Carpets

Mr Tufty was sitting in his office on Tuesday morning when Doug Tufty, Mr Tufty's brother, and who was also the company's finance director, burst into his office with a frown on his face.

"We have a problem. Our P and L is a disaster and our cash flow forecast is even worse! Our balance sheet isn't doing any better. Tufty Carpets' cash reserves are badly depleted. Nobody's buying carpet at the moment. We need a cash injection immediately or I don't know how we are going to pay our staff at the end of the month."

Mr Tufty took a deep breath. He had a board meeting the following day with Tufty's chairman, Sir Harry Hall as well as Miles Edinburgh and Hettie Worcester. Mr Tufty found Miles and Hettie very irritating because they usually spent hours pouring over the company accounts and asking questions about small details. Mr Tufty was convinced that they cared more about the books than making great carpets! He was even more worried about the meeting after speaking to Doug.

Mr Tufty called his secretary on the intercom: "Could you put a call through to the bank manager?"

Tufty Carpets had put several members of staff on a government sponsored furlough scheme, but the cash going out for salaries was far greater than the positive cash flow.

Mr Tufty spoke to his bank manager later that day and it seemed that the only way he could get a loan from the bank would be to give a personal guarantee.

He swallowed hard. What should he do? Issuing new shares would take too long and would dilute his own ownership of the company. Equipment and inventory could only be sold at bargain basement prices and equipment would need to be re-acquired later. At least a loan could be arranged quickly.

A few seconds later Mr Tufty received another call. It was Harry Helmsworth, the chief reporter from *Independent Carpet Radio News*. He had discovered that there may be trouble at Tufty Carpets.

Questions for discussion

1. Should Mr Tufty make a personal guarantee to get a company loan? Can you think of any other options?
2. Why do you think Mr Tufty has attempted to keep so many of his staff during this difficult time?

3. Should Mr Tufty begin laying off staff? Bear in mind that Tufty Carpets employs some very skilled workers. If they are 'let go' Mr Tufty may have difficulty getting workers with the specialized skills he needs when the market picks up.
4. What would be the advantages and disadvantages of Mr Tufty having a 'heart to heart' discussion with the United Road Transport Union's (URTU) and Amalgamated Carpet Workers Union's (ACWU) shop stewards, Sid Brownie and Barry 'Ghost' Hawkes?
5. Mr Tufty has asked the French management team to prepare a statement to release to the press.

The new pronunciation challenge

I take it you already know
of tough and bough and cough and dough.
Others may stumble, but not you,
On hiccough, thorough, lough and through.
Well done! And now you wish, perhaps,
To learn of less familiar traps.

Beware of heard, a dreadful word
That looks like beard and sounds like bird.
And dead – it's said like bed, not bead.
For goodness sake, don't call it deed!
Watch out for meat and great and threat.
They rhyme with suite and straight and debt.

A moth is not a moth in mother,
Nor both in bother, broth in brother,
And here is not a match for there,
Nor dear and fear for pear and bear.
And then there's dose and rose and lose
Just look them up – and goose and choose.

And cork and work and card and ward.
And font and front and word and sword.
And do and go, then thwart and cart.
Come, come I've hardly made a start.

A dreadful language? Man alive,
I'd mastered it when I was five!

Attributed to T S Watt, 1954

Dates des cours

	janvier	fevrier	mars
Intermédiaire / avancé lundi	11, 18, 25	1, 8	1, 8, 15, 22, 29

98 € payable à *English Champions*. Dates, times and venues are subject to change.