

**Pearson LCCI**

**English for Business  
Reading and Writing  
Level 4**

On Demand  
**Time: 3 hours**

Paper Reference  
**ASE4041**

**You must have:**  
An answer book

**Instructions**

- Answer **all 4** questions.
- All questions carry equal marks.
- All answers should be correctly numbered, but do not need to be in numerical order.
- Adequate and appropriate communication is more important than a particular number of words.
- Check your work carefully.
- You may use an English or bilingual dictionary.

**Information**

- On Demand Paper Version ASE404D11

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## Answer ALL questions.

- 1 Read the following opinion piece and answer the questions that follow it.

### Vietnam's Troubled Economy

All too frequently Vietnam's capital is plagued by power blackouts. Hotel lifts get stuck, and even the espresso machines in Hanoi's Parisian-style cafés splutter to a halt. Many thought this fast-developing country had left such symptoms behind. Yet the economy is now straining, and often failing to keep up with the ambitious growth targets set by Vietnam's Communist bosses. Inflation is rising; the budget is in deficit; the currency is failing; and people are rushing to turn their savings into dollars or gold.

Decisive action is called for, but is unlikely to come from the Communist Party's showcase congress, its eleventh, later this month. As well as a misfiring economy, the list of problems includes unpopular land grabs, environmental damage and, as ever, a lack of political transparency. Little change in policy is expected, nor even in personnel, apart from a polite game of musical chairs at the top. Earlier hopes that a cohort of reform-minded party officials might replace an older, more conservative generation have now been disappointed.

Even the Prime Minister, Nguyen Tan Dung, may stay in office, after speculation that he would take the rap for the biggest mishap, the collapse of Vinashin, the giant state-owned shipbuilder. Last year its sprawling empire imploded with debts of \$4.5 billion. In December Vinashin defaulted on a loan to international creditors, and it has been forced to go cap in hand to the government to pay its wage bill.

To critics of Vietnam's policies, the collapse of Vinashin was a vivid illustration of the perils of relying on state-owned enterprises (SOES) to provide the impetus for economic growth and modernisation. Yet, according to congress documents which have already been agreed upon, the SOES will continue to play the economy's "leading role" as they always have done. One expert on Vietnam, David Koh of the Institute of South-East Asian Studies in Singapore, says that, away from the party congress, the government has been taking some action. It recently issued directives that put new restrictions on how SOES are allowed to operate, particularly in terms of how much they may diversify away from their core businesses. But commerce in Vietnam is highly bureaucratic. It will take the state enterprises a long time to respond to these directives, if indeed they ever do. Meanwhile who is to say that the enterprises are in the right business to start with?

Such conservatism will make investors fret. The problems of the SOES explain much of Vietnam's weakening macroeconomic outlook. If the government does not take the SOES by the scruff of the neck, it will be able to do little else. The SOES need to be set free, but for that the Communists would have to give up political control of the economy. That is out of the question. So these inefficient giants continue to gobble up and then squander a good share of the foreign investment and export earnings that come into the country. Meanwhile the government is blowing its budget. The fiscal deficit rose to 7.45% of GDP last year, breaching the target of 6.2%.

## QUESTION 1 CONTINUED

The country now also runs big trade and current account deficits, as it relies too heavily on exporting low-value stuff like processed seafood and rice. These deficits, added to inflation, which rose to 11.8% last year, have put the currency under pressure. Three times in the past 14 months the government has been forced to devalue, hence the rush among Vietnamese to hoard dollars and gold as they lose faith in Vietnam's currency, the dong. The government has pledged to improve all these gloomy figures. Yet, chasing growth of 7% a year or more without corresponding structural change will only generate more of them.

(Source: adapted from an article in *The Economist* 8/01/2011)

- (a) Answers can be given either as full sentences or bullet points.
- (i) Why were such recent events as power failures and lift breakdowns in Hanoi regarded with surprise by analysts of Vietnam's economy? (1)
  - (ii) What growth targets had been set for Vietnam's economy by its leaders, and what indications are there of how well these targets are being met? (2)
  - (iii) What was hoped for from the eleventh Party Congress and why is this probably not going to happen? (2)
  - (iv) What recently happened to Vinashin, and what wider problem in the Vietnamese economy do these events illustrate? (2)
  - (v) What action has the Vietnamese government taken in regard to the SOES, and what may hinder the application of this policy? (2)
  - (vi) According to the text, what action is necessary to make the SOES successful, and why will the Communist Party not do this? (2)
  - (vii) What has been the effect of Vietnam's current account deficit on its currency, and how have the Vietnamese people reacted to this? (2)
  - (viii) Explain, in your own words, the following phrases as they are used in the article:
    - 1. "a polite game of musical chairs" (para 2)
    - 2. "take the SOES by the scruff of the neck" (para 5) (2)

(b) Situation

You work as an investment advisor in a bank. You have received a letter from a client, Margaret Bryan, who has heard that there are good profits to be made by investing in developing countries. She is particularly interested in the possibility of investing in Vietnam. She asks for your advice as to whether now is a good time to do so.

Task

Based on the information in the text 'Vietnam's Troubled Economy', and assuming that the information is factually correct, write a letter to Margaret Bryan summarising the present state of the Vietnamese economy and giving advice concerning possible investment there. You can assume your letter has a company letterhead, but set out the rest of the letter correctly. The client's address is 'Morgan House, Sidmouth Bay, Cornwall, SB9 2JW, U.K.'

(10)

**(Total for Question 1 = 25 marks)**

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## 2 Situation

You work in the Credit Control Department of a company (*Electrade plc*) which supplies electronic components to manufacturing companies. One of your duties is to prepare a monthly report on the payment situation of major customers. This report deals with matters such as the amount of money owed by individual customers and how long they have owed it.

Because of a difficult economic situation, both in your industry and generally, *Electrade plc* is experiencing cash-flow problems. As a result, it is essential that slow payers be pursued more vigorously than previously. Senior management has also decided that it is crucial to receive full payment from one of its four major debtors within four weeks.

Below are notes describing the debt situation of the four largest outstanding accounts. These notes were gathered from the account files and from discussions with members of the sales department who deal with these customers.

### Task

On the basis of these notes write a summary report for the Head of Credit Control. Your report should include a recommendation as to which customer should be selected for immediate further action.

#### (i) Magden Computers

Small computer manufacturer, locally based. First major customer of *Electrade* - 15 years of business - close relationship. Given very favourable credit terms. Has owed £370,000 for 3 months.

Experiencing problems? Recently sold main factory site/took smaller premises. Rumours of layoffs - big redundancy costs? Other creditors after them?

Latest product launches (e.g. XS200) not successful. Big drain on capital.

Personal info. reveals restructuring of bank finances.

Get cash before their bankruptcy? Could ruin our oldest and most loyal customer.

#### (ii) Mint-Walker

Equipment producer for large-scale network systems.

Last two years - biggest customer. Till now good payers.

Liaised with our Accounts Dept. Called twice about current debt. They owe £450,000, our biggest debt. Due for two months.

Say they have temp. cash-flow problem. Two big customers owe them. Legal action against these customers being taken. Should get money soon.

Their products very popular at present. Expansion plans will mean greater demand for our components. Meeting our Technical Dept. next week. But may mean giving greater credit to them.

Mint-Walker seem financially sound. Using us to solve their present cash shortage?

(iii) Haksiku

Major multinational computer manufacturer. Offering big, long-term supply contract - prestige client.

New customer, first order. Owing £270,000 for 6 months. No reply to first payment request letter.

Before first deal said another supplier gave better credit terms than Electrade but our products better. Trying for better credit terms by late payment?

Our profit margins with them are very low but promise of huge future orders.

Do they pay all suppliers late? No info. available. But known as tough negotiators.

No danger of this company failing.

(iv) Vision Electronics

Computer peripherals manufacturer. Medium-sized company.

Done business together for six years.

Owe £310,000 - four weeks overdue.

Only paid late once before.

Not doing so well? Will issue a profits warning? Also owe money to others?

At time of previous late payment similar rumours about them but proved false.

**(Total for Question 2 = 25 marks)**

**3** (a) Situation

You work in the Marketing Department of a company with a strong brand name. You have been asked to carry out a review of the company's current advertising policy in relation to the internet. Up to now the company has concentrated on having a good brand site.

Task

As part of your review you read the article below, 'The Decline of the Brand Website'. On the basis of the information in the article write a memo to the Marketing Director summarising the main points and suggesting possible changes in your company's way of advertising on the internet. (You decide which type of products/services your company offers).

**(12.5)**

## The Decline of the Brand Website

Bacardi's decision to move away from campaign websites to focus its digital strategy on social network sites may seem bold. However, it poses a question to all marketers. Do expensive brand websites have a role in the age of social media?

Faced with declining numbers of visitors to its brand sites - according to comScore, Bacardi's visitor numbers fell 77% between 2009 and 2010 - it is understood that in the next couple of years the company will be shifting up to 90% of its digital spend to its presence on Facebook.

Bacardi may be one of the first companies to re-examine the role of its websites, but it will not be the last. As Ian Crocombe, Planning Director of digital agency AKQA, says, if some brands closed their corporate websites, it would make little difference to their level of brand recognition online. 'Corporate sites made sense in web 1.0, when you drove traffic to landing pages with banners, and collected email addresses,' he says. 'Modern consumers are engaged by real-time, social digital experiences.' Forward-thinking brands, such as Nike, have already made this leap, he adds. Nike Football realigned its digital marketing two years ago and focused on delivering real-time experiences. For the 2010 World Cup, it built a platform where it could engage with 4.6m football fans, and delivered exclusive content.

Honda also re-assessed the role of brand websites two years ago when it redesigned its systems architecture to centralise all sales and marketing information on one site. Given the nature of car purchases, information-rich websites will remain vital because potential purchasers want a place where they can come and find trustworthy content. However, social networks have a huge role to play in car purchases, too. 'People have conversations about cars, and the social network can influence purchasing decisions,' notes a Honda executive.

Graham Hodge, of digital agency Lbi, says that, within the constraints of the advertising budget, the situation should not be considered as an 'either-or' one. 'There is certainly plenty of life in brand websites, especially if you enjoy a transactional relationship with your customers,' he adds. 'However, it is naive to invest a lot of money in a destination website and not have activities which engage with your online audience.'

Each approach to online marketing has its strengths. Social sites have huge traffic, and well thought-out branded content that fuels conversation can be a great way to recruit people into a brand. Meanwhile a brand-owned property like a website can offer a more complete experience for brand loyalists.

**(b) Situation**

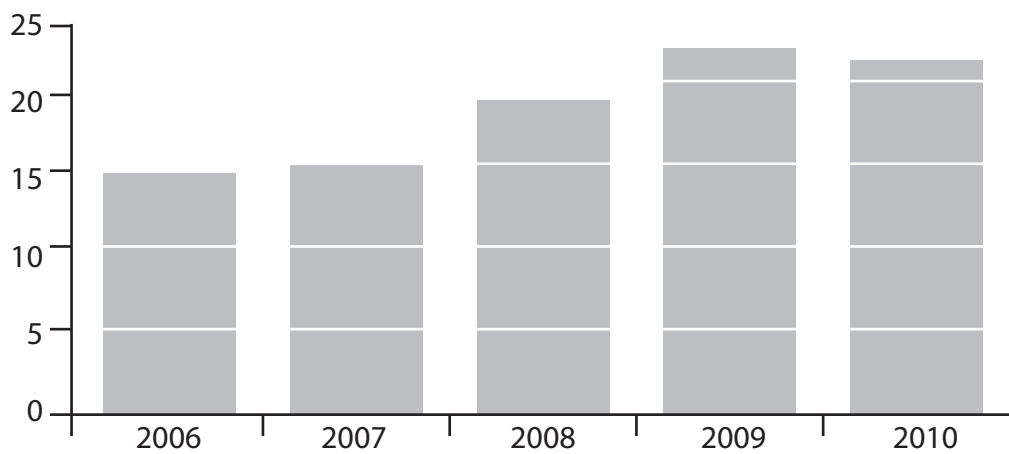
You work in the Product Development Department of a food products company. Your company is considering whether to introduce vegetarian items to its product range.

**Task**

Based on the information in the four graphs below, write a short report for the Head of Product Development. Summarise the main points of the graphs, and, on the basis of this information, give your conclusion about whether your company should produce vegetarian foods. If your conclusion is positive, indicate which products look most promising.

(12.5)

**Vegetarian meals sector by proportion of food product launches (%)**



(Source: Mintel GNPD)



### Chilled meat-free food types by value and share

	2010		2009		% change
	£m	%	£m	%	2009–10
<b>1 Ready meals</b>	154	40.2	139	37.7	11.1
<b>2 Pastry products</b>	99	25.9	103	27.9	-3.4
<b>3 Snacks</b>	60	15.5	59	16.1	0.6
<b>4 Shaped</b>	19	5.0	16	4.2	23.7
<b>5 Ingredients</b>	17	4.3	19	5.2	-13.0
<b>6 Sausages</b>	14	3.7	13	3.6	7.9
<b>7 Deli</b>	14	3.6	12	3.3	13.7
<b>8 Burgers</b>	5	1.3	5	1.4	0.2
<b>9 Roasts</b>	2	0.5	2	0.6	-20.5
<b>Total</b>	384	100.0	368	100.0	4.3

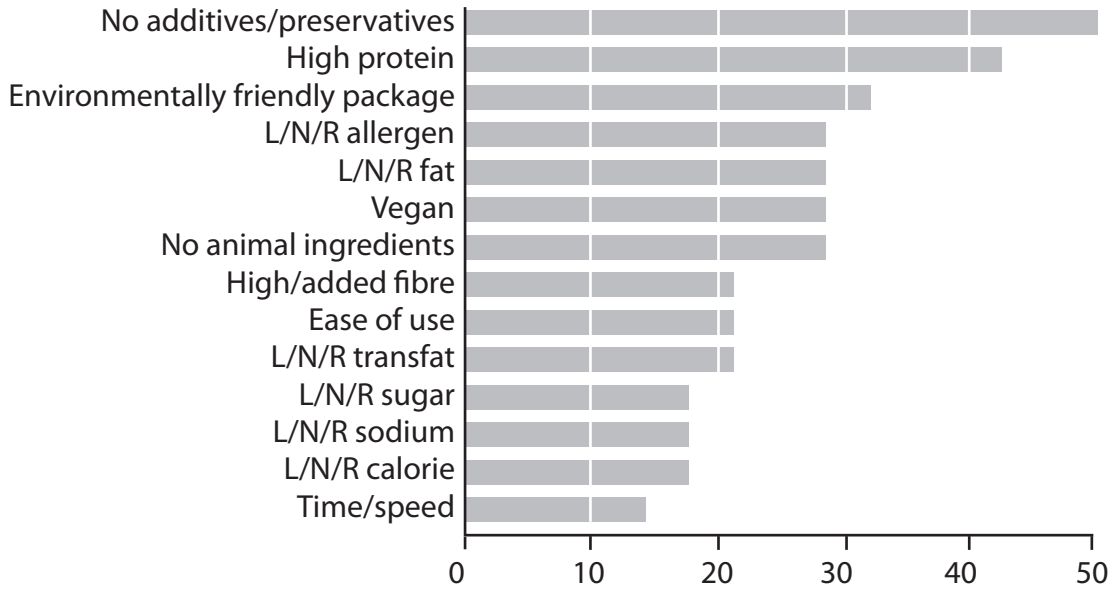
(Source: Mintel, based on Symphony IRI Group Infoscan)

### Frozen meat-free food types by value and share

	2010		2009		% Value change
	£m	%	£m	%	2009–10
<b>1 Ingredients</b>	36	21.3	39	21.6	-8.3
<b>2 Shaped</b>	27	16.3	30	16.7	-9.4
<b>3 Ready-meals</b>	25	14.7	26	14.3	-4.2
<b>4 Sausages</b>	22	12.9	23	13	-8.1
<b>5 Burgers</b>	20	11.6	21	11.4	-5.7
<b>6 Snacks</b>	20	11.8	21	11.6	-4.8
<b>7 Pastry products</b>	15	8.9	15	8.6	-3.8
<b>8 Roasts</b>	4	2.5	5	2.9	-19.6
<b>Total</b>	168	100.0	181	100.0	-7.1

(Source: Mintel, based on Symphony IRI Group Infoscan)

**Top claims made at launch by meat-substitute products (%)**



**L = Low**  
**N = No**  
**R = Reduced**

(Source: Mintel GNPD)

**(Total for Question 3 = 25 marks)**

4 Complete the following texts in an appropriate way, according to the situation, and using your own ideas. The list of possible areas of content is for guidance only; you may, if you wish, deal with some or all of the areas, but you can use others if you prefer.

(a) Situation

You work in the Public Relations Department of a large international bank, World Finance plc. Your bank has decided this year to limit bonus payments to senior executives, while maintaining them at normal levels for lower-ranked staff. This is partly for economic reasons, as the bank has not performed so well this year, but also to improve the bank's image.

**Task**

**Write a press release** announcing the bank's decision regarding bonuses. The press release aims to emphasise the bank's awareness of its wider social responsibilities while not being negative about the performance of the bank or its employees.

Possible Areas of Content

- statement of World Finance's bonus policy
- reasons for this year's payments
- acknowledgement of staff's contribution
- outline of the bank's sense of social responsibility
- the bank's commitment to social development.

Begin your answer as follows:

PRESS RELEASE

EMBARGO: None

[Insert suitable heading here]

World Finance plc has just announced its bonus policy for this year.

(12.5)

## Question 4 continued

(b) Situation

You work as a copy writer in an advertising agency. You have been asked to write an advertisement for a franchise company which seeks to find individuals to become franchisees for its particular product/service.

Task

Write an advertisement, for placement in print media, to attract new franchisees.

Possible Areas of Content

- type of franchise being offered
- why the franchise is successful
- the type of individual being sought
- what support the franchise company will provide
- what investment is required from the franchisee
- contact details.

Begin your answer as follows:

[Suitable heading for advertisement]

Are you looking to become really successful in life?

(12.5)

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**(Total for Question 4 = 25 marks)**

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**TOTAL FOR PAPER = 100 MARKS**