

Západočeská univerzita v Plzni
Fakulta filozofická

Bakalářská práce

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THE ASSESSMENT OF THE IMPORTANCE OF
PHRASAL VERBS IN BUSINESS ENGLISH
Štěpánka Boháčová

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Bakalářská práce

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PHRASAL VERBS IN BUSINESS ENGLISH**

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Prohlašuji, že jsem práci zpracoval(a) samostatně a použil(a) jen
uvedených pramenu a literatury.

Plzeň, duben 2011

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1 INTRODUCTION

Phrasal verbs are significant part of every day communication among native speakers however they often cause problems for learners of English. The main reason of these problems is that although students may know both the verb and the particle, they may not understand the meaning of the combination. Usage of phrasal verbs is extremely common in informal English but it is less common in formal English. I chose the theme because phrasal verbs are significant part of English language and many non-native speakers are not familiar with them.

This Bachelor thesis deals with the Assessment of the Importance of Phrasal Verbs in Contemporary Business English and it is not only focused on grammar of phrasal verbs but also on practical usage in business English. The all thesis is divided in two main parts, the theoretical part and the practical analysis.

The name of the theoretical part is General introduction to phrasal verbs. This part of the thesis is divided into eight subchapters. These subchapters are: Usage and occurrence of phrasal verbs, Definition of phrasal verbs, Positioning of particles, Multi-word verbs, Word order, Verb transitivity, and Synonyms of phrasal verbs.

The second part of the thesis, the practical analysis, is divided into two subchapters. The first subchapter deals with occurrence and assessment of phrasal verbs. It contains a table of the most frequently used phrasal verbs which occurred in newspaper articles listed in the appendix of this bachelor thesis. Phrasal verbs are arranged alphabetically and in compliance with their most frequent usage. In the second subchapter importance of phrasal verbs has been assessed and there has been examined how well people know phrasal verbs and if they are able to understand some texts where phrasal verbs are omitted. This

research was examined by questionnaire and there were ten respondents. All these respondents were students of English and they were chosen because they were expected to be in contact with English every day. Short summary of the research and verbs completed by these respondents are listed in the second subchapter of this thesis.

2 GENERAL INTRODUCTION TO PHRASAL VERBS

2.1 Usage and occurrence of phrasal verbs

Phrasal verbs are extremely common in English and they are a part of every day communication among native speakers but they are often a particular problem for learners of English. The main reason of this problem is that even though students may be familiar with both the verb and the particle, they may not understand the meaning of the combination because it can differ from the meanings of the two words used independently. For example, *come, go, live, take, out, in, and off* are all very common words which students will encounter when they begin learning English but they may not understand the combinations of *take off* and *live off*. The meanings do not relate to the meaning to the individual words in the combinations. [1]

There are plenty of phrasal verbs used in the world of business and commercial communication – letters, emails and faxes, business negotiations, meetings both small and large, formal and informal. They are frequently used in everyday spoken and written English and often have an informal style. [2]

Phrasal verbs are in more formal style replaced by Latin-based verbs with a similar meaning. [3]

e.g. *Can we **put off** tomorrow's meeting till Wednesday? = Would it be possible **to postpone** our meeting from 4 May to 6 May?*

The same phrasal verbs may carry the same meaning as in their business use or they can carry different meanings. The accurate, appropriate and fluent use of these phrasal verbs is extremely important, it will make a difference to efficiency, clarity of meaning, the economy of business English and to personal success to each business person. [4]

“English phrasal verbs are constantly growing and changing, which means that new combinations appear and spread. These new combinations are seldom made on a random basis but they form patterns which can to some extent be expected. Particles often have particular meanings that are used to create new combinations. “[5]

2.2 Definition of phrasal verbs

Phrasal verbs are combinations of verbs with particle (adverbial or prepositional particles) and they are a variety of meanings with little or no link to the meaning of the basic verb. The term “particle” is used because the same word can be both preposition and adverb. It is not necessary to know whether phrasal verbs are composed of verb + preposition or verb + adverb but it is important to learn the phrasal verb as a whole unit.

e.g. *He is too old to **go through** that again.* (Verb + preposition)

*I believe that the deal will not be allowed to **go through**.* (Verb + adverb)

The following words are always preposition: against, among, as, at, beside, for, from, into, like, of, onto, upon, with

The following words are only adverbs: ahead, apart, aside, away, back, forward, forwards, home, in front, on top, out (in British English), together

The following words can be either adverbs or prepositions: about, above, across, after, along, around, by, down, in, off, on, out (in American English), over, past, round, through, under, up. [6]

2.3 Positioning of particles

As it was stated above, it is not very important to distinguish between adverb and preposition to understand phrasal verbs nevertheless it is important for determination of position of particle. This

depends on the function of the word. The same word can have function of preposition in one case and in another case it can be adverbial particle.

e.g. She **carried** the parcel **up** the stairs. – preposition

She **carried** the parcel **up**. – adverb

I sit down and **put** my jacket **behind** the chair. – preposition

I had to **stay behind**. - adverb

Adverbial particle can follow an object whereas preposition must always precede the noun to which it belongs.

e.g. She **switched off** the light.

She **switched** the light **off**.

She **switched** it **off**.

In questions prepositions are usually used at the end of the phrase or they can precede interrogative pronoun (whom, what, which, whose) whereas adverbs are connected/linked to verbs.

e.g. Who are you **looking for**?

For whom are you **looking**?

What exam are you **studying for**?

For what exam are you **studying**?

The same thing is in relative clauses but preposition can be placed in front of relative pronoun. [7]

e.g. The house which we are **looking for**.

The house **for** which we are **looking**.

Someone who you can **rely on** .

Someone **on** whom you can **rely**.

2.4 Position of adverbs in phrasal verbs structures

Adverbs must not be placed between verb and particle.

e.g. He **turned** the tap **off quickly** to stop running water.

He **turned off** the tap **quickly** to stop running water.

He **quickly turned off** the tap to stop running water.

Quickly he **turned off** the tap to stop running water.

The particle is sometimes added although it is not necessary. In such cases particles are followed as amplifiers. For example particles *up* and *down* often act as amplifiers for elevation and reduction of speed, temperature, noise, power etc. [8]

e.g. He **rang me (up)** two weeks ago.

I have to **hurry (up)** to catch the bus.

2.5 Multi-word verbs

There is a special group of verbs called multi-word verbs that consist of more than one word e.g. used to, ought to, had better. Multi-word verbs often combine one or two particles (a preposition and/or an adverb). “If the addition of the particle(s) changes the meaning of the verb it is usually called a phrasal verb, because it has an idiomatic meaning – the phrase means something different from its component parts.” [9]

Multi-word verbs can have literal, non-literal or semi-literal meaning.

If a multi-word verb has literal meaning then the meaning of the verb and the particle have not changed.

e.g. He entered the kitchen, than he **put down** his bag, and sat on the chair.

Non-literal meaning means that the addition of the particle(s) creates a multi-word verb that has a completely different meaning from its components.

e.g. *The police **has put down** the rebellion. = The police **has defeated/suppressed** the rebellion.*

Some multi-word verbs can have a semi-literal meaning which means that the basic meaning of the verb remains the same, but the particle adds an extra meaning

e.g. *He thought of leaving his job, but his boss persuaded him to **stay on**.*

There are also some multi-word verbs that can have more than two different meanings = multiple meanings. [10]

e.g. *I have **picked up** a cold. = I have **caught** an illness.*

*I **picked up** some German when I was in Berlin. = I **learned** some German without difficulty or special study.*

*He was **picked up** for being drunk. = He was **arrested** for being drunk.*

*The economy is starting to **pick up**. = The economy is starting to **improve/recover**.*

2.6 Verb transitivity

Every verb can be transitive or intransitive, which means that some verbs can take an object and others do not. The same is applied to phrasal verbs. In case the verb is transitive it is necessary to use an object with the verb.

“A transitive particle verb has a nominal object in addition to the adverb. If the object is an ordinary noun, it can usually appear on either

side of the adverb, although very long noun phrases tend to come after the adverb.” [11]

e.g. **Build up** the house.

Build the house.

Build up the house in the town next to the shopping centre.

However, there are some exceptions of some transitive particle verbs, where the noun object must come after the adverb. These verbs are called "inseparable" phrasal verbs.

- **Look after** – Will you **look after** my garden? (not: Will you look my garden after?)
- **Look forward to** – Motor traders **are looking forward to** an increase in vehicle sales. (not: Motor traders are looking an increase in vehicle sales forward to.)

Other transitive verbs require the object to precede the adverb, even when the object is a long noun phrase.

- My husband cannot **tell** the flowers **apart**. (not My husband cannot tell apart the flowers.)
- My husband cannot **tell** the roses and the daffodils which have the same colour **apart**.

On the other hand some authors say that the verb must be followed by the particle whenever the noun phrase is lengthy and complicated.

A large number of the phrasal verbs can be used in both passive and active form.

- He must **carry out** this transfer of payment.
- This transfer of payment must **be carried out**.

However, if the verb is intransitive it means that the verb does not have an object and it is not possible to form passive voice.

- *When I entered the room he **looked up**.*
- *That shelter may **fall down** if the rain comes back.*

The same verb can be sometimes transitive and sometimes intransitive.

- *The gardening girls were **sweeping up** leaves.*
- *The gardening girls can **sweep up** afterwards.*

There are a few verbs which are ditransitive. That means they are used with two objects: a direct object and an indirect object. [12]

*e.g. The boy **handed her back** her card.*

2.7 Word order

Every phrasal verb has a rule for word order and phrasal verbs which have more than one meaning can have several word order rules. There are four basic types of phrasal verbs:

1. Intransitive + inseparable

Intransitive phrasal verbs do not take an object (these verbs do not require an object to complete them). Verb and particle cannot be separated.

*e.g. **sit down, turn up, break down, get up***

*Could you **sit down**, please?*

*I am used to **getting up** at 7 am.*

2. Transitive + separable

Transitive phrasal verbs take an object. Verb and particle can be separated. If the object is a noun phrase the particle can come either

before or after the object. If the object pronoun is used, the particle must come after the object pronoun.

e.g. ***put off, bring up, turn down, and kick out***

*She came in and **put** her coat **off**.*

*She came in and **put off** her coat.*

*She came in and **put it off**.*

3. Transitive + inseparable

Transitive phrasal verbs take an object but verb and particle cannot be separated.

e.g. ***look after, go off***

Who will ***look after*** your children while you are away?

4. Transitive + 2 inseparable particles

Transitive phrasal verbs take an object but verb and particles cannot be separated. [13]

e.g. ***carry on with, stand up for***

*Her boyfriend is so rude that I don't know why she always **stands up for** him.*

2.8 Synonyms of phrasal verbs

Some sources mention that phrasal are used rather in colloquial or informal English and are more appropriate in spoken than written English, and even that it is better to avoid them in formal context and choose single-word equivalents or synonyms instead. [14]

Many phrasal verbs have synonyms which can be either single words and these words are more formal or their synonyms can be phrasal verbs.

For example, in everyday speech the verb **to get together** is usually used instead of the verb **to congregate** or the verb **to postpone** is replaced by the verb **to put off**. Synonyms are words which mean almost the same whereas antonyms are words which mean the opposite. Antonyms are usually other phrasal verbs and in most cases these pairs of antonyms describes opposite processes, such as **put on** and **take off**, or **come in** and **go out**. [15]

3 PRACTICAL ANALYSIS

3.1 Occurrence of phrasal verbs in newspaper articles

As it has already been noted, phrasal verbs are composed of verbs and (a) particle(s). Each particle is formed by adverb or preposition. Nevertheless it is not important to distinguish between adverb and preposition but it is very substantial to know the phrasal verb as a whole.

Concerning the usage of phrasal verbs in English, they are mostly used in informal or spoken English but occurrence in formal English is not exceptional. Phrasal verbs which occur in the following table are arranged alphabetically and in compliance with their most frequent usage. These verbs have been sorted out from newspaper articles which are listed in the appendix of the thesis. These articles have been chosen from one internet source (www.bbc.com) and all of them are related to business.

infinitive	transitive / intransitive	separable / inseparable	Czech meaning
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PARTICLE “ON”

base on (2x)	transitive	separable	založit na, opírat o
blame on (2x)	transitive	separable	vinit
call on (2x)	transitive	inseparable	vyzvat, povolát, navštívit
come on	intransitive	inseparable	postupovat, nastat
focus on (5x)	transitive	inseparable	soustředit se na
go on (2x)	transitive	inseparable	pokračovat, vytrvat
hold on	intransitive	inseparable	vytrvat, pokračovat
live on	intransitive /transitive	inseparable	trvat, přežít, živit se
make on	transitive	separable	zhotovit, vyrobit
put on	transitive	separable	nasadit, obléct, přidat
rely on (3x)	transitive	inseparable	spolehnout se, závist

rule on	transitive	inseparable	rozhodnout
stand on	transitive	inseparable	trvat na, udržovat
take on	transitive	separable	přijmout, převzít
trade on	transitive	inseparable	využívat, těžit z

25x

PARTICLE "UP"

be up (3x)	intransitive	inseparable	být nahoře, stoupnout
build up	transitive	separable	vybudovat, upevnit
buy up	transitive	separable	skoupit, vykoupit
come up with	transitive	inseparable	dohonit, přijít s
give up	transitive/ intransitive	separable	vzdát (se), přenechat
go up	intransitive	inseparable	stoupat, zvyšova
keep up	transitive	separable	pokračovat, udržet se
live up to	transitive	inseparable	žít, chovat se podle
make up	transitive	separable	vynalézt, nahradit
pick up (2x)	transitive	separable	sebrat, získat
push up	transitive	separable	zvednout, vytlačit
ramp up	transitive	separable	zrychlit, zvýšit
revise up	transitive	separable	přehodnotit
serve up	transitive	inseparable	poskytovat, serfirovat
start up	transitive	separable	spustit, startovat, rozjet
	/intransitive	/inseparable	
step up	intransitive	inseparable	urychlit, zvýšit
stump up	intransitive	inseparable	zaplatit, vysolit peníze
wake up	transitive	separable	vzbudit (se), probudit

21x

PARTICLE “OUT”

be out of	transitive	inseparable	být mimo; nemít něco
carry out	transitive	separable	vynést; uskutečnit; splnit
catch out	transitive	separable	nezastihnout, nechytit
drop out	intransitive	inseparable	být vyřazen; vypadnout
phase out	transitive	inseparable	dokončit, stahovat
point out (2x)	transitive	inseparable	upozornit, stanovit, určit
pull out of (3x)	transitive	separable	vytáhnout; odjíždět
lose out	intransitive	inseparable	neuspět; selhat; prohrát
rule out	transitive	separable	vyločit, vyškrtnout
set out	intransitive /transitive	separable	vydat (se), stanovit
settle out	intransitive /transitive	separable	vyrovnat se mimo
strip out	transitive	separable	vyjmout, odmontovat
turn out	transitive	separable	vypnout, vyhodit
16x			

PARTICLE “DOWN”

be down (2x)	transitive	inseparable	být snížený, přijít dolu
bring down	transitive	separable	srazit, přinést, porazit
play down	transitive	separable	snižovat význam
scale down	transitive	separable	snížit, zmenšit, zeslabit
shut down	transitive	separable	zavřít, zastavit, uzavřít
step down	intransitive	inseparable	sestoupit, odstoupit
write down(2x)	transitive	separable	zaznamenat
9x			

PARTICLE "IN"

come in	intransitive	inseparable	vstoupit, být zvolen
concern in	transitive	inseparable	zajímat se, znepokojoovat
cut in	transitive	inseparable	sáhnout na peníze
fall in (3x)	transitive	separable	vpadnout, naletět
pull in	intransitive	inseparable	vtáhnout, zastavit

7x

PARTICLE "FOR"

account for	intransitive	inseparable	vysvětlit, zodpovídat se
ask for (2x)	transitive	inseparable	žádat, požadovat
hope for	transitive	inseparable	doufat
look for (3x)	transitive	inseparable	hledat

7x

PARTICLE "BACK"

cut back	transitive	separable	redukovat, snížit, zkrátit
fall back (2x)	intransitive	inseparable	ustoupit, stáhnout se
get back	transitive	separable	ustoupit, dostat zpět
put back	transitive	separable	vrátit, oddálit, zbrzdit
send back	transitive	separable	vrátit, poslat zpět

6x

PARTICLE "INTO"

go into	transitive	inseparable	vejít, narazit, prohledat
look into	transitive	inseparable	prověřit, prošetřit
move into	transitive	inseparable	přejít, přestěhovat
throw into	transitive	separable	hodit, přihodit

4x

PARTICLE “ABOUT”

complain about	transitive	inseparable	stěžovat si
concern about	transitive	inseparable	starat se o, zajímat se o
2x			

PARTICLE “AFTER”

come after (2x)	intransitive	inseparable	přijít po, hnát se za
2x			
lie ahead	intransitive	inseparable	být před někým
bring against	transitive	separable	uvalit něco na, předložit
put forward	transitive	separable	navrhnout, urychlit
talk over	transitive	separable	prohovořit, přemluvit

The purpose of this list of phrasal verbs was to find the most frequently used phrasal verbs and particles. As can be seen, some phrasal verbs were used in the newspaper articles a number of times and their occurrence was quite frequent (e.g. focus on, or point out); on the contrary, some verbs were used rarely.

It is also important to mention that some particles occurred more often (e.g. on, up or in) and some were exceptional (e.g. over or after). It depends on the writer or speaker whether he or she uses phrasal verb or its non-phrasal equivalent verb.

In some cases, it would be possible to replace some phrasal verbs with other “common” verbs without changing the meaning of the sentence, but on the other hand in other cases this would not be possible without changing the structure of the sentence or the meaning would be altered.

3.2 Analysis of the usage of phrasal verbs

I have decided to pursue research to find out whether non-native speakers are able to guess the meaning of phrasal verbs and how well they know phrasal verbs.

The research has been done to find out whether it is possible to guess the meaning of the text in case the phrasal verb is omitted. Two sources have been used for the research. The first one was an article from a book called Money reader which is a coherent text and that is why it should have been less difficult to guess the meaning of the omitted phrasal verbs. As the second source, single sentences taken from the book Phrasal verbs in business matters were used.

There were ten respondents and all of them were students at the similar level of English. They were at advanced level thus they should not have difficulties with understanding the text.

First of all they were asked to read the article from the book Money reader and to try to guess which verb is missing. After they had filled in the missing verbs, which were different from the original text, then they were told that the missing verbs were supposed to be phrasal verbs and this time they were asked to try to fill in phrasal verbs and to translate the sentences. The findings are showned in Research I.

The second research was carried out on single sentences taken from the book Phrasal verbs in business matters and the respondents were asked to fill in missing verbs in the same way as in the Research I. The findings are showned in Research II.

3.2.1 Research I

A guide to doing business in China

How does a multinational company take advantage of opportunities in China without getting burned? One of the biggest hurdles is coming to terms with the real China, a land of great geographical, social, political, and industrial diversity. As a starting point, it's essential to 1)_____ the thicket of misunderstanding and misinformation about doing business there.

2)_____ them ___ won't guarantee the success of investments, but it will at least increase the chances of getting the foundations right, particularly at a time when fears that the county's economy is overheated are further complicating decision making.

China lends itself to sweeping statements. Here are a few making the rounds: China will be the next economic superpower; its economy is still state run; foreigners don't make money there; relationships count, so a partner is needed. These provocative claims can start a conversation, but they are misleading, out-of-date, or just not true.

An economic superpower? Let's look more closely at the observation that China will become the next economic superpower. The country does have a gross domestic product of \$1 trillion and will probably continue to grow quickly. But it will remain a midsize economic power for the next decade. China now has a GDP roughly the size of the United Kingdom's. It may pass Germany in the next few years. But it isn't likely 3)_____ Japan until 2020 and, if current trends hold, won't surpass the United States until 2040.

Making money in China. Some businesses have resisted taking the plunge into China because they fear that foreign investors can make money only in the long term, if at all. In fact, the profits of multinationals in

China 4) _____ sevenfold since 1990, and it is one of the largest sources of overseas profits for many companies. Dozens of consumer-oriented multinationals, with sales 5)_____ many billions of dollars, have profitable businesses in China and 6) _____ coverage to 30 to 50 cities.

... [16]

Verbs missing in article

	<i>infinitive</i>	<i>Czech meaning</i>
1) cut through	to cut through	protnout, prosekat
2) clearing up	to clear up	vyjasnit, osvětlit, uklidit
3) to catch up with	to catch up with	dohnat, předstihnout
4) are up	to be up	stoupnout, vyrovnat se
5) running into	to run into	narazit do, zavést
6) are rolling out	to roll out	rozvinout, produkovat

Sentences for translation

1. As a starting point, it's essential to 1)_____ the thicket of misunderstanding and misinformation about doing business there.
2. 2)_____ them ___ won't guarantee the success of investments,...
3. But it isn't likely 3)_____ Japan until 2020 and, if current trends hold, won't surpass the United States until 2040.
4. In fact, the profits of multinationals in China 4) _____ sevenfold since 1990...
5. Dozens of consumer-oriented multinationals, with sales 5)_____ many billions of dollars, have profitable businesses in China and 6) _____ coverage to 30 to 50 cities.

Respondent 1

1. Completed verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) fall away	to fall away	klesnout, zmizet
2) –	-	-
3) caught up	to catch up	dohnat, předehnat
4) have increased	to increase	zvýšit se
5) reach	to reach	dosáhnout
6) made up	to make up	tvořit, sestavit

2. Completed phrasal verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) fall away	to fall away	klesnout, zmizet
2) -	-	-
3) caught up	to catch up	dohnat, předehnat
4) have turned up	to turn up	objevit se, zvyšovat se
5) bring about	to bring about	způsobit, dosáhnout
6) made up	to make up	tvořit, sestavit

Translation

1. Jako východisko je nezbytné, aby **zmizelo** křoví o nepochopení a nesprávné informovanosti obchodování na tomto území.
2.jim nebudou zaručovat úspěch investic,
3. Ale není pravděpodobné, že Japonsko **dostihne** před rokem 2020 a pokud se bude držet současné tendence, předstihne Spojené Státy až v roce 2040.
4. Ve skutečnosti se zisky nadnárodních společností v Číně **zvýšily** sedminásobně od roku 1990

5. Desítky spotřebitelů orientovaných na nadnárodní společnosti **dosahují** s prodeji mnoho bilionů dolarů, ziskové obchody mají v Číně a **tvorí** pokrytí od 30 do 50 měst.

Summary

Respondent 1 completed the text with three phrasal verbs without knowing that the text should be filled in only with phrasal verbs. See phrasal verbs number 1, 3 and 6 in Completed verbs. However, only phrasal verb number 1 (*to catch up*) is completed according to the original text. Verb number 2 was not filled in. In this text the verb number 4 *to increase* has similar meaning as the verb *to turn up* and the verb number 5 *to reach* has almost the same meaning as the verb *to bring about*. This respondent guessed very well the meaning of the missing verbs but did not complete the verb number 2.

Respondent 2

1. Completed verbs

	Infinitive	Czech meaning
1) pass	to pass	projít
2) -	-	-
3) exceeded	to exceed	překonat
4) increased	to increase	zvýšit, vzrůstat
5) reach	to reach	dosáhnout
6) are able to	to be able to	být schopen

2. Completed phrasal verbs

	Infinitive	Czech meaning
1) scrape through	to scrape through	prodrat se
2) -	-	-
3) -	-	-
4) are up	to be up	stoupnout, zvýšit se

- | | | |
|-------------|-------------|-----------|
| 5) reach up | to reach up | dosahovat |
| 6) - | - | - |

Translation

1. Jako výchozí bod je základem **prodrat se** skrze mraky nedorozumění a chybných informací, které panují ohledně obchodování v těchto končinách.
2. co by mohlo garantovat profit investic
3. Ale není to jako **překonání** Japonska do roku 2020, stejně jako, pokud aktuální situace potrvá, nepřekoná USA do roku 2040.
4. Ve skutečnosti, zisky nadnárodních společností se od roku 1990 7x **zvýšily**...
5. Tucty nadnárodních společností, které jsou orientovány na zákazníka a obratem **dosahujícím** částky mnoha milionů dolarů, mají ziskové podnikání v Číně a jsou **schopni** pokrýt 30 až 50 měst

Summary

As can be seen Respondent 2 completed right only one phrasal verb, respectively phrasal verb number 4 (*to be up*). Nevertheless this respondent guessed right the meaning of phrasal verb number 1 and filled in the verb "*to scrape through*" which has a similar meaning as the verb "*to cut through*" but then other phrasal verbs were either not filled in at all (see phrasal verbs number 2, 3 and 6) or had a different meaning from the original text (see phrasal verb number 5 – *to reach up* compared to the original text – *to run into*).

Concerning filling in "common" verbs this respondent guessed the meaning of verbs number 3 (*to exceed – překonat*) and 4 (*to increase – zvýšit*) but did not fill in the same verb which is in the original text.

Respondent 3

1. Completed verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) know	to know	znát
2) -	-	-
3) to catch up	to catch up	dohonit, předejnat
4) increase	to increase	zvýšit, vzrůstat
5) have earned	to earn	vydělat
6) have	have	mít

2. Completed phrasal verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) -	-	-
2) -	-	-
3) to catch up	to catch up	dohonit, předejnat
4) put up	to put up	zvýšit, zvednout
5) -	-	-
6) -	-	-

Translation

1. Jako výchozí bod je základem **znát** křoví nedorozumění a chybných informací, které jsou zde v ochodování.
2. -
3. Japonsko se **předežene** do roku 2020 a pokud tato situace potrvá tak se nepřekoná USA do roku 2040.
4. Ve skutečnosti se zisky mezinárodních společností **zvýšily**...
5. Tucty mezinárodních společností orientovaných na zákazníka, s prodejem **vydělávajícím** několik milionů dolarů, **má** profitující obchod v Číně a pokrytí v 30 až 50 městech.

Summary

Respondent 3 completed right only one phrasal verb (number 2 – *to catch up*) and guessed right the meaning of the verb number 4. All the other verbs were completed wrong and their meanings were different from the original text. It seems that this respondent is not familiar with meaning and usage of phrasal verbs.

Respondent 4

1. Completed verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) overcome	to overcome	překonat
2) -	-	-
3) to catch up with	to catch up with	dohonit, předstihnout
4) rise	to rise	stoupnout, povstat
5) exceeded	to exceed	překonat
6) are setting up	to set up	založit, zařídit

2. Completed phrasal verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) get over	to get over	překonat, dostat se
2) -	-	-
3) to catch up with	to catch up with	dohonit, předstihnout
4) rise up	to rise up	narůstat, stoupat
5) -	-	-
6) are setting up	to set up	založit, zařídit

Translation

1. Jako východisko je zd základní **překonat** překážku neporozumění a špatného informovanosti o obchodování.
2. –

3. Ale podud vydrží současná tendence, tak se pravděpodobně Japonsko **nepředstihne** do roku 2020 a USA do roku 2040.
4. Ve skutečnosti mezinárodní zisky v Číně **stoupli** od roku 1990 sedminásobně...
5. Tucty mezinárodně orientovaných zákazníků, s prodejem **přesahujícím** mnoho miliard dolarů, má v Číně ziskové obchody a **zakládají** krytí do 30 až 50 měst.

Summary

Respondent 4 completed, in compliance with the original text, only one phrasal verb number 3 (to catch up with) but was able to fill in most common verbs so it is obvious that he understood the article quite well though he did not guess which phrasal verbs were missing.

Respondent 5

1. Completed verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) get rid off	to get rid off	zbavit se, zlikvidovat
2) getting rid off	to get rid off	zbavit se, zlikvidovat
3) overcome	to overcome	překonat
4) increases	to increase	zvýšit, vzrůstat
5) paid	to pay	platit, odevzdat
6) estimated	to estimate	odhadovat

2. Completed phrasal verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) get rid off	to get rid off	zbavit se, zlikvidovat
2) getting rid off	to get rid off	zbavit se, zlikvidovat
3) -	-	-
4) rose up	to rise up	stoupnout, povstat

- 5) - - -
6) - - -

Translation

1. Jako východisko je hlavní **se zbavit** houští nedorozumění ...
2. **Zbavit se** jich nebude garantovat úspěch investic...
3. Ale není to jako **být lepší** než Japonsko...
4. Ve skutečnosti mezinárodní zisk v Číně **se zvýšil** sedminásobně...
5. Tucty nadnárodně orientovaných zákazníků mající výnosné obchody v Číně, s prodejem **zaplatili** miliardy dolarů a odhadují pokrytí do 30 až 50 měst.

Summary

This respondent did not complete in compliance with the text even one phrasal verb. However he understood the sense of the article and except verb number 6, he filled in verbs which in this context were synonyms to the original phrasal verbs.

Respondent 6

1. Completed verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) clear off	to clear off	odklidit, odstranit
2) clearing out	to clear out	odstranit
3) to overcome	to overcome	překonat
4) have increased	to increase	zvýšit
5) reaching	to reach	dosáhnout
6) are expanding	to expand	rozšiřovat

2. Completed phrasal verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) clear off	to clear off	odklidit, odstranit
2) clearing out	to clear out	odstranit
3) to get ahead	to get ahead	předhonit
4) have grown up	to grow up	růst, narůst
5) topping off	to top off	dovršit
6) are broadening up to broad up		rozšířit

Translation

1. Jako východisko je hlavní **odklidit** nadbytek nedorozumění..
2. **Odstranit** je nebude zaručovat investiční úspěch.
3. Ale není pravděpodobné, že Japosnko bude **překonáno** do roku...
4. Mezinárodní zisky v Číně se ve skutečnosti **zvýšili** sedminásobně...
5. Desítky nadnárodně orientovaných zákazníků, kteří mají výnosné obchody v Číně, **dosáhli** několika miliard dolarů a **rozšiřují** se do 30 až 50 měst.

Summary

In the first task this respondent completed only two phrasal verbs (number 1 and 2) but these two phrasal verbs were different from the original text. Nevertheless he understood the meaning of the text and filled in synonymous verbs.

Respondent 7

1. Completed verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) look through	to look through	prohlédnout skrze
2) -	-	-

3) overrun	to overrun	překročit, předstihnout
4) raised	to raise	zvednout, vybudovat
5) earning	to earn	vydělat
6) are making	to make	dělat, vytvořit

2. Completed phrasal verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) look through	to look through	prohlédnout skrze
2) -	-	-
3) get ahead of	to get ahead of	dostat se dopředu před
4) grew up	to grow up	vzrůst, vyrůstat
5) -	-	-
6) -	-	-

Translation

1. Na začátek je prvotní **prohlédnout** skrz houští neporozumění...
2. –
3. Není to nadějně **přestihnoutí** Japonska do roku 2020..
4. Ve skutečnosti mezinárodní příjem v Číně **vyrůstl** sedminásobně...
5. Tucty mezinárodně zaměřených zákazníků, s prodejem **vydělavajícím** mnoho miliard dolarů má v Číně profitující obchodování a **tvoří** pokrytí v 30 až 50 městech.

Summary

Respondent 7 did not complete in compliance with the text even one phrasal verb. Some verbs chosen by this respondent should change the meaning of the article. This respondent preferred filling in “common” verbs to completing phrasal verbs.

Respondent 8

1. Completed verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) understand	to understand	rozumět, chápat
2) figuring out	to figure out	vyřešit, spočítat
3) to pass	to pass	přejít, překonat
4) have grown	to grow	růst, sílit
5) making	to make	dělat, vytvořit
6) having	to have	mít

2. Completed phrasal verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) find out	to find out	zjistit, odhalit
2) figuring out	to figure out	vyřešit, spočítat
3) to get over	to get over	překonat
4) have grown up	to grow up	růst, narůst
5) -	-	-
6) -	-	-

Translation

1. Jako východisko je hlavní **odhalit** houští neporozumění a špatné informovanosti.
2. Toto **vyřešit** nebude zaručovat úspěch investic.
3. Ale není pravděpodobné, že Japonsko bude **překonáno** do roku 2020.
4. Ve skutečnosti nadnárodní zisky v Číně **narostli** sedminásobně.
5. Desítky mezinárodně zaměřených zákazníků, s prodejem **vytvářejícím** mnoho miliard dolarů, **mají** v Číně prosperující obchod a pokrytí v 30 až 50 městech.

Summary

In the first task Respondent 8 preferred filling in “common” verbs to phrasal verbs. This respondent filled in verbs number 3 and 4 which in this context were synonyms to the original phrasal verbs. The other completed verbs would change the meaning of this article.

Respondent 9

1. Completed verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) penetrate	to penetrate	proniknout, prostoupit
2) -	-	-
3) to overcome	to overcome	překonat
4) has increased	to increase	zvýšit, růst
5) achieving	to achieve	dosáhnout, docílit
6) -	-	-

2. Completed phrasal verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) get in	to get in	vstoupit, proniknout
2) -	-	-
3) to pass over	to pass over	přejít, překonat
4) has gone up	to go up	stoupat
5) getting with	to get with	dosáhnout
6) -	-	-

Translation

1. Jako východisko je třeba **proniknout** do silného obchodního neporozumění a špatné informovanosti.
2. –
3. Ale není nadějně, že by Japonsko bylo **překonáno** do roku 2020.

4. V Číně ve skutečnosti zisky nadnárodních společností **stoupli** sedminásobně...
5. Tucty nadnárodně orientovaných zákazníků, **dosahují** prodeje mnoha miliard dolarů...

Summary

Respondent 9 did not complete in compliance with the text even one phrasal verb but verbs number 3 and 4 in this context can be synonyms to the original phrasal verbs. This respondent also preferred to fill in “common” verbs to phrasal verbs.

Respondent 10

1. Completed verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) avoid	to avoid	vyhnout se, zbavit se
2) -	-	-
3) to pass	to pass	přejít, překonat
4) have gone down	to go down	klesnout
5) reaching	to reach	dosáhnout, docílit
6) -	-	-

2. Completed phrasal verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) get rid of	to get rid of	zbavit se, zlikvidovat
2) -	-	-
3) -	-	-
4) have gone down	to go down	klesnout
5) -	-	-
6) -	-	-

1. Základem je **zbavit se** nedorozumění a špatné informovanosti o tom jak se zde obchoduje.
2. –
3. Není pravděpodobné, aby Japonsko bylo **překonáno** do roku 2020...
4. Zisky nadnárodně zaměřených firem **klesli** v Číně sedminásobně od roku 1990..
5. Desítky mezinárodních zákazníků **dosahuje** zisků mnoha bilionů dolarů...

Summary

It seems that this respondent is not familiar with meaning and usage of phrasal verbs because he completed only two phrasal verbs (number 1 and 4) but different from the original text. However verbs number 1 and 3 have similar meaning to the original version.

3.2.2 Research II

- 1) "Until you get used to working here, always _____ the Deputy Manager if you are not sure what to do."
- 2) "After the argument between the Finance Director and the Personnel Manager, the meeting _____ in confusion. There seemed to be no way to settle the disagreement. "
- 3) "You have been doing great work in reorganising the finance department and I hope you will _____."
- 4) "We really must _____ expenditure on office equipment because it is taking much too large a share of the budget."
- 5) "Please _____ these forms, date them, sign them and hand them to my secretary when you have completed them."
- 6) "I know that business is very slow at the moment, but if we can just _____ for another month or two, things should begin to improve and we should be in profit once again." [17]

Missing phrasal verbs

	<i>Infinitive</i>	<i>Czech meaning</i>
1) ask for	to ask for	žádat, prosit, žádat o
2) broke up	to break up	rozbít se, rozejít se, skončit
3) carry on	to carry on	pokračovat, provozovat
4) cut down	to cut down	snížit, omezit
5) fill in/out	to fill in/out	vyplnit, doplnit
6) hold on	to hold on	vytrvat, pokračovat, vydržet

Respondent 1

	Completed verbs/ Czech meaning	Completed phrasal verbs/ Czech meaning	Compliance with the text
1)	ASK – ptát se, žádat	ASK FOR – žádat, prosit o	Right
2)	END - skončit	END UP – ukončit, skončit	Wrong
3)	GO ON – pokračovat, trvat	GO ON – pokračovat, trvat	Wrong
4)	REDUCE – snížit, omezit	CUT DOWN – omezit, srazit	Right
5)	FILL IN – vyplnit	FILL IN – vyplnit	Right
6)	REMAIN – vytrvat, setrvat	-	Wrong

Filling in these sentences, Respondent 1 completed at first only two phrasal verbs. However, this respondent was able to guess the meaning of all sentences. After being told that the missing verbs should be only phrasal verbs this respondent completed right just three phrasal verbs (number 1, 4 and 5) in compliance with the text. Nevertheless all the verbs filled in by this respondent should not change the meaning of the sentences.

Respondent 2

	Completed verbs/ Czech meaning	Completed phrasal verbs/ Czech meaning	Compliance with the text
1)	ASK – ptát se, žádat	ASK FOR - žádat	Right
2)	END UP – skončit	END UP – skončit	Wrong
3)	CONTINUE - pokračovat	-	Wrong
4)	CUT DOWN - omezit	CUT DOWN - omezit	Right
5)	FILL IN - vyplnit	FILL IN - vyplnit	Right
6)	STAY - zůstat	-	Wrong

This respondent filled in right 3 verbs (number 1, 4 and 5) but the other completed verbs should not change the meaning of the sentences.

Respondent 3

	Completed verbs/ Czech meaning	Completed phrasal verbs/ Czech meaning	Compliance with the text
1)	ASK – ptát se, žádat	ASK FOR – žádat, prosit o	Right
2)	END – skončit	-	Wrong
3)	CONTINUE - pokračovat	GO ON – pokračovat, trvat	Wrong
4)	REDUCE – snížit, omezit	CUT DOWN – omezit, srazit	Right
5)	FILL IN - vyplnit	FILL IN - vyplnit	Right
6)	SURVIVE – přežít, přečkat	-	Wrong

Respondent 3 filled in right three phrasal verbs (number 1, 4 and 5) however, without being told that the missing verbs were phrasal verbs he completed only one phrasal verb (number 5). It seems that this respondent understands all the sentences and guessed right the meaning of all verbs.

Respondent 4

	Completed verbs/ Czech meaning	Completed phrasal verbs/ Czech meaning	Compliance with the text
1)	ASK – ptát se, žádat	ASK FOR - žádat	Right
2)	END UP – skončit	END UP – skončit	Wrong
3)	CONTINUE - pokračovat	-	Wrong
4)	REDUCE - omezit	CUT DOWN - omezit	Right
5)	FILL IN - vyplnit	FILL IN - vyplnit	Right
6)	WAIT - čekat	HOLD ON - vytrvat	Right

Respondent 4 in the first task completed only verb number 5. However after being told that the missing verbs are only phrasal verbs this respondent guessed right phrasal verbs number 1, 4, 5 and 6. All the verbs filled in by this respondent should not change the meaning of the sentences.

Respondent 5

	Completed verbs/ Czech meaning	Completed phrasal verbs/ Czech meaning	Compliance with the text
1)	ASK – ptát se, žádat	ASK FOR – žádat, prosit o	Right
2)	GOT – dostat se	-	Wrong
3)	SUCCEED – mít úspěch	-	Wrong
4)	CUT – snížit, sekat	CUT DOWN – omezit, srazit	Right
5)	FILL IN - vyplnit	FILL IN - vyplnit	Right
6)	CONTINUE - pokračovat	GO ON – pokračovat, trvat	Wrong

Respondent number 5 completed only one phrasal verb number 5 (to fill in) but after being told that all the verbs in the text should be phrasal verbs this respondent filled in right three phrasal verbs (number 1, 4 and 5).

Respondent 6

	Completed verbs/ Czech meaning	Completed phrasal verbs/ Czech meaning	Compliance with the text
1)	CONTACT – kontaktovat	GET IN TOUCH WITH – být ve styku s	Wrong
2)	ENDED UP – skončit	ENDED UP – skončit	Wrong
3)	SUCCEED – mít úspěch	-	Wrong
4)	REDUCE – snížit	CUT DOWN – omezit, srazit	Right

5)	FILL IN - vyplnit	FILL IN - vyplnit	Right
6)	SURVIVE – přežít, přečkat	GET ON – pokračovat	Wrong

This respondent completed in compliance with the text only verbs number 4 and 5. Phrasal verb number 3 was not guessed at all and the other verbs had similar meaning as the original phrasal verbs from the text.

Respondent 7

	Completed verbs/ Czech meaning	Completed phrasal verbs/ Czech meaning	Compliance with the text
1)	ASK – ptát se, žádat	ASK FOR – žádat, prosit o	Right
2)	END – skončit	-	Wrong
3)	CONTINUE - pokračovat	KEEP ON – setrvat, pokračovat	Wrong
4)	REDUCE – snížit, omezit	CUT DOWN – omezit, srazit	Right
5)	FILL IN - vyplnit	FILL IN - vyplnit	Right
6)	SURVIVE – přežít, přečkat	HANG ON - vytrvat	Wrong

This respondent filled in right three phrasal verbs (number 1, 4 and 5) but however without being told that the missing verbs were phrasal verbs he completed only one phrasal verb (number 5).

Respondent 8

	Completed verbs/ Czech meaning	Completed phrasal verbs/ Czech meaning	Compliance with the text
1)	ASK – ptát se, žádat	-	Wrong
2)	TURNED – obracet,	-	Wrong

	odvrátit		
3)	KEEP UP – držet se	KEEP UP – držet se	Wrong
4)	CUT DOWN – omezit, srazit	CUT DOWN – omezit, srazit	Right
5)	FILL OUT - vyplnit	FILL OUT - vyplnit	Right
6)	WAIT – čekat, přečkat	HOLD ON - vytrvat	Right

Respondent 8 completed in compliance with the text three phrasal verbs (number 4,5 and 6) but phrasal verbs number 1 and 2 were not guessed at all.

Respondent 9

	Completed verbs/ Czech meaning	Completed phrasal verbs/ Czech meaning	Compliance with the text
1)	ASK – ptát se, žádat	-	Wrong
2)	FINISHED – skončit	ENDED UP – skončit	Wrong
3)	CONTINUE - pokračovat	GO ON – pokračovat, trvat	Wrong
4)	DECREASE – snížit, omezit	CUT DOWN – omezit, srazit	Right
5)	FILL IN - vyplnit	FILL IN - vyplnit	Right
6)	HOLD ON – vytrvat	HOLD ON - vytrvat	Right

Respondent 9 filled in right three phrasal verbs (number 4,5 and 6) but the other completed verbs should not change the meaning of the sentences.

Respondent 10

	Completed verbs/ Czech meaning	Completed phrasal verbs/ Czech meaning	Compliance with the text
1)	TALK TO – mluvit s	-	Wrong
2)	CONTINUED – pokračovat	WENT ON – pokračovat, trvat	Wrong
3)	CONTINUE - pokračovat	KEEP ON – setrvat, pokračovat	Wrong
4)	REDUCE – snížit	CUT BACK ON – zmenšit	Wrong
5)	FILL IN - vyplnit	FILL IN - vyplnit	Right
6)	HOLD ON – vytrvat	HOLD ON - vytrvat	Right

This respondent filled in at first only two phrasal verbs (number 5 and 6). After being told that the missing verbs should be only phrasal verbs this respondent completed right just two phrasal verbs (number 5 and 6) in compliance with the text and the other completed verbs should not change the meaning of the sentences.

3.2.3 Overall results

The aim of this research was to find out whether respondents are able to guess the meaning of the text when phrasal verbs are omitted and whether they prefer using “common” verbs to phrasal verbs. The other purpose of this research was to evaluate how people are familiar with phrasal verbs.

The research supports the theory that it is not essential whether the respondents are given the whole text or just short sentences. The right answers depend on the comprehensibility of the text and on the phrasal verb because the better the phrasal verb is known the more accurate answers the respondents gave.

According to the first research, most respondents did not fill in phrasal verbs even though they understood the context. In the first task the respondents preferred completing “common” verbs to phrasal verbs and most of them were able to guess the meaning of the whole text. Being told that all the missing verbs in the text should be phrasal verbs, some respondents were not able to fill in the right phrasal verbs although they understood the meaning of the verb. One of the reasons may be that some respondents do not know well phrasal verbs or their meaning and that is why they were not able to fill in the right phrasal verbs.

Having done the Research II, it is obvious that it was easier for the respondents to understand the text and the phrasal verbs because most respondents filled in at least three correct phrasal verbs. Even though they filled in “common” verbs, the meaning of the sentences was maintained.

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4 CONCLUSION

The aim of this bachelor's thesis was to evaluate the usage of phrasal verbs and to assess their importance in business English.

The bachelor thesis consists of two main parts. The first part of the thesis, which is the theoretical part, deals with grammatical issues of phrasal verbs. This chapter is divided into eight subchapters. These subchapters describe, for example, usage, occurrence, definition or synonymy of phrasal verbs. Information of these grammatical issues was extracted from various sources.

The second part of my thesis is the practical analysis. This part is created on the basis of my own research and is divided into two subchapters.

The first subchapter deals with frequency of phrasal verbs used in business news. These phrasal verbs were extracted from 32 articles chosen from business parts of on-line sources. There is a list of phrasal verbs used in newspaper articles and the list contains phrasal verbs, their transitivity, separability and Czech meaning. The list was created to show how often phrasal verbs are used in business articles. According to the list, the occurrence of phrasal verbs in business articles is not exceptional. For example, in some cases, it is possible to find more than three phrasal verbs in one shorter article, contrariwise, there were many articles without or just with one or two phrasal verbs. The result of my research shows that it depends on the writer or the speaker if he or she uses a phrasal verb.

The second subchapter deals with another research. There was conducted a survey into how people are able to understand the meaning of the sentence with omitting phrasal verbs and how familiar people are

with phrasal verbs. After this survey, which involved ten respondents, I tried to assess the importance of phrasal verbs and I have taken the view that people prefer filling in “common” verbs to phrasal verbs.

5 ENDNOTES

- [1] COBUILD, C., p.5
- [2] VANIŠOVÁ, Z., AUSTIN, F., p. 6-8
- [3] WORKMAN, G., p.10
- [4] VANIŠOVÁ, Z., AUSTIN, F., p. 6-8
- [5] COBUILD, C., p.7
- [6] TRYML, S., p.37
- [7] Ibid, p.43
- [8] Ibid, p. 38
- [9] WORKMAN, G., p. 7-10
- [10] Ibid, p. 7-10
- [11] Phrasal verbs [online]
- [12] TRYML, S., p. 39
- [13] WORKMAN, G., p.12-13
- [14] COBUILD, C., p. 11
- [15] Ibid, p. 12
- [16] Money reader, p. 24
- [17] VANIŠOVÁ, Z., p.16-51

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7 ABSTRACT

This Bachelor's thesis deals with the assessment of the importance of phrasal verbs in business English. The first part of this thesis introduces grammar of phrasal verbs – is focused on usage, occurrence, positioning, forming of phrasal verbs and on particles of phrasal verbs.

The second part of the Bachelor's thesis gives detail about research focus and is divided into two subchapters. The first subchapter involves the list of phrasal verbs appearing in newspapers articles and assessment of their percent occurrence. The second subchapter is dedicated to the research. This research was carried out through two different texts where phrasal verbs were omitted and the respondents should guessed missing phrasal verbs. At the end of this subchapter it is possible to find two graphic charts comparing right supplementation of phrasal verbs into these two texts.

8 RESUME

Tato bakalářská práce se zabývá posouzením důležitosti fázových sloves v obchodní angličtině. První část této práce seznamuje s gramatikou frázových sloves – je zaměřena na užití, výskyt, umístění, tvoření frázových sloves a partikule frázových sloves.

Druhá část bakalářské práce obsahuje podrobnosti o výzkum a je rozdělena na dvě podkapitoly. První podkapitola zahrnuje výčet frázových sloves objevujících se v novinových článcích a poté posouzení jejich četnosti. Druhá podkapitola je věnována výzkumu. Tento výzkum byl proveden pomocí dvou textů, kde byli vynechaná všechna frázová slovesa a respondenti je měli uhodnout. Na konci této podkapitoly je možné nalézt dva grafy porovnávající správné doplnění frázových sloves do těchto dvou textů.

9 APENDICES

Text 1

Irish budget debate begins in Dublin

7 December 2010

Mr Lenihan defended the government's decision to rescue lenders to Ireland's insolvent banks. The Irish government has presented the toughest budget in the Republic's history to parliament; with the first key vote set for 7pm. Finance Minister Brian Lenihan unveiled 6bn euros (£5bn; \$8bn) of cuts, to reduce the country's 19bn euro deficit. It is part of a deal to secure an 85bn-euro bail-out from the European Union and International Monetary Fund. Despite the Fianna Fail/Green party coalition's slim majority, the 2011 budget is expected to be passed. Dublin is looking to save about 15bn euros over the period as part of a four-year austerity plan, with the biggest cuts of the plan in the coming year. If the budget is cleared by parliament, it will trigger the first tranche of bail-out funds from the EU and IMF.

Growth prediction "The scale of this adjustment is demanding, but it demonstrates the seriousness of our intent," said Mr Lenihan in his opening remarks as he presented the 2011 budget to the Dail. He said that the Irish economy was already showing signs of recovery, and he expected growth to continue over the coming years, driven by exports.

A protestor was arrested earlier after arriving with a crane covered slogans "It is the government's strong view that the economy can continue to grow while we carry out the... National Recovery Plan," said Mr Lenihan.

But rating agency Standard & Poor's - which cut the Republic's credit rating last month - said it expects virtually no growth over the next two years. He said the government would seek to boost growth further via an investment programme equal to 3.6% of the country's economic output. He added that the state pension funds would also invest in public-private infrastructure projects. Our income tax system, as it stands today, is no longer fit for purpose." End Quote Brian Lenihan Irish Finance Minister. In his speech, Mr Lenihan defended the government's decision - agreed with EU negotiators - to spare the major creditors to the country's banks from any losses on their loans. It was a collapse in confidence in the Irish banking system in November that triggered the Republic's bail-out. He said the Irish government could not renege on its commitment to the banks "against the wishes of our European partners and European institutions". The decision to spare the banks' lenders is thought to have been insisted on by the European Commission and European Central Bank - but not the IMF - as they feared that failing to do so would trigger a Europe-wide banking crisis. But many in the Republic have been angered by the decision, which leaves Irish taxpayers footing the bill for saving the Irish banks. Pension cut among the cost-saving measures announced by the minister was a means-tested 4% cut in current pensions for public sector

pensioners. He said there would be no cut to the state pension this year, but working-age payments would be cut by about 4%. Further pay cuts for ministers - including the Taoiseach, Brian Cowen - as well as the Irish President were announced alongside a 250,000-euro pay cap on public sector pay. The finance minister announced changes to the income tax system - which he labelled "no longer fit for purpose" - including the lowering of the income threshold for the standard rate tax band. There was also an across-the-board cut to existing tax credits, while the tax relief for rent payments would be phased out, and other property-related tax reliefs cut back. A new, single and more expensive "social levy" was introduced, combining health insurance and social security. A plethora of benefit cuts included a 10 euro per month cut in child benefit. Departmental spending cuts of 2bn euros were also detailed, with the biggest savings to be made in the health and children, and social protection ministries.

Cuts targets Mr Cowen, with his poll rating at a record low, needs to push the budget through to avoid having to call a snap election. Last month's deal to secure bail-out aid brought thousands of protesters onto the streets of Dublin Mr Cowen's government only has a majority in the Dail, or lower house of parliament, thanks the support of two independent MPs. One of these MPs, Michael Lowry, pledged his support for the budget on Monday evening. This budget is going to be harsh. It's going to be extremely difficult," Mr Lowry told the BBC. "People will be angry," he said, "but if we are to survive into the future and if we are to restore our economy, these difficult and harsh decisions have to be made." According to reports, the other independent MP, Jackie Healy-Rae is expected to follow Mr Lowry's lead. And it is not clear if all opposition MPs will oppose the budget. There has been talk of some MPs abstaining from the vote, strengthening Mr Cowen's hand. Opposition parties have published their own budget proposals ahead of a general election next year. But with stringent EU/IMF fiscal targets to hit, most politicians accept that there will be little scope to deviate greatly from the plans being set out. But it is not essential that all parts of the budget are cleared on Tuesday. The vote will be conducted via four separate ballots, and the budget must be passed within four months of Mr Lenihan presenting it to parliament.

<http://www.bbc.co.uk/news/business-11941337>

Text 2

5 Car sales slowdown continues despite impending VAT rise

6 December 2010

SMMT said the outlook for next year remains "challenging" and expects sales to fall. Sales of new cars in the UK fell for the fifth month running in November, despite the looming VAT rise. Registrations were down 11.5% versus a year ago, according to the Society of Motor Manufacturers and Traders (SMMT). However, fleet cars sales rose 6% as companies sought to beat the January rise in VAT to 20%, and the SMMT said the 26% fall in private sales was less than expected for the same reason. The government's Scrappage Incentive Scheme inflated sales last year. The programme expired in May this

year, and since July sales have been consistently below those recorded during the scheme's year-long operation. Stripping out previous car sales linked to the scrappage scheme, the SMMT claimed in its November report that underlying sales were actually up 14%.

"Registrations are expected to fall next month, but demand may benefit from motorists looking to avoid the January VAT rise," said Paul Everitt, SMMT's chief executive. "Next year will continue to be challenging as consumer spending tightens and the government's austerity measures take effect." The SMMT expects car sales to be up 2% overall this year - thanks in part to a relatively strong December - but to then fall 5% next year. However, David Raistrick, automotive partner at accountants Deloitte, played down the chances of a pre-VAT sales rush, saying he expects December figures to remain flat. "Today's figures are a stark reminder of the challenges that lie ahead for the motor industry into 2011," he said. "As consumer and business confidence remains unsettled, it is doubtful that either private or business sales will grow in the new year. "Meanwhile, diesel car sales continue to overtake those of petrol cars, accounting for 53% of the market in November, and 46% for the year to date.

<http://www.bbc.co.uk/news/business-11924905>

Text 3

6 Oil prices reach post-crisis two-year high

3 December 2010

The price of oil on both sides of the Atlantic has hit its highest level since the financial crisis. In Europe, Brent crude futures rose to \$91.58 per barrel, while in the US, West Texas Intermediate hit \$89.35 - the highest levels since October 2008. Despite the market rally, prices still remain 40% below their pre-crisis peak. Among the factors driving prices higher are rising demand because of the global economic recovery and cold weather in Europe, as well as the weak US dollar. Meanwhile, temperatures are also expected to fall in the eastern United States, according to the US National Weather Service. Weak dollar The rising price was only briefly dented in early trading, after the release of weaker than expected US jobs data for November. Last Updated at 07 Dec 2010, 17:30 GMT However, the data - and comments from US Federal Reserve chairman Ben Bernanke - raised expectations of further monetary easing by the US central bank. Any increase in the Fed's "quantitative easing" - printing new dollars to buy up US government debt - is likely to depress the dollar's value further, raising the price of oil in dollars. Many banks have recently raised their forecasts for the oil price over the next two years, with Goldman Sachs now saying it will rise to \$100 in 2011. The current oil price is already significantly above the levels experienced prior to 2007. During 2007-08, oil and most other commodities were subject to a speculative bubble that pushed the price of Brent crude up to \$147.50 at its peak in July 2008. This time the rising oil price is also being shadowed by price rises in only a handful of other commodities - notably grain and cotton.

www.bbc.co.uk/news/business-11917152

7

8 Text 4

9 Cold weather 'threatening small businesses'

3 December 2010 Last updated at 12:21 GMT

The Centre for Economics and Business Research (CEBR) told the BBC as many as 800-900 small businesses were under threat as a result of the cold snap. Businesses where cashflow is vital, such as bars and restaurants, are really suffering, it said. The Federation of Small Businesses said members were "particularly hard-hit". Estimates vary widely about the full extent of the overall cost to the UK economy of the cold weather. Douglas McWilliams, chief executive of the CEBR, told BBC Radio 4's Today programme that about one-fifth of the economy had been affected, costing about £1bn every day. However, Chris Gorman at the Forum for Private Business put the figure at nearer £250m, with 10% of the workforce being affected.

Some industries will suffer a temporary hit, analysts say. For example, construction projects will be put on hold until the weather improves. This is precisely what happened during the cold spell in January this year.

But other sectors, particularly retail and leisure, could lose out on business entirely, with potentially severe consequences for some small businesses. "Quite a lot of small businesses are quite close to the brink now," said Mr McWilliams. "I think at least a few hundred, maybe as many as 800 or 900, could go bankrupt that otherwise wouldn't have because this is the straw that breaks the camel's back." He said businesses that rely on cash were particularly vulnerable. "If a restaurant loses a night's business, it's not going to get it back," he said. Well prepared The Federation of Small Business said it was "disappointed that we still haven't learnt the lessons from previous bad weather and that the country has yet again ground to a halt". However, it said small businesses were better prepared for this cold snap than those in previous years. It said that four in 10 of its members had made arrangements in advance for staff to work from home, three in 10 were offering flexible working hours and almost one in five had bought their own supply of grit to clear shopfronts and the roads outside their premises.

www.bbc.co.uk/news/business-11909952

Text 5

10 European nations agree on offshore North Sea electric grid

3 December 2010

European legislators are placing a lot of hope on off shore wind farms. Ministers from 10 European countries bordering the North Sea have agreed the construction of a new offshore electricity grid. The grid will link countries across Europe and make it much easier for member states to trade energy. It will also simplify the exploitation of the 140 Gigawatt offshore windfarm currently being planned in the North Sea. Analysts say Europe needs offshore wind farms to meet emissions targets. The Memorandum of Understanding was signed by the governments of the UK, Ireland, Belgium, Denmark, France, Germany, Luxembourg, the Netherlands, Norway and Sweden. The new grid would be used to connect European grids to a large offshore windfarm currently in planning for the North Sea. The project is part of a concerted effort by the European Union to live up to its emissions targets and integrate the energy infrastructure. One such cooperation is already in place. Norway and the Netherlands use so-called "high-voltage direct-current" links to pump energy back and forth between the two countries. Another project currently under consideration is Desertec. This proposal, launched by a German consortium is aimed at putting a large number of solar energy modules into North Africa. These are then connected to European electricity grids. The North Sea grid is a highly ambitious project but could prove an important boost to countries whose location gives them an excess of solar or wind energy.

www.bbc.co.uk/news/business-11909048

Text 6

11 US unemployment rate hits seven-month high

3 December 2010

The US unemployment rate rose to 9.8% in November, the highest rate since April, the US Labor Department has said, raising fears about the strength of the country's economic recovery. Just 39,000 jobs were created last month, below analysts' expectations. In October, 172,000 jobs were created. Stocks markets fell sharply after the figures were published. Analysts are concerned that the levels of high unemployment in the US are undermining the economy's recovery. Market shudder The announcement - which came before the opening bell on Wall Street - caused the Dow Jones index to drop slightly at the open, before recovering late in the day to close slightly higher. The euro jumped an entire cent against the dollar, to \$1.335, following the data release. The currency rallied another cent during the course of the day as fears over eurozone government debts receded, while expectations of further quantitative easing by the US Federal Reserve rose. The jobs number is a first estimate, and could be revised in the coming months. The US Labor Department said 15.1 million people were now unemployed in the US, equating to a rate of 9.8%. This is an increase from the 9.6% rate recorded in the previous three months. Jobs were created in the business services, healthcare and mining sectors, but job numbers in the retail and manufacturing sectors fell. Discouraged workers Analysts were distinctly underwhelmed by the jobs figures. The worst news was that the jump in the unemployment rate was not driven by an increase in labour force participation, according to economist Bill McBride on his Calculated Risk

blog. During the slump, many redundant workers gave up seeking new jobs altogether, meaning that they dropped out of the official labour force, and out of the unemployment figures. As the jobs market improves, economists expect these discouraged workers to start looking for work again, meaning they would be reclassified as unemployed.

11.1 Analysis

Michelle Fleury BBC business correspondent, New York

For weeks now, most investors and economists have focused on the bright spots in the US economy. The latest numbers for overall growth were good, and Americans have looked like they're rediscovering their taste for retail. The holiday shopping season started with something of a bang. But now comes this report, casting fresh gloom over the economic outlook. Ultimately, if the US can't create enough jobs to get most of the 15 million unemployed back to work, any recovery is going to be slow at best. More than that, if this rise in the unemployment rate turns out to be the first of many, the recovery won't just slow. It might stall altogether. Still, the enthusiastic shoppers can't be ignored. Eventually more consumer spending will create more jobs. The Obama administration will be hoping that the Americans who HAVE work can spend enough money to help those who have not. Instead, the rise in the unemployment rate is simply due to a failure of US job creation to keep up with the growing US population.

Opinions were divided as to the implications for the US economic recovery. "Obviously it's a surprise - it's very disappointing. We were looking for something much, much higher," said Bernard Baumohl at the Economic Outlook Group. However, he said the number of new jobs would probably be revised "substantially up" next month, in line with recent job figures. Others were less willing to see a silver lining. Paul Dales at Capital Economics called the job figures a "painful reality check" for those hoping that a meaningful recovery was already underway. "The truth is that the economy is going nowhere at a time when companies are not willing to boost hiring," he said.

Another worrying indicator was a rise in the number of long-term unemployed, by over 100,000 to 6.3 million. The number of those out of work for more than 26 weeks had declined steadily since peaking this summer, but the trend reversed sharply in the past two months. Economists are particularly concerned about the unprecedented level of long-term unemployed during the current slump, as these workers typically find it hardest to find work again. It suggests that much of the unemployment may be "structural" - in other words these workers may still be out of a job once the economy is fully recovered. To compound matters, US citizens out of work for more than 26 weeks also ceased to be eligible for unemployment benefits as of the end of November. If Congress fails to introduce a further extension of benefits, economists worry that the long-term unemployed will have much less income to spend. Stimulus measures At the beginning of last month, the US Federal Reserve, spurred by weak economic growth, announced a stimulus programme to pump \$600bn (£382bn) into the economy. The US economy grew by an annualised rate of 2.5% between July and September. High unemployment and a weak housing market

in particular are hampering growth, analysts say. This is the second major stimulus package the Fed has introduced to try to kick-start the recovery, having pumped \$1.75tn into the economy during the downturn.

www.bbc.co.uk/news/business-11913196

12 Text 7

13 US economic growth revised up to 2.6% for third quarter

14 22 December 2010

The US economy grew at an annualised pace of 2.6% in the third quarter of 2010, slightly faster than the previous estimate of 2.5%, figures have shown. However, the rate was lower than expectations, with some analysts expecting a figure closer to 3%. Earlier this month, the US Federal Reserve said the US recovery was still too slow to bring down the country's high level of unemployment. Separately, figures showed home sales continuing to recover. Sales of previously-owned homes rose by 5.6% in November compared with the previous month, to a seasonally adjusted annual rate of 4.68 million units last month, according to the National Association of Realtors. However, the increase was less than analysts had hoped for, and overall sales were down 27.9% from a year ago. Consumer spending The GDP data from the Commerce Department showed that the third-quarter growth rate was revised up after an increase in the pace of businesses building up inventories. However, this increase was offset by a downward revision to consumer spending, which grew at an annual pace of 2.4% in the quarter, down from a previous estimate of 2.8%. Consumer spending is watched closely as it accounts for about 70% of the US economy's total economic output. "Clearly the economy continues to improve and grow but at a slow, modest pace and that is restraining employment growth and a recovery in the housing market," said Tim Ghriskey, chief investment officer at Solaris Asset Management. Figures released earlier this month showed the unemployment rate in the US rising to 9.8%, its highest rate since April. High unemployment, along with a weak housing market, is undermining economic growth.

'Employment growth'

Last month, the Fed said it would pump \$600bn (£390bn) into the economy. The policy, dubbed QE2 because it is the second round of quantitative easing, is designed to boost the economy's fragile recovery. The government has also done its part to stimulate growth, by extending tax cuts enacted by President George W Bush that were set to expire this year. However, some analysts argue that there may be some reason for cheer in the current quarter. "More recent data suggests we're seeing reasonably healthy retail sales growth, pretty healthy investment spending [and] some growth in employment," said Zach Pandl at Normura Securities in New York.

www.bbc.co.uk/news/business-12061266

15 Text 8

16 UK economic growth revised down

17 22 December 2010

The UK economy grew less than previously estimated between July and September, revised figures have shown. The Office for National Statistics said UK GDP grew 0.7% in the third quarter, down from its earlier estimate of 0.8%. It also cut the growth figure for the April-to-June quarter to 1.1% from 1.2%, and the first quarter growth figure to 0.3% from 0.4%. It blamed the revisions on weaker growth in the construction, business services and manufacturing sectors. The year-on-year growth estimate was also cut, with the ONS saying that GDP in the third quarter had grown by 2.7% compared with the same point last year, down from the previous estimate of 2.8%. VAT impact The latest official figures are likely to increase concerns that the rate of economic growth will slow further in 2011 as a result of the impact of the government's £85bn spending cuts, and VAT rising to 20% from 17.5% on 4 January. A number of organisations have already recently lowered their forecasts for UK economic growth in 2011.

The CBI business group now expects growth of 0.2% in the first quarter of next year, down from 0.3%. The British Chambers of Commerce (BCC) is predicting the economy will expand by 1.9% in 2011, but this is down from the 2.2% growth it forecast in September. There's something in these figures for both the pessimists and the optimists. Those who think the underlying recovery is fragile and the UK is in for a tough time next year will feel that downward revisions to growth in the first three quarters of this year reinforce their argument. Those who believe the recovery is healthy will point out that changes of 0.1% are within normal margins for error and that UK growth still looks perfectly respectable. Earlier estimates of construction output always looked exaggerated - the revised figures seem more realistic. Business investment is now thought to have been stronger than previously thought - a positive signal. The BCC has also blamed the eurozone debt crisis and the weak housing market. The Office for Budget Responsibility has said it expects economic growth of 2.1% next year, compared with an earlier forecast of 2.3%. Investec analyst Philip Shaw said he was not surprised by the downward revisions to the economic growth figures. He added: "It doesn't change the big picture that the economy was doing pretty well over the middle of the year." Taken over the year as a whole, GDP growth is still, will almost certainly be, above most expectations at the start of this year. "The latest figures from the ONS came as minutes from this month's meeting of the Bank of England's Monetary Policy Committee (MPC) showed that just one of its nine members - Andrew Sentance - was continuing to call for a rise in UK interest rates. Mr Sentance again voted for rates to go up to 0.75% from 0.5%, where they have now remained for 21 consecutive months. Another MPC member, Adam Posen, voted for the programme of quantitative easing to be expanded by £50bn, the third month in a row he has done so. Howard Archer, an analyst at IHS Global Insight, said the downward

revision to the growth figures for both the second and third quarters of 2010 - and concerns about expansion in 2011 - would mean the MPC keeping rates at 0.5% "until at least late-2011 and very possibly into 2012".

www.bbc.co.uk/news/business-12058452

Text 9

18 Indian onions crisis: Custom duty slashed to zero

22 December 2010

India has abolished import taxes on onions in the latest attempt to control prices of the staple food which have more than doubled in a week. The customs duty would be cut from 5% to zero, Finance Secretary Ashok Chawla told reporters in Delhi. The price of onions has risen to an eye-watering 85 rupees (\$1.87; £1.20) per kg from 35 rupees only last week. The rise has been blamed on unusually heavy rains in growing areas, as well as on hoarders and speculators. On Monday, the government banned exports of the food, a basic ingredient in many Indian dishes, until 15 January. Onion-less dosas The country has also begun importing onions from its neighbouring rival, Pakistan, to ease shortages. High prices of essential commodities such as onions have previously sparked unrest and helped bring down the national government in 2004. Indian onion crops have been damaged by unseasonal rains in the bulk producing western states of Maharashtra and Gujarat and in southern states. In an editorial on Wednesday, the Times of India newspaper called for "tough punitive action" if claims that officials have colluded in the hoarding of onions in growing areas were found to be true. NDTV reports that Bangalore hotel chefs are racking their brains for ways to serve up popular south Indian dishes such as onion dosas (pancakes) - without any onions. The rising cost of living is a pressing concern for most Indians. Food price inflation has retreated over recent months, but remains at a high of nearly 10%, a worry for the ruling Congress party ahead of a number of important state elections next year.

www.bbc.co.uk/news/world-south-asia-12057398

Text 10

19 Toyota agrees record \$32.4m US fine over recalls

21 December 2010

Toyota has agreed to pay a record fine in the US of \$32.4m (£20.8m) over its handling of millions of car recalls. This is the second big fine the world's largest carmaker will pay to US authorities, after agreeing a \$16.4m penalty in April. The carmaker said it was "pleased to have resolved these legacy issues", but did not admit any violations of US law. Toyota has recalled more than 10 million

cars worldwide since September last year, issuing 14 recalls in 2010. The latest fine also refers to recalls made in 2005 concerning steering defects in nearly one million vehicles. "These agreements are an opportunity to turn the page to an even more constructive relationship with the [US] National Highway Safety Administration [NHTSA] and focus even more on listening to our customers and meeting their high expectations for safe and reliable vehicles," said Steve St Angelo, Toyota's chief quality officer in North America. He added that the carmaker had "substantially strengthened" its ability to investigate customer concerns in recent months. US Transportation Secretary Ray LaHood also said he was "pleased that Toyota agreed to pay the maximum possible penalty".

Brake defects In September last year, Toyota recalled 4 million cars after fears that the accelerator pedal could get stuck on the floor mat. In January this year, it recalled a further 2.3 million cars to fix potentially faulty accelerator pedals. In August, it recalled a further 1.1 million Corolla and Matrix models over an engine control system fault, and in October it called in more than 1.5 million cars over brake and fuel pump defects. The carmaker was harshly criticised over the earlier recalls for not acting more quickly. The NHTSA said Toyota had not reported the defects to it within the stipulated time allowed.

www.bbc.co.uk/news/business-12047360

Text 11

20 Veolia wins Bavarian train contract

22 December 2010

French utility and transport group Veolia has won a 1bn-euro (\$1.3bn, £850m) 12-year contract to operate trains in the German state of Bavaria. The firm will run three passenger routes between Munich, Salzburg and Kufstein - crossing the Alpine border into Austria - from December 2013. The news helped push Veolia's shares up 0.8%, making it the biggest climber on a quiet morning of trading in Paris. The company has said it is targeting growth in Germany and the Netherlands. Competition "This is a great success!" said Cyrille du Peloux, chief executive of Veolia Transport, the subsidiary of the French group that won the "E-Netz Rosenheim" contract. "New direct links will be put in place and the trains will be upgraded and made more comfortable," he promised. Veolia Transport already operates one Bavarian route between Munich and Holzkirchen, but this is the first time it will be running trains that cross the border into neighbouring Austria. The contract tender marks a departure for the Bavarian state railway company. The electrified rail network to be taken on by Veolia is currently run by the German national railway company, Deutsche Bahn. "By awarding transport operation in competition, we will continue the improvement of short-distance transport in Bavaria," said the German state's transport minister Martin Zeil. "And railway services in E-Netz Rosenheim will become faster and more modern."

www.bbc.co.uk/news/business-12058364

Text 12

21 Ernst & Young sued in US over Lehman collapse

14 January 2011

Accountancy giant Ernst & Young has been sued by New York's attorney general over its role in the collapse of Lehman Brothers during the financial crisis in 2008. Andrew Cuomo claimed the firm was complicit in a "massive accounting fraud" perpetrated by Lehman. Ernst & Young said that it would "vigorously defend" itself. "There is no factual or legal basis for a claim to be brought against an auditor in this context," it said. "Lehman's audited financial statements clearly portrayed Lehman as a highly leveraged entity operating in a risky and volatile industry." Settlement Mr Cuomo takes a different view. "At a time when it was critical for investors to make informed decisions as to whether to keep or to buy Lehman, Ernst & Young assisted Lehman in defrauding the public," the lawsuit claims. The case centres on Lehman's use of an accountancy practice known as Repo 105, which involves temporarily removing money from the balance sheet to give the impression of greater financial strength. The lawsuit claims that as much as \$50bn (£32bn) was parked temporarily overseas. As Lehman's auditors, Mr Cuomo asserts, Ernst & Young should not have approved the accounts, knowing that the practice had been used so widely. Observers suggested the two parties may settle out of court, rather than enter a long and expensive court battle. "It tends to be a lot less expensive for both parties to resolve it through settling and getting it behind them," said Bruce Pounder at US firm Leveraged Logic. Lehman Brothers was the first major bank to collapse as part of the global financial crisis in September 2008.

www.bbc.co.uk/news/business-12057170

Text 13

22 Bank of America reports \$1.2bn loss

21 January 2011

Analysts said the bank's numbers disappointed. Bank of America has reported a second straight quarterly loss, driven by a \$2bn (£1.25bn) write down of its mortgage business. The bank announced a net loss of \$1.2bn in the last three months of 2010, compared with a \$5.2bn loss a year ago. However, last year's results included a \$4bn charge related to the government's Troubled Asset Relief Program (Tarp). Chief executive Brian Moynihan said 2010 was a "necessary repair and rebuilding year". "Our results reflect the progress we are making at putting legacy - primarily mortgage-related - issues behind us," he said. The bank had previously warned that it would write down the value of its mortgage business, given the foreclosure crisis in the US, which has seen homeowners - facing high unemployment and slow job growth - fall behind on their mortgage payments. Excluding the writedown the bank made a \$756m

profit. The charge in the fourth quarter was not the only one the bank had to make last year. The group's third-quarter results also included a hefty \$10bn writedown of its cards business. For the whole of 2010, writedowns totalled \$12.4bn, leaving the bank with a net loss of \$2.2bn for the year. "Clearly, the headline number disappoints," said Gary Townsend, president of Hill-Townsend Capital, but he added, "I think the mortgage put back aspect is very manageable. "Bank of America shares fell 2.8% in electronic pre-market trading.

Text 14

23 Japan in huge budget shortfall by 2020, says forecast

21 January 2011

Japan's annual budget shortfall could be 23.2tr yen (\$280bn; £176bn) by 2020, according to an official forecast. The figures - which are worse than previously estimated - come as government politicians are pushing for tax rises and economic reforms. Japan's government has pledged to turn its annual budget deficit into a surplus by 2020. Japan's national debt is already the biggest in the industrialised world, compared to the size of its economy. The latest forecasts underline the dire state of Japan's finances. The national debt is around twice the size of the economy. The ageing population means social security costs are growing. The Economic and Fiscal Policy minister, Kaoru Yosano, has warned the country is at a "critical point", and, without reform, risks losing investor confidence. Japan's Prime Minister Naoto Kan has called for a national debate on increasing the 5% consumption tax to plug the gap. But he's hampered in building a consensus by the opposition's control of the upper house of parliament. It won elections to the chamber last year in a setback for the prime minister widely blamed on his suggestion that taxes may have to rise.

www.bbc.co.uk/news/business-12252392

Text 15

24 Digital music sales 'slowing'

20 January 2011

The growth in digital music sales has been slowing in recent years, according to industry figures. Sales grew 11-fold between 2004 and 2010 to an estimated \$4.6bn (£2.9bn), the International Federation of the Phonographic Industry (IFPI) said. But while revenues grew by 25% in 2008, that figure slipped to 12% in 2009 and to just 6% in 2010. The group also warned of the challenges facing the industry from piracy, with 95% of music downloads made illegally. "As an industry we remain very challenged," IFPI chief executive Frances Moore told the BBC. "Some 95% of intellectual property is stolen." It doesn't just affect the

record companies, it affects jobs. We have independent studies that show that something like 1.2 million jobs could be lost in the creative sectors by 2015 - something like 10% of the workforce."

'Heart of industry'

Meanwhile, seven leading music industry executives have pledged to support struggling music and book retailer HMV. In a letter published in The Times newspaper, the executives, who include bosses of the four largest record labels - Sony, Universal, Warner and EMI - say: "HMV is at the heart of our industry, and they have the full support from each of us. "HMV has already warned that profits would be at the low end of forecasts after disappointing Christmas sales, and confirmed this week that some of its suppliers have had their levels of credit insurance cut. But in a show of support, the seven bosses wrote: "With reference to the recent speculation in the media, we would like to clarify that nothing has changed in each of our individual trading relationships with HMV - it is business as usual. "We are each continuing to supply HMV with our music and they are continuing to do much more than sell it; their unique approach plays a vital role in breaking new artists and supporting British culture in the broadest sense."

www.bbc.co.uk/news/business-12238576

Text 16

25 Tunisia's credit rating downgraded by Moody's

19 January 2011 Last updated at 14:53 GMT

Tunisia's credit rating has been cut by rating agency Moody's because of the continuing unrest in the country. Moody's cut the country's foreign debt to Baa3 - the lowest investment grade - from Baa2, and warned it could cut the rating further. Tunisia's bond markets have been falling and the stock exchange is closed for a third day. The country was thrown into instability after the ousting of its leader Zine al-Abidine Ben Ali. "The current uncertainties about the economic and political consequences of the collapse of Tunisia's previous political regime are the main drivers for the decision to downgrade the government's bond ratings by one notch and assign a negative outlook," said Aurelien Mali from Moody's. "Moody's will closely monitor Tunisia's political risk and stability over the next few months, as a further outburst of violence and disorder could exert added negative pressure on the economy," he said. Moody's says risks were limited in terms of Tunisia's debt payments. "More importantly, Moody's expects the country to receive some form of external assistance from abroad, if needed," Moody's said.

www.bbc.co.uk/news/business-12226543

Text 17

26 EU investigating carbon trading thefts

20 January 2011 Last updated at 15:47 GMT

All carbon trading in Europe has been halted as the European Commission looks into thefts of emissions permits. The Czech carbon registry said 7m euros (£5.9m, \$9.4m) of permits had seemingly been stolen by hackers on Wednesday. It followed a similar security breach in Austria on Tuesday, and prompted five countries to suspend their registries before the entire system was shut down. A Commission spokesman did not rule out the possibility of deliberate sabotage. "For us at this stage, it is theft, not sabotage," said EU spokesperson Maria Kokkonen. "It could be possible that it is concerted action, because the recent incidents, they happened within the last five days. "The European Union (EU) has pioneered the market, which allows manufacturers, power companies and other producers of carbon dioxide to buy and sell Europe-wide emissions permits. The permits allow the companies that own them to produce greenhouse gas, and by issuing a fixed number of permits, the EU hopes to cap overall emissions. It seems like they've been a bit slow to react"End Quote London carbon trader The theft is thought to have involved a phishing scam, whereby fraudsters stole password details by creating a bogus websites or messages that mimic legitimate ones. They then would have accessed the account of the victim company, and transferred the permits into their own account, with the intention of selling them in the open market for cash. "I'm a bit speechless about the negligence some member states have been showing," said Jos Delbeke, a senior Commission official for the environment, adding that it was too early to say what the scale of the thefts may be. Originally the market closure was planned for a week, but Ms Kokkonen indicated that individual EU member states will reopen their national registries once they have demonstrated that they have improved their security measures. The permits stolen from the Czech registry are thought to have been transferred to an account in Estonia - one of the first countries to shut their own registry on Wednesday. The Commission also hopes that by shutting down the entire market, they may be able to trace the stolen permits. Bad publicity "It seems like they've been a bit slow to react," a trader in London told the BBC. He claimed his desk had already stopped trading permits for immediate delivery on Monday because of market rumours that some certificates had been phished. But the suspension of trading should have no practical impact on the market, he said. Trading in futures and other derivatives can continue, while the delivery of the underlying carbon permits can be done once the market freeze has been lifted. What is of more concern is the embarrassment factor of "another negative headline for the market", he said. It follows a previous scandal in which carbon permits were used as a convenient tool to facilitate a cross-border VAT fraud scheme.

www.bbc.co.uk/news/business-12241846

27 Text 18

28 UK factory orders fall but prices to rise, says CBI

31 January 2011

UK factory orders fell in January, but manufacturers plan to raise prices sharply in the next three months, according to the CBI business group. Its quarterly industrial trends survey of 394 manufacturers recorded a drop in its total order book balance to -16% this month from -3% in December. Despite the drop, the CBI said "the recovery in the manufacturing sector is firmly in place". But it did warn that upcoming price rises would fuel inflation. The CBI said production had increased in the past three months, driven primarily by growth in export orders, and would continue to expand over the next quarter. "It is also encouraging to see that employment prospects in the sector have risen for the second consecutive quarter and manufacturers' confidence is improving," said the group's chief economic adviser, Ian McCafferty.

'Inflationary pressure'

However, he warned that manufacturers were under "intense pressure" to pass on the rising cost in raw materials. They had raised prices "markedly" in the past quarter and "expect to raise them at an even faster pace over the next three months", Mr McCafferty said. "This will drive further inflationary pressure in the wider economy." Figures released earlier this week showed that inflation, as measured by the Consumer Price Index, rose to 3.7% in December, up from 3.3% in November. The Retail Price Index, which includes mortgage interest repayments, rose to 4.8% from 4.7%. This fuelled speculation that the Bank of England may raise interest rates earlier than it had planned.

www.bbc.co.uk/news/business-12241289

Text 19

29 Banker pay data called for by Treasury Committee

31 January 2011

MPs have asked the City watchdog to reveal data on the number of UK bank employees earning more than £1m a year. The Treasury Select Committee has asked the Financial Services Authority to collate the data. But it said the information could be limited after banks complained about a risk to their competitiveness. An FSA spokeswoman said that the letter had been received but could give no details on when the data would be released. While bank board member pay is on the company accounts, remuneration data of other big earners is not available. The Treasury Committee headed by Andrew Tyrie has been taking evidence from leading bankers in recent weeks, including the head of Barclays Bob Diamond. While it is officially focused on competition in the UK banking sector, much of the committee's questioning has been around pay and bonuses. "We remain concerned to ensure that remuneration structures are aligned with the interests of shareholders," Mr Tyrie said in his letter to FSA

chief executive Hector Sants. How reconciled is the City, its bankers and traders, to the new world demanded by regulators and politicians? The proposal to release the information was first put forward in Sir David Walker's review into the corporate governance of banks - released in 2009. Mr Tyrie asked Mr Sants to release the data as recommended by the Walker review. That includes FTSE 100-listed banks and the largest building societies disclosing, in bands, the number of "high end" employees, including executive board members. The bands would show the number of people taking home £1m to £2.5m, £2.5m to £5m, and then in £5m bands thereafter. Within each band, the main elements of salary, cash bonus, deferred shares, performance-related long-term awards and pension contribution should be disclosed. Mr Tyrie also asked for details of all those earning the same as or more than the least well-paid executive board member at a firm. He said the data could "provide a measure of disclosure on the number of highly-incentivised employees in our largest and most systematically significant banks." Restricting the way the data was presented "should address the banks' concern about competitiveness", he added.

www.bbc.co.uk/news/business-12327568

Text 20

30 JJB Sports in takeover talks with JD Sports

2 February 2011

JD Sports is in talks over making a takeover bid for its High Street rival JJB Sports, the two companies have said. JD said it was in "early stage discussions" with JJB's board about launching an offer. A merger would create one of the biggest High Street chains in the UK. Shares in JJB Sports jumped more than 30% on the news to trade at 6 pence in early trading, while JD Sports rose by 1.5% to 835p. Wigan-based JJB has been in financial difficulties amid falling sales, and in December announced plans to raise £31.5m from shareholders. That came three weeks after warning it was likely to breach the terms of a key banking agreement. Sales in the six weeks to 19 December were down 15.7% on last year, JJB said. Bad weather conditions had continued into the pre-Christmas period and had "significantly affected" sales, the company said. JD Sports has done better recently, and last month said it had shrugged off the winter weather to boost sales during Christmas trading. The group, whose operations include 350 JD Sports and Size outlets, said like-for-like sales were up by 2.5% in the five weeks to 1 January. It moved into the French market last year, buying Chausport, and is also planning to expand its fashion business Bank, which is mainly based in northern England and the Midlands. "There can be no certainty that an offer will be made by JD Sports Fashion for JJB Sports, nor as to the terms on which any offer might be made," it added. And JJB said: "The highly preliminary nature of these discussions is such that there can be no certainty that any offer will be made or as to the terms of any offer."

www.bbc.co.uk/news/business-12341871

Text 21

31 US consumer spending 'best in three years'

1 January 2011

Consumer spending in the US grew at its fastest pace in three years during 2010, official figures have shown. Spending grew by 3.5% from 2009 the Commerce Department said, the best showing since a 5.2% rise in 2007 - before the country went into recession. The 2010 levels were helped by a strong December, where spending grew by 0.7%, the sixth consecutive month of growth. Consumer spending makes up more than two-thirds of activity in the US, the world's largest economy. Rising incomes and the faster increase in spending meant that the savings rate dipped slightly in December, the data showed. Economists expect that spending and savings will be boosted further in 2011, if the job market continues to slowly improve and with a cut in payroll tax. "As hiring picks up this year, income gains should accelerate noticeably, providing fuel for both modestly faster spending growth than in 2010 and a renewed rise in the savings rate," said Stephen Stanley, chief economist for Pierpont Securities. However, there is concern over whether these gains will be enough to offset further cutbacks in government spending and the weak housing market. Last week, figures showed that US economic growth accelerated in the last three months of 2010 to an annualised rate of 3.2%, up from a rate of 2.6% in the previous quarter.

www.bbc.co.uk/news/business-12327467

Text 22

32 Egypt unrest hits Europe's stock markets

31 January 2011

Concerns that the unrest in Egypt could spread have knocked some European stock markets, with shares in travel firms taking a hit. In London, shares in Thomas Cook fell 3%, Thomson Holidays owner TUI Travel shed 2.6%, while the new BA/Iberia airline group IAG dropped 1.8%. The uncertainty also pushed the oil price above \$100 a barrel in London. Meanwhile rating agency Moody's has cut its debt rating for Egypt, and changed its outlook from stable to negative. It downgraded the country's debt rating one notch from Ba1 to Ba2. Moody's said the cut was "prompted by the recent significant rise in political event risk and concern that the policy response could undermine Egypt's already weak public finances" - with the suggestion that the government may offer generous subsidies to try and appease protestors. Thousands of Egyptian protesters have continued to take to the streets, calling for President Hosni Mubarak to step down. Politicians now understand that unless they provide the

people of Egypt with the real democratic needs they have, with the real right to live and work, and get a decent job, they will not be allowed to stay" End Quote
Naguib Sawiris, Chairman of Egypt's largest mobile phone network Orascom Telecom

Political risk

London's FTSE 100 and Germany's Dax index closed lower, though in France the Cac-40 shook off earlier losses to finish ahead, while US markets also made slight gains. Earlier, Asian stock markets had closed lower. South Korea's Kospi index fell 1.8% to 2,069.73. "Korea and many of the Asian markets are still classified as emerging markets and this shock in the Middle East is something that would tend to make investors wary of the political risk of emerging markets," Hank Morris, an adviser to Triple A Partners in Seoul told the BBC World Service. "So I imagine that a good bit of today's retreats in the market in Korea could be ascribed to caution on the part of global investors who put in 'sell' orders across the board." The Cairo Stock Exchange itself was closed on Monday for the third straight day. Banks and most businesses in the city have also been closed. But Simon Kitchen, a strategist with the investment bank EFG Hermes in Cairo, was confident it would only be "a matter of days" before he was back at work. Meanwhile, the price of Brent crude oil topped \$101 a barrel on Monday, pushed higher by fears that supplies could be disrupted if the protests led to the closure of the Suez Canal, which connects Europe and Asia. Brent rose \$1.66 to \$101.08 a barrel in afternoon trading before falling back to \$100.78. US light crude also rose \$2.20 to \$91.54 - having traded as high as \$91.75. Earlier, they had temporarily fallen back after the head of the oil producers' group Opec said he did not expect the turmoil in Egypt to affect the canal. And a canal official told state media that the waterway was functioning at full capacity. More than 4 million barrels of crude oil a day are shipped through the canal or an adjacent pipeline. On Friday, shares in shipping companies rose, when worries over the Suez Canal began to emerge. Its closure would mean ships would have to travel around the southern tip of Africa, adding thousands of miles to their journeys, and traders speculated that the tanker owners would be able to charge accordingly. Shares in Frontline, one of the world's largest oil tanker operators, ended Friday 7.7% higher on the New York Stock Exchange. Rising concerns The week-long anti-government protests have been largely driven by public anger at rising prices, unemployment, and accusations of corruption and lack of democracy. The Moody's downgrade reflects growing unease among ratings agencies at the impact of political tensions across parts of North Africa and the Middle East. On Friday, Fitch also downgraded its outlook on Egypt from stable to negative, citing the political unrest. "Finally the rating agencies wake up. Egypt rated flat with Turkey was always a joke," said RBS analyst Timothy Ash. The unrest in Egypt follows the uprising in Tunisia, which ousted President Zine al-Abidine Ben Ali. Last week, Standard & Poor's also named Algeria and Jordan as being vulnerable to unrest similar to that seen in Tunisia, saying the political uncertainty weighed on their sovereign ratings.

www.bbc.co.uk/news/business-12322465

33 Text 23

34 Nokia at crisis point, warns new boss Stephen Elop

9 February 2011

Nokia's new head has sent an outspoken and frank memo to his staff that suggests the phone giant is in crisis. Stephen Elop describes the company as standing on a "burning platform" surrounded by innovative competitors who are grabbing its market share. In particular, he said, the firm had been caught off guard by the success of Google's Android operating system and Apple's iPhone. BBC News has verified that the memo is genuine. "The first iPhone shipped in 2007, and we still don't have a product that is close to their experience," chief executive Mr Elop wrote in the note that was distributed to the Finnish company's staff and was first published by technology website Engadget. "Android came on the scene just over two years ago, and this week they took our leadership position in smartphone volumes. Unbelievable." Although Nokia leads the global smartphone market in terms of handset sales, its overall share has been gradually declining. According to research firm IDC, Nokia's share fell from 38% in 2009 to 28% by the end of 2010. Meanwhile its rivals, including Apple and HTC have seen their share increase, or remain constant. Ben Wood, an analyst at research firm CCS insight, said the memo showed that Mr Elop has a "deep understanding of the severe structural problems Nokia is facing."

"I think it shows that he has inherited an organisation that is in much worse shape than he anticipated and the work that will be required to get it back on track should not be underestimated," he told BBC News. Mr Elop's leaked memo also suggests that Nokia is also being squeezed at the lower, non-smartphone end of the market by Chinese manufacturers. "They are fast, they are cheap, and they are challenging us," he wrote. Nokia is expected to publicly address its future strategy at a media event this Friday. Mr Wood said that he thought Mr Elop would use the briefing as a chance to issue a "mea culpa". "He will use it to say 'we are not in a good position, we have been outgunned and if we are to recover we are going to have to take some drastic decisions'." Mr Wood said this could involve using Android or Microsoft's Windows Phone 7 operating systems. "No options will be ruled out," he said.

www.bbc.co.uk/news/technology-12403466

Text 24

35 BA cabin crew to face new strike ballot

8 February 2011

British Airways cabin crew are to be balloted again on strike action after the airline said a previous ballot was unlawful. BA workers voted last month for further stoppages, but the Unite union said it would hold a new vote after a

"legal blitz" by the airline. BA said the union had "nobody to blame but itself". The dispute centres on action against staff who went on strike last year, including the removal of travel perks. "Unite has once again failed to conduct a proper ballot. We make no apology for having advised Unite of the flaws in its conduct," BA said. It added that the union had been aware the ballot "lacked legal validity" for more than three weeks. "It chose to hide this fact from its members, opting instead for rhetoric about industrial action it knew could not happen. "No dates for new strike action had been announced.

Unite said BA had informed the Electoral Reform Society (ERS) that the recent ballot was unlawful and that any action taken would be unprotected. General secretary Len McCluskey said Unite could therefore not call a strike based on the ballot, as this would "expose our members to sanctions". However, he added he anticipated giving the airline official notice of a new vote within 10 days, unless negotiations began. BA's complaint about the ballot would not "break the spirit of cabin crew" he added, calling on the airline to "take its employment relations seriously and start negotiating". BA also called on Unite to restart negotiations. "There have been enough ballots. It is time for Unite to return to the deal we negotiated, which leaves our existing Heathrow crew the best rewarded in the UK industry, and to put this dispute behind us," the airline said. It was not immediately clear which element of the ballot had prompted the complaint by the airline. In May last year, BA was granted an injunction after the High Court ruled the Unite union had not reported results of an earlier strike ballot correctly to members. Pay freeze Unite had said its members voted by 5,751 to 1,579 in favour of further strike action in the most recent vote, on a turnout of 75%. However, BA said that Unite did not have "majority support" for strike action. "Of our 13,500 crew, only 43% voted in favour of strike action in this ballot," the airline said. The Unite dispute has already cost BA £150m and led to 22 days of strikes. The dispute started in November 2009, when BA reduced the number of cabin crew on some long-haul flights from 15 to 14, and introduced a two-year pay freeze from 2010. This led to a series of strikes in the spring and summer of last year. Following these strikes, BA removed the travel concessions of those who took part, with some also facing disciplinary action. It is this action by BA that is now central to the dispute, Unite says. It wants the restoration of travel perks in full, arbitration through Acas of all cabin crew disciplinary cases related to the dispute, and restoration of pay to those who were genuinely sick during the dispute. It also wants a full discussion about how BA has handled industrial relations within the company.

www.bbc.co.uk/news/business-12397119

Text 25

36 Disney profits boosted by advertising revenue

8 February 2011

Entertainment giant Walt Disney has reported a sharp rise in profits thanks to increased advertising revenue and the popularity of its theme parks. Net profit

for the final three months of last year came in at \$1.3bn (£810m), up more than 50% compared with the \$844m the company made a year earlier. Revenue rose by 10% to \$10.7bn. "It's a great start to a new fiscal year," said Disney boss Robert Iger. Disney shares rose 3% in after-hours trading following the announcement. Film success The company reported strong results across most of its major business divisions. Revenue at Disney's media networks, which include ABC and ESPN, rose 11% to \$4.6bn, while operating profit rose by almost a half to \$1.1bn. The group's parks and resorts pulled in \$2.9bn in revenue, with operating profits hitting \$468m. Movie studio revenue was flat, but profits rose by more than a half to \$375m, thanks in part to the success of Toy Story 3. The group's interactive media division, however, posted a loss of \$13m

www.bbc.co.uk/news/business-12400108

Text 26

37 China raises interest rates again to tackle inflation

8 February 2011

China's central bank has raised interest rates for the third time in four months as authorities ramp up efforts to tackle inflation. The People's Bank of China said it would raise its one-year lending rate to 6.06% from 5.81% and its one-year deposit rate to 3.0% from 2.75%. In October, the Bank raised rates for the first time in nearly three years as it sought to tame rising prices. Inflation for 2010 as a whole was 3.3%, above the official target of 3%. But it was even higher towards the end of the year, hitting a 28-month high of 5.1% in November, before easing to 4.6% in December. And there are fears that it could pick up again in January as food prices continue to rise. The government has now raised its CPI target to 4% for 2011.

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www.bbc.co.uk/news/business-12392904

Text 27

38 Smart meters 'must not deter switching'

8 February 2011

Smart meters being installed in UK homes must not create a barrier to consumers switching energy suppliers, regulator Ofgem has said. By 2020, every home in Britain will be fitted with a smart meter - a device that shows exactly how much gas and electricity is being used. Installation of the devices has already started in some households. As a result, Ofgem plans to step up protection, so consumers are not tied to the supplier that fitted the meter. "It is

important that where a customer has a smart meter installed, this does not create a barrier to them switching supplier," the regulator said in a consultation document published on Monday. However, Ofgem accepted that - at this early stage - customers might lose the added functions of a smart meter if they swapped suppliers. In some cases, the technology would revert to a "dumb" meter - the type of meter found in most homes now, which requires a meter reading for an accurate bill. The new coalition government said it was committed to the roll-out of smart meters. Under the plans, each home would get a new smart gas meter and a new electricity meter. One is the "host" meter, that will communicate with the customer and the supplier. This should bring an end to estimated bills, because the technology sends back an accurate meter reading to the energy company every day. However, various security concerns have been raised regarding the technology. This includes the amount of personal data held on the devices. It also means that it could make clear the exact times householders tend to leave their home, or when they sleep, by looking at their energy usage. As a result, Ofgem also said in the consultation document that it was keeping a close eye on suppliers to ensure that they were complying with existing data protection laws. Data protection and security are of the highest priority" End Quote Christine McGourty Energy UK This would include keeping personal data secure, such as encrypting some information. "There are still major concerns for consumers around smart meters which must be tackled. The next step must be for suppliers to address the data protection and privacy issues which the introduction of smart meters, and the information they collect, inevitably raise," said Zoe McLeod, energy expert at watchdog Consumer Focus. "Suppliers must make sure that customers retain the privacy they want and the ability to switch easily to tariffs that work for them. We want to see firms rise to this challenge and make sure that customers who get smart meters early get a good service." The watchdog said that it welcomed additional proposed measures to protect consumers against being remotely disconnected. Christine McGourty, director of Energy UK, which represents the major energy companies, said: "Smart meters have the potential to transform the use of energy in the home and the industry is working closely with government and the regulator on key issues to be addressed before a nationwide roll-out. "Data protection and security are of the highest priority and the industry has been at the forefront in developing proposals to ensure information is always used appropriately. "Consumers will be at the heart of the process at every step of the way to ensure the smart meter revolution brings maximum benefits across Britain." In a separate development on Monday, the regulator fined three power grid firms. Scottish Hydro Electric Power Distribution (SHEPD), which is owned by Scottish and Southern Energy, E.ON-owned Central Networks, and Electricity North West were fined for taking too long to connect customers and for not having systems in place to monitor their service. SHEPD is being fined £500,000. Central Networks will pay £400,000 and Electricity North West will pay £100,000 for its breach of the connection deadline. These firms connect a range of customers to the power grid, such as housing developers and wind farms.

Text 28

40 Egypt government struggles to finance itself

7 February 2011

The Egyptian government is struggling to finance itself as foreign investors pull out and the currency drops. It had to scale down a bond auction on Monday as state-owned banks failed to stump up enough cash. Meanwhile, the Egyptian pound fell to a six-year low as investors pulled money out of the country, although the fall was less than expected. Although banks have reopened their doors, the stock exchange will now remain closed until at least Sunday. The government said that trading on the exchange would still be subject to unspecified new measures once it finally reopens. Surprisingly stable Although the government's finances during the crisis remains problematic, they appear to have stabilised since last week.

The cost of insuring against an Egyptian government default fell in international markets. Meanwhile, Egyptian companies whose stocks are also listed in London - where trading has continued - saw their share prices bounce back. The Egyptian stock market had dropped 17% in the two days prior to its closure on 27 January. The Egyptian pound has also proved more resilient than expected, with the market effectively reopened over the weekend as Egyptian banks were allowed to trade again. The dollar has gained just 2.3% against the Egyptian currency since the protests began on 25 January. Although the central bank has not yet intervened to steady the currency, there are market rumours that the state-owned banks have been doing so instead, by selling their dollars to buy Egyptian pounds.

Cash shortfall It comes after the banks were required to reopen their doors on Sunday, resulting in queues of customers seeking to withdraw cash for the first time in over a week. In a bid to preempt any run on the banks by big depositors, individual withdrawals have been limited to 50,000 Egyptian pounds (\$8,400), and up to \$10,000 in foreign currency. Yet despite this limit on their cash outflows, and despite selling their dollars, the banks were reportedly unwilling or unable to come up with all of the £15bn sought by the government at a treasury bills auction on Monday. With foreigners having pulled out of the market altogether during the crisis, the government was forced to reduce the amount it planned to borrow by at least £1bn, according to the Reuters news agency. Its borrowing cost in the auction was said to be about 11% - 1.5 percentage points higher than before the protests began. It comes after the government was forced to cancel its previous debt raising exercise at the height of the crisis last week. Meanwhile speculation has arisen as to the personal wealth of President Hosni Mubarak and his family. With his son Gamal (left) already stripped of power, analysts speculate how much the Mubaraks will have to fall back on if the President (right) also goes. The ABC television network in the United States ran a report suggesting the Mubarak family fortune is as high as \$70bn (£43bn). The figure would make them as rich as Mexican tycoon Carlos Slim and Microsoft billionaire Bill Gates put together. The family is believed to own properties in Manhattan, Beverley Hills, California and London's upmarket Belgravia area. The Mubaraks are also reported to have large cash

deposits in banks in Britain and Switzerland, and to have invested heavily in hotels and tourist businesses on the Red Sea.

<http://www.bbc.co.uk/news/business-12384276>

41

42 Text 29

43 Food prices at dangerous levels, says World Bank

15 February 2011

The World Bank says food prices are at "dangerous levels" and have pushed 44 million more people into poverty since last June. According to the latest edition of its Food Price Watch, prices rose by 15% in the four months between October 2010 and January this year. Food price inflation is felt disproportionately by the poor, who spend over half their income on food. The Bank called on this week's G20 meeting to address the problem. The World Bank's president, Robert Zoellick, said in a statement: "Global food prices are rising to dangerous levels and threaten tens of millions of poor people around the world." He also said that rising food prices were an aggravating factor of the unrest in the Middle East, although not its primary cause. Rapid food price inflation in 2008 sparked riots in a number of countries. At that time, the World Bank estimated 125 million people were in extreme poverty. The World Bank says prices are not quite back at those levels - just 3% below - although they are 27% higher than a year ago. A separate report earlier this month from the UN's Food and Agricultural Organization (FAO) said that world food prices had hit a record high in January. Finance ministers and central bankers from the G20 group of developed and developing nations are meeting later this week in Paris.

<http://www.bbc.co.uk/news/business-12474021>

44 Text 30

45 UK inflation rate rises to 4% in January

15 February 2011

The UK Consumer Prices Index (CPI) annual inflation rate rose to 4% in January, up from 3.7% in December, as the effects of the VAT rise were felt. Higher oil prices also meant inflation remained well above the 2% target. Retail Prices Index (RPI) inflation - which includes mortgage interest payments - rose to 5.1% from 4.8%. The CPI figure is the highest since November 2008, and will put pressure on the Bank of England to lift interest rates to curb accelerating inflation. The CPI measure has now been one percentage point or more above target for 14 months. Bank of England governor Mervyn King has now written to the government, after sending three such letters last year, explaining the outlook for inflation and what will be done to tackle it. In his letter he says inflation is likely to rise towards 5% in the coming months. Referring to expected

interest rate increases, he added: "The MPC's central judgement, under the assumption that Bank rate increases in line with market expectations, remains that inflation will fall back so that it is about as likely to be above the target as below it two to three years ahead." Mr King said the rise in inflation was due to the VAT rise, the past weakness of the pound and recent rises in commodity prices. "In his view, the 4% rise in the CPI in the past 12 months is unfortunate - but temporary, and almost entirely driven by factors beyond the Bank's control," said the BBC's economics editor Stephanie Flanders. "Until this month, I would say that the majority of City experts have agreed with him that most of the upward pressure comes from the fall in the pound, VAT changes, and global changes in the price of food, energy and other commodities. "But there are some warning flags in the January numbers." In his reply to Mr King's letter, Chancellor George Osborne said he recognised that commodity prices had been "a key driver of recent UK inflation". However, there was no reference to the recent VAT increase. Shadow chancellor Ed Balls, speaking on BBC Radio 5 live, blamed inflation on the VAT rise, which he described as "a mistake". The price of petrol as measured by the CPI was £1.27 a litre in January 2011, which the Office for National Statistics said was a record high. Other contributing factors included rising costs of transport, restaurants and hotels, furniture and alcohol. The monthly figures are the first to include the effects of the rise in VAT from 17.5% to 20%, which took place on 4 January. "Two of the main factors that had an impact on the January data are the increase in the standard rate of Value Added Tax (VAT) to 20% and the continued increase in the price of crude oil," the ONS said in a statement. The British Chambers of Commerce believes that inflation will rise to 4.5% before it stabilises. And it warns that although interest rates will probably have to rise later this year, the MPC should wait until the impact of the government's cost-cutting austerity measures are fully in place. "Considering an increase in interest rates before the middle of the year would be a mistake," said BCC chief economist David Kern. But Alan Clarke, economist at BNP Paribas, says the base rate may now rise in the coming months. "My own view is that it will be just after the summer, but increasingly it's looking more likely it could happen sooner rather than later - maybe as soon as May," he said. Meanwhile, Saga, a firm focused on serving the over-50s, called for an increase in interest rates "sooner rather than later". It pointed out that older people often live on fixed incomes and rely on their savings for additional income. Savings returns have declined as interest rates have remained at 0.5%. The CPI rate rose 0.1% on a monthly basis between December and January - the first time since records began in 1997 that inflation has risen between those two months. The CPI figure usually falls in January in the wake of prices being slashed in the January sales. Until now, the Bank of England has been confident that the pick-up in the inflation rate is temporary, with no need for an interest rate increase in the near term. Last week, the Bank held interest rates at a historic low of 0.5% for the 23rd consecutive month.

The last set of UK growth figures showed that the economy contracted by 0.5% in the final quarter of 2010, which weakened calls for a rate rise. More economic data being released this week, including the Bank's inflation report on Wednesday, jobs figures the same day, and retail sales figures on Friday, will be closely watched. "The [inflation] numbers are broadly in line with market expectations, but the issue for the MPC is that inflation has overshot its target

for much of the last five years and many are doubting its commitment to the inflation target," said Amit Kara, at UBS. "Under these circumstances the committee has no choice but to sound hawkish at tomorrow's inflation report. "We're looking for a [third quarter] rate hike but if the economic growth surveys remain good, that could be brought forward."

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Text 31

46 Australia and Singapore stock merger talks are on again

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A planned \$8bn (£5bn) merger between stock market operators in Australia and Singapore may be moving closer after talks started up again. Analysts said the original deal will probably be restructured in order to make it more attractive to politicians and regulators. The planned merger is between the Australian Stock Exchange (ASX) and the Singapore stock exchange (SGX). It comes after rival market operators in the US and Europe announced tie ups. The deal was first announced in October last year, but ran into problems with regulators and policymakers in Australia who were worried about which company would have control of the new firm. The current talks are focusing on the make up of the company's board of directors, news agencies reported. Should the problems be ironed out then analysts said the deal would help boost Singapore as a major financial hub in Asia. At the same time, it would give Australian investors greater access to Asian markets. Asian stock markets and investors are benefiting from quicker rates of economic growth than are being seen in Western markets. ASX asked for its shares to be suspended while the talks were going on.

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Text 32

Insurance and pension costs hit by ECJ gender ruling

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Insurers cannot charge different premiums to men and women because of their gender, the European Court of Justice (ECJ) has ruled. The decision means that women can no longer be charged lower car insurance premiums than men, and the cost of buying a pensions annuity will change. The change will come into effect in December 2012, although customers could see premiums alter in the interim. Representatives of the insurance industry said they were disappointed. The court was ruling on a challenge by a Belgian consumer group Test-Achats. It had argued that a current exemption for insurers contradicted the wider European principle of gender equality. "Taking the gender of the insured individual into account as a risk factor in insurance contracts constitutes discrimination," the ECJ said. The requirement for unisex insurance premiums

and benefits will start on 21 December 2012, giving national governments and the European insurance industry time to adjust. Simon Douglas of AA Insurance said insurance prices for young drivers could rise

For car insurance, women are generally a lower risk to insure than men but will, in due course, have to pay the same premiums. The British Insurance Brokers' Association (BIBA) said currently the cost of the average car claim by an 18-year old man was £4,400, while that for an 18-year old woman was £2,700. "The ruling will have a significant effect on the insurance industry which has used the system of risk based pricing to award discounts to lower risk drivers like young females who are statistically safer drivers," said Graeme Trudgill of BIBA. "The industry will have to change its model and effectively females will now pay a cross subsidy for males on their insurance premiums." Simon Douglas of AA Insurance told BBC News that the decision could add about £400 to the annual cost of car insurance for a young woman. "Particularly for women under 30 where the difference is most extreme, they currently pay about half what a man would pay," he said. "We could see their prices go up 25-30% and men's premiums could fall by about 10%." Maggie Craig, acting director general of the Association of British Insurers (ABI), said: "This gender ban is disappointing news for UK consumers and something the UK insurance industry has fought against for the last decade. "The judgment ignores the fact that taking a person's gender into account, where relevant to the risk, enables men and women alike to get a more accurate price for their insurance."

Pensions

The ECJ decision will also affect the cost of buying an annuity - an annual pension income - as women live for longer than men and so receive a smaller annual pension for the same pot of money. The insurance industry has warned that the change will lead to men receiving a smaller annuity income than they do now when their benefits are brought into line with those for women. Tom McPhail, a pension specialist at the investment firm Hargreaves Lansdown, said the ECJ decision was a "seismic event which will fundamentally reshape the retirement landscape". He predicted that annuity rates would equalise for men and women, at levels higher than female rates but "significantly worse" than current annuity rates for men. "Rates will be volatile for the next few months as insurers monitor their new business and adjust their pricing in response to experience," Mr McPhail said. Darren Philp, of the National Association of Pension Funds (NAPF), said he was disappointed with the ECJ decision, which would lead to a worsening of people's pension incomes. "The data shows that there is a clear difference between them when it comes to longevity," he said. "It is therefore perfectly reasonable for annuity providers to offer rates on the basis of this difference, as long as it is based on clear evidence."

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47 Text 33

48 Egyptian stock exchange reopening delayed

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The reopening of the Egyptian stock exchange has been delayed to refine ways to support small investors caught out by collapsing share prices. Trading had been expected to resume on Tuesday, but the exchange is now due to reopen on Sunday, 6 March. The exchange has been closed for more than a month in the wake of anti-government protests. Trading was suspended on 27 January after the benchmark index saw big falls amid concerns about the unrest. If the index falls by 6% or more then trading is halted for the session.

'No manipulating'

In a statement, the Egyptian exchange said it had delayed the reopening "in order to give all market investors the opportunity to check all disclosures sent from all listed companies as well as letting the investors with suspended codes to update their data". Some investors have demanded that trades made on the last two days of business on 26 and 27 January - when shares tumbled - should be cancelled. About 100 investors demonstrated in front of the Cairo stock exchange on Sunday. But the head of the exchange has rejected the calls. "The public prosecutor has assured that there was no manipulating in the last week of trading [on the Egyptian bourse]," Khaled Serry Seyam said.

'Strong reaction'

Meanwhile, shares in Saudi Arabia fell 6.8% on Tuesday as the Tadawul All-Shares Index dropped to a 20-month low. Saudi economist Ali al-Dakkak said the political unrest gripping several countries in the Middle East and the failure to reopen the Egyptian stock exchange was behind the fall. "It is a strong reaction to the events in the Arab world... Investors were awaiting the reopening of the Egyptian bourse and reacted negatively when it did not," he told the AFP news agency. He added that Saudi Arabia has investments worth about \$110bn (£67.5bn) in Egypt. Tuesday's losses means the Saudi bourse has now dropped for 12 consecutive sessions.

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