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Англійська мова

для студентів спеціальності

Фінанси



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"Луганський національний університет
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**АНГЛІЙСЬКА МОВА ДЛЯ СТУДЕНТІВ
СПЕЦІАЛЬНОСТІ "ФІНАНСИ"**

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Навчальний посібник містить автентичні тексти, а також розроблені до них лексико-граматичні вправи, спрямовані на вдосконалення вмінь і навичок читання й перекладу текстів за фахом та розширення фахової лексики з метою вдосконалення комунікативних умінь студентів.

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Передмова

Запропонований навчальний посібник розроблено для студентів I – II курсів спеціальності “Фінанси”. Мета даного посібника полягає в організації навчальної діяльності студентів з предмету “Англійська мова за професійним спрямуванням” як на аудиторних заняттях, так і під час самостійної роботи. Особлива увага приділяється засвоєнню студентами спеціальної лексики за фахом; розвитку навичок читання, перекладу та розуміння текстів, пов’язаних з проблематикою майбутньої спеціальності; формуванню творчого мислення та навичок усного мовлення, у тому числі під час розв’язання проблемних ситуацій англійською мовою.

Посібник розроблено з урахуванням кредитно-модульної системи. Весь матеріал, розміщений у даному посібнику, розподіляється на 3 модулі, які містять 12 юнітів і включає тексти спеціальної тематики, лексико-граматичні вправи, вправи творчого характеру, перекладні вправи, вправи для розвитку усного та писемного мовлення та сприймання й розуміння англійської мови на слух. Завданням післятекстових вправ є перевірка розуміння студентами прочитаного, розвиток навичок письмового та усного перекладу, навичок творчого мислення та комунікаційних навичок студентів. У посібнику окремо подаються завдання для самостійної роботи. Після кожного юніта та модуля надані підсумкові завдання-тести, метою яких є перевірка знань студентів. Крім 3 модулів посібник містить словник, додаткові тексти для індивідуального читання.

Тексти, які включено до даного посібника, є автентичними, такими що відповідають пізнавальним та фаховим інтересам студентів.

Module 1. Money

Unit 1: Money

Pre-reading activities

Money: definitions

Task 1. Put the correct word in each space. Look up all the unknown words in the dictionary.

account	back	banknotes	borrowed	change	coin		
currency	earn	lent	note	salary	spend	sum	wages
		waste	win				

1. In the USA, "quarters" (25 cents) and "dimes" (10 cents) are types of _____.
2. In the United Kingdom, "a tenner" means a ten pound _____.
3. The US dollar, the Yen and the Euro are types of _____.
4. Hundred dollar bills and twenty pound notes are _____.
5. 2,000,000 Swiss francs is a large _____ of money.
6. I need to _____ some Euros into Australian dollars.
7. My friend _____ a hundred pounds from me.
8. I _____ a hundred pounds to my friend. When she can, she'll pay me _____.
9. I buy a lottery ticket every week, but I never _____ anything.
10. Most dentists _____ at least £30,000 a year.
11. _____ are paid to employees weekly.
_____ are paid to employees monthly.
12. In business, you have to _____ money to make money.
13. A: Do you have a bank _____?
B: Yes. I bank with the Bank of Scotland.

14. In my opinion, eating in expensive restaurants is a _____ of money.

Task 2. Match the words on the left with the words on the right.

1. a small	a. a profit
2. an income	b. amount of money
3. donate	c. cash
4. high	d. cost of living
5. make	e. credit card
6. pay by	f. losers
7. pay in	g. money to charity
8. winner and	h. of £ 25000 a year

Task 3. Choose the correct word.

1. Spain now uses the euro. Pesetas are no longer _____.

a. good money **b.** legal money **c.** legal tender

2. I bought a TV which doesn't work. I'll take it back to the shop to get _____.

a. my money returned **b.** a refund **c.** a repayment

3. In a shop, to get a refund, you usually have to show the _____.

a. receipt **b.** recipe **c.** payment ticket

4. I'm paying for my new car in 36 monthly _____.

a. installments **b.** pieces **c.** parts

5. I earn a lot of money, but I have a lot of _____.

a. payouts **b.** expenses **c.** paying

6. Famous paintings are usually sold by _____.

a. bid **b.** highest price **c.** auction

7. In an auction, the item is sold to the person who makes the highest _____.

a. bid **b.** price **c.** offer

8. In Japan, the US dollar is _____.

- a. foreign money b. strange money c. a foreign currency
9. In Britain, it's not usual to discuss your personal _____
 a. money b. finances c. money arrangements
10. You can _____ a house and _____ a car.
 a. hire / rent b. hire / hire c. rent / rent or hire
11. Here's the fifty dollars I _____.
 a. owe you b. pay you back c. must return
12. The best things in life are _____.
 a. free b. not for sale c. not bought and sold

Task 4. Find the opposites of these words.

1. lender	a. sellers
2. saver	b. spender
3. losses	c. borrower
4. profits	d. losses
5. low prices	e. winnings
6. buyers	f. high prices

Task 5. Refresh your Grammar.

1. Money is any marketable good or token used by a society. (Present Simple of the verb 'to be'; Participle II).
2. Since the needs arise naturally, societies create one or several money objects when none exists. (Present Simple).
3. Commodity money was the first form of money to emerge. (Past Simple of the verb 'to be').
4. The widespread acceptance of fiat money is most frequently enhanced by the central authority. (Present Simple Passive).

Task 6. Fill in the gaps using verbs in brackets in the right tense or non-finite form.

1. My future speciality (to be) Finance and Banking.
2. This (to be) the money I (to borrow) from you last week. I (to want) to pay it back.
3. Money (to use) by a society as a medium of exchange.

4. It (to be) not easy to earn money but it (to be) much more difficult to save it.
5. A penny (to save) is a penny (to earn). (a proverb).
6. A dollar (to be) rather high last month.

Task 7. Learn the active vocabulary.

1. token	СИМВОЛ
2. medium of exchange	средство расчетов
3. store of value	средство сбережения
4. unit of account	единица учета
5. needs	потребности
6. arise	возникать
7. authority	власть
8. to compel	заставлять
9. frequently	часто
10. value	стоимость, ценность
11. utility	полезность
12. to recognize	признавать
13. interdependent	взаимозависимый, взаимосвязанный
14. commodity money	товарные деньги
15. to emerge	появляться, возникать
16. inherent value	внутренняя стоимость, собственная ценность
17. to simplify	упрощать
18. transactions	сделки
19. barter	бартерная сделка
20. perishable goods	скоропортящиеся товары
21. to convert	превращать
22. durable money	долговременные деньги
23. gold backing of currency	золотое обеспечение денег
24. notes	банкноты
25. fiat money	неразменные бумажные

	деньги
26. invention	изобретение
27. widespread	широко распространенный
28. acceptance	принятие, акцепт
29. to enhance	усиливать
30. under penalty of law	под страхом наказания по закону
31. taxes	налоги
32. tribute	дань
33. promissory notes	простые векселя
34. fiat currencies	бумажная валюта
35. commodity currency	товарная валюта

Reading / comprehension activities

Task 8. Read, translate the following text and retell it.

Money

Money is any marketable good or token used by a society as a medium of exchange, store of value and unit of account. Many goods or tokens have some of the characteristics outlined above. However no good or token is money unless it can satisfy all three criteria.

Since the needs arise naturally, societies create one or several money objects when none exists. In other cases, a central authority creates a single money object and compels its use; this is more frequently the case in modern societies with paper money.

The value of money emerges in no small part from its utility as a medium of exchange, however its utility as a medium of exchange depends on it having recognized market value. Hence these two aspects of money are interdependent.

Commodity money was the first form of money to emerge. Under a commodity money system, the object used as money has inherent value. It is usually adopted to simplify transactions in a barter economy; thus it functions first as a

medium of exchange. It quickly begins functioning as a store of value, since holders of perishable goods can easily convert them into durable money. In modern economies, commodity money has also been used as a unit of account. Gold-backed currency notes are a common form of commodity money.

Fiat money is a relatively modern invention. A central authority (government) creates a new money object that has minimal inherent value. The widespread acceptance of fiat money is most frequently enhanced by the central authority mandating the money's acceptance under penalty of law and demanding this money in payment of taxes or tribute. At various times in history government issued promissory notes have later become fiat currencies (US dollar) and fiat currencies have gone on to become a form of commodity currency (Swiss Dinar).

When using money anonymously, the most common methods are gold, cash (either coin or banknotes) and stored-value cards.

Task 9. Say if the following statements are true or false. Correct the false ones. Retell the text.

1. Money is used by a society only as a medium of exchange.
2. There are two types of money: commodity money and fiat money.
3. The value of money emerges from its utility as a medium of exchange.
4. In modern economies, commodity money has also been used as a store of value and a unit of account.
5. Gold-backed currency notes are a common form of fiat money.
6. Fiat money is a relatively modern invention.
7. Commodity money has inherent value.
8. Fiat money has minimum inherent value.
9. You can use money only in cash.

Vocabulary activities

Task 10. Choose the right alternative to complete each sentence.

1. Coins stamped from metal or printed on paper and accepted when buying and selling is called

a. money b. capital c. income

2. Money in notes and coins is called

a. cash b. capital c. reserves

3. The dollar, the mark and the yen are all

a. currencies b. funds c. monies

4. Money borrowed from a bank is a

a. deposit b. income c. loan

5. Borrowed money that has to be paid back constitutes a

a. debt b. fund c. subsidy

6. All the money received by a person or a company is known as

a. aid b. income c. wages

7. The money earned for a week's manual work is called

a. income b. salary c. wages

8. The money paid for a month's (professional) work is a

a. loan b. salary c. wages

9. Money placed in banks and other savings institutions constitutes

a. capital b. deposits c. finance

10. Money paid by the government or a company to a retired person is a

a. pension b. rebate c. subsidy

11. The money needed to start a company is called

a. aid b. capital c. debt

12. The money paid to lawyers, architects, private schools, etc. is called

a. fees b. installments c. wages

13. Regular part payments of debts are called

a. deposits b. loans c. installments

14. Part of a payment that is officially given back (for example, from taxes) is called a

a. gift b. installment c. rebate

15. Estimated expenditure and income is written in a

a. budget b. reserve c. statement

16. A person's money in a business is known as his or her

a. deposit b. fund c. stake

17. Money given to producers to allow them to sell cheaply is called a

a. loan b. rebate c. subsidy

18. Money given to developing countries by richer ones is known as

a. aid b. debt c. subsidy

Task 11. Find the meaning of the following phrases and make up sentences with some of them:

Money

active money –	flat money –
to advance money –	to hire the money –
amount of money –	in money terms –
bank money –	interest money -
bank money order –	investment of money –
bargain for money –	to keep money with bank –
bargain money –	to lay aside money –
blocked money –	to lay out money –
borrowed money –	to lend money –

borrower of money –	to mint money –
broad money –	money allowance –
broken money –	money pressure –
to build a money balance –	money transfer –
circulating money –	money turnover –
to collect money –	money unit –
commodity theory of money –	money velocity –
debt money –	pin money –
depreciation of money –	queer money –
dole money –	to roll in money –
to draw money from account –	spare money –
earnest money –	token money –

Task 12. Put a word combination from the previous task in each space.

1. For some jobless people _____ is their only income.
2. The job of collectors is _____ from shops and stores.
3. The task of the mint is _____.

Task 13. Translate the following sentences. Underline set expressions with the word 'money' and make up your own sentences with them.

1. In the period of financial crisis it is hard to make money.
2. Having worked in this company for several years he could make good money.
3. Now, when he is in the money he doesn't want to see his relatives who are rather poor.
4. His horse took first money.
5. For my money, she is a very beautiful and intelligent girl.
6. You didn't do what you've promised. You did nothing to get this money. It is money for jam.
7. If you want your company to grow you should constantly invest money into your business. You know, money makes money.
8. Do you have enough money in your money box to buy a present for your mother?
9. – We are going to the restaurant. Do you want to join us?
- I'm afraid I can't. I'm moneyless.
10. – What synonyms to the word 'rich' do you know?
- Well, there are some. For example, 'moneyed' or 'moneybag'.
11. I guess this business is a money-maker. In other case they'd never start it.
12. This film is money's-worth. It's very entertainment, interesting and thrilling.
13. Don't worry. When I get to a big city I'll send you a money order.
14. Don't be so greedy or you are going to become a money-grubber, and this isn't a good quality.
15. – Do you know these respectable people at that table?
- I guess they are the moneyed interest of this city.
16. This famous novel is really a money-spinner. Everybody seems to have read it.

Task 14. Put each of the following words or phrases into its correct place in the text below.

Money

banks	beads	buy	coins	change	currency
depositing	earn	exchange rate	goods		
investments	money	paper bills			
savings accounts	sell	shells	value		

Money is what people use to a. _____ things. People spend money on b. _____ and services. Many people save part of their money by c. _____ it in a bank. People d. _____ money by performing services. They also earn money from e. _____, including government bonds, and from f. _____.

g. _____ can be anything that people agree to accept in exchange for the things they h. _____ or the work they do. Ancient peoples used such varied things as i. _____, j. _____, and cattle as money. Today, most nations use metal coins and k. _____. Different countries' l. _____ and bills look different and have different names.

A person can m. _____ his money for the money of any country according to the n. _____. Usually, such rates are set by the central o. _____ of the country. The p. _____ of a country's q. _____ may change, depending on the economic and political conditions in that country.

Task 15. Use the word combinations from the previous task to make up sentences of your own.

- to earn money
- to save money
- to change money
- to spend money
- to deposit money in a bank

Listening/ comprehension activities

Money

Task 16. Learn the following words and phrases.

1. disadvantages	недостатки
2. to store up	накапливать
3. buying power	покупательная способность
4. to be worth	стоить
5. to stamp	отпечатывать
6. to be doubtful	сомневаться
7. acceptable	принимаемый, могущий быть акцептованным
8. community	общество, сообщество
9. savings	личные сбережения
10. means	средство
11. to compare	сравнивать
12. deferred payment	отсроченный платеж
13. claim	платежная квитанция, заявление о платеже
14. to be exercised	быть осуществленным

Task 17. Listen to the text and answer the questions.

1. What kinds of money do you know?
2. We use money as means of storing up buying power, don't we? What does this mean?
3. Why are people sometimes doubtful about saving money and putting it in a bank?
4. Give examples of the immediate community.
5. Is money generally acceptable by all persons within the immediate community?
6. What other function of money except a store of value do you know?

Task 18. Retell the text using answers from the previous task.

Writing activities

Task 19. Translate the following sentences into English.

1. Деньги – это любой товар или символ, используемый обществом в качестве средства расчетов, средства сбережения и единицы учета стоимости.
2. Центральные власти создают единственный в стране денежный объект и обязывают принять его для использования.
3. Два аспекта денег: средство расчетов и рыночная стоимость – являются взаимозависимыми.
4. Товарные деньги были первой в истории формой денег.
5. При системе товарных денег предмет, используемый в качестве денег, имеет внутреннюю стоимость или собственную ценность.
6. Обеспеченные золотом денежные знаки являются распространенной формой товарных денег в современном обществе.
7. Когда деньги используют анонимно, наиболее распространенные их виды – золото, наличные (монеты и банкноты) и предварительно оплачиваемые карточки.

Task 20. Translate and learn the following idioms and make up sentences with some of them.

1. a fat cat

Some say that rich, privileged people are fat cats.

2. an economic disaster

Their personal finances are nothing short of an economic disaster. They are flat broke all the time.

3. for a song

He sold the property for so little, you could say that it went for a song.

4. money talks

He was accused of bribery. His hallmark statement was that money talks [he used his money to bribe people].

Discussion: English business acronyms and financial buzzwords

Task 1. Learn the following acronyms and make up a sentence or a short dialog with each of them.

ASAP : As Soon As Possible

EBIT : Earnings Before Interests and Taxes; Shows the result of the company before Interest expenditures and Income Taxes. It differs from...

EBITDA : Earnings Before Interests, Taxes, Depreciation and Amortization; ...that gives a more precise idea of final result (earnings or loss). It takes into account these two aspects of business in addition.

BOY : Beginning Of the Year; Generally January, but in any case is considered the beginning of the financial year (for statements purpose).

EOY : End Of the Year; Generally December, but in any case is considered the end of the financial year (for statements purpose).

YTD : Year To Date; term generally used to indicate all the expenses a firm incurred in during a year (P&L)

R/E : Rate of Exchange (also called FX exchange)

CFO: This is the senior manager who is responsible for overseeing the financial activities of an entire company. This includes signing checks, monitoring cash flow, and financial planning. The CFO is similar to a treasurer or controller.

Task 2. There are many buzzwords in financial English. To understand your English speaking partner and negotiate successfully you should know many of them. Read the meaning of some buzzwords. Work in pairs and make up your own dialogs with each of them.

1. What Does *A Ton Of Money* Mean?

A slang term used to describe a significant amount of money. The amount implied typically depends on the person, company or situation.

We may all have a different idea of what constitutes a "ton of money", but according to the Bureau of Engraving and Printing, a ton of \$1 bills amounts to \$908,000 - nearly \$1 million! If you're talking about a ton of coins, then it's a different story - a ton of quarters is worth \$40,000, and one ton of pennies (363,000 pennies to be exact) is worth \$3,630.

2. What Does *3-6-3 Rule* Mean?

Slang used to refer to an "unofficial rule" under which the banking industry once operated, which alludes to it being noncompetitive and simplistic. The 3-6-3 rule describes how bankers would give 3% interest on depositors' accounts, lend the depositors money at 6% interest and then be playing golf at 3pm. This alludes to how a bank's only form of business is lending out money at a higher rate than what it is paying out to its depositors.

Many attribute the problems faced by the banking industry during the events that led up to the Great Depression as reasons why the government implemented tighter banking regulations. These regulations controlled the rates at which banks can lend and borrow money. Unfortunately, the regulations made it difficult for banks to compete with each other and the banking industry became stagnant.

However, with the loosening of banking regulations and the widespread adoption of information technology such as the internet, banks now operate in a much more competitive and

complex manner. For example, banks are now providing insurance, brokerage and other forms of financial services.

3. What Does *In The Pink* Mean?

An informal expression used to describe a situation in which an investor or an economy is in a good financial position. More generally, it refers to being in the best of health or condition.

Blue chip stocks and healthy economies are examples of in-the-pink (or rosy) financial positions.

4. What Does *IOU* Mean?

An abbreviation of the phrase "I owe you."

An IOU in the business community is actually a legally binding agreement between a borrower and a lender. The terms of the loan are set out in a contract, and, once it's signed, the two parties must abide by the terms of the contract or face legal repercussions. For example, when a corporation issues bonds, it is in essence issuing an IOU to bondholders. The IOU or bond contract sets out the terms, including the principal that will be owed, the interest that will be paid, and the time at which these payments will occur.

5. What Does *Bank of England - BoE* Mean?

The Bank of England is the central bank for the United Kingdom. It has a wide range of responsibilities, similar to those of most central banks around the world. For example, it acts as the government's bank and the lender of last resort, it issues currency and, most importantly, it oversees monetary policy.

Sometimes known as "the Old Lady of Threadneedle Street", (which refers to the bank's location; The Bank of England is located in the middle of the city of London on Threadneedle Street) the BoE is the UK's equivalent of the Federal Reserve in the United States.

One interesting fact about the BoE is that it has been responsible for setting the UK's official interest rate only since 1997.

Task 3. Many buzzwords are connected with different financial and social conditions of people. Learn them. Work in pairs and make up your own dialogs with each of them.

1. What Does *Sandwich Generation* Mean?

The generation of middle-aged individuals who are pressured to support both aging parents and growing children.

Those of the sandwich generation are caught between the obligation to care for their parents--who may be ill, unable to perform various tasks or in need of financial support--and children, who require financial, physical and emotional support. These obligations demand considerable time and money. With the added burdens of work and personal issues, as well as the need to contribute to their own retirement, the individuals of the sandwich generation are under significant stress.

2. What Does *Yuppie* Mean?

A slang term denoting the market segment of young urban professionals. A yuppie is often characterized by youth, affluence and business success.

Coined in the 1980s, the term yuppie was used as a derogatory title for young business people who were considered arrogant, undeservedly wealthy and obnoxious. Yuppies were often associated with wearing high fashion clothing, driving BMWs and gloating about their successes. The term has become less of a stereotype and now promotes the image of an affluent professional.

3. What Does *Young And Wealthy But Normal - YAWN* Mean?

A class of self-made millionaires that live relatively modest lives. Instead of spending wealth on gaining luxurious items and living expensive lifestyles, these individuals prefer to make contributions to charitable causes and spend time with their families.

The concept of social responsibility may have contributed to the emergence of this new class of wealthy individuals. All in all, these individuals can be a great benefit for society because they redistribute a vast amount of wealth for social good. However, it may be difficult to become a YAWN because it can be very tempting for wealthy young people to be drawn to more extravagant lifestyles.

4. What Does *Affluenza* Mean?

A social condition arising from the desire to be more wealthy, successful or to "keep up with the Joneses". Affluenza is symptomatic of a culture that holds up financial success as one of the highest achievements. People said to be affected by affluenza typically find that the very economic success they have been so vigorously chasing ends up leaving them feeling unfulfilled, and wishing for yet more wealth.

Affluenza is arguably present in the United States, where the culture is one that prides itself on possessions and financial success. Mainstream media outlets, such as television broadcasts, tend to show how pervasive the idea has become. While affluenza cannot be quantified easily, those wishing to avoid the condition should look to be the master of, not a slave to, the things they have or wish to obtain.

5. What Does *Yupcap* Mean?

A slang term for a young urban professional who cannot afford property. Yupcaps are individuals in their late twenties or early thirties with a post secondary education and a well-paying job who are unable to purchase a property due to factors such as high real estate prices, limited personal savings and limited credit history, all of which can make it difficult to get approved for a mortgage.

Yupcaps are a result of rising prices in the North American real estate market, where mortgages and affordable housing are difficult to obtain due to high housing prices. Despite having a steady stream of income in a good paying job, yupcaps often

find it extremely difficult to purchase a home in the marketplace. These individuals often need to wait until they build up a larger down payment, purchase a home with another individual, or get help from their parents. Yupcaps' situation contrasts with that of their parents, who could more easily afford their first homes.

6. What Does *Boomerang* Mean?

An American slang term that refers to an adult who has moved back in with his or her parents (who are part of the baby boomer generation) instead of living independently. The phrase, when applied to an individual, makes reference to the fact that the person lived independently for a period, but subsequently returned home due to the financial costs associated with maintaining a separate household.

While boomer parents may be pleased emotionally to have their boomerangs back in the household, boomerangs can often pose a significant financial burden on their parents. This can result in a reduction in retirement savings for the boomerang's parents, leaving them with the decision to either postpone their own retirement or have their children help out with the household expenses.

Other countries have adopted similar slang to represent this domestic phenomenon. In Italy, the term "mammon", or "mama's boys" is used, while the Japanese refer to them as "parasaito shinguru", or "parasite singles". In the U.K., children boomeranging back home has given rise to the acronym KIPPERS (or kids in parents' pockets eroding retirement savings).

Unit 1. Check-up.

1. Make sure that you know the following words and word combinations, translate them into Russian.

Foreign currency, to change euros into dollars, a bank account, a waste of money, a small amount of money, to donate money to charity, legal tender, to get a refund, to have a lot of expenses, to discuss personal finances, free books (things), lender, borrower, medium of exchange, store of value, unit of account, commodity money, inherent value, gold backing of currency, fiat money, taxes, fiat currencies, a loan, an income, fee, installments, active money, bank money, bargain for money, bargain money, earnest money, to hire money, to lay aside money, to lay out money, pin money, queer money, spare money, token money, moneyed interest, to spend money on goods and services, savings accounts, exchange rate.

2. Make sure that you know the following words and word combinations, translate them into English.

Возвращать деньги, занимать деньги у кого-либо, давать деньги в займы кому-либо, тратить деньги, зарабатывать деньги, большая сумма денег, доход 25 тысяч фунтов в год, законное средство платежа (официальная валюта страны), платить с помощью кредитной карточки, высокая стоимость жизни, платить наличными, получать прибыль, показать квитанцию, ежемесячные взносы, снять дом и взять в аренду машину, покупатели, продавцы, прибыли и убытки, скоропортящиеся товары, кредит, долг, доход, еженедельная заработная плата, ежемесячная заработная плата (оклад), банковский депозит (вклад в банк), капитал, бюджет, доля капитала в бизнесе, предоставлять ссуду, мелочь, накопить сумму денег, снять деньги со счета, денежное пособие, недостаток денег, пособие по безработице, копилка, деньги ни за что, богатый человек, денежный мешок, прибыльное дело, покупать вещи.

3. Read the following information about personal finance and then complete the sentence with words from the box.

Personal finance

All the money a person receives or earns is his or her **income**.

This can include:

- salary: money paid monthly by an employer, or wages: money paid by the day or the hour, usually received weekly
- overtime: money received from working extra hours
- commission: money paid to salespeople and agents – a certain percentage of the income the employee guarantees
- a bonus: extra money given for meeting a target or for good financial results
- fees: money paid to professional people such as lawyers and architects
- social security (AmE: welfare): money paid by the government to unemployed and sick people
- a pension: money paid by a company or the government to a retired person.

Salaries and wages are often paid after deductions such as social security charges and pension contributions.

Amounts of money that people have to spend regularly are **outgoings**. These often include:

- living expenses: money spent on everyday needs such as food, clothes and public transport
- bills: requests for the payment of money owed for services such as electricity, gas and telephone connections
- rent: the money paid for the use of a house or flat (AmE: apartment)
- a mortgage: repayments of money borrowed to buy a house or flat

- health insurance: financial protection against medical expenses for sickness or accidental injuries
- tax: money paid to finance government spending.

commission bonus currency earn mortgage
tax overtime pension rent salary social security

1. After I lost my job, I was living on _____ for three months. This was difficult, because the amount was much than the _____ I had before.
2. I used to work as a salesperson, but I wasn't very successful, so I didn't _____ much _____.
3. If the company makes 10 % more than last year, we'll all get a _____ at the end of the year.
4. It'll take me at least 25 years to repay the _____ on my house.
5. Many European countries now have the same _____, the euro.
6. My wages aren't very good, so I do a lot of _____.
7. Nearly 40 % of everything I earn goes to the government as _____.
8. The owner has just increased the _____ on our flat by 15 %.
9. When I retire, my _____ will be 60 % of my final salary.

4. Are the following statements true or false?

1. Bank deposits are not classified as money.
2. People earning wages get paid more often than people earning a salary.
3. People working on commission always get paid the same amount.
4. When you stop working at the end of your career, you receive a pension.
5. Most people pay a rent and a mortgage.

Unit 2: Features of money

Pre-reading activities

Money and work: definitions

Task 1. Put words into the spaces.

a year	by	good money	hourly	for
makes	on the staff	package	payroll	on
salary	staff member	wage	well paid	well

Set 1:

1. She's _____ 40k a year.
2. She's on forty thousand _____.
3. Her monthly _____ is about £3,300.
4. She _____ forty thousand pounds a year.
5. Parker Publishing offer an excellent remuneration _____ to executives.

Set 2:

6. He works _____ Parker Publishing.
7. He's employed _____ Parker Publishing.
8. He's _____ of Parker Publishing.
9. He's on the _____ of Parker Publishing.
10. He's a Parker Publishing _____.

Set 3:

11. Parker Publishing pay their delivery drivers a good _____ rate.
12. Parker Publishing pay their delivery drivers _____.
13. Parker Publishing delivery drivers are on _____.
14. Parker Publishing delivery drivers are _____.
15. Parker Publishing delivery drivers get a good weekly _____.

Task 2. Choose the best words to go into the spaces.

1. Tony doesn't pay tax. He gets paid _____.
a. cash in pocket b. cash in hand c. cash in fingers.

2. Anna is a _____ illustrator. She works for many different _____.
- a. freelance / customers b. free / clients c. freelance / clients
3. Anna is _____.
- a. self-employed b. self-working c. self-paid
4. Steve works for BurgerPlanet. He only earns about £6 _____.
- a. for an hour b. an hour c. the hour
5. Working in a fast-food restaurants is usually a _____ occupation.
- a. bad-pay b. short-pay c. low-pay
6. Many company executives receive a performance-related _____.
- a. bonus b. gift c. extra
7. Extra benefits from employers such as free health insurance, free cars and free mobile phones are called _____.
- a. presents b. extras c. perks
8. Factory workers who get paid for each item they make are _____.
- a. in pieces b. on piecework c. on pieces

Task 3. Say which two of these sentences are not possible.

1. I think you should ask for a pay rise.
2. I think you should ask for a pay increase.
3. I think you should ask for more pay.
4. I think you should ask for higher money.
5. I think you should ask for a salary increase.
6. I think you should ask for bigger money.

Task 4. Put the words / phrases into the correct boxes.

attractive salary boss committed
dynamic highly motivated huge salary
line manager loads of money member of a team
remuneration package they pay peanuts worked off your feet

Job advertisement	Informal conversation

Task 5. Translate the following sentences into English.

1. Она зарабатывает 40 000 фунтов в год.
2. Он работает в компании Паркер Паблишин.
3. Эта компания платит хорошую зарплату своим курьерам.
4. Он получает зарплату на руки.
5. Анна не штатный работник, она работает для разных клиентов.
6. Джон зарабатывает 10 фунтов в час.
7. Работа в ресторанах быстрого питания считается низкооплачиваемым занятием.
8. Многие компании платят своим работникам премии в зависимости от качества их работы.
9. Некоторые компании предоставляют своим работникам дополнительные льготы.
10. Работникам фабрики платят за каждый отдельный экземпляр товара, это называется сдельная работа.
11. Думаю вам следует просить повышения зарплаты.
12. Эта компания платит своим работникам гроши.
13. Зарплата в этой компании достаточно высока и привлекательна для работников.
14. Кандидаты на эту должность должны быть динамичными, уметь работать в команде, а также быть высоко мотивированными.
15. Эта компания предоставляет своим работникам хорошее вознаграждение за хорошую работу.

Task 6. Refresh your Grammar.

1. To function as money, the monetary item should possess a number of features. (should + infinitive).
2. Precious metals can be coined from bars, or melted down into bars again. (can + Present Simple Passive).
3. One unit or piece must be equivalent to another. (must + infinitive).
4. Gold and silver have been chosen again and again throughout history as money. (Present Perfect Passive).
5. Those societies inevitably prosper under what is often called a golden age. (Present Simple; Present Simple Passive).
6. Money facilitates and encourages trade. (Present Simple).

Task 7. Fill in the gaps using verbs in brackets in the right tense.

1. I think you (to earn) enough to buy this cell phone.
2. Salary in this company (to pay) to its employees regularly.
3. Goods of this company (to choose) by customers again and again since they (to launch) last month.
4. They usually (to get) their salary in cash, though they (to have) credit cards.
5. He (to employ) by IBM company, he (to work) for it for several years.
6. She (to make) £40 thousand a year. Her salary (to be) rather high.
7. When a society (to prosper) it (to call) a golden age.
8. Food items, expensive spices, or even fine silks, (to be not) generally suitable as money.
9. People usually (to spend) money to buy goods and services.
10. Gold and silver (to be) suitable as money because they (to have) a stable value.
11. Many people (to save) part of their money by depositing it in a bank.

Task 8. Learn the active vocabulary.

1. monetary item	денежная сумма
2. to possess	обладать
3. features	характеристики
4. liquid	ликвидный
5. easily tradable	легко используемый для обмена
6. low spread	низкая степень разрыва
7. fungible	заменяемый
8. precious metals	драгоценные металлы
9. value to weight ratio	соотношение ценности и веса
10. highly convenient	очень удобный
11. in this regard	в этом отношении
12. divisible	делимый
13. without destroying	не уничтожая
14. to be coined	быть отчеканенным
15. bars	слитки
16. to be melted down	быть расплавленным
17. real estate	недвижимость
18. measure	мера
19. to be verifiably countable	быть поддающимся подсчету
20. durable	долговечный
21. perishable	скоропортящийся
22. subject to decay	поддающийся разрушению
23. intrinsic	внутренний, свойственный
24. luxury item	предмет роскоши
25. scarce	недостаточный
26. rare	редкий
27. to counterfeit	подделывать
28. genuine	подлинник
29. to prosper	процветать

Reading / comprehension activities

Task 9. Read, translate the following text.

Desirable features of money

To function as money, the monetary item should possess a number of features:

- To be a medium of exchange:

It should be liquid, easily tradable, with a low spread between the prices to buy and sell. A low spread typically occurs when an item is fungible.

It should be easily transportable; precious metals have a high value to weight ratio. This is why oil, copper, or bricks are not suitable as money. Paper notes have proved highly convenient in this regard.

- To be a unit of account:

It should be divisible into small units without destroying its value; precious metals can be coined from bars, or melted down into bars again. This is why leather, or animals are not suitable as money.

It should be fungible: that is, one unit or piece must be equivalent to another, which is why diamonds or real estate are not suitable as money.

It must be a certain weight, or measure, to be verifiably countable.

- To be a store of value:

It should be long lasting, durable, it must not be perishable or subject to decay. This is why food items, expensive spices, or even fine silks, are not generally suitable as money.

It should have a stable value; a value intrinsic in itself, such as a luxury item, scarce, or rare.

It should be difficult to counterfeit, and the genuine must be easily recognizable.

For these reasons, gold and silver have been chosen again and again throughout history as money in more societies and in more cultures and over longer time periods than any other

items; and those societies inevitably prosper under what is often called a golden age.

One key benefit of these features of money is that it facilitates and encourages trade; because barter is inefficient.

Task 10. Find the English equivalents for the following in the text:

- обладать рядом характеристик –
- иметь свойство легко использоваться для обмена –
- низкая степень разрыва между ценами при покупке и продаже –
- высокий уровень соотношения ценности драгоценных металлов и их веса –
- быть отчеканенным из слитков или расплавленным в слитки снова –
- одна денежная единица должна быть равна другой –
- не подходить в качестве денег –
- иметь определенный вес или меру, чтобы поддаваться подсчету –
- иметь стабильную ценность, ценность свойственную самому предмету –
- этот предмет должно быть трудно подделать –
- подлинник должен быть легко распознаваем –
- общества неизбежно процветают –
- облегчать и стимулировать торговлю –

Task 11. Describe the features of money using the following plan.

Plan

1. features of money as a medium of exchange
2. features of money as a unit of account
3. features of money as store of value
4. benefits of these features of money

Vocabulary activities

Currencies

Task 12. Put the words into the spaces below.

black market hard currency pegged stability transactions convertible

A soft currency

The Kzarnian florint is not 1 _____ outside the Republic of Kzarnia. Until recently, the official exchange rate was KF20 to the US dollar, although the 2 _____ rate was at least double that. However, last month the government 3 _____ the currency to the dollar at a lower level, and the gap between the official and unofficial rates has narrowed. The official rate currently stands at around KF35. Despite the improved 4 _____ of the currency, most major 5 _____ within the country are still carried out in 6 _____. Tourists may never even see a Kzarnian florint, as all goods and services they are likely to require can be paid for in euros or US dollars.

Task 13. Look at the previous task. Are the following sentences true or false?

1. The Kzarnian florint can be bought in any bureau de change that has them in stock. **TRUE / FALSE**
2. At the moment, the black market rate is only slightly better than the official rate. **TRUE / FALSE**
3. KZ are mostly used for small everyday transactions. **TRUE / FALSE**
4. In Kzarnia, you can pay for you hotels, restaurants and taxi drivers in any hard currency. **TRUE / FALSE**

Task 14. Put the words into the spaces below.

cost of living denominations Eurozone legal tender monetary unit rounding up

A hard currency

The euro is the 1 _____ of the majority of countries within the European Union. Notes come in 2 _____ of 5, 10, 20, 50, 100 and 500 euros. The currency was introduced on 1st January 2002, and shortly afterwards the national currencies of the countries in the 3 _____ ceased to be 4 _____. One effect of the introduction of the euro was "euro inflation", with the 5 _____ rising sharply as a result of the 6 _____ of prices.

Task 15. Choose the best words.

1. When the government doesn't control the exchange rate in any way, the currency is _____.
a. freely convertible **b.** totally convertible **c.** absolutely convertible
2. The Japanese yen is trading for less than its usual value. You can talk about _____.
a. a small yen **b.** a bad yen **c.** a weak yen
3. The Mexican peso is trading for more than its usual value. You can talk about _____.
a. a big peso **b.** a good peso **c.** a strong peso
4. A sovereign is a coin made of 7.3 grams of gold, and is worth a lot of money. However, its _____ is just one pound.
a. front value **b.** face value **c.** written value
5. Changes in the values of currencies are called _____.
a. currency fluctuations **b.** currency alterations **c.** currency changes
6. An Internet site which does currency calculations based on the latest exchange rates is called a _____.
a. currency changer **b.** currency converter **c.** currency setter
7. When you change money, you usually have to pay a _____.
a. commission **b.** percentage **c.** fee

8. When changing money, banks tend to offer a _____ exchange rate than bureaux de change.

a. better b. nicer c. fatter

9. Traders sometimes agree to trade currency in the future for an agreed rate. A "long position" means that the trader will make a profit if the currency _____.

a. goes up b. goes down c. stays the same

10. A "short position" means that the trader will make a profit if the currency _____.

a. goes up b. goes down c. stays the same

Task 16. Say which two of the following are not a way of saying €1.50?



1. One euro fifty
2. One-and-half-euros
3. One euro fifty cents
4. One euro and fifty cents
5. One point fifty euros
6. One point five euros
7. A euro with fifty

Task 17. Find out today's exchange rates. Write words or numbers into spaces.

1. At the moment there are _____ euros to the pound.
2. The pound is standing _____ against the dollar.
3. You'll get just _____ two dollars to the pound.
4. A dollar is worth just _____ fifty pence.
5. How many euros will I _____ for £100?
6. How much is \$39.95 _____ pounds?
7. I'd like to change these pounds _____ euros please.
8. I'd like to exchange these pounds _____ euros please.

Task 18. Find the meaning of the following phrases and make up sentences with some of them:

Currency

backing of currency –	currency movement –
bargain currency –	currency offense –
change in currency exchange rate –	fall of currency –
common currency –	fractional currency –
Common European Currency –	key currency –
conversion of currency –	legal tender currency –
currency circulation –	native currency –
currency clause –	purchasing power of currency –
currency dealing –	to quote a currency –
currency fluctuation –	unit of national currency –

Task 19. Put a word combination from the previous task in each space.

1. The countries members of the European Union have a _____.
2. Banking facilities should include a _____.
3. The US dollar has seen a considerable _____ recently.
4. You can exchange you notes into _____.

Listening/ comprehension activities

Currency

Task 20. Learn the following words and phrases.

1. currency supply	поступление валюты
2. to facilitate	облегчать, способствовать
3. exchange rate	обменный курс
4. to be exercised	осуществляться
5. in either case	в любом случае
6. monetary policy	валютная политика
7. to be referred to	зд. называться
8. monetary authority	главное денежно-кредитное учреждение страны
9. varying degrees	различные степени
10. direct oversight	прямой надзор
11. legislative branch	законодательная власть
12. executive branch	исполнительная власть
13. distinct	отличный
14. to declare	объявлять
15. legal tender	законное средство платежа

Task 21. Say if the following statements are true or false, correct the false ones. Retell the text.

1. In most cases, each private central bank has monopoly control over the supply and production of its own currency.
2. In cases where a country does have control of its own currency, that control is exercised only by a central bank.
3. In almost all Western countries, the monetary authority is largely independent from the government.
4. Several countries can't use the same name for their own distinct currencies.
5. Several countries can use the same currency.
6. One country can't declare the currency of another country to be legal tender.

Writing activities

Financial idioms and expressions

Task 22. Match an idiom and its explanation. Translate into Russian.

1. to foot the bill	a. to be careful about your money
2. to count your pennies	b. to be overdrawn
3. in the red	c. to pay for yourself in a bar
4. flat broke	d. to barely manage on the money you earn
5. to go Dutch	e. to pay the whole
6. to make ends meet	f. to have no money

Task 23. Translate the following sentences into Russian. For each sentence, decide whether the people being described are rich or poor.

1. We'll have to tighten their belts. **RICH / POOR**
2. He's raking it in at the moment. **RICH / POOR**
3. They're very hard up. **RICH / POOR**
4. He's finding it hard to make ends meet. **RICH / POOR**
5. She's absolutely loaded. **RICH / POOR**
6. They're a lot better off than most. **RICH / POOR**
7. She's rolling in money. **RICH / POOR**
8. He's fallen on hard times. **RICH / POOR**
9. They've got money to burn. **RICH / POOR**
10. She seems very down at heel. **RICH / POOR**
11. We're totally broke. **RICH / POOR**
12. They don't have two pennies to rub together. **RICH / POOR**

Task 24. Choose the best words to go into each space. Translate the following sentences into Russian.

1. "In the red" means your bank account is overdrawn. "In the _____" means your account is in credit.

a. blue **b.** black **c.** green

2. They're a very rich company. \$10,000 is just _____ to them.

a. small money **b.** coins **c.** loose change

3. At the moment plasma-screen TVs are a _____ on the market. Everybody who wanted one has now got one.

a. glut **b.** surplus **c.** excess

4. Suppliers have been _____ the market with cheap MP3 players.

a. filling **b.** flooding **c.** dumping

5. The market for holiday apartment rentals is now _____.

a. over-full **b.** too many **c.** saturated

6. The new computer game console has been a huge hit. Just before Christmas, you couldn't get one for _____.

a. gold **b.** diamonds **c.** love nor money

7. The publishers of *School for Wizards* have _____ the book's success, and have negotiated a series of lucrative merchandising deals.

a. maximized cash with **b.** cashed in on **c.** cashed up

8. Following the success of Banco Credito's internet share-trading service, a lot of other banks have jumped _____ and launched similar services.

a. on the bandwagon **b.** into the sea **c.** onto the table

9. In those days, you could buy a house for £50,000 and let it out for £800 a month. It was a license to _____.

a. make money **b.** mint money **c.** print money

10. If we want a new photocopier, we'll have to ask the Resources Manager. She _____.

a. holds the purse strings **b.** guards the money **c.** opens the purse

11. It doesn't matter how much we spend on designing the front cover. Money is _____.

a. no limit **b.** no object **c.** no maximum

12. A large payment to somebody when they leave a job is called a _____.

a. golden goodbye **b.** golden hand **c.** golden handshake

13. I get an accountant to fill in my tax return for me. I don't have a very good _____ for figures.

a. mind **b.** brain **c.** head

14. Do I have any savings? Yes, I've got a little put by for a _____.

a. rainy day **b.** bad day **c.** hard time

Task 25. Translate into English.

1. Нам приходится экономить, потому что мы почти разорены.
2. Очень трудно сводить концы с концами при такой низкой заработной плате.
3. У них денег – куры не клюют, они могут себе позволить дорогую машину.
4. Она купается в деньгах, поэтому она может себе позволить открыть несколько счетов в банке.
5. Эта сумма денег для них ничего не значит, они достаточно богаты.
6. У вас есть какие-то сбережения на черный день?
7. Можете потратить на этот проект сколько нужно: деньги - не проблема.
8. Наш финансист управляет всеми материальными ресурсами нашей компании, если мы хотим приобрести что-то, мы должны спросить его разрешения.
9. Это было очень прибыльное дело.
10. Этот продукт пользуется огромным спросом, перед рождеством его нельзя было найти ни за какие деньги.
11. Мы пойдем в ресторан вместе, но платить будем каждый за себя.

Discussion: International Business Styles

Task 1. Read the following text. Pay attention to the words in a bold type and write down their translations.

The characteristics of management often vary according to **national culture**, which can determine how managers are trained, how they lead people and how they approach their jobs.

The amount of **responsibility** of any individual in a company depends on the position that he or she occupies in its **hierarchy**. Managers, for example, are responsible for leading the people directly under them, who are called **subordinates**. To do this successfully, they must use their **authority**, which is the right to take decisions and give orders. Managers often **delegate** authority. This means that employees at lower levels in the company hierarchy can use their **initiative**, that is make decisions without asking their manager.

Task 2. Read the portraits of managers in five different countries and decide which country each one corresponds to. Choose from the following countries:

Germany

Poland

Sweden

The United Kingdom

The United States

1. Managers from this country

- consider professional and technical skills to be very important
- have a strong sense of authority
- respect the different positions in the hierarchy of their companies
- clearly define how jobs should be done
- are very loyal to their companies and expect their subordinates to obey them

- are often older than in other countries.

2. Managers from this country

- receive a general education
- delegate authority
- take a practical approach to management
- have relatively formal relationships at work
- encourage their employees to work individually
- believe it is important to continue education and training at work

3. Managers from this country

- consider social qualities to be as important as education
- encourage their employees to take an interest in their work
- pay close attention to the quality of working life
- do not use as much authority as in other countries
- appreciate low-level decision-making
- are often women.

4. Managers from this country

- generally attend business schools
- communicate easily and informally at work
- admire the qualities of a leader
- expect everyone to work hard, individual performance is measured and initiative is rewarded
- have competitive and aggressive attitudes to work
- often accept innovation and change

5. Managers from this country

- older managers hold technical degrees rather than business qualifications
- work long hours and expect their subordinates to do so
- are extremely innovative, optimistic and determined
- are quick to invest in the development of new products, market techniques and methods of production and distribution

Task 3. Match the words from the text with their corresponding definitions.

1. abroad	a. something done in a society because of tradition
2. minefield	b. able to understand others' feelings
3. a pitfall	c. in or to a foreign country
4. a custom	d. something that expresses admiration
5. etiquette	e. to show or represent
6. scheduled	f. rude or insulting
7. to be a sign of	g. a situation with hidden dangers
8. offensive	h. formal rules for polite behavior in society
9. a compliment	i. a likely problem
10. sensitive	j. arranged for a certain time

Task 4. Complete the passage using words from the previous task in the correct form. Summarize the text in several sentences.

In Great Britain and the United States corporate gift giving is not a very popular 1_____; people can spend their entire working lives without ever receiving a corporate gift. However, gift giving is something an integral part of the negotiation process when doing business 2_____. It is important to learn about the 3_____ of gift giving before sending or taking a gift to an international client or business partner, or you may find that your gesture appears 4_____. For example, in China a desk clock 5_____ bad luck or death. It is also interesting to note that the receiver never opens a gift in front of the giver as that would signify that the content was more important than the act of giving. Waiting for the person to open your gift would show

that were not 6 _____ to Chinese culture. In France, don't give something with your company logo, as they find items like this impersonal and in bad taste. Giving knives in Italy, Russia or Argentina could lead to problems in establishing a deal as this signifies cutting off the relationship! Giving flowers is another possible 7 _____. In England, Australia and Canada, some people see white lilies as a symbol of death while in Germany, yellow and white chrysanthemums could be seen this way.

Task 5. Read the text about social etiquette for business people and retell it in 3 sentences.

Tiptoeing through the minefield

Do

- show an interest in, and at least an elementary knowledge of the country you are visiting;
- learn a few words of the language – it will be seen as a complement;
- be sensitive to countries who have bigger and better known neighbors, and try not to confuse Canadians with Americans, New Zealanders with Australians, Belgians with French;
- Familiarize yourself with the basics of business and social etiquette. As a starting point, learning how to greet people is very important.

Don't

- Assume you won't meet any communication problems because you speak English. You may think you are paying somebody a compliment by telling them their business is going a bomb. Americans will infer you think it is falling.
- Appear too reserved. As Americans are generally more exuberant than their European colleagues, they may equate reserve with lack of enthusiasm.

Unit 2. Check-up.

1. Make sure that you know the following words and word combinations, translate them into Russian.

To work for a company, to be employed by a company, a performance-related bonus, perks, to be on piecework, to ask for a pay rise, to pay peanuts, loads of money, monetary item, precious metals, value to weight ratio, real estate, durable, perishable, a stable value, a value intrinsic in itself, to facilitate and encourage trade, black market, transactions, to peg the currency to the dollar, the gap between the official and unofficial rates, monetary unit, currency fluctuations, backing of currency, common currency, currency offense, fall of currency, currency supply, monetary policy, legal tender, to be in the red, to be in the black, to go Dutch, to have money to burn, loose change, glut, to hold the purse strings, flat broke.

2. Make sure that you know the following words and word combinations, translate them into English.

Месячная зарплата, система вознаграждений, штатный работник, хорошая почасовая оплата, получать деньги на руки, внештатный работник, низкооплачиваемая профессия, легко используемый для обмена, быть отчужденным, предмет роскоши, твердая валюта, конвертируемая валюта, стоимость жизни, повышение цен, номинальная стоимость, валюта сделки, перевод валюты, денежное обращение, условие контракта о курсе валют, валютная сделка, разменные деньги, стабильная валюта, национальная валюта, покупательная сила валюты, национальная денежная единица, главное денежно-кредитное учреждение страны, экономить, сводить концы с концами, наводнять рынок дешевыми товарами, наживаться на чем-либо, купаться в деньгах, деньги - не проблема, иметь сбережения на черный день, ни за какие деньги, очень прибыльное дело.

Unit 3: Money supply

Pre-reading activities

Central banking and money supply: definitions

Task 1. Complete these sentences about Central Banks using the words in the box.

Central Banks such as the Bank of England, the Federal Reserve Board in the US, and the Bundesbank in Germany:

act fit implement issue control function influence supervise

1. _____ as banks for the government and for other banks.
2. _____ monetary policy – either the government’s as in Britain, or their own, if they are independent, as in Germany and the USA.
3. _____ the money supply, measured by different aggregates such as M0, M1, M2, M3, etc.
4. _____ the minimum interest rate.
5. _____ as lender of last resort to commercial banks with liquidity problems.
6. _____ coins and banknotes.
7. _____ floating exchange rates by intervening in foreign exchange markets.
8. _____ the banking system.

Task 2. Complete this paragraph using these words.

assets cash interest liquid maturity reserve

Because a commercial bank can lend most of the money deposited with it to other borrowers, who in turn may lend it to another borrower, each sum of money deposited in a bank is multiplied several times. To ensure the safety of the banking system, central banking impose 1 _____ requirements, obliging commercial banks to deposit a certain amount of money with the central bank at zero 2 _____. Central banks in different countries also impose different ‘prudential

ratios' on commercial banks. These are ratios between deposits and liquid 3 _____ that are considered sufficient to meet demands for 4 _____. (Bank's assets are its loans, which should, in theory, all be paid back one day, and its liabilities are the customers' deposits, which can all be withdrawn one day). For example, a bank's capital ratio is between its capital and reserves on the one hand, and its total assets on the other. The reserve asset ratio is between deposits with a 5 _____ of under two years, called 'eligible liabilities', and reserve assets, which include cash and assets that are 6 _____ - i.e. quickly convertible into cash – such as reserve deposits held by the central bank, and securities such as treasury bill.

Task 3. Put the words from the box into the spaces in sentences about money supply.

bonds commercial monetarist prices tight velocity
--

Following the 1 _____ argument that the average level of 2 _____ and wages is determined by the amount of money in circulation, and its 3 _____ of circulation, many central banks now set money supply targets. By increasing or decreasing the money supply, the central bank indirectly influences interest rates, demand, output, growth, unemployment and prices. The central bank can reduce the reserves available to 4 _____ banks by changing the reserve requirements. This reduces the amount of money that banks can create and makes money 5 _____ or scarce. Alternatively, the central bank can engage in what are called open market operations, which involve selling short-term government 6 _____ (such as three-month Treasury bills) to the commercial banks, or buying them back.

Task 4. Put the words from the box into the spaces in sentences about the situation when money is tight.

credit inflation output unemployment interest rates the exchange rate aggregate demand
--

When money is tight,

7 _____ rise, because commercial banks have to borrow at a higher rate on the inner-bank market.

8 _____ falls, because people and businesses borrow less at higher rates.

9 _____ falls, because people and businesses buy less as they have less money.

10 _____ falls too, because with less consumption, firms produce less.

11 _____ rises, because companies are producing and selling less, and so require less labor.

12 _____ falls, because there is less money in circulation.

13 _____ will probably rise, if there is the same demand but less money, or if there is higher demand, as foreigners take advantage of the higher interest rates to invest in the currency. Increasing the money supply, by making more reserves available, has the opposite effects.

Task 5. Learn the financial idioms. Refresh your Grammar. Translate the sentences into Russian.

1. bottom line - the line in a financial statement that shows net income or loss

The bottom line in the company's financial statement was much worse than expected. ('to be' in Past Simple; comparative degree of an adjective; Past Simple Passive).

2. to bring home the bacon - to earn the family living, to earn a salary

I have been working hard all month bringing home the bacon for my family. (Present Perfect Continuous; Participle I).

3. to cost an arm and a leg - to cost a lot of money

My new stereo system cost an arm and a leg. (Past Simple).

4. to cut (someone) a check - to write a check (usually used for a company which automatically produces a check with a computer)

The company cut me a check to pay me for my extra work. (Past Simple; infinitive).

5. Dutch treat - a situation where each person pays his or her own share of the expenses

The movie was a Dutch treat so I did not have to pay for my date. ('to be' in Past Simple; modal verb 'to have to' in Past Simple).

Task 6. Translate the sentences into English.

1. Финансовый отчет показал, что ситуация хуже, чем ожидалось.

2. Он один зарабатывает на жизнь в этой семье, поэтому эта работа так важна для него.

3. Этот дом стоит целое состояние, мы не можем купить его прямо сейчас, нужно (мы должны) заработать еще денег.

4. Мы ходили в ресторан и платили каждый за себя.

5. Компания выписала мне чек, чтобы заплатить за выполненную работу.

Task 7. Learn the active vocabulary.

1. money supply	денежный ресурс, денежная масса
2. available	располагаемый
3. demand deposits	бессрочные вклады
4. to break down	подразделять
5. monetary policy measure	показатель денежно-кредитной политики
6. monetary aggregate	денежный агрегат
7. to range	располагаться
8. layout	схема

9. bank vault	банковское хранилище
10. monetary base	денежная база
11. checking deposit	вклад на текущем счете
12. checkable deposit	вклад, поддающийся учету
13. traveler's check	туристический, дорожный чек
14. to conform	соответствовать
15. to repay debt	возмещать долг
16. debit card	платежная карточка
17. to complete a transaction	выполнить операцию
18. savings deposit	сберегательный депозит (нечековый)
19. time deposit	срочный депозит
20. money market deposit	депозит финансового рынка
21. substitute	заменитель
22. repurchase agreements	соглашение о продаже и обратной покупке
23. liquid asset	ликвидный актив

Reading / comprehension activities

Task 8. Read, translate the following text and retell it in several sentences.

Money supply

In economics, money supply, or money stock, is the total amount of money available in an economy at a particular point in time. There are several ways to define "money", but standard measures usually include currency in circulation and demand deposits.

Money supply data are recorded and published, usually by the government or the central bank of the country. Public- and private-sector analysts have long monitored changes in money supply because of its possible effects on the price level, inflation and the business cycle.

Since most modern economic systems are regulated by governments through monetary policy, the supply of money is broken down into types of money based on how much of an effect monetary policy can have on each. Narrow measures include those more directly affected by monetary policy, whereas broader measures are less closely related to monetary-policy actions.

Each measure can be classified by placing it along a spectrum between narrow and broad monetary aggregates. The different types of money are typically classified as Ms. The number of Ms usually range from M0 (narrowest) to M3 (broadest). The typical layout for each of the Ms is as follows:

- M0: currency (notes and coins) in circulation and in bank vaults, plus reserves which commercial banks hold in their accounts with the central bank (minimum reserves and excess reserves). M0 is usually called the monetary base - the base from which other forms of money (like checking deposits, listed below) are created - and is traditionally the most liquid measure of the money supply.
- M1: currency in circulation + checkable deposits (checking deposits, officially called demand deposits, and other deposits that work like checking deposits) + traveler's checks. M1 represents the assets that strictly conform to the definition of money: assets that can be used to pay for a good or service or to repay debt. Although checks linked to checking deposits are gradually becoming less popular, debit cards linked to these deposits are becoming more popular. Like checks, debit cards, as a means to complete a transaction through their links to checkable deposits, can also be considered as a form of money.
- M2: M1 + savings deposits, time deposits less than \$100,000 and money market deposit accounts for

individuals. M2 represents money and "close substitutes" for money. M2 is a key economic indicator used to forecast inflation.

- M3: M2 + large time deposits, institutional money-market funds, short-term repurchase agreements, along with other larger liquid assets. M3 is no longer published or revealed to the public by the US central bank.

Task 9. Find the following terms in the text:

- the total amount of money available in an economy at a particular point in time –
- currency in circulation and demand deposits –
- measures directly affected by monetary policy –
- measures less closely related to monetary-policy actions –
- currency (notes and coins) in circulation and in bank vaults, plus reserves which commercial banks hold in their accounts with the central bank –
- the base from which other forms of money are created –
- monetary aggregate that represents money and "close substitutes" for money –

Task 10. Find the English equivalents for the following in the text:

- включать в себя деньги в обращении и бессрочные вклады -
- информация о денежном ресурсе записывается и публикуется правительством или Центробанком –
- денежный ресурс делится на несколько типов денег –
- различные типы денег обычно классифицируют как «М»
- М0 называется денежной базой –
- наиболее ликвидная часть денежного ресурса –

- активы, которые можно использовать чтобы заплатить за товары или услуги или чтобы возместить долг –
- платежные карточки можно рассматривать как форму денег –
- сберегательные, срочные депозиты и депозиты финансового рынка для частных лиц –
- инвестиционные фонды денежного рынка –
- краткосрочные соглашения о продаже и обратной покупке –
- более крупные ликвидные активы –

Vocabulary activities

Task 11. Choose the best word to complete the sentence.

Financial products

1. A person who gives you information about financial products is a _____.
a. financial adviser b. financial helper c. financial assistant
2. Some financial advisers only earn money by giving advice. Others earn _____ from selling financial products.
a. wages b. payments c. commission
3. An actuary is a person who _____ insurance risk and calculates premiums.
a. thinks about b. assesses c. decides
4. When an endowment _____, you receive a lump sum.
a. finishes b. ends c. matures
5. Prices go up every year. This is because of _____.
a. inflation b. expansion c. evolution
6. Some pension payments increase every year _____ inflation.
a. in time with b. in line with c. at the speed of
7. Pension payments which increase in line with inflation are _____.
a. index connected b. index linked c. index controlled
8. Banks and insurance companies are types of _____.
a. financial institution b. finance company c. financier

9. Pension funds, insurance companies and other financial institutions that invest on the stock market are known as _____:

a. commercial investors **b.** institutional investors **c.** company investors

10. Individual people who invest on the stock market are known as _____.

a. private investors **b.** personal investors **c.** one-man investors

11. In most countries, financial products and services are _____ by the government.

a. watched **b.** decided **c.** regulated

Task 12. Put the terms from the box into the spaces. Translate into Russian.

Euromarket	petrodollars	government	regulations
Eurocurrency	assets	Eurocurrency	Eurodollar
business	interest rates	limits	Eurodollars

Eurocurrencies

1. An 1_____ is any currency held outside its country of origin, such as \$US in France, Yen in the US, or Euros in Japan.

2. Thus Eurocurrencies do not necessarily have anything to do with Europe, so the name is not a very good one.

3. The 2_____ developed during the cold war in the early 1950s, when the Russians, who were afraid that the Americans might freeze their dollar accounts in New York, transferred them to Europe, particularly to banks in London.

4. This pool of dollars was later augmented by American trade deficits, and, after the 1974 and 1979 oil price rises, millions of 3_____ deposited by the newly-rich oil-producing countries.

5. The Euromarkets are still concentrated in London because there are fewer 4 _____ there than in most other financial centers, and because the European time-zone is half-way between those of Japan and the USA.
6. Since banks are not obliged to deposit any of their 5 _____ at zero interest with the central bank, they can give better interest rates (to both borrowers and depositors) than US-based banks.
7. Therefore, international companies using US dollars for trade, often prefer to borrow 6 _____.
8. Because the United States was, by definition, the one country that could not do 7 _____, American banks were losing business.
9. Consequently, in the early 1980s, the American government allowed US banks special international banking facilities, without reserve requirements and 8 _____.
10. This succeeded in bringing some Eurodollar business back to New York City.

Task 13. Translate into English.

ЕВРОВАЛЮТА (eurocurrency) - валюты (ценные бумаги) рынка евровалют и еврорынка, в которых коммерческими банками осуществляются безналичные депозитно-ссудные операции за пределами стран-эмитентов этих валют. Самой распространенной Евровалютой являются евродоллары. Кроме них существуют евромарки (марки ФРГ на счетах банков-нерезидентов в других странах Западной Европы. в США, Японии и некоторых др.) а также еврофранки, еврофунты, еврогульдены и др.

Listening/ comprehension activities
The Bank of England

Task 14. Learn the following words and phrases.

1. public ownership	государственная собственность
2. responsibilities	сферы деятельности, сферы ответственности
3. government	правительство, правительственный
4. to handle	управлять
5. income and expenditure	доходы и расходы
6. Exchequer	казначейство
7. to maintain accounts	иметь счета
8. cash settlements	расплата наличными
9. overseas banks	заграничные банки
10. monetary institutions	финансовые учреждения
11. to manage the national debt	управлять государственным долгом
12. government securities	государственные ценные бумаги
13. to mature	наступать (о сроке платежа)
14. to undertake new issues	брать новый заем
15. regular payments on interest	регулярные выплаты процентов
16. holders	владельцы
17. Treasury bills	векселя казначейства
18. the lender of last resort	кредитор неприкосновенного запаса государства
19. shortage of cash	нехватка денежных средств
20. foreign exchange market	валютный рынок
21. to intervene	вмешиваться
22. to carry out monetary policy	проводить валютную политику

23. legal powers	законные права
24. to supervise	контролировать
25. to supply with information	предоставлять информацию

Task 15. Listen to the text ‘The Bank of England’ and fill in the gaps. Retell the text.

1. The _____ bank in the UK is the Bank of England.
2. It _____ many responsibilities.
3. It handles the _____ and expenditure of Exchequer and other government departments.
4. The clearing banks maintain _____ at the Bank of England.
5. It manages the national _____.
6. It is the lender of _____ resort.
7. It acts as the government’s agent in the foreign _____ market.
8. It has the responsibility for carrying out the government’s _____ policy.
9. It has legal powers to _____ the operations of other banks.
10. Other banks have to respond to _____ given to them by the Bank

Task 16. Match the terms from the text with their corresponding definitions.

1. bank	a. the total amount of money owned by the government of a country
2. the Bank of England	b. the national bank of the UK
3. the national debt	c. the British government department that is responsible for collecting taxes and paying out public money
4. the Exchequer	d. establishment for keeping money, valuables safely

Writing activities

Task 17. Translate the following sentences into English.

Money supply



1. M0 – это банкноты и монеты в обращении и в банковских хранилищах; плюс денежные резервы, которые коммерческие банки держат на своих счетах в Центробанке.
2. M1 – это наличные деньги в обращении, дорожные чеки, депозиты до востребования, прочие чековые депозиты.
3. M2 = M1 + нечековые сберегательные депозиты, срочные вклады в банках, депозиты финансового рынка.
4. M3 = M2 + краткосрочные государственные облигации, инвестиционные фонды денежного рынка и более крупные ликвидные активы.



Discussion: The American Business Culture (I)

Task 1. Read the following text. Pay attention to the phrases in a bold type and write down their translations. Retell the passage using phrases in a bold type.

Work comes first

Americans and businessmen and women in particular are very task-oriented. They **get a goal in mind** and **work until achieving it**. An American is likely **to avoid chit-chat** as idle chatter and in a business meeting want to talk about business and little else. “Let’s get our **focus on the bottom line**” is an Americanism that reflects this tendency. Therefore be careful to not **distract the conversation from the business** at hand. Direct your comments towards identifying, and especially, solving problems. The people will feel more confidence in you when they feel that you are **putting your heart behind the project** at hand, whatever it may be. A big part of Americans’ **lives revolve closely around their work**, and although they may politely complain about it, the truth is that they like it like that. Americans do love to have fun, but it has its place, and that place should not interfere with work or a man (or woman) earning his (or her) livelihood.

Task 2. Match the idioms with their corresponding definitions.

1. to lay everything out on the table	a. to give the essential relevant fact
2. a bottom line	b. to include everything into the agenda
3. to beat around the bush	c. an eventual result
4. to get to the point	d. to avoid discussing directly

Task 3. Complete the passage using idioms from the previous task in the correct form. Summarize the text in several sentences.

Be very clear in what you say

Something that will madden your American partners is if they think that you 1 _____ in what you say. US culture values a person who says what he means and means what he says. "2 _____!", angry teammates may demand. Americans value clarity many times over what other cultures view as tact. It is better to 3 _____, and not leave key points unmentioned for politeness' sake. Not following this policy could be interpreted as rudeness or as gravely as dishonesty by your peers.

One of the worst things that you can do is appear emotional, or unable to make a cold, hard decision. It's OK to get angry, and show it, about certain things, especially things that affect the 4 _____.

Task 4. Complete the texts about topics to avoid and topics to discuss for business people. Retell them in 2 - 3 sentences.

misunderstanding	love	respect	common	business
entertainment	polite	spouse	talk	personal

Taboos: don't go there

The two main subjects that Americans agree not to discuss much in 1 _____ conversation are 1: politics and 2: religion. That is because they are areas where people have deep-rooted beliefs that are not easily changed, and there is a great potential for 2 _____ or hurt feelings, besides the fact that outside of church or a political rally, many people view them as unrelated to the whatever task you have on your plate at the time.

Besides this, avoid criticizing the US, US culture, Americans in general or US policy, even if they have recently invaded your country. Americans for the most part deeply 3 _____ their country and may be offended and

confused by comments that do not reflect a similar love and 4 _____, and may take the comments personally.

Topics to talk about

There are certain topics that are 5 _____ to talk about in casual business situations. Feel free to talk about the rich, sports, 6 _____ like movies, music, celebrities and books, and current events or 7 _____ trends. Try to keep things general and not too 8 _____. Nobody wants to know about your grandmother or problems with your 9 _____. When in doubt, 10 _____ business.

Task 5. Read the following passage and say if you can find any difference between attitude to honesty in business in the USA and other countries.

Honesty is the best policy

Avoid any kind of dishonesty in word or deed with your American partners. Do not suggest bribes, kickbacks, any other kind of illegal or unlawful payoffs, or anything else that goes against the law of the US or wherever it is that you are. Play by the rules. In the US, people get ahead while respecting the rules of the game. It has been said many times that, unlike other places, in the US it is easier to make money following the law than by breaking it, although this does not necessarily apply to US corporations operating abroad. Americans realize that if you are dishonest with the government or with anyone else, you are a dishonest person and will probably be dishonest with everyone or anyone that you work with, and are not to be trusted.

Task 6. Speak about the American business culture using the information from the previous tasks. Mention the following topics: work, speaking, topics to discuss, honesty in business.

Unit 3. Check-up.

1. Make sure that you know the following words and word combinations, translate them into Russian.

To implement monetary policy, to control the money supply, to fix the minimum interest rate, lender of last resort, commercial banks, the amount of money in circulation, money supply, to influence interest rates, demand, output, growth, unemployment and prices, open market operations, to sell short-term government bonds, inflation, bottom line, to bring home the bacon, Dutch treat, demand deposits, monetary aggregate, traveler's check, debit card, to complete a transaction, savings deposit, time deposit, endowment, insurance companies, to invest on the stock market, institutional investors, public ownership, income and expenditure, to maintain accounts, to manage the national debt, to undertake new issues, regular payments on interest, Treasury bills, shortage of cash, foreign exchange market.

2. Make sure that you know the following words and word combinations, translate them into English.

Функционировать в качестве банка для правительства, выпускать монеты и банкноты, влиять на плавающий курс валют, руководить всей банковской системой, средний уровень цен и зарплат, скорость обращения денежных средств, денежный ресурс, мера денежной массы в обращении, совокупный спрос, стоить бешенные деньги, выписать чек, вклад на текущем счете, возмещать долг, выполнить денежную операцию, финансовый советник, оценивать страховой риск, вычислять страховую премию, индексированные выплаты, финансовые учреждения, евровалюта, казначейство, сферы деятельности, расчет наличными, заграничные банки, государственные ценные бумаги, наступать (о сроке платежа), кредитор неприкосновенного запаса государства.

3. Read the information about central banks and then match the two parts of the sentences.

Central banking

Commercial banks have to keep reserves – a certain amount of their deposits – for customers who want to withdraw their money. These are held by the central bank, which can also change the reserve-asset ratio – the minimum percentage of its deposits a bank has to keep in its reserves.

If one bank goes bankrupt, it can quickly affect the stability of the whole financial system. And if depositors think a bank is unsafe they might all try to withdraw their money. If this happens it's called a bank run or run on the bank, and the bank will quickly use up its reserves. Central banks can act as lender of last resort, which means lending money to financial institutions in difficulty, to allow them to make payments. But central banks don't always bail out or rescue banks in difficulty, because this could lead banks to take risks that are too big.

Central banks manage a country's reserves of gold and foreign currencies. They can try to have an influence on the exchange rate – the price at which their currency can be converted into other currencies. They do this by intervening on the currency markets, and moving the rate up or down by buying or selling their currency. This changes the balance of supply – how much is being sold – and demand – how much is being bought.

1. The central bank will sometimes lend money	a. if they could always be sure of rescue by the central bank.
2. Banks would probably start taking too many risks	b. if there is a run on a commercial bank.
3. Central banks are usually responsible for	c. if monetary policy is successful.
4. The central bank can alter	d. printing and distributing

	banknotes.
5. There will be low and stable inflation	e. the amount of money commercial banks are able to lend.

4. Complete the text from the website of Federal Reserve, the central bank of the United States.

Today the Federal Reserve’s duties fall into general areas:

- conducting the nation’s 1 _____ policy;
- 2 _____ and regulating banking institutions and protecting the credit rights of consumers;
- maintaining the 3 _____ of the financial system;
- providing certain 4 _____ services to the US government, the public, financial institutions, and foreign official institutions.

5. Make word combinations. One word can be used twice. Then use the word combinations to complete the sentences below.

bank	markets
currency	run
exchange	system
financial	policy
monetary	rate
	stability

1. _____, including setting interest rates, is designed to maintain _____.

2. If there’s a _____ and the bank goes bankrupt, this can have a rapid effect on the whole _____.

3. On one day, the Bank of England lost over £ 1 billion (more than half of the country’s foreign reserves) in the _____, trying to protect the _____ of the pound.

Unit 4: E-money

Pre-reading activities

E-money: definitions

Task 1. Put the correct word in each space. Look up all the unknown words in the dictionary.

electronically networks value term digital

Electronic money (also known as e-money, electronic cash, electronic currency, 1 _____ money, digital cash or digital currency) refers to money or scrip which is exchanged only 2 _____. Typically, this involves use of computer 3 _____, the internet and digital stored 4 _____ systems. Electronic Funds Transfer (EFT) and direct deposit are examples of electronic money. Also, it is a collective 5 _____ for financial cryptography and technologies enabling it.

internet credit card mail order cardholder

Card-based EFT – электронный перевод денежных средств
Credit cards. EFT may be initiated by a 6 _____ when a payment card such as a 7 _____ card or debit card is used. This may take place at an automated teller machine (ATM) or point of sale (POS), or when the 8 _____ is not present, which covers cards used for 9 _____, telephone order and 10 _____ purchases.

Task 2. Put the following words into appropriate spaces.

Refund Withdrawal Sale Enquiry Mini-statement
Cashback Payment Inter-account transfer
Deposit E top-up Administrative

Card-based EFT transactions: a number of transaction types may be performed, including the following:

- 1 _____: where the cardholder pays for goods or service

- 2 _____: where a merchant refunds an earlier payment made by a cardholder
- 3 _____: the cardholder withdraws funds from their account, e.g. from an ATM.
- 4 _____: where a cardholder deposits funds to their own account (typically at an ATM)
- 5 _____: where a cardholder withdraws funds from their own account at the same time as making a purchase
- 6 _____: transferring funds between linked accounts belonging to the same cardholder
- 7 _____: transferring funds to a third party account
- 8 _____: a transaction without financial impact, for instance balance enquiry, available funds enquiry, linked accounts enquiry, or request for a statement of recent transactions on the account
- 9 _____: where a cardholder can use a device (typically POS or ATM) to add funds (top-up) their pre-pay mobile phone
- 10 _____: where a cardholder uses a device (typically an ATM) to obtain details of recent transactions on their account
- 11 _____: this covers a variety of non-financial transactions including PIN change

Task 3. Refresh your Grammar.

1. Retailers will receive funds immediately (Future Simple).
2. Mondex value can be banked easily at any time of the day or night. (Modal verb ‘can’ + Present Simple Passive).
3. Mondex complements credit and debit cards, delivering new levels of efficiency. (Present Simple; Participle I).
4. For personal cardholders the purse will be a standard, plastic IC card. (Future Simple of the verb ‘to be’).

5. This can be loaded with electronic value via a Mondex telephone – bringing a new dimension in money management and electronic cash transactions. (Modal verb ‘can’ + Preset Simple Passive; Participle I).

6. The exact amount is simply transferred from the card to the retailer’s purse in a Mondex point-of-sale (POS) device. (Present Simple Passive).

7. Telephones will be especially adapted to enable cardholders to access their bank account at any time. (Future Simple Passive).

8. The Mondex wallet will make person-to-person payments possible. (Future Simple).

9. Electronic cash can be transferred between any Mondex card and a separate purse held in the wallet. (Modal verb ‘can’ + Preset Simple Passive; Participle II).

Task 4. Translate into English.

1. Продавцы получают деньги немедленно.
2. Деньги могут быть положены на счет в любое время дня и ночи.
3. Точное количество денег переводится с карточки покупателя в электронный кошелек продавца.
4. Телефоны будут адаптированы для доступа владельцев карточек к банковскому счету.

Task 5. Learn the active vocabulary.

1. to store	накапливать
2. securely	надежно, безопасно
3. convenience	удобство
4. flexibility	гибкость
5. retailers	фирмы–агцептанты, розничные продавцы
6. settlement	взаиморасчет
7. receipt of value	квитанция

8. immediate	немедленный
9. ordinary cash	обычные наличные деньги
10. to complement	дополнять
11. cost-savings	снижение издержек
12. service providers	провайдеры услуг
13. monetary value	денежная стоимость
14. Integrated Circuit (IC) Chip	Чип интегральных микросхем, чип ИМС
15. electronic purse	электронный кошелек
16. cardholders	держатели карточек
17. to load	загружать
18. new dimension	новое измерение
19. to obtain	получать
20. to check	проверять
21. balance reader	считывающее устройство
22. lightweight device	легкое устройство
23. point-of-sale (POS) device	электронный терминал торговой точки
24. signature	подпись
25. to access	получать доступ
26. to withdraw	снимать
27. to pay in	вносить деньги на текущий счет
28. to order and pay immediately	заказывать и платить немедленно
29. wallet	бумажник
30. person-to-person payments	адресно-персонифицированные платежи
31. log of the last ten transactions	журнал последних 10 операций
32. lock code	код замка

Reading / comprehension activities

Task 6. Read, translate the following text and retell it in several sentences.

Electronic cash

Mondex is electronic cash, stored securely in a smart card. Mondex offers all the convenience, control and flexibility of cash in the familiar form of card.

Retailers will receive funds immediately without the need for authorization or settlement when consumers pay for goods and services with a Mondex prepayment card. The receipt of value in a Mondex transaction is as immediate and certain as ordinary cash – but Mondex value can be banked easily at any time of the day or night.

Mondex complements credit and debit cards, delivering new levels of efficiency, cost-savings and marketing opportunities for all retailers and service providers.

a. In the new Mondex payment system, monetary value is stored in an Integrated Circuit (IC) Chip known as an electronic purse. Purses are held by all participants in the system – personal cash holders, retailers, service providers and banks.

For personal cardholders the purse will be a standard, plastic IC card. This can be loaded with electronic value via a Mondex telephone – bringing a new dimension in money management and electronic cash transactions – or in much the same way as cash is currently obtained, for example, a cash machine or a bank branch.

b. To check how much money remains on the card, all cardholders will receive a Mondex balance reader – a small lightweight device in the form of a key ring.

c. When paying for goods or services, the exact amount is simply transferred from the card to the retailer's purse in a Mondex point-of-sale (POS) device. No PIN, authorization or signature is required – just like cash.

d. Telephones will be especially adapted to enable cardholders to access their bank account at any time; to withdraw or pay-in value down the telephone line; order and pay immediately for goods and services from a retailer; send and receive money to or from friends and family. For a retailer, a Mondex telephone means that value can be deposited directly onto their account at any time of the day and night.

e. The Mondex wallet will make person-to-person payments possible. Electronic cash can be transferred between any Mondex card and a separate purse held in the wallet. The wallet will also read the balance on the card and/or the wallet as well as maintain a log of the last ten transactions.

f. Mondex electronic purses contain a 4-digit 'lock code'. By pressing the lock on device such as a wallet or telephone, the cardholder's money is kept secure and their transactions private.

Task 7. Match the following sub-headings with paragraphs (a – f) in the text.

1. Mondex purse
2. Mondex point-of-sale device
3. Lock
4. Mondex balance reader
5. Mondex wallet
6. Mondex telephone

Task 8. Mark these statements T (true) or F (false) according to the information in the text. Find the part of the text that gives the correct information.

1. Mondex can be used to pay for goods and services.
2. Shopkeepers can be paid without delay.
3. You need to sign to authorize payment.
4. To check how much money is stored on your card you have to telephone your bank.

5. You can load money onto your card using a special telephone.
6. Money can be transferred in or out of your bank account 24 hours a day.
7. Mondex can only be used to pay money to businesses such as shops or service providers.
8. A disadvantage is that you cannot record the transactions you have made.
9. You can protect your money from thieves by using a ‘lock code’.

Task 9. Translate into English.

- безопасно и надежно хранить на смарт-карте
- электронный кошелек
- проверить сколько денег осталось на карточке
- переводить деньги с карточки на электронный кошелек организации-продавца
- считывать баланс денежных средств на карточке
- сохранять журнал последних 10 операций
- содержать 4-значный код-замок

Vocabulary activities

Task 10. Write these words and phrases in the appropriate columns.

retailer purse convenience make a payment bank
 withdraw deposit cost-savings service provider telephone
 POS device security reader flexibility transfer money

participants	devices	benefits	transactions

Task 11. Complete the sentences with an appropriate word or phrase from task 10.

1. Electronic money provides more _____ than cash because the lock function makes it difficult to steal.
2. The _____ is used by the retailer to receive payment from customers.
3. A company that offers a service is called a _____.
4. When you pay money into your bank account, we say that you make a _____.
5. The Mondex system offers _____ because it is easy to use. Also the wallet and reader are not heavy to carry.
6. Mondex is used to _____ between personal cash holders as well as from consumers to retailers.

Task 12. Use an appropriate word or phrase from the text to complete each sentence.

1. When you pay by credit card, you must sign the payment slip to a _____ the payment.
2. The number 4791 consists of four d_____.
3. Once you have s_____ your debts, you no longer owe money.
4. The b_____ of my account was £100. I have now paid out £ 40, so £ 60 remains.

Task 13. Find a word or phrase from the text that has a similar meaning.

1. amount of money	f
2. adds to	c
3. ATM	c m
4. not heavy	l
5. record	l

Task 14. Match the first half of each sentence with the most appropriate second half.

1. Using the Mondex telephone you can withdraw money	a. in the IC chip which is known as a purse
2. Retailers can deposit money	b. into their account at any time
3. Retailers can use the Mondex system to receive payment	c. to friends and family
4. The wallet can be used to transfer funds	d. from your account
5. Electronic cash is stored	e. from customers
6. You can send money over the telephone	f. between any two personal cardholders

Task 15. Match these verbs and nouns as they occur in the text.

	money	goods or services	your bank account	the balance of your account
pay for				
access				
withdraw				
read				
deposit				
transfer				
check				

Listening/ comprehension activities

Keep Your Financial Data Safe Online

Task 16. Learn the following words and phrases.

1. to trade stocks	торговать акциями на фондовой бирже
2. to buy groceries	покупать продукты питания
3. to pay bills	платить по счетам
4. to keep your identity safe	сохранить личную информацию о счетах в безопасности
5. to make purchases	делать покупки
6. trusted sites	проверенные сайты
7. to intercept	перехватывать
8. reputable	уважаемый
9. payment processors	производители платежей
10. regardless	независимо от того
11. padlock icon	иконка «замок»
12. to verify	проверять
13. to spot	определять
14. identity thieves	воры, получающие доступ к личной информации по банковскому счету
15. sensitive information	важные сведения
16. to pretend	притворяться
17. ploy	трюк, уловка
18. to log, log in	регистрировать, вводить
19. to can	остановить
19. leery	подозрительный
20. unsavory	сомнительный
21. creators	создатели

Task 17. Say if the following statements are true or false, correct the false ones.

1. You can trade stocks sitting at home.
2. You can't buy groceries sitting at home.
3. Payment processors like PayPal or Google Checkout are rather reputable.
4. There should be the padlock icon on the bottom of your browser to verify that the page is safe.
5. When logging into bank or credit card accounts you should be asked for information that you usually aren't required to provide to log in.
6. Don't pay any attention to "spam" (or junk email) that works its way into your email inbox.
7. Spam can also contain Trojan horses (viruses).
8. When you're online you need to keep your identity safe.

Task 18. Match the equivalents.

1. sensitive information	a. to keep your information safe
2. phishing	b. to buy goods
3. spam	c. to provide information
4. to make purchases	d. important information
5. to give information	e. technique used by identity thieves to get your sensitive information
6. to keep your identity safe	f. junk email

Task 19. Retell the text using the words and word combinations above and the following plan.

1. Online world
2. Purchases on trusted sites
3. Spotting phishers
4. Canning the spam

Writing activities

Task 20. Translate into English.

E-money

1. Электронные деньги – это деньги, которыми можно обмениваться только с помощью компьютера, Интернета и цифровой системы сохранения информации о деньгах.
2. Система электронного перевода денег и система прямого вложения денег – примеры электронных денег.
3. Систему электронного перевода денег используют через банкомат или электронный терминал торговой точки.
4. Электронный перевод денежных средств с использованием карточки происходит при продаже, когда владелец карточки платит за товары или услугу.
5. Электронные деньги имеют больше преимуществ чем наличные деньги, потому что функция «замок» затрудняет возможность их украсть.
6. Вы можете торговать акциями, сидя дома, используя интернет.

Task 21. Translate and learn the following idioms and make up sentences with some of them in writing.

1. cold hard cash - cash/coins/bills
I paid for the stereo in cold hard cash.
2. strike it rich - to suddenly become rich or successful
My grandfather struck it rich when he was young.
3. cash in one's chips - to exchange or sell something to get some money (from the chips used in a poker game)
I decided to cash in my chips and go back to school.
4. deadbeat - a person who never pays the money that he owes
Recently, the government is trying to solve the problem of deadbeat dads who do not support their families.
5. stone broke - to have no money, to be penniless
My friend is stone broke and will not be able to come to the movie with us.

Discussion: The Canadian Business Culture

Task 1. Read the following text. Pay attention to the phrases in a bold type and write down their translations. Retell the passage using phrases in a bold type.

Conversing with Canadians

It's often been said about Canadians that while they are **polite**, they are **not a friendly people** compared, that is, to their American cousins. Canadians pride themselves on their tolerance and of being **non-judgmental**, which means that Canadians often prefer **not to express opinions** on various subjects for **fear of offending**. Do not expect a **passionate debate** on any issue from a Canadian. It's just not **in the national DNA**.

While Canadians might sound and look like Americans at first glance, we are very different. Canadians are **quieter** and much **less willing to offer opinions**. This can be both good and bad. On the one hand, because of our **avoidance of conflict**, it is harder to have an in-depth conversation with a Canadian, but on the other hand, it is easier to engage us in small talk.

Like other younger cultures, such as America's or Australia's, **first names are used** in Canada both **in personal and professional circumstances**, even amongst relatively new acquaintances. Don't be surprised if your Canadian hosts move quickly to a first-name basis.

The giving and receiving of business cards is **common practice** in Canadian business culture. In fact, it is so common that Canadians would think it unusual if his or her counterpart did not offer them one.

No backslapping, shouting or calling attention to oneself is acceptable. Canadians tend **to embarrass easily**, so while Canadians are **generally casual**, they are **not loud**. Your best approach to get along with Canadians is to remain **exceedingly polite, modest, and unpretentious**.

Task 2. Complete the text about negotiating with Canadians.

What you should know before negotiating

low-key aggressive assertive wealth
power casualness ease

While Canadians are often confused with Americans by non-North Americans who see few differences between the two peoples, please don't make that mistake. Americans are much more 1 _____ whereas Canadians are generally 2 _____ and prefer to 3 _____ into business discussions.

Cynicism is a part of the national character, which is directed at those who make conspicuous shows of 4 _____ and/or 5 _____. In Canada, there is great love for the 'underdog'.

Canadians generally dislike 6 _____ sales techniques. They tend to value low-key sales presentations.

Modesty, 7 _____, and an air of nonchalance are characteristic attitudes in Canadian business culture.

Task 3. Complete the text about negotiating with business people in Canada using word combinations from the box.

producing results
sporting analogies
equality and fairness
careful consideration
decision making
excessive praise
new ideas
company policy
business schools
market share

You should also be aware that 1 _____ here teach students that the outcome of all negotiations is that both sides win, i.e., "win/win." This fits

neatly with Canadians' ideas of 2 _____ .
The win/win principle is so accepted today that the very idea of one party winning the negotiation while other party loses would seem unacceptable to most Canadians.

Canadians tend to be receptive to 3 _____ .
Generally, they are analytical, conceptual thinkers.

Established rules or laws usually take precedence over one's feelings. During negotiations, 4 _____ is strictly adhered to at all times. Feelings of any kind are usually regarded with suspicion, particularly for decision-making purposes. In presentations and conversation, Canadians are often receptive to 5 _____ .

Among all individuals, regardless of rank, communication is direct and slightly informal. Hierarchies in Canadian organizations exist for clarity of 6 _____ , not because ranking is important. Those who will sit with you in a meeting usually have the power to make a decision.

Canadian businesspersons may emphasize profit over 7 _____ .

Generally, Canadians do not like or trust people who appear to give 8 _____ , which raises the suspicion that they are being set up to be embarrassed or misled in some way. Moreover, Canadians dislike being pressured and will only resent the stress that accompanies high expectations.

The work environment in Canadian business culture tends to be collaborative. Before a decision is made, top management will consult subordinates and their input will be given 9 _____ . It will be in your best interests not to try to rush this process. Negotiations usually proceed at a fast pace and bargaining is not customary.

Deadlines and are 10 _____ the main sources of anxiety in this culture. Decisions of any kind must be made in accordance with company policy. Informing against one's colleagues is regarded with disgust.

Unit 4. Check-up.

1. Make sure that you know the following words and word combinations, translate them into Russian.

Digital stored value systems, Electronic Funds Transfer, cardholder, an automated teller machine (ATM), a point of sale (POS), mail order, internet purchases, Inter-account transfer, Enquiry, e top-up, recent transactions on the account, to store cash in a smart card, ordinary cash, security, cost-savings, monetary value, to order and pay immediately, person-to-person payments, lock code, wallet, read the balance on the card, to receive payment from customers, to sign the payment slip, digits, to settle one's debts, to owe money, the balance of one's account, cash machine, to check your bank account, to trade stocks, to keep your identity safe, trusted sites, reputable payment processors, sensitive information, to log in, phishing, to spot phishers, to scan the spam, junk email, cold hard cash, to cash in one's chips, stone broke.

2. Make sure that you know the following words and word combinations, translate them into English.

Электронный перевод денежных средств с использованием карточки, продажа, возмещение, снятие денег со счета, внесение денег на счет, розничные продавцы, взаиморасчет, квитанция, провайдеры услуг, Чип интегральных микросхем (чип ИМС), электронный кошелек, держатели карточек, новое измерение, считывающее устройство, электронный терминал торговой точки, журнал последних 10 операций, получать плату от покупателей, переводить деньги между двумя владельцами карточек, платить за товары и услуги, получать доступ к вашему банковскому счету, считывать баланс средств на карточке, делать покупки, иконка «замок», воры, получающие доступ к личной информации по банковскому счету, неожиданно разбогатеть, неплательщик.

Module 1. Individual work

The first variant

Task 1. Read, translate the text and summarize its content in several sentences. Make up the vocabulary of this text.

How to Make Money

Making money requires work - even in the stock market. Most successful investors study a variety of sources and ask a lot of questions.

Use the law of supply and demand to your advantage. Most of us are familiar with the law of supply and demand--the more there is of something, the cheaper it is; conversely, the rarer the product or service, the more expensive it is. For example, if you're aspiring to do something that many, many other people want to do (so much so that they do it for free, as a hobby) then it will be far more challenging for you to make money doing it. On the other hand, if you do something that most people don't want to do, or if you get very good at doing something most people don't do all that well, then you can make a whole lot more money. In other words, choose a career in pharmacy over photography.

Recognize that time is money. This critical piece of advice is attributed to Benjamin Franklin, who was an accomplished American inventor, journalist, printer, diplomat, and statesman--the ultimate multitasker. Your ability to manage your time (and stop procrastinating) is a critical ingredient in your ability to make money. Whether you have a job or are self-employed, keep track of what you're spending your time on. Ask yourself "Which of these activities make the most money, and which of them are a waste of time?" Do more of the former and less of the latter, simple as that. When you're focusing on high-priority tasks, get the job done well, and get the job done fast. By working efficiently, you're giving your employer or clients more time, and they'll appreciate you for it.

Remember that time is a limited resource that you're always investing. Will your investments pay off?

Be proactive. Remember Murphy's Law: "Whatever can go wrong will go wrong." Make plans, complete with as many calculations as possible, then anticipate everything that can go wrong. Then make contingency or backup plans for each scenario. Don't leave anything to luck. If you're writing a business plan, for example, do your best to estimate when you'll break even, then multiply that time frame by three to get a more realistic date; and after you've identified all the costs, add 20% to that for costs that will come up that you didn't anticipate. Your best defense against Murphy's law is to assume the worst, and brace yourself. An appropriate amount of insurance may be something worth considering. Don't forget the advice of Louis Pasteur, a French chemist who made several incredible breakthroughs in the causes and prevention of disease: "Luck favors the prepared mind."

Redefine wealth. In studies of millionaires, people are surprised to learn that most millionaires aren't doctors, lawyers, and corporate leaders with big houses and fancy cars; they're people who religiously live below their means and invest the surplus into assets, rather than liabilities. As you're taking the above steps to make more money, keep in mind that increased income does not necessarily equal increased wealth. Most people who flaunt their wealth actually have a low net worth because their debt to asset ratio is high--in other words, they owe a whole lot more money than they actually have. All of the previous steps have outlined aggressive strategies for making money, but you'll never get anywhere if you have a hole in your pocket.

They say that a penny saved is a penny earned. Actually, when you consider that you pay taxes on every penny you earn, you really do make more money by saving than by increasing your income, especially if the extra income will

increase your tax rate dramatically. For example, let's say you have a choice between saving \$100 or earning an extra \$100. If you pay 15% taxes, then when you earn an \$100, you only get \$85. But when you shave \$100 off of your existing budget, you keep it all. To sweeten the deal further, if you take advantage of compound interest as found in most savings accounts, over time you'll start making money on the amount saved plus previous interest paid on that amount saved. It'll be pennies at first, but eventually the amount will multiply exponentially.

Take advantage of tax laws if you're self-employed. Money saved on taxes is still money saved. You may be able to deduct many of your business expenses (use of your home, use of your car, office supplies, etc.) if you keep good records. You may also qualify for tax breaks, such as deducting your health insurance premiums on your tax return. These laws are in place to encourage commerce and business growth, so don't neglect their benefits.

Know the difference between an asset and a liability. The dividing line is whether it puts money in your pocket, or takes it out. As much as you love your home, for instance, it is a liability rather than an asset because you put more money into it than you get out of it (unless you're flipping it or renting it out). Whatever money you save, invest it in assets such as stocks, mutual funds, patents, copyrighted works--anything that generates interest or royalties. Eventually, you might get to the point where your assets are doing the work for you, and all you have to do is sit there and make money.

Money can do a lot of things for you, but don't work yourself to death - you can't take it with you.

Task 2. Translate the following text into Russian in writing.

Pound sterling

The pound sterling (symbol: £; ISO code: GBP), often simply called the pound, is the currency of the United Kingdom, its Crown dependencies (the Isle of Man and the Channel Islands) and the British Overseas Territories of South Georgia and the South Sandwich Islands and British Antarctic Territory. It is subdivided into 100 pence (singular: penny).

The Gibraltar pound, Falkland Islands pound and Saint Helena pound are separate currencies, pegged to the pound sterling.

Sterling is the third-largest reserve currency, after the US dollar and the euro. The pound sterling is also the fourth-most-traded currency in the foreign exchange market after the US dollar, the euro, and the Japanese yen.

Name. The full, official name, pound sterling, (plural: pounds sterling) is used mainly in formal contexts and also when it is necessary to distinguish the United Kingdom currency from other currencies with the same name. Otherwise the term 'pound' is normally used. The currency name is sometimes abbreviated to just sterling, particularly in the wholesale financial markets, but not when referring to specific amounts; for example, "Payment is accepted in sterling" but never "These cost five sterling". The abbreviations "ster." or "stg." are sometimes used. The term 'British pound' is commonly used in less formal contexts, although it is not an official name of the currency. A common slang term is 'quid' (singular and plural) which is thought to derive from the Latin phrase "quid pro quo".

There is some uncertainty as to the origin of the term "pound sterling". Some sources say it dates back to Anglo-Saxon times, when coins called sterlings were minted from silver; 240 of these sterlings weighed one pound, and large payments came to be made in "pounds of sterlings". Other

references, including the Oxford English Dictionary, say a sterling was a silver penny used in England by the Normans, and date the term to around 1300.

The currency sign is the pound sign £ with a single cross-bar. The pound sign derives from the blackletter "L", an abbreviation of Librae in Roman £sd units (librae, solidi, denarii) used for pounds, shillings and pence in the British pre-decimal duodecimal currency system. Libra was the basic Roman unit of weight, derived from the Latin word for scales or balance.

The ISO 4217 currency code is GBP. Occasionally, the abbreviation UKP is used but this is considered incorrect – even though the economic unit using the pound sterling is technically the United Kingdom rather than Great Britain. Stocks are often traded in pence, so traders may refer to pence sterling, GBX (sometimes GBp), when listing stock prices.

As a member of the European Union, the United Kingdom could adopt the euro as its currency. However, the subject remains politically controversial. Gordon Brown when Chancellor of the Exchequer ruled out membership for the foreseeable future, saying that the decision not to join had been right for Britain and for Europe.

Sterling is used as a reserve currency around the world and is presently ranked third in amount held as reserves. The percentage which pounds make up of total reserves has increased over recent years, due in part to the stability of the British economy and government, gradual increase in value against many currencies and relatively high interest rates compared to other major currencies such as the dollar, euro and yen. As from mid 2006 it is the third most widely held reserve currency, having seen a resurgence in popularity in recent years. Analysts say this resurgence is caused by carry-trade investors considering the pound as a stable high-yield proxy to the euro.

Task 3. Learn the following penny/cent idioms, translate the sentences with them into Russian and make up your own sentences in written form.

Penny/cent idioms

1. cost a pretty penny - to cost a lot of money

It is going to cost a pretty penny to get my car fixed.

2. cut (someone) off without a penny - to stop giving someone a regular amount of money, to leave someone no money in a will

The wealthy businessman cut his son off without a penny when the young man refused to work hard.

3. (not) have two cents to rub together - to not have much money

My friend does not have two cents to rub together and he is usually broke.

4. pennies from heaven - money that you do not expect to get

The money that I received from the government was like pennies from heaven and I was very happy.

5. penny for one's thoughts - a request to tell someone what he or she is thinking about

"I will give you a penny for your thoughts," I said to my friend who was looking out of the window.

6. a penny saved is a penny earned - saving money by not spending it is the same as getting money from working

A penny saved is a penny earned and it is better to be thrifty sometimes than to only work more hours.

7. penny-wise and pound foolish - to be careful or thrifty in small expenditures but careless or wasteful in large ones

My friend is penny-wise and pound foolish and she economizes on small things but wastes all of her money on big things.

8. pinch pennies - to be careful with money, to be thrifty

My grandmother always pinches pennies and never spends her money foolishly.

The second variant

Task 1. Read, translate the text and summarize its content in several sentences. Make up the vocabulary of this text.

How to Save Money

Saving money is one of those tasks that's so much easier said than done. There's more to it than spending less money (although that part alone can be challenging).

Kill your debt first. Simply calculating how much you spend each month on your debts will illustrate that eliminating debt is the fastest way to free up money. Once the money is freed from debt payment, it can easily be re-purposed to savings.

Establish a timeframe. For example: "I want to be able to buy a house two years from today." Set a particular date for accomplishing shorter-term goals, and make sure the goal is attainable within that time period. If it's not attainable, you'll just get discouraged.

Figure out how much you'll have to save per week, per month, or per paycheck to attain each of your savings goals. Take each thing you want to save for and figure out how much you need to start saving now. For most savings goals, it's best to save the same amount each period. For example, if you want to put a \$20,000 down payment on a home in 36 months (three years), you'll need to save about \$550 per month every month. But if your paychecks amount to \$1000, it might not be a realistic goal, so adjust your timeframe until you come up with an approachable amount.

Keep a record of your expenses. What you save falls between two activities and their difference: how much you make and how much you spend. Since you have more control over how much you spend, it's wise to take a critical look at your expenses. Write down everything you spend your money on for a couple weeks or a month. Be as detailed as possible, and try not to leave out small purchases. Assign each purchase

or expenditure a category such as: Rent, Car insurance, Car payments, Phone Bill, Cable Bill, Utilities, Gas, Food, Entertainment, etc. Keep a small notebook with you at all times. Get in the habit of recording every expense and saving the receipts. Sit down once a week with your small notebook and receipts. Record your expenses in a larger notebook or a spreadsheet program.

Trim your expenses. Take a good, hard look at your spending records after a month or two have passed. You'll probably be surprised when you look back at your record of expenses: \$300 on ice cream, \$100 on parking tickets? You'll likely see some obvious cuts you can make. Depending on how much you need to save, however, you may need to make some difficult decisions. Think about your priorities, and make cuts you can live with. Calculate how much those cuts will save you per year, and you'll be much more motivated to pinch pennies.

Make a budget. Once you've managed to balance your earnings with your savings goals and spending, write down a budget so you'll know each month or each paycheck how much you can spend on any given thing or category of things. This is especially important for expenses which tend to fluctuate, or which you know you're going to have a particularly hard time restricting. (E.g. "I will only spend \$30 a month on movies/chocolate/coffee/etc.")

Open an interest-bearing savings account. It's a lot easier to keep track of your savings if you have them separate from your spending money. You can also usually get better interest on savings accounts than on checking accounts (if you get interest on your checking account at all). Consider higher-interest options such as CDs or money-market accounts for longer savings goals.

Pay yourself first. Savings should be your priority, so don't just say that you'll save whatever's left over at the end of the month. Deposit savings into an account (or your

piggybank) as soon as you get paid. An easy, effective way to start saving is to simply deposit 10% of every check in a savings account. If you get a check or sum of cash, say 710.68, move the decimal point one place to the left and deposit that amount: 71.07. This works well and requires little thought; over several years, you've a tidy sum in savings. Over decades, you'll be a millionaire.

Always OVER estimate your expenses and UNDER estimate your income. If you can afford to share things you have, from food to living space to appliances, try to do so. What goes around comes around when it's between close friends, soon enough, you'll find your friends doing the same, and everybody benefits.

If you receive unexpected cash, put all or most of it into your savings, but continue to set aside your regularly scheduled amount as well. You'll reach your savings goals sooner.

Make purchases with paper money, not exact change, and always save the change. Use a piggy bank or jar for your coins. Coins and change may look insignificant but when accumulated over time they can help you save. Some banks now offer free coin counting machines. When you redeem your coins, ask to be paid by check so you won't be tempted to spend your newfound cash.

Warnings. Unless you're in truly desperate financial straits (like 10 seconds from eviction and your three children are starving) don't try to cut corners connected to health. Basic preventative care for yourself, your family, and your pets might cost you a \$60 office visit or a \$30 heartworm pill today, but the skipping it will contribute to expensive problems and heartache down the road.

Task 2. Translate the following text into Russian in writing.

The United States dollar

The United States dollar (sign: \$; code: USD) is the unit of currency of the United States. The U.S. dollar is normally abbreviated as the dollar sign, \$, or as USD or US\$ to distinguish it from other dollar-denominated currencies and from others that use the \$ symbol. It is divided into 100 cents (200 half-cents prior to 1857).

The U.S. dollar is the currency most used in international transactions. Although U.S. dollar is a fiat currency, several countries use it as their official currency, and in many others it is the de facto currency.

Etymology. The name Thaler (from German *thal*, or nowadays usually *Tal*, "valley", cognate with "dale" in English) came from the German coin *Guldengroschen* ("great guilder", being of silver but equal in value to a gold guilder), minted from the silver from a rich mine at Joachimsthal (St. Joachim's Valley, now Jáchymov) in Bohemia (then part of the Holy Roman Empire, now part of the Czech Republic).

The colloquialism *buck* (much like the British term "quid") is often used to refer to dollars of various nations, including the U.S. dollar. This term, dating to the 18th century, may have originated with the colonial fur trade. *Greenback* is another nickname originally applied specifically to the 19th century Demand Note dollars created by Abraham Lincoln to finance the costs of the Civil War for the North. The original note was printed in black and green on the back side. It is still used to refer to the U.S. dollar (but not to the dollars of other countries).

Grand, sometimes shortened to simply *G*, is a common term for the amount of \$1,000. The suffix *k* (from "kilo-") is also commonly used to denote this amount (such as "\$10k" to mean \$10,000). Banknotes' nicknames are the same as their values (such as five, twenty, etc.) The \$5 bill has been referred

to as a "fin" or a "five" or a "five-spot;" the \$10 bill as a "sawbuck," a "ten-spot," or a "Hamilton"; the \$20 bill as a "double sawbuck," or a "Jackson"; the \$1 bill is sometimes called a "single," or a "buck," the \$2 bill a "deuce," "Jefferson," or a "T.J." and the \$100 bill is nicknamed a "Benjamin," "Benji," or "Franklin" (after Benjamin Franklin, who is pictured on the note), C-note (C being the Roman numeral for 100), Century Note, or "bill" ("two bills" being \$200, etc.). The dollar has also been referred to as a "bone" or "bones" (i.e. twenty bones is equal to \$20) or a "bean". Occasionally these will be referred to as "dead presidents," although neither Hamilton (\$10) nor Franklin (\$100) was President. \$1000 notes are occasionally referred to as 'large' in banking ("twenty large" being \$20,000, etc.). The newer designs are sometimes referred to as "Bigface" bills, or "Monopoly Money".

At the present time, the U.S. dollar remains the world's foremost reserve currency. The majority of U.S. notes are actually held outside the United States. All holdings of US dollar bank deposits held by non-residents of the US are known as eurodollars regardless of the location of the bank holding the deposit (which may be inside or outside the U.S.)

The dollar is also used as the standard unit of currency in international markets for commodities such as gold and petroleum (the latter sometimes called petrocurrency is the source of the term petrodollar). Some non-U.S. companies dealing in globalized markets, such as Airbus, list their prices in dollars.

The U.S. dollar is an important international reserve currency along with the euro. The euro inherited this status from the German mark, and since its introduction, has increased its standing considerably, mostly at the expense of the dollar. Despite the dollar's recent losses to the euro, it is still by far the major international reserve currency, with an accumulation more than double that of the euro.

Task 3. Learn the following dollar idioms, translate the sentences with them into Russian and make up your own sentences in written form.

Dollar idioms



1. almighty dollar - money when it is viewed as more important than anything else

The man spent most of his life chasing the almighty dollar.

2. as phony as a three-dollar bill - phony, not genuine

The man who was asking for donations for the charity was as phony as a three-dollar bill.

3. as sound as a dollar - very secure and dependable

The company president believes that his business is as sound as a dollar.

4. bet one's bottom dollar - to bet all that one has on something because you are sure that you will win

I would bet my bottom dollar that the accounting manager will be late again today.

5. bottom dollar - one's last dollar

The man spent his bottom dollar on some new clothes to wear for his job interview.

6. dollar for dollar - considering the cost

Dollar for dollar the new hotel is the best bargain in this city for tourists.

7. feel like a million dollars/bucks - to feel wonderful, to feel well and healthy

Although I have been sick for a few weeks I feel like a million dollars today.

8. look like a million dollars - to look very good

The woman looked like a million dollars when she went to accept the award.

Module 1. Test

Task 1. Choose the best variant. (10 points)

1. Coins stamped from metal or printed on paper and accepted when buying and selling is called ...
a. money b. capital c. income
2. Money in notes and coins is called ...
a. cash b. capital c. reserves
3. The dollar, the mark and the yen are all ...
a. currencies b. funds c. monies
4. Money borrowed from a bank is a ...
a. deposit b. income c. loan
5. A person's money in a business is known as his or her ...
a. deposit b. fund c. stake
6. "In the red" means your bank account is overdrawn. "In the ..." means your account is in credit.
a. blue b. black c. green
7. It doesn't matter how much we spend on designing the front cover. Money is
a. no limit b. no object c. no maximum
8. Banks and insurance companies are types of
a. financial institution b. finance company c. financier
9. Pension funds, insurance companies and other financial institutions that invest on the stock market are known as
a. commercial investors b. institutional investors c. company investors
10. Individual people who invest on the stock market are known as
a. private investors b. personal investors c. one-man investors

Task 2. Match the term and its definition (10 points).

1. income	a. the total amount of money available in an economy at a particular point in time
2. wages	b. changes in the values of currencies
3. salary	c. the total amount of money owned by the government of a country
4. currency fluctuations	d. all the money received by a person or a company
5. bottom line	e. the British government department that is responsible for collecting taxes and paying out public money
6. M0 aggregate	f. the line in a financial statement that shows net income or loss
7. money supply	g. the money earned for a week's manual work
8. the national debt	h. the national bank of the UK
9. the Exchequer	i. the money paid for a month's (professional) work
10. the Bank of England	j. currency in circulation and in bank vaults, plus reserves which commercial banks hold in their accounts with the central bank

Task 3. Answer the following questions (20 points).

1. What is money?
2. What kinds of money do you know?
3. Do we use money as means of storing up buying power?
4. Why are people sometimes doubtful about saving money?
5. Is money generally acceptable by all persons within the immediate community?
6. What functions of money do you know?
7. What features should the monetary item possess to function as money?
8. By what institution are money supply data recorded and published?
9. Name the different types of money (money aggregates).
10. What is Eurocurrency?

Task 4. Say if the following statements are true or false (10 points).

1. Money is used by a society only as a medium of exchange.
2. There are two types of money: commodity and fiat money.
3. The value of money emerges from its utility as a medium of exchange.
4. You can use money only in cash.
5. In most cases, each private central bank has monopoly control over the supply and production of its own currency.
6. In cases where a country does have control of its own currency, that control is exercised only by a central bank.
7. In almost all Western countries, the monetary authority is largely independent from the government.
8. Several countries can't use the same name for their own distinct currencies.
9. The Central Bank has legal powers to supervise the operations of other banks.
10. All banks are not expected to supply the Bank of England with information about their business.

Module 2. Banking

Unit 5: Banking products

Pre-reading activities

Banking: definitions

Task 1. This exercise defines *the most important kinds of bank*. Complete the text using these words. Look up all the unknown words in the dictionary.

central banks commercial banks supranational banks
building societies merchant banks universal banks
finance house investment banks

Banking is accepting, for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise and withdrawable by cheques, draft, order or otherwise.

1 _____ supervise the banking system; fix the minimum interest rates; issue banknotes; control the money supply; influence exchange rates and act as lender of last resort.

2 _____ are businesses that trade in money. They receive and hold deposits in current and saving accounts, pay money according to customers' instructions, lend money and offer investment advice, foreign exchange facilities and so on. In some countries such as England these banks have branches in all major towns, in other towns there are smaller regional banks.

In some European countries, notably Germany, Austria and Switzerland, there are 3 _____ which combine deposit and loan banking with share and bond dealing, investment advice etc. Yet even universal banks usually form a subsidiary, known as a 4 _____, to lend money – at several percent over the base lending rate - for hire purchase or

installment credit, that is, loans to consumers that are repaid in regular, equal monthly amounts.

In Britain, 5 _____ specialize in raising funds for industry on the various financial markets, financing international trade, issuing and underwriting securities, dealing with takeovers and mergers, issuing government bonds, and so on. 6 _____ in the USA are similar, but they can only act as intermediaries offering advisory services, and do not offer loans themselves.

In Britain there are also 7 _____ that provide mortgages, i.e. they lend money to home-buyers on the security of houses and flats, and attract savers by paying higher interest than the banks.

There are also 8 _____ such as the World Bank or the European Bank for Reconstruction and Development, which are generally concerned with economic development.

Task 2. Complete the text using these words. Look up all the unknown words in the dictionary.

Banking products

cash dispensers current account investment advice overdraft cheque deposit account credit card foreign currency mortgage standing order

My salary is paid directly into a low interest 1 _____. I can withdraw money from automatic 2 _____ with a cash card, so I hardly ever actually go into a bank. I pay regular, monthly bills by a way of a 3 _____: the bank pays them according to my instruction, and debits my account. I pay irregular bills by 4 _____. Nearly everyone I know in Britain has a chequebook, but when I lived in the Continent, I found that people hardly used them. They often paid cash, or paid bills at a post office with a paying-in slip.

I also have a 5 _____, which is useful for ordering things by post or on the telephone, and for traveling worldwide. I also use it in shops and restaurants, but try not to spend more than I can pay when the bill comes a month later, as this is a very expensive way of borrowing money. The annual interest is exorbitant – well over 20%.

I used to have a 6 _____ in a building society which paid higher interest than the current account at the bank, but had restrictions as to how and when I could withdraw my money. But then we bought a flat. I got a 90% 7 _____ from the building society: i.e. we had to pay a deposit of 10% with our own savings.

In fact I arranged an 8 _____ with the bank, which means I can occasionally withdraw more money than is actually in my account. Interest is calculated daily.

I always use the bank to buy 9 _____ when I go abroad, because their rates are better than the bureaux de change. I don't like travelers' cheques, and I've never had my money stolen – yet.

My bank keeps offering me 10 _____ about shares, bonds, unit trusts, mutual trusts, and so on. They don't seem to realize that if I could afford to buy all these things, I wouldn't need an overdraft.

Task 3. All the words below can be combined with *bank* or *banking* in a two-word partnership e. g. *bank holiday* or *off-shore banking*. Add the word *bank* or *banking* either before or after each of the words below.

account
balance
central
clerk
commercial

deposit
holiday
investment
manager
merchant
note
off-shore
retail
robbery
savings
statement
system
wholesale

Now complete the following sentences:

1. In my country the most important types of bank are
2. The banking services that I use are

Task 4. Learn the financial idioms. Refresh your Grammar. Translate the sentences into Russian.

1. to pay a king's ransom (for something) - to pay a great deal for something

I had to pay a king's ransom for a ticket to the final basketball game. (modal verb 'to have to' in Past Simple).

2. to pay in advance - to pay for something before you get/use it

I must pay in advance for the bus company to deliver my boxes. (modal verb 'must').

3. to pay through the nose - to pay a very high price, to pay too much

I paid through the nose when I had to buy gasoline in the small town. (Past Simple; modal verb 'to have to' in Past Simple).

4. to pay up - to pay now

I had to pay up my parking tickets or I would lose my driving license. (modal verb 'to have to' in Past Simple; Future in the Past).

5. payoff - a bribe

The mayor received a payoff and was forced to resign from his position. (Past Simple; Past Simple Passive).

Task 5. Translate the sentences into English.

1. Нам пришлось заплатить огромную сумму за это.
2. Вы должны заплатить аванс прямо сейчас.
3. - Сколько вы заплатили за этот дом?
- 15 тысяч долларов.
- За такой старый дом? Я думаю, вы заплатили бешенную цену.
4. Вам придется выплатить за страховку машины всю сумму сразу.
5. Даже не пытайтесь дать ему взятку, он строго соблюдает закон (to keep to the letter of the law).

Task 6. Learn the active vocabulary.

1. application	применение
2. entity	юридическое лицо
3. particularly	особенно
4. income	доход
5. expenditure	расход
6. to exceed	превышать, превосходить
7. excess	дополнительный, избыточный
8. equity claims	акции
9. to decrease	уменьшать
10. expenses	расходы
11. to increase	увеличивать
12. lender	кредитор
13. borrower	заемщик
14. intermediary	посредник

15. bonds	облигации, ценные бумаги
16. bond market	рынок ценных бумаг
17. to receive	получать
18. to pocket	присваивать
19. difference	разница
20. to aggregate	соединять
21. to accept	принимать
22. to allow	позволять
23. thus	таким образом
24. money flows	движение денег по каналам обращения
25. in time	вовремя
26. eventually	в конечном счете
27. stock	акционерный капитал
28. ownership	собственность
29. shares	акции
30. available	доступный
31. owner	владелец
32. asset side	колонка активов
33. balance sheet	балансовый отчет
34. in return	взамен
35. to expand	расширять
36. equity financing	финансирование за счет акционерного капитала
37. debt financing	финансирование путем получения займов
38. non-profit	некоммерческий
39. goals	цели
40. to achieve	достигать
41. appropriate	адекватный, соответствующий
42. with consideration	учитывая
43. institutional setting	тип учреждения

Reading / comprehension activities

Task 7. Read, translate the following text and retell it in several sentences.

Examples of some basic financial concepts

The activity of finance is the application of a set of techniques that individuals and organizations (entities) use to manage their financial affairs, particularly the differences between income and expenditure and the risks of their investments.

An entity whose income exceeds its expenditure can lend or invest the excess income. On the other hand, an entity whose income is less than its expenditure can raise capital by borrowing or selling equity claims, decreasing its expenses, or increasing its income. The lender can find a borrower, a financial intermediary, such as a bank or buy notes or bonds in the bond market. The lender receives interest, the borrower pays a higher interest than the lender receives, and the financial intermediary pockets the difference.

A bank aggregates the activities of many borrowers and lenders. A bank accepts deposits from lenders, on which it pays interest. The bank then lends these deposits to borrowers. Banks allow borrowers and lenders of different sizes to coordinate their activity. Banks are thus compensators of money flows in space since they allow different lenders and borrowers to meet, and in time, since every borrower will eventually pay back.

A specific example of corporate finance is the sale of stock by a company to institutional investors like investment banks, who in turn generally sell it to the public. The stock gives whoever owns it part ownership in that company. If you buy one share of XYZ inc, and they have 100 shares available, you are 1/100 owner of that company. You own 1/100 of anything on the asset side of the balance sheet. Of course, in return for the stock, the company receives cash, which it uses

to expand its business in a process called "equity financing". Equity financing mixed with the sale of bonds (or any other debt financing) is called the company's capital structure.

Finance is used by individuals (personal finance), by governments (public finance), by businesses (corporate finance), etc., as well as by a wide variety of organizations including schools and non-profit organizations. In general, the goals of each of the above activities are achieved through the use of appropriate financial instruments, with consideration to their institutional setting.

Task 8. Find the English equivalents for the following in the text:

- применение ряда техник –
- физические и юридические лица –
- вести финансовые дела –
- разница между доходом и расходами –
- давать в долг или инвестировать доходы –
- продавать акции –
- уменьшать расходы –
- увеличивать доходы –
- финансовый посредник –
- покупать ценные бумаги на рынке ценных бумаг –
- получать проценты –
- присваивать разницу –
- принимать вклады от кредиторов –
- предоставлять кредиты заемщикам –
- движения денег по каналам обращения –
- продажа акционерного капитала компании –
- право частичной собственности на имущество компании
-
- колонка активов компании в балансовом отчете –
- расширять бизнес –
- финансирование за счет акционерного капитала –

Vocabulary activities

Task 9. Match the formal phrases on the left with the informal phrases on the right.

Operating an account

1. I deposited some money.	a. The money's been sent.
2. I withdrew some money.	b. I paid in some money.
3. The funds have been transferred.	c. It goes out of my account every month.
4. My account is overdrawn.	d. I went to a cashpoint.
5. It's paid by standing order.	e. I took out some money.
6. My account was debited.	f. I'm in the red.
7. My account was credited.	g. I checked my balance.
8. I used an ATM.	h. It went into my account.
9. I made a balance enquiry.	i. It went out of my account.

Task 10. Choose the words to complete the sentences.

1. After they have been paid in, cheques usually take three working days to _____.

a. pass b. credit c. clear

2. When I write out a cheque, I keep a record by filling in the _____.

a. receipt b. invoice c. counterfoil

3. If you don't have a cheque book, you can pay by getting a _____ from a branch of your bank.
a. banker's draft **b.** bank paper **c.** bank ticket
4. Unlike a personal cheque, a banker's draft can't _____.
a. be rejected **b.** bounce **c.** crash
5. A banker's draft is also known as a bank draft or a _____.
a. banker's cheque **b.** banker's note **c.** banker's ticket
6. If you need to borrow money, you can apply to your bank for an _____.
a. overdraft possibility **b.** overdraft facility **c.** overdraft opportunity
7. If you need to borrow more money from your bank, you can ask them to increase your _____.
a. overdraft limit **b.** overdraft level **c.** overdraft supply
8. Regular automatic payments of the same amount (e.g. to a charity) are called _____.
a. standing orders **b.** direct debits **c.** direct orders
9. Regular automatic payments of varying amounts (e.g. electricity bills) are called _____.
a. standing orders **b.** direct debits **c.** direct orders
10. With my savings account, I have to _____ 30 days notice if I want to _____ a withdrawal.
a. say / do **b.** give / make **c.** ask for / take

Task 11. Choose the best word combinations to go into each space.

1. Yesterday I came to the supermarket and saw that I didn't have any money on me. I had to _____ to take out some money.
2. You know, I can't borrow you money at the moment because I _____ myself.
3. I wanted to withdraw some money from my account, but first I had to _____ to know how much money is left.

Listening/ comprehension activities

The consumer credit boom

Task 12. Learn the following words and phrases.

1. to estimate	оценивать
2. trillion	триллион
3. personal debt	личный долг
4. mortgage	ипотека
5. ever-increasing	постоянно увеличивающийся
6. consumer credit	потребительский кредит
7. numerous ways	многочисленные способы
8. inevitable	неизбежный
9. increasing number	все большее количество
10. store card	магазинная карточка
11. APR (annual percentage rate)	ежегодная процентная ставка
12. to mount up	расти, увеличиваться
13. to push smb. into the red	все больше вводить в долги
14. repayment in full	выплата долга в полном объеме
15. to avoid	избегать
16. to have dealings	иметь деловые отношения, контакты
17. credit rating	оценка кредитоспособности
18. credit reference agencies	агентство кредитной информации
19. applicant	кандидат
20. repercussions	последствия
21. genuinely	действительно
22. to repay debts	выплачивать долги
23. ultimately	в конечном счете

Task 13. Say if the following statements are true or false, correct the false ones. Retell the text.

1. The people in the United Kingdom are estimated to own a huge amount of money in personal debt.
2. Much of this debt is in the form of consumer credit.
3. Another form of personal debt is mortgage.
4. There are an increasing number of people who are taking on more debt than they can service nowadays.
5. Credit cards and store cards especially can have very low APRs.
6. Creditors don't try to avoid lending money to people who won't be able to pay it back.
7. Every person who has ever had dealings with a financial institution (for example, had a bank account) has a credit rating.
8. Most creditors will check the applicant's credit rating before agreeing to a loan.
9. If people are genuinely unable to repay their debts, there is very much their creditors can do about it.
10. So the boom in consumer credit could have serious repercussions for lenders.

Task 14. Match the terms from the text with their corresponding definitions.

1. consumer credit	a. an agreement to borrow money, especially so as to buy a house, and pay interest on it to the lender
2. annual percentage rate	b. a figure that shows the amount of interest that you must pay when you borrow money
3. mortgage	c. an option about how likely a person is to repay his or her debts
4. credit rating	d. the numerous ways in which the British public are able to "buy now, pay later".

Writing activities

Task 15. Translate the following sentences into English.

1. Финансовая деятельность – это применение ряда техник, которые физические и юридические лица используют, чтобы вести финансовые дела.
2. Юридическое лицо (компания), чьи доходы превышают расходы, может предоставить кредит или инвестировать деньги.
3. Кредитор получает определенный процент, заемщик платит больший процент, чем кредитор получает, а финансовый посредник присваивает разницу.
4. Банки являются координаторами денежных потоков в пространстве, поскольку они позволяют вести дела различным кредиторам и заемщикам, а также во времени, поскольку каждый заемщик обязан в конечном счете заплатить свой долг.
5. Финансирование за счет акционерного капитала в сочетании с продажей ценных бумаг (или любая другая форма финансирования путем получения займов) называется структурой капитала компании.

Task 16. Translate and learn the following idioms and make up sentences with some of them.

1. She's got money to burn
She's got a large amount of money much more than it is needed.
2. To have a good run for one's money
A person can have everything he or she wants if there is enough money.
3. Money burn a hole in his pocket
Money stimulates someone to spend it quickly.
4. To put your money where your mouth is
To stop talking about something and do it, to stop talking and make a bet on something.

Discussion: The British Business Culture

Task 1. Read the following text. Pay attention to the phrases in a bold type and write down their translations. Retell the passage using phrases in a bold type.

Guidelines for Business Dress

Conservative dress is the norm for both men and women in British business culture where darker colors (black, dark blue, charcoal grey) and heavier fabrics (wool) predominate. No one wears **a morning suit** and **bowler hat** to work nowadays but **the traditional pinstripe** is still immensely popular.

In some ways, the British often appear indifferent to both style and fashion but there remains an almost **snobbish awareness of 'quality'**. Thus, senior bankers, civil servants, lawyers and accountants are still likely to shop at smart outfitters in London's West End: **bespoke suits** from Savile Row (pure wool, double-breasted, two vents, four buttons on the cuff of which two are functional and the other two decorative), **shirts from Jermyn Street** (pure cotton, full-cut, double cuffs with links) with **silk tie**, and **hand-made leather Oxford shoes**.

Other occupations dress differently. For example, those in advertising or the media are prone to wearing **something** rather more **flamboyant**, though still **stylish**, from a leading designer. Middle management is more likely to be driven by cost than fabric or style and hence to shop in one of **the High-Street chains**. Women may wear trousers (including trouser-suits). Neither sex should wear denim.

Some British firms have introduced the concept of **'dress-down' Friday** with its code of **'smart casual'** but it is not universal and it is better to err on the side of being **over-dressed** (you can always take off your jacket). IT departments dress down all week.

Task 2. Read the following text. Then complete the chart using the information from the text.

The British still wear the appropriate uniform for certain social functions. A day's horse racing at Royal Ascot, for example, demands morning dress and a top hat whilst an evening at Glyndebourne opera house requires a dinner jacket and black tie (preferably not a white tuxedo). The rules are becoming more relaxed but London clubs and smarter hotels and restaurants may still require gentlemen to wear jacket and tie (supplied by the concierge if need be) and ladies not to wear trousers. Weddings and some dinners may be formal (if so, the invitation will state this) but, if you have traveled half way round the world to be there, no one will mind if you did not bring your morning suit or dinner jacket. On the other hand, it is relatively easy to hire suitable attire; your efforts would be appreciated and you would also feel less out of place.

<i>a social event</i>	<i>what to wear</i>
a day's horse racing at Royal Ascot	
an evening at Glyndebourne opera house	
London clubs and smarter hotels and restaurants	
weddings and some dinners	

Task 3. Complete the text about negotiating with business people in Great Britain using word combinations from the box.

business culture conducting negotiations undemonstrative nature business cards

dignified authority
final decision

What you should know before negotiating with the British

Whilst younger, junior employees are perfectly capable of _____ at a distance, it is always desirable to send older, senior representatives to the United Kingdom for face-to-face discussions. This is not to say that British businessmen believe young people are incapable of performing the task, but there is an element of distrust of whizz-kids straight of business school with a gleaming MBA. Attitudes are changing gradually but there remains a strong tradition in the UK of learning your trade 'on the job' and valuing experience more than certificates. Consequently, older people are often better able to assume the air of _____ that is respected in British business culture.

In keeping with their _____, British businessmen approach their work in a detached way that regards objective facts and solid evidence as the only legitimate forms of persuasion; feelings and personal relationships are usually irrelevant.

Thorough preparation is important: you should bring a plentiful supply of _____ and ensure that you have the proper materials for making effective presentations. Very often the British prefer to 'muddle through' without a conceptual template.

Whilst teamwork is important, British _____ remains essentially hierarchical. A wide range of input is valued and a consensus may be reached but the _____ still rests with the most powerful (usually, but not always, the most senior) individual who may or may not be chairing any given meeting. The British work well as a team and reach team decisions but the boss remains somewhat apart from the team.

Task 4. Read the following passage and say if you can find any difference between attitude to communication in business in the UK and other countries.

Business communication

Be aware in your dealings that the British are masters of understatement and that irony is a favorite weapon. Direct questions may encounter evasive responses and other typically British ploys are to avoid stating the obvious and to imply the opposite of what is actually said. Tone of voice or facial expression may sometimes hint at what is really meant but not always and it is equally important to pay attention to what is not said.

Humor also plays an important role in business discussions; having a repertoire of jokes and anecdotes can be an asset and good raconteurs should make the most of their talent. In any case you should not be surprised by any seemingly inappropriate levity. On the other hand, the British are prone to using sarcasm, particularly the one-line jibe, to ridicule an adversary or to register disagreement or even contempt. This may be hurtful at the time but the British do not harbor long-term grudges for the most part.

Aggressive techniques such as the 'hard sell' or denigrating another company's product or service will not be well received. Nor should you give unsolicited praise since it is rarely welcome. And do not gush - the British 'stiff upper lip' does not appreciate excessive enthusiasm.

Task 5. Speak about British business culture using the information from the previous tasks. Mention the following topics: business dress, negotiating, teamwork, business communication.

Unit 5. Check-up.

1. Make sure that you know the following words and word combinations, translate them into Russian.

Fix the minimum interest rates, to control the money supply, to act as lender of last resort, receive and hold deposits in current and saving accounts, share and bond dealing, to raise funds for industry, to deal with takeovers and mergers, the World Bank or the European Bank for Reconstruction and Development, cash dispensers, standing order, a paying-in slip, annual interest, overdraft, investment advice, to pay a king's ransom, income and expenditure, entity, equity claims, debt financing, non-profit organizations, institutional setting, counterfoil, overdraft limit, consumer credit, APR (annual percentage rate), to push somebody into the red, to have money to burn, to have a good run for one's money, money burns a hole in someone's pocket, to put your money where your mouth is.

2. Make sure that you know the following words and word combinations, translate them into English.

Выпускать банкноты, влиять на обменные курсы, давать деньги в долг и предлагать услуги эксперта по инвестициям, различные финансовые рынки, выступать в качестве посредника, предлагать услуги ипотеки, кредитная карточка, ипотека, платить заранее, переплачивать, платить всю сумму сразу, взятка, рынок ценных бумаг, движение денег по каналам обращения, акционерный капитал, собственность, акции, балансовый отчет, финансирование за счет акционерного капитала, превышение кредитного лимита, пользоваться банкоматом, личный долг, выплата долга в полном объеме, иметь деловые отношения (контакты), оценка кредитоспособности, агентство кредитной информации, выплачивать долги.

3. Read the following information and then complete the sentences.

Commercial and retail banking

When people have more money than they need to spend, they may choose to save it. They deposit it in a bank account, at a commercial or retail bank, and the bank generally pays interest to the depositors. The bank then uses the money that has been deposited to grant loans – lend money to borrowers who need more money than they have available. Banks make a profit by charging a higher rate of interest to borrowers than they pay to depositors. Commercial banks can also move or transfer money from one customer's account to another one, when the customer asks them to. Banks also create credit – make money available for someone to borrow – because the money they lend, from their deposits, is usually spent and so transferred to another bank account.

The capital a bank has and the loans it has made are its assets. The customers' deposits are liabilities because the money is owed to someone else. Banks have to keep a certain percentage of their assets as reserves for borrowers who want to withdraw their money. This is known as the reserve requirement. For example, if the reserve requirement is 10 %, a bank that receives a € 100 deposit can lend € 90 of it. If the borrower spends the money and writes a cheque to someone who deposits the € 90, the bank receiving that deposit can lend € 81. As the process continues, the banking system can expand the first deposit of € 100 into nearly € 1 000. In this way, it creates credit of almost € 900.

Before lending money, a bank has to assess or calculate the risk involved. Generally, the greater the risk for the bank of not being repaid, the higher the interest rate they charge. Most retail banks have standardized products for personal customers, such as personal loans. This means that all customers who have been granted a loan have the same terms and conditions – they

have the same rules for paying back the money. Banks have to find a balance between liquidity – having cash available when depositors want it – and different maturities – dates when loans will be repaid. They also have to balance yield – how much money a loan pays – and risk.

1. If you need instant access to all your money, this is the _____ for you.
2. Our products for _____ include business overdrafts, loan repayments that reflect your cash flow, and commercial mortgages.
3. Our local branch managers are encouraged to help local businesses and are authorized to _____ and overdrafts.
4. We offer standardized loans: you can be sure you won't get less favorable terms and _____ than our other _____.
5. With standardized products, all customers are _____ the same interest rate.
6. Banks carefully study the financial situation of a company to _____ the risk involved

4. Match the two parts of the sentences.

1. Banks lend savers' deposits	a. banks have to assess the risk involved.
2. They also create credit by	b. depends on the reserve requirements.
3. How much credit banks can create	c. depends on how risky it is for the bank to lend the money.
4. Before lending money,	d. so they can't lend all their money in loans with long maturities.
5. The interest rate on a loan	e. lending the same original deposit several times.
6. Banks always need liquidity,	f. to people who need to borrow money.

Unit 6: Mortgages

Pre-reading activities

Mortgages: definitions

Task 1. Choose the best words from each pair in bold type.

For the majority of 1 **homeowners** / **house owners**, the purchase of their property is financed by a **mortgage**. The bank or building society which lends the money to buy a property is called a mortgage 2 **lender** / **giver** or **mortgagee**. The person who borrows money in the form of a mortgage is called a mortgage 3 **borrower** / **taker** or **mortgagor**.

There are several different types of mortgage 4 **in** / **on** the market. Probably the most common is a **repayment mortgage**, in which the 5 **capital sum** / **capital price** and the interest are paid in 6 **installments** / **pieces** over a long period (for example 25 years).

An alternative is an **interest-only** mortgage, in which the interest is paid, and the capital sum is 7 **repaid** / **paid** in another way, for example with an endowment assurance policy. This type of mortgage is known as an **endowment mortgage**.

With an **offset mortgage**, the mortgage borrower's 8 **daily** / **current** account is combined with her/his mortgage. Provided the current account is usually 9 **in** / **with** credit, this can reduce the interest repayments 10 **on** / **for** the mortgage.

Task 2. Match the types of mortgage with the definition.

1. repayment mortgage	a. The mortgage lender can change the interest rate as they wish.
2. interest-only mortgage	b. The mortgage interest rate stays the same.
3. endowment mortgage	c. You pay the capital sum and the interest.
4. offset mortgage	d. You pay the interest in installments, and you pay the

	capital sum by another method.
5. fixed rate mortgage	e. Your current and mortgage accounts are combined to reduce the interest.
6. variable rate mortgage	f. An interest-only mortgage, with the capital repaid by an endowment.

Task 3. Choose the best word.

1. Houses, bungalows, apartments, offices, shops and any other type of building you can own are called _____.
a. housing b. property c. buildings
2. The _____ are a document which proves who owns a property.
a. owner's deeds b. owner's papers c. title deeds
3. In some countries you can get a mortgage for _____ your annual salary.
a. times five b. five times c. five of
4. If a mortgage borrower _____ the installments...
a. doesn't pay b. defaults on c. fails on
5. ...the mortgage lender will eventually _____ the property.
a. retake b. take back c. repossess
6. Before a property can be repossessed, the lender must apply to a court for a _____.
a. repossession order b. repossession paper c. repossession document
7. When the lender has a repossession order, the occupants of the property can be _____.
a. evicted b. put out c. ejected
8. Generally, mortgage lenders only repossess as _____.
a. a desperate action b. a last resort c. the final option

9. A mortgage lender can also be called a mortgagee or a _____.

a. mortgage provider **b.** mortgage maker **c.** mortgage producer

10. A mortgage borrower can also be known as a mortgagor or a _____.

a. mortgage owner **b.** mortgage possessor **c.** mortgage holder

11. To change your mortgage agreement is to _____ your property.

a. mortgage again **b.** remortgage **c.** unmortgage

12. A mortgage paid over 25 years is called a _____ mortgage.

a. 25 **b.** 25 year **c.** 25 years

13. When somebody's mortgage is the most they can possible afford, you can say they are "mortgaged up to the _____".

a. hilt **b.** top **c.** head

14. If property prices go down, and your house is mortgaged for more than its current value, you have _____.

a. negative money **b.** negative value **c.** negative equity

15. After you have paid your last mortgage installment, you can say that you have _____ your mortgage.

a. paid out **b.** paid up **c.** paid off

Task 4. Translate the following sentences into English.

1. Любые здания, которыми вы владеете, называются собственностью.

2. Владелец собственности имеет документ, подтверждающий его право на данное имущество.

3. Если заемщик не выполняет обязательств по выплате ипотечного кредита, кредитор, в конечном счете, должен будет восстановить свое право собственности.

4. Если кредитор имеет ордер на восстановление права собственности, жители данной собственности могут быть выселены.

Task 5. Refresh your Grammar. Translate the sentences into Russian.

1. The growth in building society profits for this financial year is expected to be restrained. (Subjective Infinitive Construction).
2. The fact that soaring growth in the buy-to-let market has cooled significantly has knocked off many companies' share price. (Present Perfect).
3. The most pessimistic of analysts are predicting a slump. (the superlative degree of an adjective; Present Continuous).
4. Cautious corporate investors have been reducing their holdings. (Present Perfect Continuous).
5. The buy-to-let market is likely to continue to benefit from the fact that many would-be first time buyers remain priced out of the market. (Subjective Infinitive Construction; Infinitive; Present Simple; participle II).
6. London is now seen as slightly undervalued, following some dramatic falls over the last year. (Present Simple Passive; participle II; participle I).

Task 6. Translate into English.

1. Ожидается уменьшение роста прибыли этой компании в текущем финансовом году. (Subjective Infinitive Construction).
2. Тот факт, что рост спроса на аренду жилья уменьшился, сбил цену за одну акцию многих компаний. (Present Perfect).
3. Продавцы жилья, вероятно, будут продолжать получать выгоду благодаря высокому спросу на собственность для аренды (from healthy demand for rental properties). (Subjective Infinitive Construction).
4. Цены на жилье в Лондоне кажутся заниженными. (Present Simple Passive; participle II).

Task 7. Learn the active vocabulary.

1. to restrain	ограничивать, сдерживать
2. due to	вследствие
3. increase	увеличение
4. buy-to-let property owners	владельцы собственности, которую они сдают в аренду
5. mortgage arrears	долги по ипотеке
6. soaring growth	повышенный рост
7. coupled	в соединении с
8. to knock off	сбивать
9. share price	цена акции
10. predictions	прогнозирование
11. averaging	в среднем
12. yields	доходы
13. to decline	уменьшаться
14. restricted supply	ограниченное предложение
15. buoyant market	повышенный спрос
16. slump	резкий спад
17. cautious	осторожный
18. corporate investors	корпоративные инвесторы
19. interest rate cut	снижение процентной ставки
20. to underpin	подкреплять, поддерживать
21. boom	бум, быстрый рост
22. to shore up	оказывать поддержку
23. to push up	поднимать
24. attractive investment opportunities	привлекательные условия для инвестирования
25. would-be	потенциальный
26. to price out of the market	вытеснять с рынка
27. healthy demand for rental properties	высокий спрос на собственность для аренды
28. upbeat stance	высокая позиция

29. to be poised	быть сбалансированным, уравновешенным
30. drop	снижение, падение

Reading / comprehension activities

Task 8. Read, translate the following text and retell it in several sentences.

The housing market

Mortgage arrears reduce building society profits

1. The growth in building society profits for this financial year is expected to be restrained due to a sharp increase in the number of buy-to-let property owners going into mortgage arrears.

2. The fact that soaring growth in the buy-to-let market has cooled significantly coupled with concerns about arrears has knocked off many companies' share price.

3. Despite predictions for growth across the sector as a whole averaging around 4.5%, the share prices of the five leading players in the market have declined by an average of just under 3%. Yields may be falling, but the restricted supply of new-build homes and continuing enthusiasm for buy-to-let have kept the housing market buoyant, and only the most pessimistic of analysts are predicting a slump. Nevertheless, cautious corporate investors have been reducing their holdings.

4. Such fears may well prove to be misplaced. Hints by the Bank of England regarding a further interest rate cut could underpin further growth.

5. Up to £15bn of pension cash is expected to flood into the market, including tax relief worth as much as £5bn. This is certain to create a boom in buy-to-let investment, shoring up building society yields, and to push up house prices, especially in areas where they have been in decline, creating more attractive investment opportunities.

6. In addition, the buy-to-let market is likely to continue to benefit from the fact that many would-be first time buyers remain priced out of the market, ensuring healthy demand for rental properties. Evidence suggests that large numbers of potential first time buyers are also delaying their plans to buy to due uncertainty on house prices, creating a build-up of demand which is likely to be released when house prices stabilize.

7. However, this upbeat stance was offset by *Banker and Mortgage Lender* magazine, which predicted that house prices are poised to fall by an average of up to 7% across the UK. The South West in particular was viewed as overvalued, with prices in some areas set to see a drop as high as 15%. In contrast, London is now seen as slightly undervalued, following some dramatic falls over the last year and, according to the magazine, house prices there are set to rise by a minimum of 4% a year for the next three years.

Task 9. Choose the definition which is closest to the meaning in the article.

1. buy-to-let property owners (**paragraph 1**)
a. people who rent their homes **b.** people who buy homes to rent to others
2. growth has cooled significantly (**paragraph 2**)
a. it's growing more slowly **b.** it's declining
3. a boom in buy-to-let investment (**paragraph 5**)
a. a lot more people buying-to-let **b.** slightly more people buying-to-let
4. tax relief worth as much as £5bn (**paragraph 5**)
a. up to £5bn reduction in tax to be paid **b.** up to £5bn increase in tax to be paid
5. would-be first-time buyers... (**paragraph 6**)
a. people who are going to buy their first home. **b.** people who would like to buy their first home

6. ...remain priced out of the market (**paragraph 6**)
a. find it very expensive b. can't afford it

Task 10. Find words in the article with the same meaning as the following.

7. overdue mortgage payments (**paragraph 1**)
m_____ a_____
8. profits (**paragraph 3**) y_____
9. support (**paragraph 5**) s_____ u_____
10. worth less than the current price (**paragraph 7**)
o_____ -v_____

Task 11. Complete the definitions.

11. *There was soaring growth in the buy-to-let market* means that...

a. profits from buy-to-let mortgages increased b. house prices increased c. buy-to-let mortgages became more expensive

12. *The housing market is buoyant* means that ...

a. house prices are rising b. house prices are static c. house prices are falling

13. *Investors have been reducing their holdings* means that investors have been...

a. buying more shares b. selling all their shares c. selling some of their shares

14. *Interest rate cuts could underpin further growth* means that interest rate cuts could...

a. cause further growth b. prevent further growth c. be caused by further growth

15. *Prices are poised to fall by 7%* means that...

a. prices are falling b. prices are expected to fall c. prices will fall

Task 12. Retell the article in 7 sentences.

Vocabulary activities

Banking words

Task 13. Choose words from the box for each gap.

lend borrow owe cash withdraw last resort
loan open go bust deposit fix bail out
reimburse trade yield

1. Of course, we don't have that kind of money. We had to _____ it.
2. I showed the bank my business plan, and they offered to _____ me everything I asked for.
3. I had to stand in a queue for 15 minutes just to _____ a five pound cheque.
4. An important function of a central bank is to act as a lender of _____.
5. We nearly _____, but at the last minute the bank agreed to _____ us _____.
6. When I pointed out to the bank that it was their mistake, they agreed to _____ me all the extra charges I'd paid.
7. Investment banks usually _____ in stocks and bonds.
8. An investment with a high risk is usually compensated by way of a high _____.
9. I can't borrow any more; I already _____ the bank over £10 000.
10. This wonderful plastic card allows me to _____ cash all over Europe.
11. With all the money you got for your birthday you should go and _____ a savings account.
12. Did you know that they even have machines now where you can _____ as well as take out money?
13. They agreed to grant me a _____ for six months.
14. It is usually the role of the central bank to _____ the minimum interest rate.

Task 14. Complete the following sentences.

**investment advice loans transfer mortgage
foreign exchange cheque book current account
standing order overdraft credit card night safe
safe deposit box deposit account**

1. When I opened the account, they gave a _____
_____ and a paying-in book.
2. Banks' basic business used to be making _____, but
they now often earn from securities trading and financial
services.
3. Most banks are able to offer _____
_____ to rich clients.
4. Outside banking hours, shops and other businesses can
deposit money in the bank's _____.
5. Before traveling abroad, I always get some currency from
the _____ department of the bank.
6. I pay regular bills every month with a _____
_____.
7. My salary is paid directly into my account every month by
an automatic _____.
8. Nearly all restaurants accept payment by _____
_____.
9. Most people in Britain who buy a house take out a
_____.
10. Since I sometimes spend more than I have in my current
account, I have arranged an _____.
11. If you want higher interest, and don't need to withdraw
money too often, you should get a _____.
12. If you want to write cheques and have easy access to your
money at any time, you should have a _____
_____.
13. People with valuables often keep them in a _____
_____ in a bank.

Listening/ comprehension activities

Insurance

Task 15. Learn the following words and phrases.

1. to suffer a damage	потерпеть ущерб
2. to insure against a risk	страховать от случая риска
3. accident	несчастный случай
4. theft	воровство
5. loss	потеря
6. injury	травма
7. premium	страховой взнос
8. insurance policies	страховые полисы
9. pension funds	пенсионные фонды
10. securities	ценные бумаги
11. shares	акции
12. bonds	облигации
13. middlemen	посредники
14. to assume responsibility for	принимать на себя ответственность за
15. reinsurance	перестрахование
16. to underwrite	давать согласие на финансирование
17. unlimited liability	неограниченная ответственность
18. demand for payment	требование платежа
19. natural disaster	стихийное бедствие
20. pay-outs	выплаты

Task 16. Listen to the text and say if the following sentences are true or false. Retell the text.

1. Fire, accident, theft, loss, damage, injury or death are different risks that can be insured against.
2. Insurance is designed to provide a sum of money to compensate only for fire.

3. People can pay premiums to insurance companies or use insurance policies as a way of saving.
4. Middlemen work with several companies, selling insurance in return for a percentage of the premium.
5. Life insurance policies usually pay a certain sum of money every year.
6. British government bonds can be called securities.
7. Insurance companies, like pension funds, are large institutional investors that place great amounts of money in various securities.

Task 17. Match the terms from the text with their corresponding definitions.

1. insurance	a. a great or sudden misfortune, terrible accident
2. damage	b. a written statement of the terms of a contract of insurance
3. premium	c. undertaking by a company to provide safeguard against loss, sickness, death, etc. in return for regular payments
4. policy	d. an instance of a possibility or chance of meeting danger, suffering loss, injury, etc.
5. risk	e. harm or injury that causes loss of value
6. syndicate	f. a famous person
7. name	g. a combination of commercial firms associated to forward a common interest
8. disaster	h. an amount of money or installment paid for an insurance policy

Writing activities

Task 18. Translate and learn the following idioms and make up sentences with some of them.

1. head over heels in debt - to be deeply in debt

My cousin is head over heels in debt and has no money at all.

2. in the hole - to be in debt, to owe money

I think that we are now in the hole and our business is having trouble.

3. buy (something) for a song - to buy something cheaply

I was able to buy my first house for a song.

4. on credit - to buy something using credit

I bought the new stereo on credit.

5. float a loan - to get a loan, to arrange for a loan

I decided to float a loan to get some money to buy a new car.

Task 19. Translate the following sentences into English.

1. У нас нет таких денег, нам придется занять их.

2. Одна из важных функций Центробанка – выступать в качестве кредитора неприкосновенного запаса денежных средств.

3. Мы почти вынуждены были объявить себя банкротом, но в последний момент банк поручился за нас.

4. Банк возместит все затраты, которые понесла наша компания.

5. Наша компания должна банку более 10 000 фунтов, мы не можем брать еще один кредит.

6. Пользуясь пластиковой карточкой, я могу снимать деньги со счета в любой стране Европы.

7. Поскольку у тебя есть эти деньги, ты можешь открыть свой собственный сберегательный счет.

8. Именно Центробанк обычно устанавливает минимальные процентные ставки.

9. Где я могу обналичить чек?

Discussion: The American Business Culture (II)

Task 1. Read the following text. Pay attention to the phrases in a bold type and write down their translations. Retell the passage using phrases in a bold type.

What you should know before negotiating

This culture stresses **individual initiative and achievement**. Moreover, Americans can also **be competitive in both work and leisure**.

The concept "time is money" is taken seriously in U.S. business culture. Businesspeople are used to making up their minds quickly and decisively. They **value information that is straightforward and to the point**.

In the U.S.A., money is a key priority and an issue that will be used to win most arguments. Status, protocol, and national honor play a smaller role. Similarly, "saving face" and other social niceties and formalities that are vitally important to other cultures are not as important in the United States.

American businesspeople are opportunistic and willing to take chances. **Opportunism and risk taking** often result in Americans going for the biggest possible slice of the business, 100% if possible.

Americans tend **to dislike periods of silence** during negotiations and in conversations, in general. They may continue to speak simply to avoid silence.

In general, people from the U.S. will not hesitate to answer "no." Businesspeople are **direct and will not hesitate to disagree with you**. This communication style often causes embarrassment to business travelers who are unaccustomed to dealing with Americans or direct communication in general.

Persistence is another characteristic you will frequently encounter in American businesspeople; there is a prevailing belief that there is always a solution. Moreover, they will **explore all options** when negotiations are at an impasse.

Anxiety often develops over deadlines and results. The work ethic is strong, so that it appears that **Americans' lives revolve around work.**

Consistency is common among American businesspeople: when they agree to a deal, they rarely change their minds.

Americans tend **to be future oriented.** Therefore, innovation often takes precedence over tradition.

The United States tends to be an ethnocentric culture, so it is closed to a lot of "outside" information. Thinking tends to be analytical, concepts are abstracted quickly, and the "universal" rule is preferred.

There are established rules for almost everything, and experts are relied upon at all levels.

Be aware that the United States is **the most litigious society in the world.** There are lawyers who specialize in practically every industry and segment of society.

Task 2. Find the equivalents for the following in the text:

1. to decide –
2. to appreciate –
3. direct and essential –
4. adventurous –
5. to doubt –
6. trouble –
7. to meet –
8. to study all variants –
9. persistence –
10. to have a higher priority –

Task 3. Compare the American business culture and business culture in your country according to the following plan: the concept 'time is money', the key priority in business, risk taking, persistence and consistency.

Task 4. Read the text about negotiating in the U.S. and retell it in 3 sentences.

Negotiating in the U.S.

In a meeting, the participants will proceed with business usually after some brief, preliminary "small talk" about topics unrelated to the business at hand. This is generally practiced to ease tensions and create a comfortable environment before entering into business matters. Topics may range from sports, weather, or other smaller business topics. Personal matters should not be discussed during this time, or any time in the negotiation. Usually, business is conducted at an extremely fast pace.

Regardless of the negotiator, company policy is always followed. Though they are risk-takers, American businesspeople will also have a financial plan which must be followed.

Americans regard negotiating as problem-solving through "give and take" based on respective strengths. Therefore, they will often emphasize their financial strength and/or position of power.

In negotiations, points are made by the accumulation of objective facts. This evidence is sometimes biased by faith in the ideologies of democracy, capitalism, and consumerism. The subjective feelings of the participants are not as much of a factor. Therefore, they will not spend much time seeking consensus.

Often, American businesspeople try to extract an oral agreement at the first meeting. However, U.S. salespeople sometimes bring final contracts to first meetings with prospective clients. In large firms, contracts under \$10,000 can often be approved by one middle manager in a single meeting.

Business culture can vary greatly from company to company, because of America's diversity. Learn as much about the business culture of your foreign associates before meeting.

Task 5. Say if the following statements are true or false, correct the false ones.

1. Personal matters should not be discussed during a brief, preliminary "small talk" about topics unrelated to the business at hand.
2. American businesspeople don't always have a financial plan which must be followed.
3. Americans never emphasize their financial strength during negotiations.
4. The subjective feelings of the participants are not as much of a factor.
5. Americans will spend much time seeking consensus.
6. American businesspeople try to extract an oral agreement at the first meeting.
7. U.S. salespeople never bring final contracts to first meetings with prospective clients.

Task 6. Complete the text about business cards. Retell it in 2 - 3 sentences.

About Business Cards

wallet to contact place gesture in return disrespect

Your business card will not be refused, but you may not always receive one 1 _____. Try not to be offended--in the U.S., the rituals involved in exchanging business cards are sometimes not observed as closely as in other cultures.

The recipient of your card will probably 2 _____ it into a 3 _____, which a man may put in the back pocket of his pants. This 4 _____ is done for convenience and is not meant to be a sign of 5 _____, as it might be in other cultures.

In many cases, business cards are not exchanged unless you want 6 _____ the person later.

Unit 6. Check-up.

1. Make sure that you know the following words and word combinations, translate them into Russian.

Repayment mortgage, capital sum, to be paid in installments, interest-only mortgage, endowment mortgage, offset mortgage, fixed rate mortgage, to repossess a property, repossession order, a mortgage provider, a mortgage holder, to be mortgaged up to the hilt, negative equity, to pay off the mortgage, buy-to-let property owners, soaring growth, share price, corporate investors, a boom in buy-to-let investment, to price out of the market, house prices are poised, drop, a tax relief, would-be first-time buyers, to deposit money, securities trading, foreign exchange department of the bank, a safe deposit box, to insure against a risk, insurance, damage, insurance, insurance policies, middlemen, to assume responsibility for, unlimited liability.

2. Make sure that you know the following words and word combinations, translate them into English.

Собственность, документ, подтверждающий право человека на имущество, годовая зарплата, не выполнять обязательств, выселять, долги по ипотеке, прогнозирование, доходы, ограниченное предложение, повышенный спрос, резкий спад, снижение процентной ставки, оказывать поддержку, привлекательные условия для инвестирования, высокий спрос на собственность для аренды, занимать деньги, давать деньги в займы, обналичивать деньги, обанкротиться, возмещать дополнительные затраты, торговать акциями и облигациями, высокий уровень доходов, быть должным банку деньги, снимать наличные, открыть сберегательный счет, кредит на шесть месяцев, устанавливать минимальную процентную ставку, автоматический перевод денег, получать платеж с помощью кредитной карточки, страховая премия, пенсионные фонды, выплаты.

Unit 7: Commercial banking

Pre-reading activities

Borrowing and lending, interest rates: definitions

Task 1. Choose the correct alternative to complete each sentence about borrowing and lending.

1. If you possess something, you can say that you _____ it.
a. owe b. own c. owner
2. If you have to reimburse or repay someone, you _____ money.
a. owe b. own c. yield
3. To let someone else have the use of your money for a certain period of time, after which it must be paid back, is to _____.
a. borrow b. lend c. credit
4. To take money that has to be repaid is, on the contrary, to _____.
a. borrow b. lend c. steal
5. An amount of money lent is a _____.
a. debit b. debt c. loan
6. A person who has borrowed money is a _____.
a. creditor b. debtor c. owner
7. Another word for a lender is a/an _____.
a. creditor b. debtor c. owner
8. The income received by someone who lends money is called _____.
a. dividend b. interest c. interests
9. The borrower has to pay back the loan itself, also known as the _____.
a. principal b. principle c. premium
10. The amount of money a lender receives for a loan or an investment, expressed as a percentage, is known as its return or _____.
a. credit b. income c. yield

Task 2. Choose words to complete each sentence. In some cases there is more than one possibility.

1. The Bank of England fixes a minimum interest rate, called the discount rate, at which it makes secured loans to
 - a. big companies
 - b. private individuals
 - c. commercial banks
 - d. new businesses
2. British commercial banks lend to blue-chip borrowers (big, secure companies) at the The American equivalent is the prime rate.
 - a. base rate
 - b. basic rate
 - c. discount rate
 - d. market rate
3. All other borrowers pay more, depending on the lender's estimation of their present and future solvency, also known as their creditworthiness or... or....
 - a. credit
 - b. creditors
 - c. credit standing
 - d. credit rating
4. Borrowers can usually get a interest rate if the loan is guaranteed by securities or other collateral.
 - a. higher
 - b. long term
 - c. lower
 - d. riskier
5. Banks make their profits from the difference between the interest rate charged to borrowers and that paid to depositors, also known as a or
 - a. margin
 - b. mistake
 - c. range
 - d. spread
6. Long-term interest rates are generally higher than short-term ones, except when the central bank temporarily reduces money supply i.e. makes money or
 - a. loose
 - b. scarce
 - c. tight
 - d. uncommon
7. These days many loans are made with ... or variable interest rates that change according to the supply and demand for money.
 - a. drowning
 - b. floating
 - c. sinking
 - d. swimming
8. Borrowers and lenders can sometimes arrange limits beyond which rates cannot move. The upper limit is calledor a
 - a. cap
 - b. ceiling
 - c. roof
 - d. summit
9. The lower limit on a variable rate loan is known as a

- a. bottom b. carpet c. floor d. maturity
10. A... is an arrangement that fixes both the upper and lower limits.
- a. collar b. tie c. shirt d. suit
11. Central banks cannot determine the minimum lending rate for so-called Eurocurrencies – currencies held
- a. outside their country of origin b. in Europe
12. Banks are able to offer better rates to borrowers of Eurocurrencies because there are no ... imposed by the central bank.
- a. discount rates b. maturities c. money supplies d. reserve requirements

Task 3. Match the questions on the left with the responses on the right.

Exchange rates

1. Is it true that there was time when you could go to a bank in America and demand gold in exchange for your dollars?	a. Because in reality they are often determined by the massive amount of currency speculation that goes on. Currencies appreciate or depreciate for reasons that have little to do with the countries' economic performance or international trade
2. Who was he?	b. "In God we trust". Not "Gold".
3. So they could never change?	c. Not who, what. Or where. It was an international conference held in New Hampshire in 1944. It fixed the value of the US dollar and "pegged" or fixed most other major currencies against the dollar.
4. But it's all different now?	d. Oh, sure, they can try to intervene on currency markets by buying or selling billions of dollars, or pounds, or whatever. But the speculators have

	much more money than governments.
5. No, what?	e. Only if they were officially devalued or revalued by the government or the central bank.
6. So how does it work now?	f. We have floating exchange rates, determined by supply and demand. Theoretically, the rates should reflect purchasing power parity – the cost of a given selection of goods and services in different countries.
7. Why “theoretically”?	g. Well, in theory, yes. That was a result of Bretton Woods.
8. So there’s nothing governments can do?	h. Yes. The Bretton Woods system collapsed in the early 1970s because of inflation. There were too many dollars and not enough gold, so President Nixon ended gold convertibility. You know what it says on dollar bills now?

Task 4. Add appropriate words to these sentences according to the previous task.

- a. Another verb for fixing exchange rates against something else is to _____ them.
- b. Increasing the value of an otherwise fixed exchange rate is called _____.
- c. Gold _____ ended in the early 1970s.
- d. The current system is one of the _____ exchange rates.
- e. A currency can appreciate if lots of _____ buy it.
- f. In fact we have managed floating exchange rates, because governments and _____ banks sometimes intervene on currency markets.

Task 5. Translate the following sentences into English.

- a. Банк Англии устанавливает минимальные процентные ставки, которые называются также учетными ставками.
- b. Банки получают прибыль из разницы между процентной ставкой для заемщиков и процентной ставкой для вкладчиков банка.
- c. В наши дни многие кредиты имеют плавающие или меняющиеся процентные ставки, которые изменяются в зависимости от спроса и предложения на рынке денег.
- d. Плавающие процентные ставки можно установить, поскольку правительство и центральный банк иногда вмешиваются в процессы на валютном рынке.

Task 6. Learn the financial idioms. Refresh your Grammar. Translate the sentences into Russian.

1. can take (something) to the bank - a statement is true, something is guaranteed to be successful.

I believe that we can take the new business plan to the bank (can + infinitive).

2. to control the purse strings - to be in charge of the money in a business or a household.

My sister controls the purse strings in her family (Present Simple).

3. to draw interest - (for money) to earn interest while it is on deposit at a bank

We put the money into our bank account so that it would draw interest (Past Simple; Future in the Past).

4. to float a loan - to get a loan, to arrange for a loan

I decided to float a loan to get some money to buy a new car. (Past Simple; infinitive).

5. to sock away (some money) - to save or store some money

I am trying to sock away some money for my holiday (Present Continuous).

Task 7. Translate into English using the idioms from the previous task.

1. Мы считаем, что информация о финансах компании достаточно достоверна, мы может вполне доверять ей.
2. Кто занимается финансовыми вопросами в этой компании?
3. Условия этого банка довольно выгодны для клиентов – они получают большой процент по своим вкладам.
4. Мы решили взять заем (кредит), чтобы получить деньги и купить квартиру.
5. Она откладывает деньги все это время, чтобы в будущем использовать их для оплаты за обучение.

Task 8. Learn the active vocabulary.

1. to transfer money	переводить деньги
2. interest rates	процентные ставки
3. to conduct payments	осуществлять платежи
4. real estate	недвижимость
5. safe facilities for money and valuables	услуги по хранению денег и ценностей
6. issuing of banknotes	эмиссия банкнот
7. money transmission services	услуги по переводу денег
8. checking account	текущий счет
9. savings account	сберегательный счет
10. to vary	варьироваться
11. investigate	изучить
12. compare	сравнить

Reading / comprehension activities

Task 9. Read, translate the following text and retell it.

Banking Services

It is an open secret that banks are the most important link in the world of money. This is because, first of all, banks nowadays perform the main part of the work of transferring money from a customer to a seller, by operating the system of payments in the economy.

Almost everyone in the world uses or has used banking services. Families keep their savings there, and banks pay them interest rates on their deposits and give them loans to buy expensive goods. Companies conduct payments through them. Commercial organizations, which work at the market and in production, take loans for their needs and conduct all payments with buyers and sellers through them. Landowners and owners of real estate take loans from the banks to buy an estate or to make use of it and pay back loaned money.

The various services provided by banks are summarized below:

- the provision of safe facilities for money and valuables;
- the lending of money: this is the most profitable activity of the banks and the one which provides most of their income;
- the issuing of banknotes;
- the provision of efficient money transmission services (e.g. cheques, credit cards).

In addition to these basic functions, modern banks provide a wide range of other financial services.

Remember that banks are private businesses. They are all different and each wants to get your business. You should check with several banks to determine which bank offers the best services for your needs.

You should plan to open both a checking and savings account at the same bank, simply because it will be more convenient for you. For example, if you have a savings account

and a checking account in the same bank, you can telephone and ask to transfer funds from your savings account to your checking account. Interest rates on savings and checking accounts vary from bank to bank. Investigate and compare various banks and their rates of interest on accounts before you decide where to open an account.

Task 10. Find the following terms in the text:

- amounts charged for borrowing money by the big banks and building societies, according to the base rate set in Britain by the Bank of England –
- a bank account which earns interest (1) –
- property in the form of land and houses –
- an arrangement or system that makes a bank service possible –
- a bank account which earns little or no interest and from which money can be taken out at any time by check –
- a bank account which earns interest (2) –

Task 11. Find the English equivalents for the following in the text:

- a. перевод денег от клиента к продавцу –
- b. управление системой платежей в экономике страны –
- c. хранить сбережения –
- d. платить процент по банковскому счету –
- e. предоставлять / брать кредиты –
- f. широкий спектр финансовых услуг –
- g. предлагать лучшие условия для ваших потребностей –
- h. открыть текущий и сберегательный счета в одном и том же банке –
- i. переводить деньги со сберегательного на текущий счет –
- j. изучать и сравнивать различные процентные ставки –

Vocabulary activities

Task 12. Find the meaning of the following phrases and make up sentences with some of them:

Interest

accrual of interest –	cooperative interest –
accrued interest –	deposit interest rate –
accumulated /added / cumulative interest –	interest rate –
actual interest rate –	lend money at interest –
advance free of interest –	majority interest –
annual interest –	minority interest –
at interest –	pay interest on loan –
average interest –	payment of principal and interest –
base rate of interest –	table of interest –
bear interest –	term structure of interest rates –
bearing no interest –	terms of interest –
beneficial interest –	unpaid interest –
cast / charge interest –	valuable interest –
collect interest –	variable interest rate –
controlling stock interest –	vested interest –

Bank terms and conditions

Task 13. Match the method of payment with the definition.

1. Credit card	a. A piece of paper which transfers money from your account to somebody else's account.
2. Debit card	b. Similar to a credit card, but usually operated by a chain of shops or other retailer.
3. Charge card	c. The money is deducted from your bank account almost immediately.
4. Cheque	d. These can be exchanged for foreign currency, or in some cases used instead of cash.
5. Traveler's cheque	e. You owe the card provider money. You can pay it back in one installment, or over a longer period if you wish.
6. Charge account	f. You owe the retailer money.

Task 14. Choose the best word.

- Regular bank statements will be sent to you by post, listing recent _____ and you can view your statements online.
a. payments **b.** events **c.** transactions
- New current account customers can borrow up to £200 in the form of a low-interest _____.
a. overdraft **b.** overtake **c.** overspend
- The current rate of interest for _____ overdrafts is 6.7% APR.
a. permitted **b.** allowed **c.** authorized
- While your account is _____ credit, there are no charges.
a. under **b.** in **c.** with
- If your account is overdrawn, charges may _____.

- a. happen b. apply c. occur**
6. When you acknowledge _____ of your new debit card...
- a. receipt b. the receiving c. reception**
7. ...you will be sent a PIN (Personal _____ Number)
- a. identifying b. identifier c. identification**
8. You will need to _____ your PIN each time you use the card.
- a. put in b. type c. enter**
9. Two or more customers may apply for a _____.
- a. two-person account b. joint account c. together account**
10. Current account _____ may apply for a Grimleys Credit Card.
- a. holders b. owners c. users**
11. Credit cards will be issued _____.
- a. if you're rich enough b. if you have money c. subject to status**
12. You may _____ your account at any time.
- a. close b. finish c. end**

Task 15. Translate the following sentences into English.

1. Вы можете просматривать выписки по своему счету в режиме онлайн.
2. В настоящий момент годовая процентная ставка для овердрафта составляет 7%.
3. Если на Вашем счету превышен кредитный лимит, выплаты не осуществляются.
4. Когда Вы подтвердите получение Вашей новой платежной карточки, Вам пришлют Личный идентификационный код.
5. Двое или более клиентов могут заявить о получении совместного счета.
6. Владельцы текущих счетов могут обратиться с просьбой получить кредитную карточку данного банка.

7. Кредитные карточки выдаются в соответствии со статусом клиента.
8. Вы можете закрыть свой счет в любое время.
9. Туристический чек можно обменять на иностранную валюту или, в некоторых случаях, использовать в качестве наличных денег.
10. Кредит по открытому счету означает, что Вы должны деньги магазину.

Task 16. Choose the correct words. Translate the text.

Grimleys Bank

Open an account today!

Open an account with Grimleys Bank, and start benefiting from our great *1 rates / levels* of interest and *2 small / low* charges. With over 3,000 *3 branches / outlets*, you'll never be far from us, and unlike many other *4 high street / town centre* banks, we're open all day on Saturdays.

Grimleys customers can *5 take money / make withdrawals* from more than a million *6 cash dispensers / money machines* worldwide, and of course you'll receive a *7 cheque book / book of cheques* and a *8 paying card / debit card* within a few days of opening your account.

Computer-users may be interested in our e-account - all the benefits of a regular Grimley's *9 current / day-to-day* account, with the added convenience of being able to view your *10 lists / statements* and *11 make / do* payments online.

Whether you're opening your first current account, *12 switching / changing* from another bank or simply want to take advantage of our *13 range / variety* of savings accounts, you'll be glad you chose Grimleys – the bank that always *14 makes / puts* the customer first.

Listening/ comprehension activities
Commercial Banking

Task 17. Learn the following words and phrases.

1. to hold deposits	держатъ вклады
2. transfer	перевод денег
3. current account / checking account	текущий счет
4. to withdraw cash	снимать наличные деньги
5. restrictions	ограничения
6. deposit account / time account / notice account	депозитный счет, срочный вклад
7. notice	уведомление
8. standing orders	регулярные заказы
9. direct debits	прямые дебетъ
10. loan	ссуда
11. overdraft	овердрафт
12. security	безопасность, надежность
13. guarantee	гарантия
14. to overdraw	превышать ограничение
15. limit	предел
16. spread	разница, разрыв
17. differential	разность
18. to charge	взимать

Task 18. Say if the following statements are true or false, correct the false ones. Retell the text.

1. Commercial banks receive and hold deposits, pay money according to customers instructions, lend money etc.
2. A current account (US checking account) usually pays big interest.
3. A current account allows the holder to withdraw his or her cash with no restrictions.
4. Deposit accounts pay no interest.

5. Notice is not required to withdraw money from deposit accounts.
6. Standing orders and direct debits are ways of paying regular bills at regular intervals.
7. A bank loan is a fixed sum of money, lent for a fixed period, on which interest is paid.
8. Banks don't require any form of security or guarantee before lending.
9. An overdraft is an agreement by which a customer can overdraw a debt to an agreed limit.
10. Interest on the debt of an overdraft is calculated every week.
11. Banks make a profit from the spread or differential between the interest rates they pay on deposits and those they charge on loans.

Task 19. Match the terms from the text with their corresponding definitions.

1. commercial banks	a. written order to a bank to pay money
2. a deposit account	b. an account from which money may be withdrawn without previous notice
3. a cheque (check)	c. an agreement by which a customer can overdraw a debt to an agreed limit
4. a current account	d. payment made by a borrower for a loan expressed as a percentage
5. a loan	e. businesses that trade in money
6. an overdraft	f. to ask in payment
7. an interest rate	g. money deposited in a bank, not to be withdrawn without notice, on which interest is payable
8. to charge	h. money gained in business
9. a profit	i. difference (expressed in a percentage)
10. differential	j. a fixed sum of money, lent for a fixed period, on which interest is paid

Writing activities

Task 20. Translate into English.

1. ПРОЦЕНТНАЯ СТАВКА (interest rate) — это сумма, указанная в процентном выражении к сумме кредита, которую платит получатель кредита за пользование им в расчете на определенный период (месяц, квартал, год).

С позиции теории денег, процентная ставка — это цена денег как средства сбережения.

Проценты - это доход от предоставления капитала в долг в разных формах (ссуды, кредиты) либо это доход от инвестиций производного финансового характера.

2. Основным понятием, используемым для пояснения ВАЛЮТНЫХ КУРСОВ является паритет покупательной способности, ППС (purchasing power parity — PPP), для формулирования которого обычно применяют так называемый закон одной цены: цена товара в одной стране должна быть равна цене товара в другой стране; а поскольку эти цены выражаются в разных валютах, это соотношение цен и определяет курс обмена одной валюты на другую.

Task 21. Translate the following sentences into English.

Banking

1. Получите выгоду от наших высоких процентных ставок для вкладов и низких процентных ставок для кредитов.

2. В отличие от многих других коммерческих банков, мы открыты весь день по субботам.

3. Клиенты нашего банка могут снимать деньги со счета с помощью более 1 миллиона банкоматов по всему миру.

4. Вы получите чековую книжку и платежную карточку в течение нескольких дней после открытия счета в нашем банке.

5. Пользователи Интернета смогут просматривать выписки по своему счету и производить платежи в режиме онлайн.

6. Если Вы открываете свой первый банковский счет, переносите вклад из другого банка или просто хотите воспользоваться преимуществами ряда сберегательных депозитов, Вы будете рады, что выбрали наш банк.

7. Наш банк всегда ставит клиента на первое место в своей работе.

Task 22. Translate the following sentences into Russian. In each sentence, has the share price gone up, down or both?

1. Since the merger was announced, the share price has gone crazy. **UP / DOWN**

2. Following the news, the share price has gone through the roof. **UP / DOWN**

3. As a result of the strike, the share price has gone through the floor. **UP / DOWN**

4. We believe the share price has hit rock bottom. **UP / DOWN**

5. The share price has been going up and down like a yo-yo. **UP / DOWN**

6. A lot of investors have lost their nerve. **UP / DOWN**

7. News of the takeover bid has caused a lot of investors to get cold feet. **UP / DOWN**

8. Investors are queuing up to buy shares. **UP / DOWN**

9. Shares in the new company have been changing hands for silly prices. **UP / DOWN**

10. Those shares? You can't give them away. **UP / DOWN**

11. The collapse EnTek has had a knock-on effect on our share price. **UP / DOWN**

12. After two years of bad news, the share price has finally rallied. **UP / DOWN**

Discussion: Company Structure and the European Central Bank

Task 1. Read the following text. Then complete the chart using the information from the text and the words from the box.

Most companies are made up of three groups of people: shareholders (who provide the capital), the management and the workforce. At the top of the company hierarchy is the Board of Directors, headed by the Chairperson or President. The Board is responsible for policy decisions and strategy. It will usually appoint a Managing Director or Chief Executive Manager, who has overall responsibility for the running of the business. Senior managers or company officers head the various departments or functions within the company, which may include the following.

- a. marketing
- b. public relations
- c. information technology or IT
- d. personnel or human resources
- e. finance
- f. production
- g. research and development.

The management structure of a typical company is as follows (from top to bottom):

Managing Director President Board of Directors Senior management Middle management Chief Executive Manager
--

1
2
3
4
5
6

Task 2. Circle the word that does not belong in each group:

1. firm 2. company 3. society 4. subsidiary
1. salary 2. manager 3. engineer 4. employee
1. finance 2. product 3. planning 4. marketing
1. ship 2. assemble 3. customer 4. purchase
1. plant 2. facility 3. patent 4. factory

Task 3. Match the following definitions to the groups of three words that you identified above.

- a. manufacturing sites ____
- b. stages in the manufacturing process ____
- c. people who work in a company ____
- d. types of business organization ____
- e. different departments in a company ____

Task 4. Match each of the following words that you circled with the following definitions.

1. _____ payment for work, usually monthly
2. _____ an item that has been made
3. _____ an organization or club with members who share similar interests
4. _____ a document that gives the exclusive right to make or sell a new product
5. _____ a person who buys goods or services

Task 5. Explain in your own words the structure of most companies using the word combinations from the previous tasks.

Task 6. Match the word combinations and its definitions:

• to be composed of	1. to state and carry out
• in accordance with	2. to have a head or a supervisor
• to maintain price	3. to be responsible for

stability	
<ul style="list-style-type: none"> to define and implement 	4. to consist of
<ul style="list-style-type: none"> to be headed 	5. money charged or paid for the use of money, expressed as a percentage
<ul style="list-style-type: none"> to be in charge of 	6. conforming to a law or regulation
<ul style="list-style-type: none"> interest rate 	7. to keep prices stable

Task 7. Read the text and complete the information below.
Organization of the European system of central banks (ESCB)

1 The ESCB is composed of the European Central Bank (ECB) and the national central banks (NCBs) of the European Union member states. In accordance with the ESCB Statute, the primary objective of the ESCB is to maintain price stability.

2 The basic tasks to be carried out by the ESCB are:

- to define and implement the monetary policy of the EU;
- to conduct foreign exchange operations;
- to hold and manage the official foreign reserves of the Member States;
- to promote the smooth operation of payment systems.

3 The ECB is run by a six-member executive board headed by the ECB President and Vice-president. The four other members are in charge of payment systems, banking supervision, international relations, organization, statistics, banknotes and information systems.

4 Interest rates are now set by the ECB's governing council which consists of the six-member executive board and

the presidents of the national central banks of the participant countries.

Understanding main points.

1. The ESCB is composed of the _____ and the _____.
2. The ECB is run by the _____.
3. The organization of the ECB executive board:

a.

b.

c.	c.	c.	c.
----	----	----	----

4. The members of the executive board are in charge of:
 - a.
 - b.
 - c.
 - d.
 - e.
 - f.
 - g.
5. The ECB's governing council consists of a. _____; b. _____.
6. The main objective of the ESCB is to _____.
7. The NCBs fulfill all functions except _____.
8. Interest rates are set by the _____.

Task 8. Speak about the organization of the European system of central banks using the information from the previous task.

Unit 7. Check-up.

1. Make sure that you know the following words and word combinations, translate them into Russian.

To own money, blue-chip borrowers, base rate, creditworthiness, credit standing, lower interest rate, margin (spread), to reduce money supply, long-term interest rates, the supply and demand for money, floating interest rates, to arrange rate limits, reserve requirements, to peg currency against the dollar, economic performance, to transfer money, to conduct payments, safe facilities for money and valuables, money transmission services, to investigate and compare various banks, accrued interest, advance free of interest, at interest, beneficial interest, to collect interest, cooperative interest, deposit interest rate, to pay interest on loan, payment of principal and interest, terms of interest, vested interest, debit card, recent transactions, low-interest overdraft, your account is in credit, to enter your PIN, joint account.

2. Make sure that you know the following words and word combinations, translate them into English.

Возмещать затраты, давать деньги в долг, брать деньги в долг, кредит, должник, заемщик (кредитор), процент, основная сумма кредита (без процентов), доход (от кредитования), учетная ставка, коммерческие банки, базовая ставка, имущественный залог, повышаться в цене, международная торговля, обесцениваться, переоценка, недвижимость, эмиссия банкнот, текущий счет, сберегательный счет, приращение процентов, накопленные проценты, реальная процентная ставка, годовой процент, приносить прибыль, беспроцентный, начислять проценты, контрольный пакет акций, предоставлять ссуду под проценты, таблица процентов, плавающая процентная ставка, кредит по открытому счету, закрыть свой счет, держать вклады.

3. Read the following information and then match the words in the box with the definitions below.

Interest rates

An **interest rate** is the cost of borrowing money: the percentage of the amount of a loan paid by the borrower to the lender for the use of the lender's money. A country's minimum interest rate (the lowest rate that any lender can charge) is usually set by the central bank, as part of monetary policy, designed to keep inflation low. This can be achieved if demand (for goods and services, and the money with which to buy them) is nearly the same as supply. Demand is how much people consume and businesses invest in factories, machinery, creating new jobs, etc. Supply is the creation of goods and services, using **labor** – paid work – and capital.

When **interest rates fall**, people borrow more, and spend rather than save, and companies invest more. Consequently, the level of demand rises.

When **interest rates rise**, so that borrowing becomes more expensive, individuals tend to save more and consume less. Companies also invest less, so demand is reduced.

If **interest rates are set too low**, the demand for goods and services grows faster than the market's ability to supply them. This causes prices to rise so that inflation occurs.

If **interest rates are set too high**, this lowers borrowing and spending. This brings down inflation, but also reduces output – the amount of goods produced and services performed, and employment – the number of jobs in the country.

The **discount rate** is the rate that the central bank sets to lend short-term funds to commercial banks. When this rate changes, the commercial banks change their own **base rate**, the rate they charge their most reliable customers like large corporations. This is the rate from which they calculate **all their deposit and lending rates** for savers and borrowers.

Banks make their profit from the difference, known as a **margIn** or **spread**, between the interest rates they charge borrowers and the rates they pay to depositors. The rate that borrowers pay depends on their **creditworthiness**, also known as **credit standing or credit rating**. This is the lender's estimation of a borrower's present and future **solvency**: their ability to pay debts.

The higher the borrower's solvency, the lower the interest rate they pay. Borrowers can usually get a lower interest rate if the loan is guaranteed by securities or other collateral. For example, mortgages for which a house or apartment is collateral are usually cheaper than ordinary bank loans or overdrafts – arrangements to borrow by spending more than is in your bank account. Long-term loans such as mortgages often have **floating or variable interest rates** that change according to the supply and demand for money.

Leasing or hire purchase (HP) agreements have higher interest rates than bank loans and overdrafts. These are when a consumer makes a series of monthly payments to buy durable goods (e.g. a car, furniture). Until the goods are paid for, the buyer is only hiring or renting them, and they belong to the lender. The interest rate is high as there is little security for the lender: the goods could easily become damaged.

Remember: BrE: base rate; AmE: prime rate

creditworthy floating rate invest labor spread output solvency interest rate

1. the cost of borrowing money, expressed as a percentage of the loan –
2. having sufficient cash available when debts have to be paid –
3. paid work that provides goods and services –
4. a borrowing rate that isn't fixed –
5. safe to lend money to –

6. the difference between borrowing and lending rates –
7. the quantity of goods and services produced in an economy –
8. to spend money in order to produce income or profits –

4. Name the interest rates and loans.

- a. _____: a loan to buy property (a house, flat, etc.)
- b. _____: borrowing money to buy something like a car, spreading payment over 36 months
- c. _____: commercial banks' lending rate for their most secure customers
- d. _____: occasionally borrowing money by spending more than you have in the bank
- e. _____: the rate at which central banks make secured loans to commercial banks

5. Are the following statements true or false? Find reasons for your answers in the text.

1. All interest rates are set by central banks.
2. When interest rates fall, people tend to spend and borrow more.
3. A borrower who is very solvent will pay a very high interest rate.
4. Loans are usually cheaper if they are guaranteed by some form of security or collateral.
5. If banks make loans to customers with a lower level of solvency, they can increase their margins.
6. one of the causes of changes in interest rates is the supply and demand for money.

Unit 8: Internet banking

Pre-reading activities

Internet banking: definitions

Task 1. Write the words into the spaces below.

applications _ authentication _ encrypted facilities _ passwords _ PINs protected _ transactions _ victims
--

a. Customers with facilities for Internet banking (also known as online banking) can use their bank's or building society's website to carry out payments and other 1 _____ over the Internet. This form of banking can be done outside business hours and from anywhere with Internet access. Features of Internet banking include payment of bills, funds transfers between a customer's own accounts, transfers to a third party's account, loan 2 _____ and viewing bank statements.

b. In addition to the Internet banking 3 _____ offered by high-street banks, a new generation of banks operate exclusively online. These banks tend to offer high interest rates on savings accounts and low rates on loans because their overheads are much lower than those of traditional banks.

c. Security has become a key issue in Internet banking. For most secure Internet sites, such as Internet shopping sites, single password 4 _____ is considered sufficient. In an increasing number of countries, this is no longer considered adequate for Internet banking. In these cases, entry to the site requires the input of one of a selection of passwords and multiple 5 _____. All information is 6 _____, making it almost impossible for a third party (i.e. a hacker) to access the information.

d. However, hackers can gain access to inadequately 7 _____ home PCs, and can record the password as it is typed in (key logging). Spyware and other malicious

programs can record private banking details, and send them to a third party. A more commonplace danger is written passwords and PINs falling into the wrong hands.

e. Internet banking is perceived by some as being too vulnerable to fraud to consider using. However, the number of 8 _____ of Internet banking fraud is very small. Statistically, in fact, conventional banking activities carry a higher risk of fraud than Internet banking – simple credit card fraud and various forms of identity theft are far more widespread. It is far easier to obtain banking and other details by going through a bag of rubbish and collecting old bank statements etc. than it is to obtain it by hacking.

f. Generally speaking, unless users are careless or gullible, Internet banking does not carry a great level of risk. Nevertheless, criminals continue to come up with inventive ways to access accounts. An example is “phishing” – using emails purporting to be from the customer’s bank to persuade people to hand over their 9 _____.

Task 2. Find words in the article which mean the same as the following.

1. money (paragraph a) _____
2. another person or company (paragraph a) _____
3. only (paragraph b) _____
4. business expenses (paragraph b) _____
5. more than one (paragraph c) _____
6. person who illegally access somebody else's computer (paragraph c) _____
7. a program which steals private information from a computer (paragraph d) _____
8. intended to do bad things (paragraph d) _____

9. financial crime (**paragraph e**) _____
10. stealing money by pretending to be somebody else (**paragraph e**) _____
11. common (**paragraph e**) _____
12. easily deceived / will believe anything (**paragraph f**) _____
13. pretending (**paragraph f**) _____
14. give (**paragraph f**) _____

Task 3. Match the verbs with the nouns.

1. access	a. a bill online
2. carry	b. a password
3. click on	c. a risk
4. enter / input / key in / type in	d. an electronic payment
5. fall into	e. an icon
6. make	f. funds
7. pay	g. the internet
8. transfer	h. the wrong hands

Task 4. Match the words on the left with words on the right.

1. a high	a. business hours
2. a low risk of	b. fraud
3. an Internet-only	c. interest rates
4. offer higher-than-average	d. level of security
5. outside	e. savings account
6. vulnerable	f. to fraud

Task 5. Refresh your Grammar. Translate the sentences into Russian.

1. As soon as you receive this e-mail, you will be able to access your account and transfer money from you current bank account. (zero-conditional).
2. Once we have received these documents, we'll confirm without delay that your account is fully active. (zero-conditional).
3. By not processing cheques, we can pass the savings straight onto our customers. (Participle I; modal verb *can* + verb).
4. We've stood in bank queues, trying to find a deposit slip. (Present Perfect; Participle I).
5. We've done everything we can to make our services as friendly and simple as possible. (Present Perfect' modal verb *can*; Infinitive).

Task 6. Translate into English.

1. Как только вы получите эту карточку, вы сможете снять деньги со счета или перевести деньги с вашего текущего банковского счета.
2. Мы сделали все возможное, чтобы защитить ваши деньги на счету.
3. Как только вы получите электронное письмо, вы сможете получить доступ к вашему банковскому счету.
4. Мы все стояли в длинных очередях в банках, пытаясь найти бланк.
5. Не пользуясь чеками, мы можем переводить деньги прямо нашим клиентам.
6. Мы все пытались встретиться с банковским служащим, чтобы договориться об овердрафте.
7. Мы начисляем проценты, не удерживая налоги.

Task 7. Learn the active vocabulary.

1. High Street Bank	коммерческий банк
2. to run	управлять
3. glossy leaflets	глянцевые буклеты
4. overheads	накладные расходы
5. bank charges	плата за услуги банка
6. to accrue	накапливать
7. to deduct tax	вычитать налог
8. to fill in the form	заполнять бланк
9. advanced	усовершенствованный
10. secure	безопасный
11. sophisticated security layers	сложные уровни защиты
12. encryption technology	технология шифрования
13. to submit	предоставлять
14. application form	форма заявки
15. confirmatory	подтверждающий
16. to access	получать доступ
17. to transfer	передавать
18. relevant documents	необходимые документы
19. without delay	без задержки, безотлагательно
20. instantaneously	мгновенно
21. without charge	бесплатно
22. to pass the savings	перевести сбережения
23. queues	очереди
24. deposit slip	бланк о вносе депозита
25. biro on a chain	шариковая ручка на цепочке
26. to get an appointment	встретиться
27. overdraft	овердрафт
28. convenient	удобный
29. friendly	благоприятный, удобный
30. simple	простой

Reading / comprehension activities

Task 8. Read, translate the following text and retell it.

First-E: the internet bank

a. Next time you're in a High Street Bank, look around you and think how much it must cost to run – a prestige address, a nice office for the manager, lots of staff and glossy leaflets. You might as well enjoy it – because you're paying for it. With first-e, overheads and bank charges just don't apply. This means better interest rates for you.

b. First-e offers high interest on every pound you put in. We accrue interest daily and pay it monthly, without deducting tax, as long as you fill in the form we give you.

c. We use the most advanced and secure systems available to protect your assets – so your money is just as safe as it is in a High Street Bank. A number of sophisticated security layers including advanced encryption technology are used to protect all first-e customers.

d. All you have to do is:

1. Complete and submit the on-line application form. You will then receive a confirmatory e-mail. As soon as you receive this e-mail, you will be able to access your account and transfer money from you current bank account.

2. Print, sign and post the relevant documents to us. Once we have received these documents, we'll confirm without delay that your account is fully active.

e. You can transfer funds on-line from one first-e account to another – easily, instantaneously and without charge. Similarly, you can use the on-line transfer facility to transfer funds to and from another bank account in the UK, free of charge. Transfers to another bank normally take three working days to complete.

Note that we do not currently accept cheques for the first-e savings account. Handling cheques is a slow and

expensive practice. By not processing cheques, we can pass the savings straight onto our customers.

f. We've all stood in bank queues, trying to find a deposit slip and fill it in while we're standing up with a biro on a chain that doesn't work. We've all tried in vain to get an appointment with some junior manager for an overdraft.

First-e aims to change all of that, and make banking easy and convenient. We've done everything we can to make our services as friendly and simple as possible.

Task 9. Match the sub-headings of the text with the extracts (a-f).

1. transfer cash out conveniently and easily
2. designed for the internet, not the high street
3. opening an account is simple – it only takes an instant
4. manage your finances the easy way
5. high street interest rates
6. your money is safe with us

Task 10. Mark these statements true (T) or false (F) according to the text. Find the part of the text that gives the correct information.

first-e ...

1. has a prestige high street address in every town.
2. offers high interest rates on savings.
3. lets you open an account without the need for paper documents.
4. allows you to transfer funds on-line.
5. doesn't make any bank charges to its customers.
6. takes 3 days to transfer funds from one first-e account to another.
7. offers customers a cheque book.
8. protects customer security using encryption technology.

Vocabulary activities

Internet Banking

Task 11. Match the terms with their definitions.

1. overheads	a. money kept in the bank to earn interest
2. bank charges	b. money spent on the general; running of a business, not related to producing goods or selling services
3. interest rate	c. what customers pay the bank in return for its services
4. assets	d. amount the bank will pay customers on their deposits
5. savings	e. arrangement that allows customers to take out more money from their account than they have put in
6. overdraft	f. funds belonging to an individual

Task 12. Find a word or phrase in the text that has a similar meaning.

1. put money into your account _____
2. fill in a form _____
3. present _____
4. as soon as possible _____
5. money in your account _____
6. free _____

Task 13. Find a word or phrase in the text that has the opposite meaning.

1. old-fashioned _____
2. risky _____
3. difficult _____
4. cheap _____
5. complicated _____

6. impersonal _____

Task 14. Choose the best explanation for each of these phrases from the text.

1. glossy leaflets
 - a. advertising material printed on expensive paper
 - b. attractive plants used to decorate a bank or office
2. we accrue interest daily
 - a. interest is added to your account each day
 - b. the bank earns interest on your account each day
3. encryption technology
 - a. writing data in a code that people can not access
 - b. using computers to transfer funds quickly
4. relevant documents
 - a. documents the bank sent
 - b. documents that have been signed
5. deposit slip
 - a. envelope you put money in when pay cash into your account
 - b. form you complete when pay money into your account
6. in vain
 - a. taking a lot of time
 - b. trying hard but without success

Task 15. Match the verbs and nouns.

1. offer	a. funds
2. deduct	b. interest
3. fill in	c. an account
4. protect	d. a form
5. open	e. assets
6. submit	f. cheques
7. transfer	g. tax
8. accept	h. an application

Task 16. Complete the sentences with an appropriate phrase from the previous task.

1. The bank _____ of 5 % on all deposits.
2. The customer was asked to _____ and hand it in at the desk.
3. With internet banking, it is possible to _____ on-line from one account to another.
4. In order to reduce costs, many internet banks don't _____.
5. To apply for a job, or to open a new account, you have to _____.
6. Many people _____ at a bank when they start their first job.
7. Interest is paid gross, which means that the bank does not _____.
8. Customers needn't worry about security, the bank uses sophisticated encryption technology to _____ their _____.

Task 17. Translate into English.

1. класть деньги на счет –
2. взимать плату за банковские услуги –
3. начислять проценты ежедневно –
4. выплачивать проценты ежемесячно –
5. удерживать налог –
6. заполнять бланк –
7. защищать вклады –
8. заполнить и отослать заявку –
9. получить доступ в своему счету –
10. переводить деньги с вашего текущего банковского счета –
11. распечатать, _____ подписать _____ и _____ отослать соответствующие документы –
12. найти бланк о взносе депозита –

Listening/ comprehension activities

Banking channels

Task 18. Learn the following words and phrases.

1. array	множество
2. ATM	банкомат
3. device	устройство
4. public space	общественные места
5. bank teller	банковский служащий
6. wider range of services	широкий спектр услуг
7. to enable	давать возможность
8. to feed in the notes	вводить банкноты
9. to withdraw cash	снимать наличные деньги со счета
10. mail	почта
11. to deliver periodic account statements	доставлять периодические выписки по счету
12. to perform transactions	производить операции
13. billers	организации, рассылающие счета за услуги
14. credit union	кредитный союз
15. building society	строительная компания

Task 19. Listen to the text and say if the following sentences are true or false. Retell the text.

1. Banks offer a few different channels to access their banking and other services.
2. A branch of a bank offers a wide array of face-to-face service to its customers.
3. ATM provides customers a method of financial transactions in a public space.
4. Mail can't be used to send orders to the bank to pay money to third parties.
5. Telephone banking allows its customers to perform transactions over the telephone.

Writing activities

Task 20. Translate and learn the following idioms and make up sentences with some of them in writing.

1. splurge on (something) - to spend more money than one might ordinarily spend

We decided to splurge and go to a nice restaurant for dinner.

2. scrape (something) together - to gather small amounts of money (usually with some difficulty) for something

We scraped together some money and bought a present for my mother.

3. rain check - a promise to repeat an invitation at a later date

I decided to take a rain check and will go to the restaurant with my friend another time.

4. piggy bank - a small bank/container for saving money that is sometimes in the shape of a pig

The small boy saved much money in his piggy bank.

5. pad the bill - to add false expenses to a bill

The plumber who was fixing our plumbing system was padding the bill so we got a new plumber.

Task 21. Translate the following sentences into English.

1. Он хочет побаловать детей и купить им поездку на море.
2. Семья копила деньги в течение нескольких месяцев чтобы купить новый телевизор.
3. Мы пообещали поехать на море в другой раз, потому что у нас не было достаточно денег на поездку.
4. Строители сильно раздували счета на материалы, поэтому мы наняли других.
5. Мальчик хранил свои сбережения в копилке.

Discussion: Financial world

Task 1. Read the following text. Then complete the chart using the information from the text. Speak about most tradable currencies using the chart.

1. U.S. Dollar (USD)

Central Bank: Federal Reserve (Fed)

The Almighty Dollar Created in 1913 by the Federal Reserve Act, the Federal Reserve System (also called the Fed) is the central banking body of the U.S. With the U.S. dollar being on the other side of approximately 90% of all currency transactions, the Fed's sway has a sweeping effect on the valuation of many currencies.

The system is itself headed by a chairman and board of governors, with most of the focus being placed on the branch known as the Federal Open Market Committee (FOMC). The FOMC supervises open market operations as well as monetary policy or interest rates.

Sometimes referred to as the greenback, the U.S. dollar (USD) is the home denomination of the world's largest economy, the United States. As with any currency, the dollar is supported by economic fundamentals, including gross domestic product, and manufacturing and employment reports. However, the U.S. dollar is also widely influenced by the central bank and any announcements about interest rate policy. The U.S. dollar is a benchmark that trades against other major currencies, especially the euro, Japanese yen and British pound.

2. European Euro (EUR)

Central Bank: European Central Bank (ECB)

The Dollar's Nemesis In addition to having jurisdiction over monetary policy, the ECB also holds the right to issue banknotes as it sees fit. Similarly to the Federal Reserve, policy makers can interject at times of bank or system failures. The ECB differs from the Fed in an important area: instead of

maximizing employment and maintaining stability of long-term interest rates, the ECB works towards a prime principle of price stability, with secondary commitments to general economic policies. As a result, policymakers will turn their focus to consumer inflation in making key interest rate decisions.

Although the monetary body is somewhat complex, the currency is not. Against the U.S. dollar, the euro (EUR) tends to be a slower currency compared to its colleagues (i.e., the British pound or Australian dollar). On an average day, the base currency can trade between 30-40 pips, with more volatile swings averaging slightly more, at 60 pips wide per day. Another trading consideration is time. Trading in the euro-based pairs can be seen during the London and U.S. sessions (which occur from 2am through 11am EST).

3. Japanese Yen (JPY)

Central Bank: Bank of Japan (BoJ)

Technically Complex, Fundamentally Simple

Established as far back as 1882, the Bank of Japan serves as the central bank to the world's second largest economy. It governs monetary policy as well as currency issuance, money market operations and data/economic analysis. The main Monetary Policy Board tends to work toward economic stability, constantly exchanging views with the reigning administration, while simultaneously working toward its own independence and transparency. Meeting 12-14 times a year, the governor leads a team of nine policy members, including two appointed deputy governors.

The Japanese yen (JPY) tends to trade under the identity of a carry trade component. Offering a low interest rate, the currency is pitted against higher-yielding currencies, especially the New Zealand and Australian dollars and the British pound. As a result, the underlying tends to be very erratic, pushing traders to take technical perspectives on a

longer-term basis. Average daily ranges are in the region of 30-40 pips, with extremes as high as 150 pips. To trade this currency with a little bit of a bite, focus on the crossover of London and U.S. hours (6am - 11am EST).

4. British Pound (GBP)

Central Bank: Bank of England (BoE)

The Queen's Currency As the main governing body in the United Kingdom, the Bank of England serves as the monetary equivalent of the Federal Reserve System. In the same fashion, the governing body establishes a committee headed by the governor of the bank. Made up of nine members, the committee includes four external participants (appointed by the Chancellor of Exchequer), a chief economist, director of market operations, committee chief economist and two deputy governors.

A little bit more volatile than the euro, the British pound (GBP, also sometimes referred to as "pound sterling" or "cable") tends to trade a wider range through the day. With swings that can encompass 100-150 pips, it isn't unusual to see the pound trade as narrowly as 20 pips. Swings in notable cross currencies tend to give this major a volatile nature, with traders focusing on pairs like the British pound/Japanese yen and the British pound/Swiss franc. As a result, the currency can be seen as most volatile through both London and U.S. sessions, with minimal movements during Asian hours (5pm - 1am EST).

5. Swiss Franc (CHF)

Central Bank: Swiss National Bank (SNB)

A Banker's Currency Different from all other major central banks, the Swiss National Bank is viewed as a governing body with private and public ownership. This belief stems from the fact that the Swiss National Bank is technically a corporation under special regulation. As a result, a little over half of the governing body is owned by the sovereign states of Switzerland. It is this arrangement that emphasizes the

economic and financial stability policies dictated by the governing board of the SNB. Smaller than most governing bodies, monetary policy decisions are created by three major bank heads who meet on a quarterly basis.

The governing board creates the band (plus or minus 25 basis points) of where the interest rate will reside. Similar to the euro, the Swiss franc (CHF) hardly makes significant moves in the any of the individual sessions. As a result, look for this particular currency to trade in the average daily range of 35 pips per day. High-frequency volume for this currency is usually pitted for the London session (2am - 8am EST).

6. Canadian Dollar (CAD)

Central Bank: Bank of Canada (BoC)

The Loonie Established by the Bank of Canada Act of 1934, the Bank of Canada serves as the central bank called upon to "focus on the goals of low and stable inflation, a safe and secure currency, financial stability and the efficient management of government funds and public debt." Acting independently, Canada's central bank draws similarities with the Swiss National Bank because it is sometimes treated as a corporation, with the Ministry of Finance directly holding shares. Despite the proximity of the government's interests, it is the responsibility of the governor to promote price stability at an arm's length from the current administration, while simultaneously considering the government's concerns. With an inflationary benchmark of 2-3%, the BoC has tended to remain a shade more hawkish rather than accommodative when it comes to any deviations in prices.

Keeping in touch with major currencies, the Canadian dollar (CAD) tends to trade in similar daily ranges of 30-40 pips. However, one unique aspect about the currency is its relationship with crude oil, as the country remains a major exporter of the commodity. As a result, plenty of traders and

investors use this currency as either a hedge against current commodity positions or pure speculation, tracing signals from the oil market.

7. Australian/New Zealand Dollar (AUD/NZD)

Central Bank: Reserve Bank of Australia / Reserve Bank of New Zealand (RBA/RBNZ)

Always A Carry Favorite Offering one of the higher interest rates in the major global markets, the Reserve Bank of Australia has always upheld price stability and economic strength as cornerstones of its long-term plan. Headed by the governor, the bank's board is made up of six members-at-large, in addition to a deputy governor and a secretary of the Treasury. Together, they work toward to target inflation between 2-3%, while meeting nine times throughout the year. In similar fashion, the Reserve Bank of New Zealand looks to promote inflation targeting, hoping to maintain a foundation for prices.

Both currencies have been the focus of carry traders, as the Australian and New Zealand dollars (AUD and NZD) offer the highest yields of the seven major currencies available on most platforms. As a result, volatility can be experienced in these pairs if a deleveraging effect takes place. Otherwise, the currencies tend to trade in similar averages of 30-40 pips, like other majors. Both currencies also maintain relationships with commodities, most notably silver and gold.

8. South African Rand (ZAR)

Central Bank: South African Reserve Bank (SARB)

Emerging Opportunity Previously modeled on the United Kingdom's Bank of England, the South African Reserve Bank stands as the monetary authority when it comes to South Africa. Taking on major responsibilities similar to those of other central banks, the SARB is also known as a creditor in certain situations, a clearing bank and major custodian of gold. Above all else, the central bank is in charge of "the

achievement and maintenance of price stability". This also includes intervention in the foreign exchange markets when the situation arises.

Interestingly enough, the South African Reserve Bank remains a wholly owned private entity with more than 600 shareholders that are regulated by owning less than 1% of the total number of outstanding shares. This is to ensure that the interests of the economy precede those of any private individual. To maintain this policy, the governor and 14-member board head the bank's activities and work toward monetary goals. The board meets six times a year.

Seen as relatively volatile, the average daily range of the South African rand (ZAR) can be as high as 1,000 pips. But don't let the wide daily range fool you. When translated into dollar pips, the movements are equivalent to an average day in the British pound, making the currency a great pair to trade against the U.S. dollar (especially when taking into consideration the carry potential).

Conclusion

As financial markets continue to evolve and grow globally, foreign exchange and currencies will play an increasingly large role in day-to-day transactions. Notional volumes for the market sector are already averaging approximately \$3 trillion per day. As a result, whether a conversion for physical trade or a simple portfolio diversification play, currencies continue to offer more opportunities to both the retail and institutional investor.

	bank structure	unofficial name of the currency	currency trading	time of trading
1. U.S. Dollar <i>Federal Reserve</i>				
2. European Euro European Central Bank				
3. Japanese Yen Bank of Japan				
4. British Pound Bank of England				
5. Swiss Franc <i>Swiss National Bank</i>				
6. Canadian Dollar Bank of Canada				
7. Australian/New Zealand Dollar Reserve Bank of Australia/Reserve Bank of New Zealand				
8. South African Rand <i>South African Reserve Bank</i>				

Unit 8. Check-up.

1. Make sure that you know the following words and word combinations, translate them into Russian.

Facilities for Internet banking, to carry out payments, viewing bank statements, high-street banks, to operate exclusively online, to offer high interest rates, to offer low rates on loans, password authentication, multiple PINs, inadequately protected home PCs, credit card fraud, to pay a bill online, glossy leaflets, bank charges, to fill in the form, sophisticated security layers, encryption technology, without delay, without charge, pass the savings, deposit slip, to get an appointment, overdraft, savings, without charge, relevant documents, to submit an application, to open an account, device, public space, bank teller, wider range of services, to feed in the notes, to withdraw cash, to perform transactions, credit union, building society, rain check, piggy bank, to pad the bill.

2. Make sure that you know the following words and word combinations, translate them into English.

Осуществлять операции через интернет, во внерабочее время, доступ к интернету, оплата счетов, перевод денежных средств между счетами одного клиента, заявка на получение ссуды (кредита), выписка по банковскому счету, банковские операции, безопасность, мошенничество, жертвы интернет мошенничества, получать доступ к счетам, накладные расходы, подвергать риску, ввести пароль, высокий уровень безопасности, вычитать налог, форма заявки, необходимые документы, шариковая ручка на цепочке, бесплатно, начислять проценты каждый день, банкомат, давать возможность, доставлять периодические выписки по счету, организации, рассылающие счета за услуги, копить.

Module 2. Individual work

The first variant

Task 1. Read, translate the text and summarize its content in several sentences. Make up the vocabulary of this text.

Become Your Clients' One-Stop Shop

The proliferation of new financial products and services has led to many changes in how the industry has marketed itself to consumers. Traditionally, insurance companies marketed their policies as being the best, banks tried to lure customers with higher rates on certificates of deposit and tax preparers vied to offer the best services for the lowest possible price.

Of course, using a product's best attributes within marketing campaigns is still relevant today, but service is rapidly overtaking product offerings as the primary criterion customers look for when choosing where to do business. This trend has naturally led financial service providers to offer comprehensive product and service offerings under one umbrella. There can be several advantages for both the provider and the customer in this type of arrangement, but planners need to carefully consider several issues before implementing this approach in their practices.

What Does One-Stop Shop Mean? A company or a location that offers a multitude of services to a client or a customer. For example, a bank may be able to offer you not only personal banking services and loans, but also investment advice, investment vehicles and insurance policies. Compared to visiting a separate institution for each area of need, the "one-stop shop" saves the consumer a lot of time and effort.

What does one-stop shopping entail? The definition of one-stop shopping today includes more products and services than ever. The major sectors are:

- Cash management and other banking services
- Brokerage and alternative investments
- All forms of tax preparation and advice
- College and estate planning
- All major forms of insurance coverage, including life, health and property-casualty lines
- The latest mortgage and loan products
- Comprehensive financial planning
- Accounting and payroll services

This list will continue to grow as the borders between commercial banks, brokers and insurance companies become less distinct with every new product innovation.

The One-Stop Shopping Advantage There are a number advantages to offering comprehensive financial services to customers; they include:

Revenues: One of the most obvious benefits is that one-stop shopping allows planners to generate much higher levels of revenue from the same customers than their competition. If a customer walks into the local office of a household-name insurance company, no matter how much the customer likes and trusts the agent, the agent will only be able to sell the customer insurance.

On the other hand, a firm with comprehensive offerings can also make money from refinancing the customer, preparing his or her income tax return, opening a Roth IRA, and preparing a custom-made financial plan that shows how it all fits together. As a bonus for the customer, the custom-made financial plan could be offered for free as an incentive for the customer to use the other services. The additional revenue garnered from just one client allows a business to reduce the amount of effort required to prospect for new business. This difference in revenue is hard to beat, especially in today's flooded and competitive market.

Customer Loyalty: A higher level of service will result in a correspondingly higher level of client trust. After all, if a client must give the planner his or her tax information, it is not hard to go ahead and get an estate plan completed as well. Furthermore, if a client wants to maintain a proper balance between insurance and investments, why not simply do both at the same place where they can monitor the balance directly?

Convenience: If the client receives a comprehensive financial plan with a list of recommendations, it is easy to see the benefits for having them all done in-house instead of running around to a dozen other firms or agents to complete each item. This line of reasoning is hard to argue with, assuming that all services are provided competently and diligently.

Conclusion. Providing one-stop shopping services can be both rewarding and demanding for firms of any size. Smaller firms must remember that they face the same legal issues pertaining to information sharing as their corporate counterparts, and larger firms need to recognize the amount of effort required to coordinate an individual client's needs between various branches. Either way, the firms that successfully integrate comprehensive services into their product offerings stand to benefit by increasing revenues while offering lower costs. And at the same time, customers can reap the rewards of lower fees and convenience. The ability to successfully integrate comprehensive services into a financial planning practice can give planners a substantial edge over their competition.

Task 2. Translate the following text into Russian in writing.
The National Bank of Ukraine



The legal status of the National Bank of Ukraine and the principles of its organization and activities are determined by the Constitution of Ukraine and the Law of Ukraine "On the National Bank of Ukraine".

The National Bank of Ukraine is a legal entity with separated property, which is the object of the state property. Its authorized capital amounts to UAH 10 million and is the state-owned property which is in the full economic competence of the National Bank.

According to Article 99 of the Constitution of Ukraine, adopted in 1996, the main function of the country's central bank is to ensure stability of monetary unit - the Hryvnia. To carry out its main function, the National Bank shall foster the stability of the banking system and, within its competence, the price stability.

According to the Law of Ukraine "On the National Bank of Ukraine", the National Bank is the central bank of Ukraine, a specific central body of the state administration, its issuing center which pursue common state policy in money circulation, credit, strengthening of monetary unit; it coordinates functioning of the banking system in general; determines exchange rate of the monetary unit against foreign currencies. The National Bank determines a kind of bank notes, their denomination, distinctive features and their protection system. The National Bank of Ukraine ensures the

accumulation and custody of the gold and currency reserves and the conduction of transactions with them and the banking metals. The National Bank of Ukraine sets up the order of determining a discount rate and other interest rates; it gives permission for commercial banks' registration and licenses banking business; determines the standard of emergency funds for commercial banks and other financial and credit institutions.

The National Bank also carries out the following functions (here are some of them):

- to determine and pursue the monetary policy in accordance with the General Principles of the Monetary Policy developed by the Council of the National Bank of Ukraine;
- to issue the national currency of Ukraine on a monopoly basis and to organize its circulation;
- to establish the rules of conducting banking transactions, accounting and reporting, protection of the information, funds and property for the banks and other financial and credit institutions;
- to organize and to provide the methodological support to the system of the monetary, crediting and banking statistical information and the statistics of the balance of payments;
- to determine the areas of the development of modern electronic banking technologies, to establish, coordinate and control the creation of electronic means of payment, payment system, banking automation and the banking information protection facilities;
- to exercise the banking regulation and supervision;
- to keep a Register of banks, their branch and representative offices, currency exchanges and financial and credit institutions, to license banking business and transactions, if provided for by the laws.

Task 3. Learn the following banking idioms, translate the sentences with them into Russian and make up your own sentences in written form.

Banking idioms

1. break the bank - to win all the money at a casino gambling table, to use all of one's money

The man broke the bank at the casino and walked away with a lot of money.

2. honor (someone's) check - to accept someone's personal check

The bank refused to honor my check for the apartment rent.

3. nest egg - the money that someone has saved up

I made a nest egg when I was working and I am now able to go to school.

4. make a check out to (someone) - to write a check with someone's name on it

I made a check out to the man who repaired my bathroom.

5. Square Mile (UK) The Square Mile is the City, the financial area of London.

6. bank on something – to be confident that it will happen

I will be there. You can bank on it.

Do you think your guy will win? You can bank on it.

7. laughing all the way to the bank - one is happy because one got a lot of money

8. cry all the way to the bank - to make a lot of money on something that one ought to be ashamed of.

That dreadful movie had no artistic merit. I suppose the people who produced it are crying all the way to the bank.

9. breaking the bank - spending more money than you have

You really should not be buying this ring. You are breaking the bank.

The second variant

Task 1. Read, translate the text and summarize its content in several sentences. Make up the vocabulary of this text.

Demystification Of Bank Accounts

Any savvy investor, or even an ordinary individual with no economics background, should be well aware that banks and financial institutions (FI) are the lifeblood of a country's strong economy. At the same time, banks and financial institutions are considered the backbone of every household.

These days, banks with brick-and-mortar branches are only the start when it comes to your banking options. The banking industry emerged from the Internet revolution with new operating trends and new ways to efficiently and easily provide services to customers. Nowadays, you don't even have to step outside your house to create a new bank account.

With more choices obviously comes more confusion. This article will help you sort through the chaos and gain a better understanding of the types of bank accounts available as well as how each type works.

Types of Accounts

Checking Accounts. The checking account is the simplest and most basic account needed for day-to-day transactions. Electronic transfers and Automated Teller Machine (ATM) transactions have become linked to this type of account as well. In the credit-union world, checking accounts are referred to as share drafts.

Since they're used mainly for transaction handling, checking accounts usually don't yield any interest on the balance. However, that's changing nowadays with many internet banks offering interest yields on their checking accounts. Checking accounts can be categorized as either personal or business. There can be a lot of differences between these two categories depending on the financial institution, but their underlying function is the same.

Many banks are adding lots of incentives to personal accounts to attract more customers. As a result, some personal checking accounts don't require a monthly minimum balance, don't charge a monthly fee, provide a free ATM/debit card and even offer free checks. Business checking accounts, however, may not have as many freebies.

Savings Accounts. Savings accounts are mainly used for saving money. In credit unions, they are called share accounts. All financial institutions may require a minimum amount to open a savings account and a monthly minimum balance, but the amounts vary by institution. This account pays interest on your balance depending on the federal business interest rate. That means your account's interest rate can go up or down when the Federal Reserve Board (FRB) (the central banks of the USA) changes the interest rates. It might not be a direct correlation, but the federal interest rate does have an impact on your savings interest. The interest rate also varies by bank.

Dividend/Interest Checking Accounts. Many banks are coming up with new accounts that combine the essence of checking and savings accounts into one account. Each bank has its own name for this account, such as "platinum checking" or "interest checking." Credit unions call them dividend checking accounts.

Money Market Accounts. In the past, money market accounts were meant to be used for any investment or trading purpose. This type of account is specifically meant to be connected to any stock market investment. But nowadays, it's used as another savings vehicle for getting high interest rates compared to savings accounts. Many stock brokerage companies now offer this account whether you plan to invest in stocks or not.

Money market accounts work similarly to savings accounts and can be attached to checking accounts for any

transaction. They may have minimum opening balance requirements, depending on the bank. You do get checks to write against these accounts, but you are limited to only three per month, and the institution may require the check to be for a minimum amount, such as \$500. Further, money market accounts are limited to six transactions per month total (including ACH and internet transfers) according to federal regulations.

CDs. Certificates of deposit (CDs) allow you to grow your money with high interest rates compared to savings and money market accounts. Credit unions call them share certificates. You need a minimum amount to open a CD, depending on the term and the interest rate being offered. Your money will be locked up in the deposit for the selected length of time, which starts at three months and ranges up to five years or so. You won't be able to withdraw your money without penalty during this period. On maturity, you have a choice to renew the CD with the current rate or withdraw the principal plus interest earned during the deposit period.

Conclusion There have been a lot of changes in the banking industry, and you can expect more to come in the future. Every bank or credit union can change their offers or add new account types, which can complicate things and confuse customers. However, if you know the basic categories of accounts and how they work, you should be able to choose the best option for your needs.

Task 2. Translate the following text into Russian in writing.
The Federal Reserve System (the Fed)



The Federal Reserve System (also the Federal Reserve; informally The Fed) is the central banking system of the United States. Created in 1913 by the enactment of the Federal Reserve Act (signed by Woodrow Wilson), it is a quasi-public and quasi-private (government entity with private components) banking system that comprises (1) the presidentially appointed Board of Governors of the Federal Reserve System in Washington, D.C.; (2) the Federal Open Market Committee; (3) twelve regional Federal Reserve Banks located in major cities throughout the nation acting as fiscal agents for the United States Department of the Treasury, each with its own nine-member board of directors; (4) numerous other private U.S. member banks, which subscribe to required amounts of non-transferable stock in their regional Federal Reserve Banks; and (5) various advisory councils.

The primary motivation for creating the Federal Reserve System was to address banking panics. Other purposes are stated in the Federal Reserve Act, such as "to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes."

Current functions of the Federal Reserve System include:

- To address the problem of banking panics
- To serve as the central bank for the United States

- To strike a balance between private interests of banks and the centralized responsibility of government
- To supervise and regulate banking institutions
- To protect the credit rights of consumers
- To manage the nation's money supply through monetary policy to achieve the sometimes-conflicting goals of maximum employment, stable prices, including prevention of either inflation or deflation, moderate long-term interest rates
- To maintain the stability of the financial system and contain systemic risk in financial markets
- To provide financial services to depository institutions, the U.S. government, and foreign official institutions, including playing a major role in operating the nation's payments system
- To facilitate the exchange of payments among regions
- To respond to local liquidity needs
- To strengthen U.S. standing in the world economy.

Components of US money supply (currency, M1, M2, and M3) since 1959:

The most common measures are named M0 (narrowest), M1, M2, and M3. In the United States they are defined by the Federal Reserve as follows:

- M0: The total of all physical currency, plus accounts at the central bank that can be exchanged for physical currency.
- M1: M0 + those portions of M0 held as reserves or vault cash + the amount in demand accounts ("checking" or "current" accounts).
- M2: M1 + most savings accounts, money market accounts, and small denomination time deposits (certificates of deposit of under \$100,000).
- M3: M2 + all other CDs, deposits of Eurodollars and repurchase agreements.

Task 3. Learn the following banking buzzwords, translate the sentences into Russian and make up you own sentences in written form.

Banking buzzwords

What Does Earnest Money Mean?

A deposit made to a seller showing the buyer's good faith in a transaction. Often used in real estate transactions, earnest money allows the buyer additional time when seeking financing. Earnest money is typically held jointly by the seller and buyer in a trust or escrow account.

An earnest money deposit shows the seller that a buyer is serious about purchasing a property. When the transaction is finalized, the funds are put toward the buyer's down payment. If the deal falls through, the buyer may not be able to reclaim the deposit. Typically, if the seller terminates the deal, the earnest money will be returned to the buyer. When the buyer is responsible for retracting the offer, the seller will usually be awarded the money.

What Does Mortgage Mean?

A debt instrument that is secured by the collateral of specified real estate property and that the borrower is obliged to pay back with a predetermined set of payments. Mortgages are used by individuals and businesses to make large purchases of real estate without paying the entire value of the purchase up front.

Mortgages are also known as "liens against property" or "claims on property". In a residential mortgage, a home buyer pledges his or her house to the bank. The bank has a claim on the house should the home buyer default on paying the mortgage. In the case of a foreclosure, the bank may evict the home's tenants and sell the house, using the income from the sale to clear the mortgage debt.

Module 2. Test

Task 1. Choose the best variant. (10 points)

1. After they have been paid in, cheques usually take three working days to _____.
a. pass b. credit c. clear
2. When I write out a cheque, I keep a record by filling in the _____:
a. receipt b. invoice c. counterfoil
3. Houses, bungalows, apartments, offices, shops and any other type of building you can own are called _____.
a. housing b. property c. buildings
4. The _____ are a document which proves who owns a property.
a. owner's deeds b. owner's papers c. title deeds
5. In some countries you can get a mortgage for _____ your annual salary.
a. times five b. five times c. five of
6. If a mortgage borrower _____ the installments...
a. doesn't pay b. defaults on c. fails on
7. ...the mortgage lender will eventually _____ the property.
a. retake b. take back c. repossess
8. A mortgage lender can also be called a mortgagee or a _____.
a. mortgage provider b. mortgage maker c. mortgage producer
9. A mortgage borrower can also be known as a mortgagor or a _____.
a. mortgage owner b. mortgage possessor c. mortgage holder
10. The Bank of England fixes a minimum interest rate, called the discount rate, at which it makes secured loans to
a. big companies b. private individuals c. commercial banks d. new businesses

Task 2. Match the term and its definition (10 points).

1. central banks	a. an agreement to borrow money, especially so as to buy a house, and pay interest on it to the lender
2. commercial banks	b. written order to a bank to pay money
3. mortgage	c. payment made by a borrower for a loan expressed as a percentage
4. repayment mortgage	d. banks that supervise the banking system; fix the minimum interest rates; issue banknotes; control the money supply; influence exchange rates and act as lender of last resort.
5. a deposit account	e. money deposited in a bank, not to be withdrawn without notice, on which interest is payable
6. base rate	f. money gained in business
7. a loan	g. businesses that trade in money
8. a cheque (check)	h. you pay the capital sum and the interest.
9. an interest rate	i. the British word for the American equivalent 'prime rate'
10. a profit	j. a fixed sum of money, lent for a fixed period, on which interest is paid

Task 3. Answer the following questions (20 points).

1. What is banking?
2. Name the most important kinds of bank.
3. What banking services do you know?
4. What does ‘arranging an *overdraft* with the bank’ mean?
5. What is ‘mortgage’?
6. What is insurance designed for?
7. What can you say about insurance companies?
8. What is ‘current (checking) account’?
9. What is ‘deposit account (time or notice account)’?
10. What is the difference between a bank loan and an overdraft?

Task 4. Say if the following statements are true or false (10 points).

1. Insurance is designed to provide a sum of money to compensate only for fire.
2. People can pay premiums to insurance companies or use insurance policies as a way of saving.
3. Commercial banks receive and hold deposits, pay money according to customers instructions, lend money etc.
4. A current account (checking account) usually pays big interest.
5. A current account allows the holder to withdraw his or her cash with no restrictions.
6. Deposit accounts pay no interest.
7. Interest rates on savings and checking accounts vary from bank to bank.
8. Banks don’t require any form of security or guarantee before lending.
9. Banks make a profit from the spread between the interest rates they pay on deposits and those they charge on loans.
10. Standing orders and direct debits are ways of paying regular bills at regular intervals.

Module 3. Corporate Finance

Unit 9: Corporate finance

Pre-reading activities

Stock and shares: definitions

Task 1. Put the correct word in each space. Look up all the unknown words in the dictionary.

arbitrageurs bears bulls insiders
market-makers shareholders stags stockbrokers

1. People who buy stocks and shares are called _____ in Britain, and stockholders in the USA (although most of the shares of all leading companies are held by institutional investors such as pension funds and insurance companies).
2. People who buy securities expecting their price to rise so they can resell them before the next settlement day are known as _____.
3. People who sell shares hoping to buy them back at a lower price before the next settlement day are called _____.
4. People who buy new share issues, hoping to resell them at a profit (if the issue is oversubscribed) are known as _____.
5. Shareholders place their orders with, and sometime seek advice from _____, who are members of the Stock Exchange, but who can work anywhere with a telephone and a computer screen connected to the Stock Exchange.
6. Brokers in turn buy shares from and sell them to _____, who are wholesalers in stocks and shares, and who guarantee to make a market at all times with brokers.
7. _____ are people who occupy a position of trust within an organization and possess information not known to the public; buying or selling shares when in possession of such information that affects their price is illegal.
8. _____ are people who buy stakes in companies involved (or expected to be involved) in takeover bids.

Task 2. Complete the following using the phrases from the box.

Types of shares.

A share (in British English) or a stock (in American English) is a security representing a portion of the nominal capital of a company. (In Britain “stock” is used to refer to either a block of shares with a nominal value of £100, or various kinds of fixed-interest securities).

barometer stocks blue chips defensive stock deferred shares equities growth stock mutual fund ordinary shares participation certificates preference shares or preferred stock

1. Another name for stocks and shares is _____ because all the stocks or shares of a company – or all those of a particular category – have an *equal* nominal value.
2. _____ (US: common stock) are often the only kind of shares with voting rights.
3. Some companies issue _____ which, like shares, grant their holders part of the ownership of a company, but usually without voting rights.
4. _____, as their name suggests, usually receive a fixed dividend, which must be paid in full *before* any dividend is paid on other shares. But because interest payments are tax deductible, and dividends are not, many companies now issue bonds instead.
5. _____ (or stock), again as the name suggests, do not receive a dividend until other categories of shares have had a dividend paid on them, but might earn a higher dividend if the company does well.
6. Securities in companies that are considered to be without risk are known as _____.
7. Wildly held stocks (e.g. blue chips or 20-year Treasury Bonds) that can be considered as indicators of present and

future market performance are known as _____ (GB) or bellwether stocks (US).

8. A _____ or share is one that is expected to appreciate in capital value; it usually has a high purchasing price and a low current rate of return.

9. A _____ or income stock or share is one that offers a good yield but only a limited chance of rise or decline in price.

10. A way of spreading risks is to invest in a unit trust (in Britain) or a _____ (in the USA), organizations that invest small investors' money in a wide portfolio of securities.

Task 3. a. Complete this paragraph using these words.

stocks floating shares fee issue public to underwrite

The act of issuing 1 _____ (GB) or 2 _____ (US) – i.e. offering then for sale to the public for the first time, is known as 3 _____ a company or making a floatation. Companies generally use a bank 4 _____ the issue. In return for a 5 _____, the bank guarantees to purchase the security 6 _____ at an agreed price on a certain day, although it hopes to sell it to the 7 _____.

b. Put the terms from the box into the spaces.

ownership dividend nominal
market price stock exchange vote

Buying a share gives its holder part of 1 _____ of a company. Shares generally entitle their owners to 2 _____ at companies' general meetings, to elect company's directors, and to receive a proportion of distributed profits in a form of a 3 _____ (or to receive part of the company's residual value if it goes into bankruptcy). Shareholders can sell their shares at any time on the secondary market, but the 4 _____ of a share – the price quoted at any given time on the 5 _____, which reflects how well or badly the company is doing – may differ radically from its 6 _____, face or par value.

Task 4. Decide if the following statements are true or false according to the information from the previous task.

1. A company can only be floated once.
2. Companies usually use a bank to underwrite the issue.
3. Bank underwrite share issues when they want to buy the shares.
4. Buying a share gives its holder part of ownership of a company.
5. Shareholders can sell their shares on the major stock exchanges.
6. The market price of a share is never the same as its nominal value.
7. The market price of a share may differ from its nominal.

Task 5. Match the words and phrases that have the same meaning. Translate them into Russian.

British English	American English
1. share	a. bellwether stocks
2. ordinary shares	b. stockholders
3. shareholders	c. mutual fund
4. barometer stocks	d. issuing stocks
5. unit trust	e. stock
6. issuing shares	f. common stock

Task 6. Match the words to get set expressions. Use them in sentences of your own.

1. to issue	a. at general meetings
2. to underwrite	b. a dividend
3. to vote	c. the issue
4. to receive	d. price
5. market	e. shares
6. part	f. into bankruptcy
7. to go	g. exchange
8. stock	h. of ownership

Task 7. Refresh your Grammar. Translate the sentences into Russian.

1. *Corporate finance* is an area of finance dealing with the financial decisions corporations make and the tools and analysis used to make these decisions. (participle I; participle II).

2. The discipline can be divided into long-term and short-term decisions and techniques. (modal verb 'can' + Present Simple Passive).

3. Corporate management seeks to maximize the value of the firm by investing in projects which yield a positive net present value. (Present Simple; participle I; Present Simple).

4. These projects must also be financed appropriately. (modal verb 'must' + Present Simple Passive).

5. The firm's ratio of debt to total financing, 80% in this example, is referred to as the firm's leverage. (Present Simple Passive).

Task 8. Fill in the gaps using verbs in brackets in the right tense or non-finite form.

1. The strategy (to use) to reduce financial risks (to be) very efficient and we (to plan) to make decisions (to deal) with implementation of this strategy.

2. Stocks and shares (can + to call) equities because all the stocks or shares of a company (to have) an *equal* nominal value.

3. Corporate management (to deal) with (to invest) in profitable projects.

4. Decisions (to relate) to working capital and short term financing (to refer) to as working capital management.

5. Our company (must + to make) financial decisions after careful analysis of possible risks.

Task 9. Learn the active vocabulary.

1. to enhance	увеличивать
2. corporate value	финансовая ценность компании
3. to reduce	уменьшать, сокращать
4. return to capital	доход на капитал
5. equity	собственный капитал
6. debt	задолженность
7. to pay dividends	платить дивиденды
8. working capital management	контроль рабочего капитала
9. current assets	оборотный капитал
10. current liabilities	текущие долги
11. inventories	материальные запасы
12. the terms on credit	условие кредитования
13. assets	активы
14. hybrid securities	гибридные ценные бумаги
15. liabilities	задолженность, обязательства
16. leverage	леверидж, доля заемных средств компании
17. Gearing Ratio	соотношение собственных и заемных средств компании

Reading / comprehension activities

Task 10. Read, translate the following text and retell it in several sentences.

Corporate finance

Corporate finance is an area of finance dealing with the financial decisions corporations make and the tools and analysis used to make these decisions. The primary goal of corporate finance is to enhance corporate value while reducing the firm's financial risks. Equivalently, the goal is to maximize the corporations' return to capital.

The discipline can be divided into long-term and short-term decisions and techniques. Capital investment decisions are long-term choices about which projects receive investment, whether to finance that investment with equity or debt, and when or whether to pay dividends to shareholders. On the other hand, the short term decisions can be grouped under the heading "Working capital management". This subject deals with the short-term balance of current assets and current liabilities; the focus here is on managing cash, inventories, and short-term borrowing and lending (such as the terms on credit extended to customers).

Capital investment decisions are long-term corporate finance decisions relating to fixed assets and capital structure. Decisions are based on several inter-related criteria. Corporate management seeks to maximize the value of the firm by investing in projects which yield a positive net present value when valued using an appropriate discount rate. These projects must also be financed appropriately. If no such opportunities exist, maximizing shareholder value dictates that management return excess cash to shareholders. Capital investment decisions thus comprise an investment decision, a financing decision, and a dividend decision.

In finance, *capital structure* refers to the way a corporation finances its assets through some combination of equity, debt, or hybrid securities. A firm's capital structure is then the composition or 'structure' of its liabilities. For example, a firm that sells \$20 billion in equity and \$80 billion in debt is said to be 20% equity-financed and 80% debt-financed. The firm's ratio of debt to total financing, 80% in this example, is referred to as the firm's leverage (Br. E.: gearing). In reality, capital structure may be highly complex and include tens of sources. Gearing Ratio is the proportion of the capital employed of the firm which come from outside of the business finance, e.g. by taking a long term loan etc.

Task 11. Find the English equivalents for the following in the text:

- увеличивать финансовую ценность компании –
- сокращая финансовые риски фирмы –
- максимально увеличить доход на капитал корпораций –
- решения по поводу инвестирования капитала –
- финансировать проект из средств основного капитала или заемного капитала –
- платить дивиденды акционерам –
- контроль рабочего капитала –
- краткосрочный баланс оборотного капитала и текущих долгов –
- долгосрочные финансовые решения корпорации –
- используя соответствующую учетную ставку –
- комбинируя основной капитал, заемный капитал и гибридные ценные бумаги –
- соотношение заемного капитала и общего финансирования фирмы –
- доля заемных средств фирмы –
- структура капитала –
- соотношение собственных и заемных средств –

Task 12. Answer the following questions. Retell the text.

1. What is corporate finance?
2. What is the primary goal of corporate finance?
3. How can this discipline be divided?
4. What is capital investment decisions?
5. What does the subject of short-term decisions deal with?
6. What does corporate management seek?
7. What does the term 'capital structure' refer to?
8. What does the term 'the firm's leverage' refer to?
9. What is Gearing proportion?

Vocabulary activities

Capital

Task 13. All the words below can be combined with 'capital' in a two-word noun or adjective, e.g. capital-intensive, venture capital. Add the word 'capital' either before or after each of the words below.

_____ asset _____
_____ expenditure _____
_____ formation _____
_____ gains _____
_____ goods _____
_____ intensive _____
_____ investment _____
_____ issued _____
_____ market _____
_____ nominal _____
_____ ratio _____
_____ share _____
_____ sum _____
_____ transfer _____
_____ turnover _____
_____ unissued _____
_____ venture _____
_____ working _____

Task 14. Complete the following sentences.

1. _____ are those that are used in the making of other goods.
2. _____ describes activities which require a great deal of capital investment.
3. _____ include inheritances, and so on, and are usually taxed at a special rate.
4. _____ include profits from investments, the sale of assets, and so on, and are often a subject to a special tax.

5. _____ is a capital that is allowed according to a company's Memorandum of Association, but which has not yet been offered for sale.
6. _____ is invested in new enterprises.
7. _____ is the money required to finance a company's everyday operations.
8. A _____ is one that cannot be sold or turned into cash as it is required for making or selling the firm's products.

Task 15. Find the English equivalents for the following terms.

1. приобретение капитала в форме акций –
2. приобретение имущества в виде основного капитала –
3. распределение капитала –
4. используемый капитал –
5. оценка капитала –
6. прирост капитала –
7. собственные средства компании –
8. приток капитала –
9. отток капитала –
10. прибыль на капитал –

Task 16. Translate the following texts into Russian and underline all the terms relating to the topic 'capital'. Translate the terms into Russian.

a. What Does Working Capital Mean?

A measure of both a company's efficiency and its short-term financial health. The working capital ratio is calculated as:

$$\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

Positive working capital means that the company is able to pay off its short-term liabilities. Negative working capital means that a company currently is unable to meet its short-term liabilities with its current assets (cash, accounts receivable and

inventory). It is also known as "net working capital", or the "working capital ratio".

If a company's current assets do not exceed its current liabilities, then it may run into trouble paying back creditors in the short term. The worst-case scenario is bankruptcy. A declining working capital ratio over a longer time period could also be a red flag that warrants further analysis. For example, it could be that the company's sales volumes are decreasing and, as a result, its accounts receivables number continues to get smaller and smaller.

Working capital also gives investors an idea of the company's underlying operational efficiency. Money that is tied up in inventory or money that customers still owe to the company cannot be used to pay off any of the company's obligations. So, if a company is not operating in the most efficient manner (slow collection), it will show up as an increase in the working capital. This can be seen by comparing the working capital from one period to another; slow collection may signal an underlying problem in the company's operations.

b. What Does Net Income - NI Mean?

A company's total earnings (or profit). Net income is calculated by taking revenues and adjusting for the cost of doing business, depreciation, interest, taxes and other expenses. This number is found on a company's income statement and is an important measure of how profitable the company is over a period of time. The measure is also used to calculate earnings per share.

Often referred to as "the bottom line" since net income is listed at the bottom of the income statement. In the U.K., net income is known as "profit attributable to shareholders".

Net income is calculated by starting with a company's total revenue. From this, the cost of sales, along with any other expenses that the company incurred during the period, is

removed to reach earnings before tax. Tax is deducted from this amount to reach the net income number. Net income, like other accounting measures, is susceptible to manipulation through such things as aggressive revenue recognition or by hiding expenses. When basing an investment decision on net income numbers, it is important to review the quality of the numbers that were used to arrive at this value.

c. What Does Working Capital Turnover Mean?

A measurement comparing the depletion of working capital to the generation of sales over a given period. This provides some useful information as to how effectively a company is using its working capital to generate sales.

$$\text{Working Capital Turnover} = \frac{\text{Sales}}{\text{Working Capital}}$$

A company uses working capital (current assets - current liabilities) to fund operations and purchase inventory. These operations and inventory are then converted into sales revenue for the company. The working capital turnover ratio is used to analyze the relationship between the money used to fund operations and the sales generated from these operations. In a general sense, the higher the working capital turnover, the better because it means that the company is generating a lot of sales compared to the money it uses to fund the sales.

For example, if a company has current assets of \$10 million and current liabilities of \$9 million, its working capital is \$1 million. When compared to sales of \$15 million, the working capital turnover ratio for the period is 15 (\$15M/\$1M). When used in fundamental analysis, this ratio can be compared to that of similar companies or to the company's own historical working capital turnovers.

Listening/ comprehension activities

Management of working capital

Task 17. Learn the following words and phrases.

1. identify	определите
2. day to day expenses	ежедневные расходы
3. cash holding costs	расходы наличными
4. inventory	материально- производственные запасы
5. uninterrupted production	беспрерывное производство
6. raw materials	сырье
7. reordering costs	затраты на повторный заказ
8. credit terms	условия кредитования
9. to be offset	быть возмещенным
10. increased revenue	увеличенный доход
11. Return on Capital	доход на капитал
12. appropriate source of financing	соответствующий источник финансирования
13. cash conversion cycle	цикл конверсии наличности
14. credit granted by the supplier	кредит, предоставляемый поставщиком
15. to utilize a bank loan	использовать банковскую ссуду
16. factoring	факторинг
17. measuring risk	оценивание степени риска
18. developing and implementing strategies	создание и применение стратегий
19. to hedge	застраховаться

Task 18. Retell the text according to the following plan.

1. cash management
2. inventory management
3. debtors management
4. short term management
5. financial risk management

Writing activities

Task 19. Translate and learn the following idioms and make up sentences with some of them in writing.

1. to be back on one's feet - to return to good financial health

My sister is back on her feet after losing her job last year.

2. bottom dollar - one's last dollar; last small amount of savings

The man spent his bottom dollar on some new clothes to wear for his job interview.

3. caught short - to not have enough money when you need it

I was caught short and had to borrow some money from my father last week.

4. to chip in (money) - to contribute money for something, to pay jointly for something

Everybody in our office chipped in some money to buy a wedding present for our boss.

5. dirt cheap - extremely cheap

The land in the country was dirt cheap when we bought it.

6. to be hard up - to not have much money

The man is always hard up for money and he often wants to borrow some.

Task 20. Translate the sentences into English in writing.

1. Мы потратили наши последние деньги на покупку книг.

2. Оказалось, что у меня нет с собой денег, и я не смог купить в магазине тот красивый костюм.

3. Мы решили сложиться и купить подарки для всех детей к празднику.

4. Я часто покупаю подержанные книги за бесценок.

5. Кажется, у моего друга совсем нет денег в данный момент, он постоянно занимает у меня.

6. Наша компания снова прочно стоит на ногах после периода финансовых проблем в прошлом году.

Discussion: The British Business Culture (II)

Task 1. Read the following text. Pay attention to the phrases in a bold type and write down their translations. Retell the passage using phrases in a bold type. You may start your sentences with ‘you should’ and ‘you shouldn’t’.

Addressing others with respect

Despite their reputation for **stiff formality**, the British are in fact quite informal and **the immediate use of first names** is increasingly prevalent in all walks of British life, especially amongst the young (under 40-45 years of age) and in the newer industries.

Nevertheless, you should always wait **to be invited to use first names before doing so yourself**. Quite often the invitation will be spontaneous but it may never happen at all. Until then - and not all Britons like **the up-front American approach** - you should be careful **to follow strict protocol**. No one is offended by **exaggerated correctness** whereas premature informality may be deemed presumptuous. Equally, it is best to avoid the American habit of **constantly repeating someone’s name** in the course of a conversation once on first-name terms.

The same principles apply to writing letters. You should **start off formally** and continue until your correspondent hints (e.g. by signing off with just his or her first name) that it is appropriate to switch.

The rules for e-mail are more relaxed but there are some who write e-mails as if they were writing a ‘normal’ letter. In any case, there is no excuse for not **using the spellchecker**.

Different conventions apply when it comes to official documents, meetings, conferences etc. where it is common practice **to use full titles** even if all the participants would ordinarily **be on first-name terms**. Thus: ‘Mr Chairman’, ‘the Commander-in-Chief thinks’, ‘the Prime Minister is mistaken’, and so on.

Task 2. Read the following passage and say if you can find any difference between topics to welcome and topics to avoid in a conversation in the UK and the USA.

Welcome topics and those to avoid

The British are much less politically correct than North Americans who may be offended by some of the natives' banter and 'wit.'

The UK (especially, but not just, London) is a thoroughly multiracial and multicultural society. You should not make any assumptions about a person's background, nationality or origins.

Welcome topics of conversation:

- the weather (always a safe starting point)
- sport (particularly football/soccer)
- animals (usually safe - though beware vegetarians if you like to eat them)
- British history, culture, literature, art, and popular music
- current affairs
- your immediate surroundings and positive experiences in the UK
- how good the food is (things have changed in recent years!)
- real ale (i.e. traditional British beer)

Topics to avoid;

- Northern Ireland
- religion (especially if you are in Northern Ireland, Glasgow or Liverpool)
- the monarchy and the Royal Family
- the European Union, 'Brussels' and the euro
- the Middle East
- personal questions about a person's background, religion, occupation, etc.
- class and the class system
- race and immigration

Task 3. Complete the text about selecting and presenting an appropriate business gift in Great Britain using word combinations from the box.

Selecting and presenting an appropriate business gift

display the gift feel embarrassed genuine gratitude to send a card to buy a round of drinks to bring wine, flowers, and/or chocolates to avoid embarrassment a unique commemorative item

Giving gifts is not a normal part of British business culture. Indeed, British business colleagues are quite likely to 1 _____ to receive any gift at all. The only exception would be at the conclusion of a deal when it might be appropriate to give 2 _____ to mark the occasion. Such items might be gold, silver, or porcelain with a suitable inscription. Again, 3 _____ on the part of the recipient, the object must be restrained, tasteful, and not ostentatiously expensive. It might be helpful to ask yourself whether the recipient would gladly 4 _____ in his living room or consign it to the attic at the earliest opportunity.

Small gifts such as a pen or a book, again suitably inscribed, would be suitable tokens of 5 _____ and flowers or wine/champagne suffice to thank (junior) colleagues for their services.

Alternatively, it will often be appreciated if you invite your hosts, or others you wish to thank, out for a meal or to the theatre/opera. It is always good form 6 _____ for your colleagues after work. (This is also the most common way of celebrating someone's birthday.)

Business gifts are never exchanged at Christmas but it may be appropriate 7 _____, particularly as an expression of thanks to your business associates but also as a means of maintaining valuable contacts.

If you are invited to a British home, it is standard practice 8 _____ for your hosts. The usual European caveats apply when giving flowers: no red roses, white lilies, or chrysanthemums.

Task 4. Make a list of business gifts that are appropriate in British business culture using the information from the previous task.

1.
2.
3.
4.
5.

Task 5. Read the following passage and say if you can find any difference in business entertaining in the UK and Ukraine.

Entertaining for business success

Most business entertaining is still done in restaurants, pubs and smarter cafes. The best time for a serious and productive business meal is lunch. Breakfast meetings are not popular (even in London). After-hours drinks or a light supper afford the opportunity for informal soundings and gossip but are not really appropriate for earnest discussion. Dinner tends to be reserved for more sociable or celebratory entertaining when spouses are quite likely to be invited.

Lunch is generally taken between noon and 2:00 p.m. and dinner between 7:00 p.m. and 11:00 p.m. in most restaurants. Cafés, some pubs and cheaper restaurants may serve food all day.

Unit 9. Check-up.

1. Make sure that you know the following words and word combinations, translate them into Russian.

Shareholders, securities, to resell, bulls, bears, stags, stockbrokers, market-makers, wholesalers in stocks and shares, insiders, arbitrageurs, takeover bids, equities, participation certificates, blue chips, barometer stocks, to appreciate, a high purchasing price, a unit trust, a wide portfolio of securities, to sell shares to the public, to vote at company's general meetings, a market price of a share, corporate value, to enhance corporate value, to reduce the firm's financial risks, working capital management, inventories, the terms on credit, assets, Gearing Ratio, capital formation, capital gains, capital goods, cash holding costs, inventory, uninterrupted production, increased revenue, appropriate source of financing, credit granted by the supplier, to utilize a bank loan, to hedge.

2. Make sure that you know the following words and word combinations, translate them into English.

Дата расчета, биржа, биржевые маклеры, уставный капитал компании, простые акции, акции с правом голоса, привилегированные акции, акции с отсроченным дивидендом, акции ведущих компаний, растущие акции, защищенные акции, выпускать акции, предлагать акции для продажи для широкой публики, пускать в ход акции компании, доля собственности компании, давать право, прибыль в форме дивидендов, номинал, доход на капитал, собственный капитал, задолженность, платить дивиденды, оборотный капитал, текущие долги, задолженность (обязательства), леверидж, основной капитал, капиталовложение (2), акционерный капитал (2), движение капитала, оборот капитала, рисковый капитал, ежедневные расходы, сырье, затраты на повторный заказ, условия кредитования, быть возмещенным.

3. Read the following information and then match the words with the definitions.

Stock and shares

Stocks and shares are certificates representing part ownership of a company. The people who own them are called stockholders and shareholders. In Britain, stock is also used to refer to all kinds of securities, including government bonds. The word equity or equities is also used to describe stocks and shares. The places where the stocks and shares of listed or quoted companies are bought and sold are called stock markets or stock exchanges.

Going public

1. A successful existing company wants to expand, and decides to go public.
2. The company gets advice from an investment bank about how many shares to offer and at what price.
3. The company gets independent accountants to produce a due diligence report.
4. The company produces a prospectus which explains its financial position, and gives details about the senior managers and the financial results from previous years.
5. The company makes a floatation or IPO (initial public offering).
6. An investment bank underwrites the stock issue.

(Note: flotation can also be spelt floatation).

Notes:

- * go public – change from a private company to a public limited company (PLC) by selling shares to outside investors for the first time (with a flotation)
- * due diligence – a detailed examination of a company and its financial situation

- * prospectus – a document inviting the public to buy shares, stating the terms of sale and giving information about the company
- * financial results – details about sales, costs, debts, profits, losses, etc.
- * flotation – an offer of a company’s shares to investors (financial institutions and the general public)
- * underwrites a stock issue – guarantees to buy the shares if there are not enough other buyers

Remember: BrE: ordinary shares; AmE: common stock

If a company has only one type of share these are ordinary shares. Some companies also have preference shares whose holders receive a fixed dividend (e.g.5 % of the shares’ nominal value) that must be paid before holders of ordinary shares receive a dividend. Holders of preference shares have more chance of getting some of their capital back if a company goes bankrupt – stops trading because it is unable to pay its debts. If the company goes into liquidation – has to sell all its assets to repay part of its debts – holders of preference shares are repaid before other shareholders, but after owners of bonds and other debts. If shareholders expect a company to grow, however, they generally prefer ordinary shares to preference shares, because the dividend is likely to increase over time.

1. bankrupt	a. a document describing a company and offering stocks for sale
2. going public	b. a market on which companies’ stocks are traded
3. flotation	c. buyers of stocks
4. investors	d. changing from a private company to a public one, quoted on a stock exchange

5. liquidation	e. the first sale of a company's stocks to the public
6. prospectus	f. to guarantee to buy newly issued shares if no one else does
7. ordinary shares	g. shares that pay a guaranteed dividend
8. preference shares	h. the most common form of shares
9. stock exchange	i. insolvent, unable to pay debts
10. to underwrite	j. the sale of the assets of a failed company

4. Are the following statements true or false?

1. New companies can apply to join a stock exchange.
2. Investment banks sometimes have to buy some of the stocks in an IPO.
3. The due diligence report is produced by the company's own accountants.
4. The dividend paid on preference shares is variable.
5. If a company goes bankrupt, the first investors to get any money back are the holders of preference shares.

5. Use words from the box in the right form to complete the sentences.

offer_ shares_ go_ public _ produce_ a prospectus _ underwrite_ an issue

After three very profitable years, the company is planning to 1 _____ 2 _____ and we're 3 _____ 100 000 4 _____ for sale. We've 5 _____ a very attractive 6 _____, and although a leading investment bank is 7 _____ the 8 _____, we don't think they'll have to buy any of the shares.

Unit 10: Financial statements

Pre-reading activities

Financial statements: definitions

Task 1. Look through the Summary Profit and Loss Account of a company. Then match the words from it with the definitions.

Parker Publishing Group Plc
Summary Profit and Loss Account
Audited for the year to March 31st 2007

Income

Revenue from main business, magazine publishing: **228 £ million**

Revenue from other activities: **17 £ million**

Total turnover: **245 £ million**

Expenses

Pay and other employee costs: **69 £ million**

Depreciation of fixed assets: **3 £ million**

Selling and marketing costs: **38 £ million**

Other operational costs: **61 £ million**

Total operating costs: **171 £ million**

Profits

Operating profit: **157 £ million**

Profit from sale of fixed assets: **6 £ million**

Net interest payable: **2 £ million**

Profit before tax: **149 £ million**

Tax: **32 £ million**

Profit after tax: **117 £ million**

Shareholder dividends: **55 £ million**

Profit retained in the business: **62 £ million**

Earnings per share: **17.4p**

1. audited	a. reduction in value of an asset over time
2. revenue	b. money paid to shareholder
3. turnover	c. asset purchased for long-term use, such as land, buildings and equipment
4. fixed asset	d. after any deductions
5. depreciation	e. accounts checked by an independent examiner
6. net	f. a person who has invested in the company through buying shares
7. shareholder	g. income
8. dividend	h. total income

Task 2. Look at the account summary, and answer true or false.

1. Turnover is income after outgoings have been deducted. **TRUE / FALSE**
2. Salaries and wages were the only major operating cost. **TRUE / FALSE**
3. Depreciation of fixed assets seriously reduced operating profits. **TRUE / FALSE**
4. Parker Publishing spent a lot on sales and marketing. **TRUE / FALSE**
5. The company sold some assets. **TRUE / FALSE**

6. Nearly all the profits went to the shareholders. **TRUE / FALSE**
7. Dividends were only 17.4p per shareholder. **TRUE / FALSE**
8. It was a very bad year for Parker Publishing. **TRUE / FALSE**

Task 3. Choose the best words to fill the spaces.

1. The year to March 31st can also be called the year _____ March 31st.
a. finishing b. ending c. terminating
2. Another term for "main business" is _____ business.
a. central b. first c. core
3. A company which makes a profit can be described as profitable or _____.
a. profit-getting b. profit-making c. profit-having
4. A company which makes a loss can be described as _____.
a. loss-getting b. loss-making c. loss-having
5. "Profit before tax" can also be called _____.
a. pre-tax profit b. without-tax profit c. non-tax profit
6. Another word for shareholders (especially in American English) is _____.
a. ticket-holders b. stockholders c. paper-holder
7. Another word for "operating costs" is _____.
a. overheads b. headings c. heads
8. A company which makes neither a profit or a loss is said to _____.
a. fall even b. drop even c. break even

Task 4. Look through the following Balance Sheet of a company. Then match the words from the balance sheet with the definitions.

Parker Publishing Group Plc
Balance Sheet
Audited for the year to March 31st 2007

£ million
Fixed assets
Property 47
Fleet 9
Computers and other equipment 2
Total fixed assets: 58
Current assets
Stock 5
Money outstanding 12
Other current assets 2
Total current assets: 19
Liabilities
Current liabilities: 7
Long-term liabilities: 23
Assets less liabilities: 47
Money invested in Parker Publishing
Share capital (40m 50p shares) 20
Reserves: 98
Total: 118

1. property	a. vehicles (cars, delivery vans, lorries etc.)
2. fleet	b. not yet paid (in this case, not yet paid to Parker Publishing)
3. stock	c. money deposited in bank

	accounts
4. outstanding	d. land, buildings and parts of buildings
5. current liabilities	e. money which must be paid out within one year
6. long-term liabilities	f. money which must be paid out after one year
7. share capital	g. goods not yet sold
8. reserves	h. money raised by issuing shares in the company

Task 5. Write the words into the spaces.

arm _ cash flow _ founded _ in its own right
 liabilities _ outstanding _ pounds' worth _ sale or return
 subsidiary _ tied up _ trading _ went public

Parker Publishing was 1 _____ in 1872 by Hieronymous Parker, originally as the publisher of a religious periodical called *The Preacher*. It now specializes in lifestyle magazines, and, through its 2 _____ Tekpress, also publishes several highly successful periodicals on consumer interest subjects such as computing and hi-fi. The distribution 3 _____ also distributes magazines from other publishers, and has become highly profitable 4 _____. The company 5 _____ in 1987. The shares, originally priced at 50p, are 6 _____ at the time of writing for around £3.20. Like many magazine publishers, Parker are vulnerable to 7 _____ problems. As their magazines are on 8 _____, they usually have millions of pounds 9 _____ from retailers, and have 10 _____ of several million more in printers' bills. In addition they have to keep large sums of money 11 _____ in stock – the firm's warehouses in London and Manchester usually contain around five million 12 _____ of magazines.

Task 6. Look at the article above (task 5) and the Balance sheet. Answer the questions.

1. What are Parker Publishing's main current liabilities?
 - a. money owed to other companies (particularly printers).
 - b. salaries and wages
2. The article doesn't mention long-term liabilities. In the case of Parker Publishing are these more likely to be...?
 - a. money that must be paid to printers in the distant future.
 - b. repayments on a bank loans used to buy a fleet of lorries and the warehouse in Manchester.
3. The company's share capital is £20m. Does this mean that...?
 - a. their shares are currently worth a total of £20m
 - b. the shares were worth £20m when issued, but are now worth much more
4. What's the company currently worth?
 - a. £20,000,000
 - b. £98,000,000
 - c. £118,000,000

Task 7. Translate into English.

- обесценивание имущества компании –
- проверять отчетность компании –
- вычет (издержек) –
- издержки –
- накладные расходы –
- невыплаченные деньги –
- парк (транспорта) –
- запас товаров компании –
- долги, задолженность компании –
- отдел распространения –
- продавать акции компании широкой публике –
- быть уязвимым к проблемам потока наличности –
- большие суммы денег в виде запаса товаров –

Task 8. Learn the active vocabulary.

1. financial statement	финансовый отчет
2. entity	юридическое лицо
3. company law	законодательство о компаниях
4. financial condition	финансовое положение
5. relevant	уместный, соответствующий
6. business enterprise	торговая фирма
7. Balance sheet	балансовый отчет
8. assets and liabilities	актив и пассив баланса компании
9. ownership equity	собственный акционерный капитал
10. income statement	счет прибылей и убытков
11. Profit and Loss statement/account	счет прибылей и убытков
12. sale	продажи
13. expenses incurred	расходы, которые были понесены
14. Statement of retained earnings	отчет о нераспределенной прибыли
15. Statement of cash flows	отчет о потоках наличности
16. extensive set of notes	обширный набор документов
17. in further detail	более подробно
18. snapshot	промежуточный отчет
19. equity or the net assets	актив или нетто-актив
20. net worth	собственный капитал
21. accounting equation	сбалансированность дебета и кредита
22. to equal	равняться
23. owner's equity	собственный акционерный капитал

Reading / comprehension activities

Task 9. Read, translate the following text and retell it in several sentences.

Financial statements

Financial statements (or financial reports) are formal records of the financial activities of a business, person, or other entity. In British English, including United Kingdom company law, financial statements are often referred to as accounts, although the term financial statements is also used, particularly by accountants.

Financial statements provide an overview of a business or person's financial condition in both short and long term. All the relevant financial information of a business enterprise, presented in a structured manner and in a form easy to understand, are called the financial statements. There are *four basic financial statements*:

1. Balance sheet: also referred to as statement of financial position or condition, reports on a company's assets, liabilities, and ownership equity as of a given point in time.

2. Income statement: also referred to as Profit and Loss statement (or a "P&L"), reports on a company's income, expenses, and profits over a period of time. Profit & Loss account provides information on the operation of the enterprise. These include sale and the various expenses incurred during the processing state.

3. Statement of retained earnings: explains the changes in a company's retained earnings over the reporting period.

4. Statement of cash flows: reports on a company's cash flow activities, particularly its operating, investing and financing activities.

For large corporations, these statements are often complex and may include an extensive set of notes to the financial statements and management discussion and analysis. The notes typically describe each item on the balance sheet,

income statement and cash flow statement in further detail. Notes to financial statements are considered an integral part of the financial statements.

Balance sheet

In financial accounting, a balance sheet or statement of financial position is a summary of a person's or organization's balances. Assets, liabilities and ownership equity are listed as of a specific date, such as the end of its financial year. A balance sheet is often described as a snapshot of a company's financial condition. Of the four basic financial statements, the balance sheet is the only statement which applies to a single point in time.

A company balance sheet has three parts: assets, liabilities and ownership equity. The main categories of assets are usually listed first and are followed by the liabilities. The difference between the assets and the liabilities is known as equity or the net assets or the net worth or capital of the company and according to the accounting equation, net worth must equal assets minus liabilities.

Another way to look at the same equation is that assets equal liabilities plus owner's equity. Looking at the equation in this way shows how assets were financed: either by borrowing money (liability) or by using the owner's money (owner's equity).

Balance sheets are usually presented with assets in one section and liabilities and net worth in the other section with the two sections "balancing."

Task 10. Say if the following statements are true or false.

1. Financial statements provide an overview of a business or person's financial condition only in long term.
2. Reports on a company's assets, liabilities, and ownership equity as of a given point in time are called income statements.
3. Assets are what you own; liabilities are what you owe.

4. Of the four basic financial statements, the balance sheet is the only statement which applies to a single point in time.

Task 11. Find the English equivalents for the following in the text:

- финансовая деятельность организации или юридического лица –
- обзор финансового положения фирмы –
- представлять отчет об активе и пассиве баланса компании, а также о ее собственном акционерном капитале –
- представляет отчет о доходах, расходах и прибылях компании за определенный период времени –
- описывать каждый пункт балансового отчета –
- промежуточный отчет о финансовом положении компании –
- относиться к определенному моменту времени –
- собственный капитал компании –
- активы равняются пассивам плюс собственный акционерный капитал –

Task 12. Describe financial statements using the following plan.

1. Financial statements in general.
2. Balance sheet.
3. Income statement.
4. Statement of retained earnings.
5. Statement of cash flows.
6. Three parts of a company balance sheet.
7. Accounting equation.
8. Another variant of accounting equation.
9. Presentation of balance sheets.

Vocabulary activities

Task 13. Match these terms with their definitions.

1. turnover	a. amount deducted each year from profits to allow for the fact that assets lose their value as they get older
2. operating costs	b. total sales during a trading period
3. operating profit	c. people the company owes money to, e.g. suppliers
4. depreciation	d. people who owe money to the company
5. fixed assets	e. short-term assets used in operations, e.g. cash, items held in stock
6. dividend	f. money which shareholders have put into business
7. current assets	g. long-term assets owned by the company, e.g. buildings, machinery
8. creditors	h. expenses of running a business including salaries, rent, etc. but not including the direct costs of manufacturing
9. current liabilities	i. result of deducting the operating expenses from turnover
10. share capital	j. part of a company's profits paid to shareholders
11. reserves	k. debts that must be paid within one year
12. debtors	l. past profits not paid out as dividends but retained in the business

Task 14. Translate the following texts into Russian and underline all the terms relating to the topic ‘financial statements’. Translate the terms into Russian.

1. Generally Accepted Accounting Principles - GAAP

The common set of accounting principles, standards and procedures that companies use to compile their financial statements. GAAP are a combination of authoritative standards (set by policy boards) and simply the commonly accepted ways of recording and reporting accounting information.

GAAP are imposed on companies so that investors have a minimum level of consistency in the financial statements they use when analyzing companies for investment purposes. GAAP cover such things as revenue recognition, balance sheet item classification and outstanding share measurements. Companies are expected to follow GAAP rules when reporting their financial data via financial statements. If a financial statement is not prepared using GAAP principles, be very wary!

2. Condensed Financials

It's a summary form of a company's earnings statement, balance sheet and cash flow statement condensed to one page each. This is done for reprinting and simplified viewing purposes. This view of company financials is helpful for providing an overview of the business structure and income performance, but it lacks any line-item breakdowns or descriptive notes that can be found in a full filing.

For example, the condensed financial statement will only show one line for "total revenue", while the full earnings report will show revenue by operating division, products, services, interest and any other source of revenue.

3. Cook the Books

What Does Cook The Books Mean? It means a buzzword describing fraudulent activities performed by corporations in order to falsify their financial statements.

Typically, cooking the books involves augmenting financial data to yield previously non-existent earnings.

Examples of techniques used to cook the books involve accelerating revenues, delaying expenses, manipulating pension plans and implementing synthetic leases.

During the first couple of years of the new millennium, large Fortune 500 companies such as Enron and WorldCom were found to have been cooking the books to improve their financial figures. The resulting scandals gave investors and regulators a rude awakening concerning the reality that companies were hiding the ugly truth between the lines of financial data.

In order to rally investor confidence, the Sarbanes-Oxley Act of 2002 was created. This act of Congress created policies to protect investors against future incidents of corporate fraud.

4. Statement of Financial Accounting Standards - SFAS

It's a formal document issued by the Financial Accounting Standards Board (FASB), which details accounting standards and guidance on selected accounting policies set out by the FASB. These statements of financial accounting standards are issued, with the expectation that all reporting companies listed on American stock exchanges will adhere to them. The standards are created to ensure a higher level of corporate transparency.

New SFAS releases can have a huge affect on a business' bottom line. For example, the FAS-123(R), which refers to the expensing of share-based awards, can increase a company's expenses dramatically, often by billions of dollars. FAS-123(R) was created to enable investors and regulators to better evaluate the firm's true option expenses.

Listening/ comprehension activities
Financial Statements

Task 15. Learn the following words and phrases.

1. annual reports	годовые отчеты
2. revenue / income	доход
3. expenditure	расход
4. costs	затраты
5. overheads	накладные расходы
6. excess	избыток
7. taxation	налогообложение
8. dividend	дивиденд
9. to repay debts	выплачивать долги
10. to allow for future losses	учитывать будущие потери
11. property	собственность
12. purchased on credit	купленный в кредит
13. taxes	налоги
14. purchases made in credit	покупки сделанные в кредит
15. share premium	премия акции

Task 16. Answer the questions.

1. Most companies include three financial statements in their annual reports. List them.
2. What is a profit?
3. How is the profit of a company divided (3 parts)?
4. What does the company's balance sheet list (3 items)?
5. Business's assets consist of its investments and property, and amounts of money owed by customers. Is it true?
6. Taxes, debts, interest and mortgage payments, as well as money owed to suppliers for purchases made in credit are assets too. Is it true?
7. What is the alternative term for shareholders' funds?
8. What do shareholders' funds include (3 items)?
9. What does the cash flow statement of the company show?

Writing activities

Task 17. Translate and learn the following idioms and make up sentences with some of them in writing.

1. hit the jackpot - to make a lot of money suddenly (usually from gambling)

We hit the jackpot at the casino and came home with a lot of money.

2. loaded - to have lots of money

My uncle is loaded and he has lots of money.

3. kickback - money paid illegally for favorable treatment

The politician received several illegal kickbacks and he was forced to resign.

4. lose one's shirt - to lose all or most of one's money

I lost my shirt in a small business and now I have no money.

5. on the house - paid for by the owner of a business

We went to the restaurant and all of the drinks were on the house.

6. pinch pennies - to be careful with money, to be thrifty

My grandmother always pinches pennies and never spends her money foolishly.

Task 18. Translate the sentences into English in writing.

1. Он получил вознаграждение за нелегальную сделку и компания его уволила.

2. Мы остались без копейки денег после покупки дорогого дома.

3. Все напитки – за счет заведения.

4. Этой семье приходится экономить на каждой копейке, потому что в ней деньги зарабатывает только один человек.

5. Она сорвала джек-пот в казино.

6. У этой компании очень много свободных денежных средств, она может быстро развиваться.

Discussion: The Australian Business Culture (part I)

Task 1. Read the following text. Retell the passage (one – two sentences for each paragraph). You may start your sentences with ‘you should’ and ‘you shouldn’t’.

Australia: Making appointments

Appointments are relatively easy to schedule at practically all organizational levels. Many executives are approachable, pleasant and willing to meet to discuss business. Most senior executives have personal assistants, who are answering the phone and managing the executive’s diary. Don’t insist on speaking with the executive, as personal assistants are expected and competent to schedule meetings.

Try and schedule meetings at least one month in advance. Make sure you arrive for appointments on time, but understand that Australians sometimes have more of a casual attitude toward time. In some cases, if you are a few minutes late to a meeting, it will be overlooked. In other instances, however, your late arrival may cause you to be perceived as a careless and unreliable businessperson. On the other hand, if you find yourself waiting for your Australian counterparts to arrive, remain patient and accommodating. If you think you may be late for an appointment, best practice is to call your counterpart as soon as you can and say that you are running late. It will be accepted.

In Australia, many business deals are made in a social environment, and it is not unusual to conduct a meeting over breakfast, lunch, dinner and, with the cafe culture on the rise, even in coffee shops. It is also common to socialize for an hour or so in the local pub after the workday, particularly on Fridays.

For the business traveler, the best time to visit Australia is between March and November, since the summer season spans from December to February. January is also a month of

school holidays, and many offices are operating on ‘skeleton staff’. Christmas and New Year fall in the middle of summer in Australia, and this is a high holiday season for the whole month of January, so avoid scheduling visits then, as well as around Easter.

You should also know the following public holidays/celebrations that are uniquely Australian:

Australia Day - January 26: the biggest day of celebration in Australia, the day marks the founding of the first European settlement in Australia.

Anzac Day - April 25: public holiday that commemorates the day the Australian and New Zealand Army Corps landed at Gallipoli in Turkey in 1915. The day is also remembered as part of the beginning of Australia's nationhood.

Melbourne Cup Day – this world famous horse race is a public holiday in metropolitan Melbourne, held on the first Tuesday of November. Most Australians in other states, whether at work, school or home, stop and watch the race on television. Workplaces organize lunches and drinks to celebrate the Melbourne Cup, with sweeps and best-hat-competitions run on the day. States also have their own holidays, and it is good to check before traveling.

Task 2. Read the guidelines for business dress for business people and retell it in 3 sentences. Then complete the chart using the information from the text.

Guidelines for business dress

The types of clothing that people wear reflect the diversity in Australian society just as much as the variation in climate. Whilst there are no laws or rules on clothing in public, you are expected to wear certain clothing for business situations and most organizations have dress standards.

Standard business dress code for men is a black or navy suit with a white shirt and tie, and for women skirt or trouser

suit with white blouse. During the summer, the jacket can be removed. Dress code depends on the industry, with banking and finance being the most conservative. A large number of organizations observe ‘casual Fridays’, when employees can dress more casually, however, they still observe certain rules. Increasingly, organizations introduce ‘business casual’ dress code during the week as well, and often specify what is acceptable and what not to wear. Jeans, singlets, open shoes and thongs are never acceptable.

For a visiting business person the best option is to observe traditional business dress code until you get to know your counterparts more closely. Women are best not to wear too much jewelry and makeup, as it can be seen as extravagant and ‘showing off’.

Outside the work situation, clothing is an individual choice and many people dress for comfort, for the social situation or the weather. Australians will usually send formal invitations for dinner parties and will specify the dress code. ‘Smart casual’ is quite common, meaning tailored pants and a top with collar for men, and dress or tailored pants and top for women. ‘Smart casual’ does not mean jeans, shorts and thongs. It is always good to accessorize a little, as it picks up the outfit, but don’t overdo it. If unsure, it is always good to ask what the dress code is, and Australians will gladly explain.

Many Australians live close to the beach and the sea. On hot days, they may wear little clothing on the beach and in the surrounding suburbs. It means that this is what is accepted given the weather and beach culture.

<i>a social event</i>	<i>what to wear</i>
an ordinary working day	
‘casual Fridays’	
dinner parties	
visiting a beach	

Task 3. Complete the text about communication style of Australians. Retell it in 2 - 3 sentences.

a _ over the phone	b _ a straight but polite 'no'
c _ personal achievement	d _ to criticize
e _ judge you and your competence	f _ direct eye contact

Communication style

Australians are very down-to-earth and matter-of-fact when it comes to talking business. They generally prefer 1 ___ and consider it as a sign of respect and indication that the person is listening. When meeting for business, they focus on a task and like to talk business from the beginning. Business negotiations are shorter and to the point. It is common to do business communication and problem solving 2 ____, fax or email.

Communication style is direct, frank and straight-forward. People usually mean what they say and say what they mean. Most Australians do not hesitate to say 3 ___.

Australians tend to be enthusiastic conversationalists and debaters. Acceptable communication topics are: the weather, sports (particularly Australian Football in Victoria, and National Rugby League in New South Wales and Queensland). Anything related in a positive way to Australia is an okay topic. Religion, politics and sex are usually not discussed unless your Australian counterpart brings it up. Be careful not 4 ___ the Australian way, as they can be quite sensitive about it. Topics which are currently controversial in Australia include migration and aboriginal issues.

Australians like to joke about themselves, but they are not receptive to others doing the same. Australians try not to draw too much attention to their academic qualifications or any other 5 ____. Specific to Australian culture is the 'tall poppy syndrome', meaning that Australians avoid standing out from the group (being a 'tall poppy'). Don't boast about yourself or your company. Instead, let them 6 ___ through your actions.

Unit 10. Check-up.

1. Make sure that you know the following words and word combinations, translate them into Russian.

The summary profit and loss account of a company, revenue, turnover, fixed asset, depreciation of fixed assets, selling and marketing costs, profit from sale of fixed assets, net interest payable, profit before tax (pre-tax profit), deductions, a profit-making company, outgoings, overheads, a break even company, a balance sheet, property, fleet, money outstanding, stock, current liabilities, company law, assets and liabilities, income statement, expenses incurred, Statement of retained earnings, Statement of cash flows, snapshot, equity or the net assets, net worth, owner's equity, annual reports, costs, taxation, to repay debts, to allow for future losses, purchased on credit, purchases made in credit, to hit the jackpot, loaded, a kickback, lose one's shirt, to pinch pennies.

2. Make sure that you know the following words and word combinations, translate them into English.

Финансовые отчеты, амортизация имущества, проверять отчетность компании, дивиденды акционеров, сохранять часть прибыли для развития компании, прибыль на одну акцию, основной бизнес компании, убыточная компания, филиал, отдел распространения, продавать акции широкой публике, подвержены проблемам с потоком наличности, большие суммы денег вложенные в запас товаров, склады фирмы, юридическое лицо, финансовое положение, торговая фирма, собственный акционерный капитал, продажи, обширный набор документов, сбалансированность дебета и кредита, доход и расход, накладные расходы, премия акции, угощение за счет заведения, вознаграждение за нелегальную сделку.

Unit 11: Investments

Pre-reading activities

Investments: definitions

Task 1. Money TV was a financial news Cable TV station. Put the story in order.

- After a shaky start, Money TV went into profit after three years.
- They raised some capital from a merchant bank.
- As a result, Money TV's advertising revenue fell dramatically.
- 1. Three companies, Tennant Entertainment, Planet Media and K9 Communications formed a consortium.
- Money TV started to make heavy losses.
- 5. A new station, The Money Channel was launched by Wolf Media Group, the US media empire.
- Money TV went into liquidation.
- They bought equipment, rented premises, hired staff and set up Money TV.
- Viewing figures dropped sharply because of competition from The Money Channel.

Task 2. Put the words into the spaces.

annual report _ capital intensive _ cost-benefit analysis into partnership _ joint venture _ lease monopoly _ profit margin _ recoup start-up costs _ supply and demand _ working capital
--

1. Before deciding to invest in a new computer system, we need to do a _____ to see if it's going to be worth it.
2. The new machinery cost a lot, but we'll _____ the investment in just a few months.

3. You can read about the company's finances, performance and plans for the future in its _____.
4. We don't actually own our delivery lorries. We _____ them.
5. We'd like to launch a new airline, but the _____ are very high.
6. Airlines are a very _____ form of business, as airplanes are extremely expensive.
7. Jewelry retailers need a lot of _____, as the cost of their stock is high.
8. Petrol filling stations operate on a very narrow _____ . They only make about 1p a liter.
9. All businesses are subject to the laws of _____.
10. The new mobile phone banking service is a _____ between ÜberBank and Telkom.
11. ÜberBank and Telkom have gone _____ with each other.
12. In Italy, Telecom Italia used to have a _____ on telecommunications.

Task 3. Choose the best words to go into the spaces.

1. I sold my furniture shop as _____.
a. an operating company **b.** a going concern **c.** an active business
2. We can get a government _____ to help build a new factory in an area with high unemployment.
a. grant **b.** money **c.** payment
3. Before building the new factory, we'll have to do an environmental _____.
a. check **b.** survey **c.** audit
4. We don't employ our own cleaning staff. We've _____ the cleaning to an outside firm.
a. contracted out **b.** contracted **c.** contracted over

5. We need a building firm to build a new warehouse. We're going to put the contract _____.
- a. out to price b. under offer c. out to tender
6. Three firms have _____ for the contract.
- a. tendered b. offered c. given prices
7. Due to several years of falling sales, we're going to _____ the company.
- a. stop b. finish c. wind up
8. The company _____ trading in 2006.
- a. gave up b. finished c. ceased
9. Money invested in helping other people start new businesses is called _____.
- a. venture capital b. adventure capital c. start capital

Task 4. Which of the options is not possible?

As a result of online ticket purchases, several independent travel agents have _____.

- a. gone under
 b. gone out of business
 c. gone past their sell-by dates
 d. gone bust
 e. gone into liquidation
 f. gone to the wall

Task 5. Three of the phrases above are informal. Say which three?

Task 6. Match the term with the definition.

1. bond	a. An agreement to buy commodities, currencies or shares at a fixed price on a fixed date in the future.
2. futures contract	b. Private investors can buy a small interest in a large fund invested in many companies.
3. share option	c. An investment in which the issuer (often a

	government) promises to pay back the invested sum plus interest.
4. trust fund	d. Prices are going down / up.
5. unit trust	e. A fund which is managed by the trustee(s) for the beneficiary / beneficiaries. A common example is money held in a trust for a child or young person.
6. bear / bull market	f. Employees are offered shares in the company at a reduced price.

Task 7. Put the words in the spaces in the sentences.

blue chip _ closing price _ commission _ commodities
downturn _ financial adviser _ fixed-interest _ flotation
issue price _ portfolio _ public company _ put some money
into _ share certificates _ speculate

- I've decided to _____ stocks and shares.
- I bought a five-year _____ government bond.
- Unfortunately for investors, there has been a significant _____ in the market
- When I bought the bond, I didn't realize that the agent who sold it to me would get a 3% _____.
- To get advice on personal investments, you can see an independent _____.
- Shell, British Airways, Sony and Nestlé are _____ companies.
- Coffee, cotton, coal and aluminium are _____.
- A _____ is owned by its shareholders, and its share price is quoted on a stock exchange.
- Shares in Western Gas were launched with an _____ of 50p per share.
- The _____ of Western Gas on the stock exchange was in 1990.
- Yesterday's _____ for Western Gas was 178p per share, down 2p on the day before.

12. Jason has a _____ of shares worth about half-a-million pounds.
13. Unfortunately, all Jason's _____ were destroyed in a fire.
14. Investing is a form of gambling. As the saying goes "You have to _____ to accumulate".

Task 8. Complete the definitions.

1. ***Investors piled money into the market*** means that people ...
a. invested cautiously b. invested heavily c. invested all their money
2. ***People parted with their cash readily*** means that people were...
a. able to spend money b. spending too fast c. happy to spend their money
3. ***Small investors got their fingers burnt*** means that small investors...
a. were unhappy b. were cheated c. lost money
4. ***There was a drop in stock exchange trading volumes*** means that ...
a. fewer shares were traded b. more shares were traded c. many shares went down in value
5. ***Many investors pulled out of the market altogether*** means that many investors...
a. sold all their shares b. stopped buying shares c. sold their shares at the same time
6. ***In financial terms, the party's over*** means that it's no longer possible to...
a. enjoy making money b. make money easily c. lose more money
7. ***Investors have partially recouped their losses*** means that investors have got...
a. all their money back b. most of their money back c. some of their money back

Task 9. Learn the active vocabulary.

1. bulletin board	электронная доска объявлений
2. tips	краткие указания
3. in the nick of time	в самый последний момент
4. to suffer substantial losses	понести значительные потери
5. paper losses	нереализованные убытки
6. frenzy	безумие
7. crash	крах
8. to be taken in	быть обманутым
9. glitter	яркий блеск
10. fool's gold	зд. неценная вещь
11. as the old saying goes	как говорит старая поговорка
12. London Stock Exchange	Лондонская фондовая биржа
13. online share-trading services	интернет услуги по продаже акций
14. to rocket	взлететь
15. the average number of transactions	среднее количество сделок
16. the first signs of disaster	первые признаки катастрофы
17. share-dealing services	услуги по торговле акциями
18. to cope with the demand	справиться со спросом
19. numerous complaints	многочисленные жалобы
20. to get through to a broker	дозвониться до брокера
21. high-tech stocks	акции высокотехнологичных компаний
22. to nurse burnt fingers	дуть на обожженные пальцы, быть очень осторожным
23. to pull out of the market	уходить с рынка
24. to scale down	уменьшать масштаб

25. full-blown slump	настоящий спад торговли
26. shares fared poorly	зд. цена акция была низкая
27. to trade frenetically	продаваться лихорадочно
28. to hang on to shares	держаться за акции, не продавать их
29. strong sense of caution	сильное чувство осторожности
30. bubble	пузырь

Reading / comprehension activities

Task 10. Read, translate the following text and retell it in several sentences.

The dot.com bubble

1. At the height of the high-tech stocks gold rush, private investors were piling money into internet and technology companies. In many cases, these were little known businesses that had been in existence for only a few months. Nevertheless, investors were hungry for stocks, with many buying large holdings simply on the basis of wildly optimistic internet bulletin boards tips.

2. Then in March and April 2000 share prices crashed. A lucky minority had got out in the nick of time, but the majority of dot-com investors suffered substantial paper losses. Looking back at the frenzy that led up to the crash, it now seems amazing that so many were taken in by the glitter of fool's gold, and were willing to part with their cash so readily. Dot-com shares doubtless seemed to many to be a casino where they couldn't lose, but as the old saying goes, "If it seems too good to be true, it probably is".

3. London Stock Exchange figures show how cheap online share-trading services caused net-based share-dealing to rocket in the months leading up to the crash. The average number of transactions ballooned to 134,000 a day in January, and hit a

peak of 157,000 a day in March – just days before the first signs of disaster.

4. Many of the new share-dealing services were struggling to cope with the demand, and some had to close their doors to new customers. There were numerous complaints from investors having to wait on the phone for an hour or more to get through to a broker.

5. Following the crash, high-tech stocks continued to be traded, of course. But many investors, nursing burnt fingers, pulled out of the market altogether. Others scaled down their trading. The result was a dramatic drop in trading volumes. In the May following the crash, transactions were down to around 100,000 a day, with subsequent months mostly seeing further declines in the number of shares changing hands. In other words, there was a full-blown slump.

6. Although the party was over for private investors, online share-dealing services mostly continued to be profitable, with many new companies joining the already crowded market.

7. However, despite the fact that there was still money to be made, shares in the sector fared poorly, and in late 2000 some were standing at just a tenth of their value prior to the crash – comparable losses to those seen by the dotcoms whose shares they had once been trading so frenetically.

8. In the years following one of the most talked-about crashes in recent history, some investors who hung on to their shares have partially recouped their losses, particularly when smaller companies have been bought out by larger ones. In the majority of cases, though, the recovery has been modest, and accompanied by a strong sense of caution in investors. In general it can be said that the bubble has well and truly burst.

Task 11. Choose the definition which is closest to the meaning in the text.

1. gold-rush (paragraph 1)

- a. lots of people investing b. lots of people making money
- 2. online bulletin board tips (**paragraph 1**)
- a. advice from internet services b. information about internet services
- 3. share prices crashed (**paragraph 2**)
- a. share prices fell dramatically b. share prices stopped rising
- 4. paper losses (**paragraph 2**)
- a. losses of banknotes b. losses of money which never really existed
- 5. fool's gold (**paragraph 2**)
- a. good profits for stupid people b. something worth much less than many people believed

Task 12. Find words in the text with the same meaning as the following.

- 6. only available on the internet (paragraph 3)
n _____ -b _____
- 7. reduced (paragraph 5) s _____ d _____
- 8. being bought and sold (paragraph 5) c _____
h _____
- 9. taken over (paragraph 8) b _____
o _____

Task 13. These sentences use vocabulary from the text. Write "up" or "down" next to each.

- 1. share prices rocketed. _____
- 2. share prices slumped. _____
- 3. share prices recovered. _____
- 4. share prices hit a new peak. _____
- 5. share prices soared. _____
- 6. share prices dropped dramatically. _____
- 7. share prices ballooned. _____
- 8. share prices crashed. _____
- 9. There was a sizeable drop in share prices. _____

Vocabulary activities

Phrasal verbs for Banking and Finance

Task 14. Put verbs into each gap.

take _ set _ backed _ pulled _ put _ call _ standing _ cash _
working _ given _ put _ run _

1. They're _____ **by** their original offer. = Their offer is unchanged.
2. I've _____ **up** a trust fund. = I've arranged a trust fund.
3. Do you want to _____ **off** the meeting? = Do you want to cancel the meeting?
4. They **b**_____ **out of** the deal. = They withdrew from the deal.
5. They've _____ **down** a deposit. = They've paid a deposit.
6. We've _____ **out of** money. = We don't have any more money.
7. I'm _____ **out** the figures. = I'm calculating the figures.
8. We've _____ **up on** the debt. = We've stopped trying to collect the debt.
9. I want to _____ **in** my ISA.* (* *Individual Savings Account, a UK tax-free investment*) = I want to take the money out of my ISA.
10. They **p**_____ **out of** the deal. = They withdrew from the deal.
11. He's _____ **in** an offer. = He's made an offer.
12. We'll _____ them **up on** their offer. = We'll accept their offer.

Task 15. Translate into English using phrasal verbs from the previous task.

1. Они настаивают на своем первоначальном предложении и не хотят его менять.
2. Они выходят из этого дела. (Разрывают контракт).

3. Вы хотите отменить собрание?
4. Я хочу снять деньги со своего сберегательного счета.
5. Я делаю вычисления.
6. Мы не будем взимать долг.
7. У нас кончились деньги.
8. Мы примем их предложение.

Task 16. Put verbs into each gap.

gone _ ran _ add _ taken _ cutting _ fall _
 goes _ put _ come _ tied _ take _ run _

1. We can _____ 10% **off** the price. = We can reduce the price by 10%.
2. The company has _____ **under**. = The company has collapsed.
3. Her money is _____ **up in** property. = Her money is invested in property.
4. I hope the deal doesn't _____ **through**. = I hope the deal happens.
5. The bank has been _____ **over**. = The bank has been bought by another company.
6. We're _____ **back on** production costs. = We're reducing production costs.
7. We _____ **in** an order for new computers. = We ordered new computers.
8. The costs _____ **into** six figures. = The costs were more than £100,000.
9. They haven't _____ **up with** the money yet. = They haven't paid yet.
10. I hope the deal _____ **through**. = I hope the deal happens.
11. The costs _____ **up to** six figures. = The costs total around £100,000.
12. The company has been _____ **up for** sale. = The company has been put on the market.

Task 17. Translate into English using phrasal verbs from the previous task.

1. Мы можем снизить цену на 15 процентов.
2. Эта компания выпустила свои товары в продажу.
3. Наша компания сокращает производственные расходы.
4. Эта компания разорилась.
5. Расходы достигли шестизначного числа.
6. Они еще не выплатили все деньги.
7. Ее деньги вложены в собственность.
8. Я надеюсь, что наша сделка состоится.
9. Наша компания заказала несколько новых компьютеров.
10. Этот банк перешел в собственность другой компании.
11. Надеюсь, что наша сделка не провалится.
12. Расходы перешагнули предел шестизначного числа.

Task 18. Translate the following texts into Russian and underline all the terms relating to the topic 'investments'. Translate the terms into Russian.

Blue Ocean

What Does Blue Ocean Mean? A slang term for the uncontested market space for an unknown industry or innovation. In an established industry, companies compete with each other for every piece of available market share. The competition is often so intense that some firms cannot sustain themselves and stop operating. This type of industry describes a red ocean, representing saturated market share, bloodied by competition. To avoid costly competition, firms can innovate or expand in the hope of finding a blue ocean. A blue ocean exists where no firms currently operate, leaving the company to expand without competition.

A bull market

What Does Bull Market Mean? A financial market of a group of securities in which prices are rising or are expected to rise.

The term "bull market" is most often used to refer to the stock market, but can be applied to anything that is traded, such as bonds, currencies and commodities. Bull markets are characterized by optimism, investor confidence and expectations that strong results will continue. It's difficult to predict consistently when the trends in the market will change. Part of the difficulty is that psychological effects and speculation may sometimes play a large role in the markets.

A bull market is when everything in the economy is great, people are finding jobs, gross domestic product (GDP) is growing, and stocks are rising. Things are just plain rosy! Picking stocks during a bull market is easier because everything is going up. Bull markets cannot last forever though, and sometimes they can lead to dangerous situations if stocks become overvalued. If a person is optimistic and believes that stocks will go up, he or she is called a "bull" and is said to have a "bullish outlook".

A bear market

What Does Bear Market Mean? A market condition in which the prices of securities are falling, and widespread pessimism causes the negative sentiment to be self-sustaining. As investors anticipate losses in a bear market and selling continues, pessimism only grows. Although figures can vary, for many, a downturn of 20% or more in multiple broad market indexes, such as the Dow Jones Industrial Average (DJIA) or Standard & Poor's 500 Index (S&P 500), over at least a two-month period, is considered an entry into a bear market.

A bear market is when the economy is bad, recession is looming and stock prices are falling. Bear markets make it tough for investors to pick profitable stocks. One solution to this is to make money when stocks are falling using a technique called short selling. Another strategy is to wait on the sidelines until you feel that the bear market is nearing its end, only starting to buy in anticipation of a bull market. If a

person is pessimistic, believing that stocks are going to drop, he or she is called a "bear" and said to have a "bearish outlook".

The use of "bull" and "bear" to describe markets comes from the way the animals attack their opponents. A bull thrusts its horns up into the air while a bear swipes its paws down. These actions are metaphors for the movement of a market. If the trend is up, it's a bull market. If the trend is down, it's a bear market.

The Other Animals on the Farm - Chickens and Pigs

Chickens are afraid to lose anything. Their fear overrides their need to make profits and so they turn only to money-market securities or get out of the markets entirely. While it's true that you should never invest in something over which you lose sleep, you are also guaranteed never to see any return if you avoid the market completely and never take any risk,

Pigs are high-risk investors looking for the one big score in a short period of time. Pigs buy on hot tips and invest in companies without doing their due diligence. They get impatient, greedy, and emotional about their investments, and they are drawn to high-risk securities without putting in the proper time or money to learn about these investment vehicles. Professional traders love the pigs, as it's often from their losses that the bulls and bears reap their profits.

A deer market

What Does Deer Market Mean? A flat market. Neither a bull or bear market, a deer market is characterized by low activity, with timid investors waiting for a sign of which way the market is going to end up moving. The term is used to illustrate when investors who are unable or unwilling to move due to uncertainty - like deer who freeze when "caught in the headlights" of a vehicle.

Listening/ comprehension activities

Investments

Task 19. Learn the following words and phrases.

1. ethical investment	этичная инвестиция
2. capital growth	прирост капитала
3. yield	доход
4. to gain	получать
5. at the expense	за счет
6. environment	окружающая среда
7. to screen	производить проверку
8. thoroughly	полностью
9. to match up	совпадать, соответствовать
10. unquoted companies	незарегистрированные компании на фондовой бирже
11. the next generation	следующее поколение
12. renewable energy technologies	технологии возобновляемых источников энергии
13. infancy	ранняя стадия развития
14. long-term growth potential	долгосрочный потенциал роста
15. return on your investment	окупаемость ваших инвестиций
16. fund manager	управляющий фондом
17. the value of your holding	стоимость ваших капиталовложений
18. on average	в среднем
19. managed funds	управляемые фонды
20. to equal	равняться
21. to out-perform	превосходить по параметрам
22. hefty fees	огромная плата
23. entry to the fund	вступление в фонд

Task 20. Find words in the advertisements of investment funds which mean the same as the words below.

1. a specific investment h _____
2. as good, in financial terms, as others on the market
c _____
3. checked s _____
4. give a higher return than o _____ -p _____
5. income from an investment y _____
6. increase in value of a holding c _____ g _____
7. an increase in value over several years l _____ -
t _____ g _____
8. not listed on a stock exchange u _____
9. principles for deciding how to invest i _____
c _____

Task 21. Answer the questions.

1. Which fund is probably higher risk?
AWARE / NEPTUNE
2. Which fund is likely to have higher fees?
AWARE / NEPTUNE
3. Which fund is more suitable for investors needing a reliable yield?
AWARE / NEPTUNE
4. Which fund is entirely invested on the stock market?
AWARE / NEPTUNE
5. Which fund would you prefer to invest in?
AWARE / NEPTUNE

Writing activities

Task 22. Translate and learn the following idioms and make up sentences with some of them in writing.

1. pony up - to pay

I had to pony up a lot of money to get my car repaired.

2. set (someone) back - to cost a certain amount of money

My friend asked me how much my new coat had set me back.

3. two cents (worth) - one's comments or opinion

I gave my two cents worth when my supervisor asked me for my opinion.

4. tighten one's belt - to live on less money than usual

We decided to tighten our belt and try to save up some money for a holiday.

Task 23. Translate the sentences into English in writing.

1. Мне пришлось заплатить немалые деньги, чтобы купить этот дом и отремонтировать его.

2. Они приняли решение затянуть пояс потуже, чтобы позволить себе купить новую машину в следующем месяце.

3. Я не мог вставить два слова (свои пять копеек) в течение всего разговора с боссом: он много говорил.

4. Скажи, во что тебе обошлась покупка этого телевизора? Это – самая последняя модель, не правда ли?

Task 24. Translate into English.

1. новый рынок без конкуренции –

2. финансовый рынок с растущей ценой на акции –

3. финансовый рынок с падающей ценой на акции –

4. инвесторы, которые боятся потерь и не покупают акции компаний –

5. инвесторы, которые готовы идти на риск, чтобы получить большую прибыль –

6. финансовый рынок с низкой активностью инвесторов –

Discussion: The Australian Business Culture (part II)

Task 1. Read the following text. Retell the passage (one – two sentences for each paragraph). You may start your sentences with ‘you should’ and ‘you shouldn’t’.

What you should know before negotiating

It is appropriate to present a business card at an introduction.

Australians like to talk business from the start, with very little small talk. Speak plainly and expect what you say to be taken literally. In turn, interpret what Australians say to you in the same direct manner. Often, Australians will be trusting of people they consider their equals.

Australians are usually distrustful of authority and of people who think that they are somehow ‘better’ than others. During conversation, remain modest at all times, and refrain from drawing attention to your education, professional experience, business success, and related achievements. You must never give an impression that your organization is doing better than their organization.

Cynicism is an important part of the national character. A great deal of cynicism is directed at people who seem too wealthy or powerful. In this culture, there is greater respect for the ‘underdog’.

Australians generally dislike negotiation and aggressive sales techniques. They value directness, therefore presentations of any kind should be straightforward, with an emphasis on both the positive and negative outcomes.

Keep your presentation simple and ‘to-the-point’. Digressions or excessive details will not be well-received by an Australian audience. The facts, details, benefits and downsides of a proposal should be clearly presented. Anything that resembles ‘selling’, trying to impress, or assumption of acceptance will be challenged.

Modesty, casualness, and an air of nonchalance are characteristic attitudes in Australian business culture. Australian business persons may emphasize profit over market share.

The work environment in Australian business culture tends to be collaborative. Before a decision is made, top management will consult subordinates and their input will be given careful consideration. It will be in your best interests not to try to rush this process. Negotiations usually proceed at a fast pace and bargaining is not customary. Australians will expect your initial proposal to have only a small margin for negotiation.

Task 2. Learn the following most common Australian expressions of slang. Make up your own dialogs using some of the expressions.

Common Australian expressions

People new to Australia, particularly from non-English speaking backgrounds who have learned English at school, will probably be unfamiliar with some common Australian expressions or slang. Slang words originate from many different sources. Australians also use shortened versions of longer words.

It is always advisable to ask the person who said something you don't understand to explain it. Australians are happy to explain.

- bring a plate – you may be asked to 'bring a plate' when you are invited to a less formal party. This means that you need to bring prepared food to share with your host and other guests. You can bring it in any type of dish, not just a plate. You can always check with your host on what to bring, as they'll have an idea of what others are bringing, so the party doesn't end up with

lots of salads and no cakes. It's always a good idea to bring something traditional to your country of origin, as it will get attention!

- BYO – means ‘bring your own drink’, and it is very common in Australia. This can be alcohol or non-alcohol, as long as you will drink it and will not drink other people’s drinks. Some restaurants are BYO, meaning that you can bring your own wine when coming to dinner or lunch. In most restaurants, you will be charged ‘corkage’ for providing and cleaning glasses. It is wise to bring your own wine to restaurants as bottled wines in restaurants could be quite expensive.
- arvo – means ‘afternoon’. ‘I’ll give it to you this arvo’ means ‘I will give it to you this afternoon’.
- fortnight – means two weeks. Many employees are paid fortnightly – every two weeks.
- barbeque, BBQ, barbie - outdoor grill cooking on a gas or coal hotplate. Usually it is meat and sausages served with salads and bread rolls. Often guests will be asked to bring some meat for the bbq. These gatherings are often very informal and could occur at someone’s backyard or at a beach or picnic area.
- snag - sausages. Usually the raw type cooked at a BBQ. These can be made of pork, beef or chicken.
- chook - chicken.
- cuppa - a cup of tea or coffee. "Drop by this arvo for a cuppa" means ‘Come this afternoon for a cup of tea or coffee’.
- tea - could also mean dinner. Invitation to ‘Come for tea’ could mean ‘Come to dinner’, so you must check with the host, but time will be a good indication as well, i.e. invitation after 6.00pm will be dinner, not just a cup of tea.

- loo or dunny - toilet. As a guest in someone's house for the first time it is polite to ask permission to use their toilet. "May I use your toilet please?" Some people ask "Where's the loo?". Dunny is very colloquial and you won't hear it very often.
- fair dinkum - honest, the truth. It can also be used as a question "fair dinkum?" meaning "is it really true?".
- to be crook - to be sick or ill, 'I was crook all weekend' means 'I was sick all weekend'.
- flat out - really busy.
- shout - to buy someone a drink. When a group of friends meet at a pub or a club it is common that each person will 'shout a round', meaning buy everyone a drink. Each person takes turn at 'shouting a round'. If you do not drink alcohol you can say that you are a 'teetotaler', and you are not obliged to shout.
- bloke - a man. Sometimes if you ask for help, you may be told to 'see a bloke over there'.
- mate – a friend. Australian men often address each other as 'mate' in less formal situations, whether they know each other or not.
- How ya goin? - 'How are you going?' meaning 'How are you?', or 'How do you do?'. It does not mean what form of transport you are taking. Sometimes it can sound like 'ow-ya-goin-mate'.

Task 3. Speak about Australian business culture using the information from the previous tasks. Mention the following topics: making appointments, business dress, communication style, negotiating.

Unit 11. Check-up.

1. Make sure that you know the following words and word combinations, translate them into Russian.

Capital intensive, a cost-benefit analysis, an annual report, working capital, profit margin, a joint venture, to go into partnership, a going concern, a government grant, environmental audit, to wind up a company, venture capital, to go under, to go out of business, to go bust, to go to the wall, a futures contract, a share option, a reduced price, a trust fund, a bull market, a bear market, a trustee, a fixed-interest government bond, blue-chip companies, commodities, a public company, a flotation, a closing price, a portfolio of shares, share certificates, a bulletin board, paper losses, the average number of transactions, share-dealing services, to cope with the demand, high-tech stocks, to pull out of the market, full-blown slump, to hang on to shares, to run out of money, to work out the figures, capital growth, unquoted companies.

2. Make sure that you know the following words and word combinations, translate them into English.

Неуверенный старт, торговый банк, существенные убытки, доход от рекламы, арендовать помещения, нанять персонал, купить оборудование, вернуть вложенные деньги, начальные затраты, капиталоемкий бизнес, закон спроса и предложения, иметь монополию на телекоммуникации, предоставлять работу по контракту, объявлять тендер на контракт, предлагать услуги по контракту, прекращать выпускать товары на рынок, вложить деньги в акции, значительный спад на ранке, краткие указания, понести значительные потери, крах, интернет услуги по продаже акций, настаивать на первоначальном предложении, отменить собрание, выйти из сделки, снять деньги с индивидуального сберегательного счета, сделать деловое предложение.

3. Read the following information and then match the words with the definitions.

Investment banking

Ruth Jones works in an investment bank in New York. “Unlike commercial banks, investment banks like ours don’t lend money. Instead we act as intermediaries between companies and investors. We help companies and governments raise capital by issuing securities such as stocks and bonds – that is, we offer them for sale. We often underwrite securities issues: in other words, we guarantee to buy the securities ourselves if we can’t find other purchasers.

As well as initial public offerings (IPOs), when companies offer stock for sale for the first time, there are other occasions when they raise funds. For example, they might want to expand their operations, or to acquire another company, or to reduce their amount of debt, or to finance a specific project. They don’t only raise capital from the public: they can sell stocks or shares to institutional investors like insurance companies, investment funds – companies that invest the money of lots of small investors, and pension funds – companies that invest money that will later be paid to retired workers.

We also have a stock broking and dealing department. This executes orders – buys and sells stocks for clients – which is broking, and trades with our own money, which is dealing. The stock broking department also offers advice to investors”.

Remember: BrE: flotation; AmE: initial public offering (IPO)

Mergers and acquisitions

“Investment banks often represent firms in mergers and acquisitions, and divestitures. A divestiture is when a company sells a subsidiary – another company that it owns. Most of the fee – the money the company pays us for the service – will depend on us completing the deal successfully. This gives the bank a good reason to make sure that the transaction succeeds”.

Consulting and research

“Large corporations have their own finance and corporate development department. But they often use an investment bank like ours because, like a consulting firm, we can also offer independent advice, and we have a lot of experience in financial transactions. We also have a large network of contacts, and relationships with investors and companies that could be interested in a merger or acquisition.

If we’ve worked on a transaction with a company, we know a lot about its business. This means we can give advice about strategic planning – deciding what to do in the future – or financial restructuring – changing the way the business is financed. Large investment banks also have extensive research departments with analysts and forecasters who specialize in the valuation of different markets, industries, companies, securities and currencies. Analysts try to work out how much things are worth now, and forecasters study the prospects for the future”.

financial restructuring consulting firm forecasters institutional investor strategic planning pension fund subsidiary valuation

1. a company of experts providing professional advice to business for a fee
2. a financial institution that invests money to provide retirement income for employees
3. deciding what a company is going to do in the future
4. people who try to predict what will happen in the future
5. a company that is partly or wholly owned by another one
6. a financial institution that purchases securities
7. making changes to how a company is financed
8. establishing how much something is worth

Unit 12: Financial planning

Pre-reading activities

Asset management: definitions

Task 1. Look through a student's notes from a lecture about asset management. Then match the words from it with the definitions.

What? **Asset management** is managing financial assets for institutions or individuals.

Who? Pension funds and insurance companies manage huge amounts of money. Private banks specialize in managing **portfolios** of wealthy individuals. **Unit trusts** invest money for small investors in a range of securities.

How? Asset managers have to decide how **to allocate** funds they're responsible for: how much to invest in shares, mutual funds, bonds, cash, foreign currencies, precious metals, or other types of investments.

Why? **Asset allocation** decisions depend on objectives and size of the portfolio. The portfolio's objectives determine the returns expected or needed, and the acceptable level of risk. The best way to reduce exposure to risk is **to diversify** the portfolio – easier and cheaper for a large portfolio than a small one.

1. portfolio	a. to distribute according to a plan
2. securities	b. all the investments held by an individual investor or organization
3. allocate	c. a general name for shares, bonds and other tradable financial assets
4. diversify	d. to buy a wide variety of different securities

Remember! BrE: unit trusts; AmE: mutual funds

Task 2. Read the following passage and pay attention to bold-typed words.

Types of investor

- Some want **regular income** from the investments – less concerned with size of their capital.
- Some want **to preserve** (keep) their capital – avoiding risks. If the goal is **capital preservation**, the asset manager usually allocates more money to bonds than stocks.
- Others want to accumulate or build up capital – taking more risks. If the goal is **growth** or **capital accumulation**, the portfolio will probably include more shares than bonds. Shares have better profit potential than bonds, but are also more **volatile** – their value can increase or decrease more in a short period of time.

Task 3. Match the investments goals (1 – 3) with the statements (a – c).

1. capital preservation
2. growth
3. income

a. I want to accumulate wealth, but I know that this means taking risks and buying securities with volatile prices that could go down as well as up.

b. I want a regular return every year, because I need that money, even if this means I might have to risk losing some of my capital.

c. I definitely don't want to risk losing any of my capital, even if this means that some years I get a very low return.

Task 4. Find nouns in the previous tasks that can be used to make word combinations with the verbs below. Then use some of the word combinations to complete the sentences.

- **accumulate** _____
- **allocate** _____

- **diversify** _____
- **manage** _____

1. I don't want to pay a bank to _____ my _____; I can do it myself.
2. I have lots of different types of securities, because I decided to _____ my _____.
3. As an asset manager, I discuss clients' needs and objectives and then we decide how to _____ their _____.
4. If my clients want to _____ _____, I take more risks, and buy a lot of stocks.

Task 5. Read the following passage and pay attention to bold-typed words.

Active and passive investment

Some asset managers (or their clients) choose **an active strategy** – buying and selling frequently, adapting the portfolio to changing market circumstances. Others use **a passive strategy** – buying and holding securities, leaving the position unchanged for a long time.

Nowadays there are lots of **index-linked funds** which simply try **to track** or follow the movements of a stock market index. They buy lots of different stocks in the index, so if the index goes up or down, the value of the fund will too. They change much lower **fees** than activity managed accounts – and usually do just as well. Investors in these funds believe that you

can't regularly **outperform the market** – make more than average returns from the market.

Remember! BrE: index-linked fund; AmE: tracker fund

Task 6. Match the two parts of the sentences.

1. The value of index-linked funds will change frequently	a. if the client wants to avoid risks.
2. Private banks	b. diversify the money of small investors.
3. Asset managers buy more bonds than shares	c. if the whole market is volatile.
4. Mutual funds	d. manage the investments of rich investors.
5. Asset managers buy more shares than bonds	e. if the client hopes to accumulate capital.

Task 7. Translate the following sentences into English.

1. Управление активами компании – это одна из задач финансового менеджера.
2. Паевые фонды делают инвестиции для небольших инвесторов, работая с несколькими видами ценных бумаг.
3. Важной задачей финансового менеджера является распределение денежных средств за которые они ответственны в различные виды инвестиций.
4. Решения по размещению активов зависят от размеров портфеля инвестиций (количества и объема всех инвестиций компании) и задач, которые ставит перед собой инвестор.
5. Некоторые инвесторы хотят получать регулярный доход от своих инвестиций – они менее обращают внимание на размер своего капитала.
6. Некоторые финансовые менеджеры выбирают активную стратегию – покупать и продавать акции часто.

Task 8. Learn the active vocabulary.

1. to add value	зд. увеличивать доходность инвестиций
2. stock market practice	работа на фондовой бирже
3. academic theory	академическая теория
4. brokerage houses	брокерские фирмы
5. to analyze securities	анализировать рынок ценных бумаг
6. to generate superior returns	получать высокую доходность
7. to back	поддерживать
8. stock	зд. акции
9. analysts' share tips	советы аналитиков о том какие акции покупать
10. to outperform	превосходить
11. the average stock	цена акции в среднем
12. average annual return	средний годовой доход
13. practical application	практическое применение
14. portfolio	портфель (набор) инвестиций
15. reliable difference	существенная разница
16. transaction costs	затраты на проведение операций
17. to trade profitably	вести торги, получая прибыль
18. retail investors	инвесторы, покупающие отдельные акции в розницу
19. to buy highly recommended stocks	покупать те акции, которые рекомендуют (аналитики)
20. stocks out of favor	акции, которые не рекомендуют покупать (аналитики)
21. the billions spent on analysts	миллиарды, потраченные на работу аналитиков

Reading / comprehension activities

Task 9. Read, translate the following text and retell it in several sentences.

Profits from the prophets

Do analysts add value?

Stock market practice and academic theory are sharply divided on this question. Investment banks and brokerage houses spend billions of dollars a year analyzing securities, presumably because they think it helps their clients generate superior returns. Yet if you believe, as most academics do, that markets are reasonably efficient, then investors cannot trade profitably on the basis of public information, such as analyst recommendation, since all such data are instantly incorporated into share prices.

Several studies carried out in the late 1970s backed the academics by appearing to show that the average stock which has no analyst following it actually outperforms the average stock that does. However, the new research shows a different picture. It suggests that following analysts' share tips can be hugely profitable.

The professors studied more than 360 000 recommendations made by more than 4 000 US equity analysts. Each stock was given a rating – from one for a 'strong buy' to five for a 'strong sell' – based on the average advice of all analysts following it. The professors then constructed five portfolios, grouping the highest-rated firms into one, the next best into a second and so forth. They then monitored their performance, with stocks moving between them as they fell in and out of favor.

The results surprised even the authors. The first portfolio of 'strong buys' earned an average annual return of 18.8 per cent over the eleven years, beating a stock market index of 14.5 per cent. The last portfolio of 'strong sells' underperformed dramatically, averaging only 5.8 per cent.

To give their research a practical application, the authors then proposed a trading strategy: buy the first portfolio, sell the fifth and you should generate an annual average return of 12.2 per cent.

Unfortunately there are two problems. The first is that the abnormal returns are most pronounced among small and medium-sized firms, which stands to reason since these are less well followed, giving analysts more room to add value. For the few hundred largest firms, comprising 70 per cent of the US market's capitalization, the study finds no reliable differences between 'buys' and 'sells'.

Second, to collect splendid returns requires a very active trading strategy, turning over your entire portfolio up to four times a year. The resulting transaction costs eat up virtually all of the extra return.

However, that does not make the research worthless. Big institutions probably have lower transaction costs and could thus trade profitably. Even retail investors should buy highly recommended stocks and sell those out of favor. The billions spent on analysts seem a good investment after all.

Task 10. Say if the following statements are true or false. Summarize the main points of the article in your own words.

1. Brokers and university professors agree that stock market analysts are useful.
2. Research in the 1970s showed that it was better to buy stock not recommended by analysts.
3. In the new study, stock recommended by analysts brought much higher than average returns.
4. The best return on investment can be made by investing in small and medium-sized firms.
5. To get good returns it is best not buy or sell stocks very frequently.

6. The cost of buying and selling can greatly reduce your profit.
7. Small investors can profit from analysts' recommendations.
8. The writer concludes that the analysts are worth their high salaries.

Task 11. Complete the table with details about the new research on analysts' tips.

Number of recommendations studied: 1 _____

Number of US equity analysts in the study: 2 _____

Portfolios:

1 = highest rated, 5 = lowest rated

Portfolio 1 recommendation: 3 _____

Portfolio 2 recommendation: 4 _____

Portfolio 3 no recommendation:

Portfolio 4 recommendation: 5 _____

Portfolio 5 recommendation: 6 _____

Results:

portfolio 1: average annual return: 7 _____

portfolio 5: average annual return: 8 _____

Task 12. Find the English equivalents for the following in the text:

- работа на фондовой бирже и академическая теория –
- брокерская фирма –
- анализировать рынок ценных бумаг –
- высокая доходность –
- средний годовой доход –
- практическое применение –
- существенная разница –
- затраты на проведение операций –
- вести торги, получая прибыль –
- покупать те акции, которые рекомендуют (аналитики) –
- миллиарды, потраченные на работу аналитиков –

Vocabulary activities

Task 13. Which of these words and phrases refer to a higher than normal return on investment?

1. superior returns
2. abnormal returns
3. average returns
4. splendid returns
5. extra returns
6. outperform
7. underperform

Task 14. Find a word or phrase in the text that has a similar meaning.

1. financial institutions which act as middlemen between people who want to buy or sell shares and share traders (para 1) – _____
2. gains from an investment (para 1) – _____
3. suggestions to buy certain shares (para 2) – _____
4. value of all stock market gains over a year divided by the number of stocks involved (para 4) – _____
5. set of numbers that compares changes in the values of shares with a fixed value (para 4) – _____
6. policy or approach to buying and selling shares (para 5) – _____
7. total market value of all the stocks and shares issued (para 6) – _____
8. commission which you pay to dealers when you buy or sell shares (para 7) – _____

Task 15. Choose the best explanation for each of these words and phrases from the text.

1. backed the academics
 - a. disagreed with the views of academics
 - b. proved the theories of the academics
2. more rigorous
 - a. larger
 - b. more thorough
3. fell out of favor
 - a. analysts no longer recommended these stocks
 - b. stocks were no longer quoted on the stock exchange
4. stands to reason
 - a. is logical
 - b. is difficult to explain
5. turning over your entire portfolio
 - a. making a few changes to your portfolio
 - b. changing every investment in your portfolio

Task 16. Complete the sentence.

beat earn outperform underperform generate monitor comprise
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1. The return on their portfolio _____ the stock market index by 5%.
2. The highest-rated stocks _____ an average of 18.8% over ten years.
3. Analysts _____ the performance of stocks over several years.
4. Analysts' recommendations help investors to _____ higher returns.
5. Large companies _____ 70% of the US market's capitalization.
6. The lowest-rated stocks _____ dramatically.
7. Stocks which had no analysts following them _____ those that did.

Listening/ comprehension activities

Financial planning

Task 17. Learn the following words and phrases.

1. to calculate	вычислять
2. profitable	выгодный
3. rate of return	ставка дохода
4. expressed	выраженный
5. risk-free	надежный
6. cost of capital	стоимость капитала
7. discounted cash flow value	зд. обесценивание денег
8. to decrease	уменьшаться
9. purchasing power	покупательная способность
10. to get income	получить доход
11. opportunity cost of capital	потеря от неиспользования возможностей вложения капитала
12. time value of money	временная стоимость денег
13. to receive money	получить деньги

Task 18. Listen to the text and say if the following sentences are true or false. Retell the text.

1. Financial planning involves calculating whether new projects would be profitable.
2. The amount of income received from the investment is expressed as a percentage of the total amount invested.
3. If we're going to finance a project with our own money, the rate of return must be at least as high as we could get by depositing the money in a bank instead.
4. If a company uses its own money for a new project, there is no opportunity cost of capital.
5. Because of inflation, money will usually be worth more in the future than in the present.

Writing activities

Task 19. Translate and learn the following idioms and make up sentences with some of them in writing.

1. take a beating - to lose much money

My friend took a beating on the stock market and has now stopped buying stocks.

2. strike gold - to find or do something that makes you rich

The company was able to strike gold with their new product.

3. quick buck - some money earned quickly and easily

The small company is only interested in making a quick buck and is not interested in product quality.

4. play the market - to invest in the stock market

My father likes to play the market and he sometimes makes a lot of money.

5. nest egg - the money that someone has saved up

I made a nest egg when I was working and I am now able to go to school.

6. above par - more than average, above normal, more than the face value of a bond/stock/currency

The currency was selling above par at the small exchange shop.

7. below par - lower than average, below normal, less than the face value of a bond/stock/currency

The government bonds were selling at a price that was below par.

8. cash cow – a product, business, etc, that generates a continuous flow of money or a high proportion of overall profits is a cash cow.

9. dollar for dollar - considering the cost

Dollar for dollar the new hotel is the best bargain in this city for tourists.

10. face value - the value or price printed on a stamp/bond/note/paper money

The face value of the stamp was very low but it was worth a lot of money.

Discussion: Eating out: how culturally aware are you?

Task 1. In Russia they sit down at cocktail parties. In China the most important guest is seated facing the door. In Japan a tip is not expected; in France it is an insult not to leave one. Try the quiz below. Underline the correct information.

1. In *Greece / Finland* people frequently stop for lunch at 11.30 in the morning.
2. In *Switzerland / Brazil* it's common to be up to two hours late for a party.
3. In *Portugal / the USA* a business lunch can last up to three and half hours.
4. In *Japan / Russia* the soup is often eaten at the end of the meal.
5. In *France / Britain* cheese is normally served after the dessert.
6. In *American / German* restaurants you may be asked if you want a bag for the food you can't eat.
7. In *Arab / Asian* countries you must wait for your host to serve you the main meat dish.
8. In *Mexico / Belgium* you should keep both hands on the dinner table where they can be seen.
9. At a *Turkish / Chinese* dinner table it is extremely impolite to say how hungry you are.
10. The *Japanese / British* sometimes need to be offered more food three times before they will accept.
11. *American / Latin* executives like to be invited to your home for dinner.
12. In *Belgium / Spain* an 11 o'clock dinner is quite normal.
13. In *Asian / Arab* countries food is usually eaten with just three fingers of the right hand.
14. In *Poland / Japan* you should keep filling other guests' glasses until they turn them over.

15. In African / Asian countries it is the host who decides when the guests should leave.

Task 2. Read the chatting over lunch of business people from different countries. Then answer the questions.

Conversation 1.

- So, Seiji. What's this fugu? It's a kind of fish, isn't it?
- Ah, yes. Er, it's rather unusual, er...
- Traditional Japanese dish, eh?
- Yes, but it's a little exotic. You may not like it.
- No, no, I like trying new things. Fugu sounds good to me.
- I think you'd prefer something else. Fugu can be... a little dangerous.
- A bit spicy, you mean? Ah, I don't worry about that. I love spicy food.
- No, not spicy. It's poisonous.
- It's what?
- Poisonous. If it isn't cooked the right way, yes. Some people love it. And this is a very good restaurant, but thirty people die every year from bad fugu. Really, I think you should try something else.
- Yeah, well, sure. I think you're probably right. Maybe I'll have tempura instead.
- Yes, tempura. Much better idea, David.

Questions:

1. What is Seiji worried about?

2. Seiji uses different expressions to stop his colleague choosing the fugu. Complete them.

- a. It's rather _____;
 - b. It's a little _____;
 - c. You may _____;
 - d. I think you'd _____;
 - e. Really, I think you should _____.
3. What does David say when he decides to change his mind?
-

Conversation 2.

- Now, Hans, we thought you might like to try the local specialty.
- Ah, yes?
- Yes, it looks a little strange at first. But you'll love it. You like shellfish, don't you.
- Well, I like prawns. And the mussels we had the other day were excellent.
- Then you'll really enjoy this. It's squid. But this is not just squid.
- No?
- No, this is something really special. It's served in its own ink – as a sauce.
- It sounds a bit... Actually, I hope you don't mind, but could I have something a bit simpler?
- Well, if you're sure you don't want to try it. It's really very good.
- Yes, I'm sure it is, but...

Questions:

1. What is Han's problem?
-
2. The Spaniards use different expressions to encourage Hans to try the squid. Complete them.
 - a. We thought you might _____;
 - b. You'll _____;

- c. You'll really _____;
- d. This is something _____;
- e. It's really _____.
3. What does Hans say when he refuses the Spaniards' offer?
-

Conversation 3.

- Now, is there anything you don't eat, Louise?
- Well, I am on a special diet at the moment, Jean-Claude. I hope that's not a problem.
- No, of course, not. This is a very good menu. I am sure we can find something you'll like. What can't you eat?
- Well, I can't eat anything fried. In fact, no fat at all. Nothing made of pastry or cooked in oil. No red meat, of course. Not too much sugar. I can eat white fish but only boiled.
- What about the chicken here? That's very plain and simple.
- Is there a sauce on it?
- Yes, it's a delicious cream and wine sauce.
- No cream, I am afraid. And I'm not allowed any alcohol at all.
- I see. Well, I'm sure they'll serve it without the sauce.
- How's the chicken cooked?
- It's roast chicken, I imagine.
- I can only have grilled.
- I'll ask them to grill it.
- I'd prefer fish really.
- Well, how about the trout?
- Is it boiled?
- No, baked in the oven.
- Hm, I may not like it. What does it come with?

- It comes with potatoes and fresh vegetables.
- Oh, I can't eat potatoes. Vegetables are OK. But no beans and....

Questions:

1. Why does Louise have a problem choosing what to eat?

2. Jean-Claude and Louise mention lots of different cooking methods. Complete them.
 - a. _____
 - b. _____
 - c. _____
 - d. _____
 - e. _____
3. Complete these extracts from the conversation:
 - a. ... nothing made ____ pastry.
 - b. Nothing cooked ____ oil.
 - c. It comes _____ potatoes and fresh vegetables.
4. Have you ever had lunch with anyone like Louise?

Task 3. Work with a partner. You are having a business lunch together. Take turns to be the host and help your quest choose something to eat and drink from your menu.

You may choose from the following phrases:

- Now, what would you like to drink?
- It all looks very good.
- So, what do you recommend?
- Is there anything you don't eat?
- You could try the lamb. That's very good here.
- Shall we order a bottle of the house red?
- This is absolutely delicious.
- Could we order some mineral water, too?
- Now, how about a dessert?
- Better not. I'm on a diet.
- No, no, I insist. You're my quest.

Unit 12. Check-up.

1. Make sure that you know the following words and word combinations, translate them into Russian.

Asset management, financial assets, portfolios, unit trusts, a range of securities, to reduce exposure to risk, to diversify the portfolio, to preserve (keep) someone's capital, changing market circumstances, index-linked funds, to outperform the market, to add value, to analyze securities, to back, analysts' share tips, the average stock, practical application, transaction costs, to trade profitably, to buy highly recommended stocks, stocks out of favor, the billions spent on analysts, superior returns, to generate higher returns, highest-rated stocks, financial planning, to calculate, rate of return, to be expressed as a percentage of the total amount invested, purchasing power, time value of money, to receive money, to take a beating, a quick buck, to play the market, above par, below par.

2. Make sure that you know the following words and word combinations, translate them into English.

Страховая компания, пенсионный фонд, размещать денежные средства, вкладывать деньги в акции, ценные металлы, приемлемый уровень риска, регулярный доход от инвестиций, сохранение капитала, рост или накопление капитала, покупать ценные бумаги, работа на фондовой бирже, брокерские фирмы, получать высокую доходность, средний годовой доход, существенная разница, инвесторы, покупающие отдельные акции в розницу, стоимость капитала, получить доход, наблюдать за курсом акций в течение нескольких лет, финансировать проект с помощью собственных денежных средств, потеря от неиспользования возможностей вложения капитала, найти «золотую жилу», заначка (скопленные деньги), «дойная корова», учитывая расходы, номинальная стоимость.

Module 3. Individual work

The first variant

Task 1. Read, translate the text and summarize its content in several sentences. Make up the vocabulary of this text.

The Frosty, Festive World Of Investing

The store windows are frosted with artificial snow, the eggnog is flowing, and frantic shoppers are crowding the malls - that's right, it's Christmas time. In keeping with the yuletide spirit, let's take a look at the investing vocabulary that goes along with this credit card-shattering time of year.

Santa Claus Rally He's bearded, he's jolly and he's permanently associated with Coca-Cola - yep, that's Santa Claus. Santa's origins are a matter of speculation, but according to popular belief, he is derived from a Dutch mythical character based on the historical figure Saint Nicholas, who supposedly gave presents to the poor. The modern-day Santa spends his time spreading cheer and promoting world peace by delivering gifts all over the globe.

In the investing world, Santa brings investors a "gift" in the form of a jump in the price of stocks, known as the Santa Claus rally. This rally usually occurs between Christmas and New Year's day. There are many theories as to why this happens. Some people believe it is a result of year-end tax considerations, while others say it's because all the market pessimists are away on holidays or because people are buying stock in anticipation of the January effect. Those of us who believe in the magic of Christmas think the rally may be due to seasonal cheer infecting the usually dour inhabitants of Wall Street - a true Christmas miracle.

Boston Snow Indicator In 1942, Irving Berlin wrote a song called "White Christmas", which Bing Crosby brought to life in an immensely popular recording. Since then, a snowy landscape is the ideal place to spend Christmas day. The Boston snow indicator is a market theory that posits that a

white Christmas in Boston will cause stock prices to climb. This is one of several dubious indicators that, while it may appear to be accurate, teaches us more about the fallibility of statistics than the behavior of the market.

Elves In contemporary tales of Santa Claus, the man in red uses an army of small, spry laborers to produce the incalculable amount of toys needed to supply all of the world's children. Elves' most recognizable features are the pointed tips of their ears and their sunny dispositions.

In the investing world, elves are the technical analysts who try to predict the direction of the market. More specifically, the term refers to the guests appearing on the PBS television show "Wall Street Week". The elves of Wall Street are not exactly spry, nor do they have pointed ears, but they do seem to have an unfaltering sense of optimism.

Evergreen Funding/Loan The origin tales of the Christmas tree are as varied and conflicting as those of any of the other Christmas traditions. It is said that the Romans often cut down a fir tree to keep in their houses during the sparse winter months as a form of appeasement to the goddess Ceres (originally Demeter, Greek goddess of the hearth). In the 1500s, Germany became the first nation to associate evergreens, trees that stay green year-round, with the Christian celebration. Since the late-eighteenth century, Christmas trees have become part of the secular Christmas celebration, and millions of trees - both artificial and real - are purchased every year.

There are two types of evergreens in the business world. For those in the United Kingdom, the term refers to the gradual infusion of capital into a new or recapitalized enterprise. Evergreen funding, like its namesake, is a source of capital that is forever green, in that it is continually replenished. This can take many forms: for example, government assistance or even help from an angel investor. Evergreen funding is very rare in

the world of business. For Americans, an evergreen loan is a short-term loan that is continually renewed rather than repaid. This allows people or businesses to defer repayment until they have the funds to do so. But beware: an evergreen loan is not always the gift that it appears to be.

January Effect For most people, January is a time of optimism regarding hastily formed resolutions. The fitness industry has an entirely separate type of January effect that sees a spike in sales of home exercise equipment, diet programs and gym memberships. This is followed by the spring slump, when membership cancellations and returned products cause a significant drop in profits.

The January effect is also a stock market phenomenon that occurs at the end of the year as investors begin to fret over taxes. Investors whose portfolios have been very successful may sell any stocks that are down. This locks in the loss and allows the investor to write it off against his or her capital gains. When enough investors do this simultaneously, it causes stocks to go down near the end of the year. However, the stocks are driven back up in January when investors buy back the stocks they sold. The January effect is said to affect small caps more than mid/large caps, but it has not happened in years because the markets have adjusted for the effects. Also, more people are using tax-sheltered retirement plans. The tax shelters remove any reason for selling in order to create a tax loss. Thus, in recent years, the January effect has become somewhat of a non-event - much like the tradition of making New Year's resolutions.

That's it for our look at all things frosty and festive on Wall Street. Now, grab yourself a cup of tea, relax in front of the fire and fall asleep with dreams of robust ROIs (ROI = return on investment) dancing in your head.

Task 2. Translate the following text into Russian in writing.

Financial Wisdom From Three Wise Men

Some of us are more disciplined than others. Shortly after we are born, we start to learn the rules of life. Some of these rules we had to learn the hard way, through trial and error. Others we learned from our parents. Learning from others in this way is often easier, however, we seem to do a better job of remembering the lessons we learn the hard way. As investors, we have a choice. We can learn the hard way and hope that we'll survive our lessons and not run out of money, or we can learn from the following three wise men.

Three wise men - Warren Buffett, Dennis Gartman and Puggy Pearson - found very different methods to achieve financial success, but they all share a common trait - their success came by following a strict set of rules.

The World's Greatest Investor Warren Buffett, the "Oracle of Omaha," is considered by many to be the greatest investor ever. Buffett has several excellent investing rules.

Here are three of Buffett's rules:

Rule No.1: Never lose money. Rule No.2: Never forget rule No.1. If you lose money on an investment, it will take a much greater return to just break even, let alone make additional money. Minimize your losses by finding quality companies that are temporarily selling at discounted prices. Then follow good capital management principles and maintain your trailing stops. Also, sitting on a losing trade uses up time, money and mental capital. If you find yourself in this situation, it is time to move on.

The stock market is designed to transfer money from the active to the patient. The best returns come from those who wait for the best opportunity to show itself before making a commitment. Those who chase the current hot stock usually end up losing more than they gain. Remain active in your analysis, look for quality companies at discounted prices

and be patient waiting for them to reach their discounted price before buying.

The most important quality for an investor is temperament, not intellect. You need a temperament that neither derives great pleasure from being with the crowd or against it. Independent thinking and having confidence in what you believe is much more important than being the smartest person in the market. Most of the time, the best opportunities are found when everyone else has given up on the stock market. Over-confidence and emotion are the enemies of a high quality portfolio.

The Great Trader Gartman He is a successful trader who has experienced the gamut of trading from winning big to almost losing everything. Currently, he publishes *The Gartman Letter*, a daily publication for experienced investors and institutions. Here are three of Gartman's best rules:

There is never one cockroach. When you encounter a problem due to management malfeasance, expect many more to follow. Bad news often begets bad news. Should you encounter any hint of this kind of problem, avoid the stock and sell any shares you currently own.

In a bull market only be long. In a bear market only be short. Approximately 60% of a stock's move is based on the overall move of the market, so go with the trend when investing. As the saying goes, "The trend is your friend."

Don't make a trade until the fundamentals and technicals agree. Fundamentals help to find quality companies that are selling at discounted prices. Technical analysis helps to determine when to buy, the exit target and where to set the trailing stop. A variation of this is to think like a fundamentalist and trade like a technician. When you understand the fundamental reasons that are driving the stock and the technicals confirm the fundamentals, then you can make the trade.

Task 3. Learn the following investing buzzwords and make up your own sentences with each buzzword in written form.

Dotcom A company that embraces the internet as the key component in its business. The dotcoms took the world by storm in the late '90s, rising faster than any industry in recent memory. Despite the fact that most internet companies were losing money hand over fist, they were given huge valuations on the stock market - but it didn't last for long.

Main Street Shorthand for "the investing public"--in the same way that "Wall Street" is used to refer to investment professionals and brokers. If you are investing in the market, you are considered a part of the "Main Street" fraternity.

Wall Street 1. A street in lower Manhattan that is the original home of the New York Stock Exchange. The street is the historic headquarters of the largest U.S. brokerages and investment banks. Many have since relocated to other areas of Manhattan and the United States. Wall Street was named after the wooden wall Dutch colonists built in this area in 1653 to defend themselves from the British and Native Americans. 2. The collective name for the financial and investment community, which includes stock exchanges and large banks, brokerages, securities and underwriting firms, and big businesses. Some people believe that the interests of these big firms contrast those of smaller businesses, or "Main Street".

Herd Instinct A mentality characterized by a lack of individuality, causing people to think and act like the general population. This term is used in the investing world to refer to the forces that cause unsubstantiated rallies or sell-offs.

Rally A period of sustained increases in the prices of stocks, bonds or indexes. This type of price movement can happen during either a bull or a bear market, when it is known as either a bull market rally or a bear market rally, respectively. However, a rally will generally follow a period of flat or declining prices.

The second variant

Task 1. Read, translate the text and summarize its content in several sentences. Make up the vocabulary of this text.

The Wall Street Animal Farm:

Getting To Know The Lingo

A Dog With Fleas Depending on your movie knowledge, you may remember this classic line in the 1987 movie "Wall Street": "It's a dog with fleas, kid." That was how Gordon Gekko described a stock tip from a young, ambitious stockbroker named Bud Foxx. A *dog* is an underperforming stock or asset. Most Wall Street investors think of "dog" as a four-letter word, but a few are attracted to the dogs of the market. An investment philosophy called the dogs of the Dow theory advocates purchasing the most beaten-down stocks in the Dow Jones Industrial Average (DJIA) each year. According to this theory, by purchasing the stocks with the highest dividend yields in the Dow 30, investors can expect returns in the 13% range over a 15-year period.

Bear The term *bear* refers to the given market conditions. *Bull* and *bear* are probably the most familiar terms on Main Street. Bear markets are rife with pessimism and negative sentiment. Typically, a bear market is one that has experienced declines of at least 15-20% and lasts more than two months. Probably the most famous bear markets occurred in 1929, which some believe caused the Great Depression. Unfortunately, economic indicators in 2008 have drawn comparisons to the Great Depression of 1929. The severe housing and credit bubbles originating in the first decade of the new millennium in the United States burst abruptly in 2007, and this credit unwinding, or "deleveraging" had a negative ripple effect on economies and markets worldwide. Venerable institutions, such as Bear Sterns and Lehman Brothers were wiped out by this bear market. Stock markets across the globe also experienced severe downturns.

Governments engineered financial rescue packages for many large banks and insurance giants to avoid global financial markets meltdowns.

While there is no clear-cut strategy for investors in terms of surviving a bear market, many financial advisors suggest that bear markets occur as part of the normal economic and business cycle. For longer-term investors, these bear markets could be viewed as buying opportunities. Other advisors may recommend selling stocks and raising cash until a clear direction or bottom of the market begins to appear.

Bull The term *bull* refers to a very positive stock market environment in which stock prices are increasing and money is flowing into stocks. Investor confidence is high in bull markets. During the 1990s and through early 2000, the U.S. stock market experienced a sustained bull market in stocks. Perhaps the poster child for the technology bull market of the 1990s was Cisco Systems (Nasdaq: CSCO). Cisco was experiencing tremendous growth due to the internet boom, and the stock returned nearly 75,000% from 1990 to 2000. Similarly, America Online (AOL) returned 480% in just six months. Bull markets can be very powerful creators of wealth for the average investor as well as Wall Street gurus.

Ostrich An *ostrich* is an investor who fails to react to critical situations or events that are likely to impact his or her investment. For example, if the Securities and Exchange Commission (SEC) is launching an investigation into a company, an action that could be detrimental to the company's stock price, the ostrich will simply ignore this news. The ostrich effect is one in which investors bury their heads in the sand, hoping for better days ahead. Ostriches appear (or disappear) most frequently during bear markets, when people tend to experience the most financial stress.

Pig A *pig* is any investor who puts greed ahead of his or her investment principles or sound strategies. Anyone who

watches investment guru Jim Cramer knows one of his most famous expressions: "Bulls make money, bears make money and pigs get slaughtered." A pig tends to think that a 100% return over a 12-month period is not good enough. As a result, the pig may then go and borrow money on margin or mortgage his or her home to buy more of a stock at a higher price with the hope of making more money on the investment. The pig can get slaughtered if the stock drops and all the original gains are lost.

Smart investors are disciplined investors. Professional investors know when to take profits as well as when to cut their losses. Their primary concern is the preservation of capital and not necessarily hitting a home run every time they step up to the plate.

Sheep A *sheep* is an investor who has no strategy or focus in mind. This type of person simply listens to others for financial advice, and often misses out on the most meaningful moves in the market as a result. For example, sheep investors who had a philosophy of only buying value stocks in the 1990s missed one of the greatest bull markets of our time. In other words, a sheep can be eaten by a bull or bear if he or she isn't in the right place in the market.

Conclusion Don't assume that you can't learn trader-talk or Wall-Street-speak just because you don't work there. In fact, picking up the lingo may be more of an exercise of your animal knowledge instead of your investment savvy. Learning these terms can help you gain some insight into the world of words on Wall Street. Surprisingly, you'll find that they aren't different much from the words heard on Main Street - or in kindergarten classrooms across America.

Task 2. Translate the following text into Russian in writing.

Financial Wisdom From Three Wise Men

Some of us are more disciplined than others. Shortly after we are born, we start to learn the rules of life. Some of these rules we had to learn the hard way, through trial and error. Others we learned from our parents. Learning from others in this way is often easier, however, we seem to do a better job of remembering the lessons we learn the hard way. As investors, we have a choice. We can learn the hard way and hope that we'll survive our lessons and not run out of money, or we can learn from the following three wise men.

Three wise men - Warren Buffett, Dennis Gartman and Puggy Pearson - found very different methods to achieve financial success, but they all share a common trait - their success came by following a strict set of rules.

The Gambler The wisdom of the late two-time champion world poker player Puggy Pearson offers our last set of rules to follow.

Here are Pearson's all-encompassing rules:

Knowing the 60/40 end of a proposition Understanding the odds of drawing a winning hand is essential to poker. The 60/40 bets are those that offer the best chance of winning given all the options available. If you only play hands that have these odds or better, the statistics are on your side. As investors, we should strive to put the odds in our favor with every trade. Finding the best 60/40 opportunities takes time and research, as there are many ways to find good candidates. These can be identified through individual stock selection, top-down or bottom-up approaches, technical or fundamental analysis, value-based pricing, growth-oriented, sector-leaning or whatever approach works best for a particular investor. The point is that investors must be constantly working toward finding and recognizing opportunities as they present

themselves. Once you have been dealt the right cards, it's time to take the next step.

Money Management Managing money is an ongoing process. The first tenet is to minimize losses on each opportunity. Fortunately, investors do not have to ante up to play, as in poker, though investors must work hard to find good opportunities. Once you have a good hand, it is time to decide how much money to commit to the opportunity.

While much is written on this topic, let's keep it simple. Basically it is a risk-reward decision. The more money you commit, the greater the possible reward and the higher the risk of losing some of that money. However, if you do not play, then you cannot win.

Basically, when the best opportunities present themselves, it is usually wise to make a significant commitment. For good (but not great) opportunities, committing smaller amounts makes sense as the potential reward is less. As in poker, most of an investor's money is made in small increments with the occasional big win coming along every once in a while. This requires that an investor evaluate each opportunity compared to others that have shown themselves in the past. Experience is an excellent teacher. Finally, investors can use a stop-loss strategy to mitigate greater losses should their assessment of the opportunity prove to be wrong. Too bad gamblers don't have such a tool!

Knowing Yourself The last gambling rule, knowing yourself, means doing everything you can to stick to your discipline. Everyone wants to get on with it to make the next trade, but if that opportunity does not fit within your measure of a good 60/40 opportunity, then you must force yourself to pass. While you will miss some good gains, this will also save you from some hefty losses. Following your discipline is essential for success as a gambler as well as an investor.

Task 3. Learn the following investing buzzwords and make up your own sentences with each buzzword in written form.

Boston Snow Indicator A market theory that states that a white Christmas in Boston will result in rising stock prices for the following year. As you may have guessed, there is no logical correlation between whether there is snow in Boston on Christmas and the performance of the stock market. Any incidence of a white Christmas in Boston and bullish market performance in the following year are purely coincidental.

Aspirin Count Theory A market theory that states stock prices and aspirin production are inversely related. It is more a humorous hypothesis than a theory. As stock prices fall, more and more people need pain relievers to get through the day. For example this theory would predict that as aspirin sales increase, the stock market's value decreases and vice versa.

Skirt Length Theory The idea that skirt lengths are a predictor of the stock market direction. According to the theory, if skirts are short, it means the markets are going up. And if skirts are long, it means the markets are heading down. The idea behind this theory is that shorter skirts tend to appear in times when general consumer confidence and excitement is high, meaning the markets are bullish. In contrast, long skirts are worn more in times of fear and general gloom, indicating that things are bearish.

Leading Lipstick Indicator An indicator based on the theory that a consumer turns to less expensive indulgences, such as lipstick, when she feels less than confident about the future. Therefore, lipstick sales tend to increase during times of economic uncertainty or a recession. This term was coined by Leonard Lauder, who consistently found that during tough economic times, his lipstick sales went up. Believe it or not, the indicator has been quite a reliable signal of consumer attitudes over the years. For example, in the months following the September 11 terrorist attacks, lipstick sales doubled.

Module 3. Test

Task 1. Choose the best variant. (10 points)

1. Buying a share gives its holder part of _____ of a company.
a. money b. ownership c. finances d. income
2. Companies that require further capital can _____ new shares.
a. issue b. sell c. divide d. buy
3. Another name for stocks and shares is _____.
a. participation certificates b. preference shares c. ordinary shares d. equities
4. People who buy stocks and shares are called _____ in Britain.
a. stockholders b. shareholders c. market-makers d. insiders
5. Shares generally entitle their owners to receive a proportion of distributed profits in a form of a _____.
a. nominal b. dividend c. ownership d. market price
6. _____ is invested in new enterprises.
a. working capital b. venture capital c. capital asset d. unissued capital
7. A company which makes a profit can be described as profitable or _____.
a. profit-getting b. profit-making c. profit-having d. core
8. Amount deducted each year from profits to allow for the fact that assets lose their value as they get older is called _____.
a. turnover b. dividend c. operating profit d. depreciation
9. Before deciding to invest in a new computer system, we need to do a _____ to see if it's going to be worth it.
a. cost-benefit analysis b. annual report c. start-up costs
d. supply and demand analysis
10. There was a drop in stock exchange trading volumes means that _____.
a. fewer shares were traded b. more shares were traded c. many shares went down in value d. many share went up in value

Task 2. Match the term and its definition (10 points).

1. floating	a. asset purchased for long-term use, such as land, buildings and equipment
2. turnover	b. a company's total earnings (or profit)
3. market price	c. a company which makes a loss
4. capital structure	d. the act of issuing shares (GB) or stocks (US) – i.e. offering then for sale to the public for the first time
5. net income	e. a price of a share quoted at any given time on the stock exchange
6. firm's leverage (gearing)	f. money deposited in bank accounts
7. a loss making company	g. the firm's ratio of debt to total financing
8. reserves	h. prices are going down / up
9. fixed asset	i. the way a corporation finances its assets through some combination of equity, debt, or hybrid securities
10. bear / bull market	j. total income

Task 3. Answer the following questions (20 points).

1. What is corporate finance?
2. What is the primary goal of corporate finance?
3. How can this discipline be divided?
4. What are financial statements in general?
5. What financial statements do you know?
6. What are the three parts of a company balance sheet?
7. What is the accounting equation?
8. What does Bull Market mean?
9. What does Bear Market mean?
10. What does Deer Market mean?

Task 4. Say if the following statements are true or false (10 points).

1. A company can only be floated once.
2. Buying a share gives its holder part of ownership of a company.
3. The market price of a share may differ from its nominal.
4. Financial statements provide an overview of a business or person's financial condition only in long term.
5. Reports on a company's assets, liabilities, and ownership equity as of a given point in time are called income statements.
6. Of the four basic financial statements, the balance sheet is the only statement which applies to a single point in time.
7. Investors piled money into the market means that people invested cautiously.
8. In financial terms, the party's over means that it's no longer possible to make money easily.
9. 'There was a sizeable drop in share prices' means that they went up.
10. 'Share prices crashed' means they went down.

Texts for listening and comprehension activities.

Text 1.

Money

In our world we have different kinds of money. Money is made of metals or paper and is very colorful. In our world we can't live without money.

But modern money has some very serious disadvantages if we use it as means of storing up buying power. In earlier times when money was in the form of gold and silver coins the metal in each was really worth the amount stamped on the coin. But the paper in modern paper money is worth much less than the amount written on it. In a short time the buying power of modern money can change and so some people are doubtful about saving money and putting it in a bank.

Money is a medium of exchange that is generally acceptable by all persons within the immediate community. For example, the immediate community is the United States and its territories and possessions. In addition to serving as a medium of exchange, money serves as a store of value (your savings), a unit of accounts (your means of comparing prices of goods and services) and a standard of deferred payment (your claim on goods and services that can be exercised now or in the future).

Text 2.

Currency

In most cases, each private central bank has monopoly control over the supply and production of its own currency. To facilitate trade between these currency zones, there are exchange rates, which are the prices at which currencies can be exchanged against each other.

In cases where a country does have control of its own currency, that control is exercised either by a central bank or by a Ministry of Finance. In either case, the institution that has control of monetary policy is referred to as the monetary authority. Monetary authorities have varying degrees of autonomy from the governments that create them. In the United States, the Federal Reserve System operates without direct oversight by the legislative or executive branches. In almost all Western countries, the monetary authority is largely independent from the government.

Several countries can use the same name for their own distinct currencies (e.g., dollar in Canada and the United States). By contrast, several countries can also use the same currency (e.g., the euro), or one country can declare the currency of another country to be legal tender. For example, Panama and El Salvador have declared U.S. currency to be legal tender.

Text 3.

The Bank of England

Most countries have a central bank, which is responsible for the banking system. The central bank in the UK is the Bank of England, which was taken into public ownership in 1946. It has many responsibilities.

1. It is the government's bank. It handles the income and expenditure of Exchequer and other government departments.
2. The clearing banks maintain accounts at the Bank of England. The final cash settlements within the banking system and between the banking system and the Bank of England take place through these accounts. The Bank is a banker for about 100 overseas central banks and international monetary institutions.
3. It manages the national debt. This is a major responsibility which involves making repayments on government securities when they mature, undertaking new issues of long-term securities, making regular payments on interest to holders of existing government securities, and handling the weekly issues of Treasury bills.
4. It is the lender of last resort. The Bank of England stands ready to come to the assistance of the banking system in times when it is threatened by a shortage of cash.
5. It acts as the government's agent in the foreign exchange market, in which it can intervene to influence the value of sterling against other currencies.
6. It has the responsibility for carrying out the government's monetary policy.
7. It has legal powers to supervise the operations of other banks. All banks are expected to supply the Bank of England with information about their business and they have to respond to directives given to them by the Bank.

Text 4.

Keep Your Financial Data Safe Online

We live in an increasingly online world. You can trade stocks, buy groceries, pay bills - almost any financial transaction you need to make can be done in the comfort of your own home, at your computer. Here are some tips that you can use when you're online to keep your identity safe.

1. Only Make Purchases On Trusted Sites

The best way to make sure that your information doesn't get intercepted is by simply sticking with trusted, well-known online retailers, or smaller sites that use reputable payment processors like PayPal or Google Checkout. Regardless of which site you use, you should always make sure to look for the padlock icon on the bottom of your browser to verify that the page is safe.

2. Know How to Spot Phishing

Phishing is a technique used by identity thieves to get your sensitive information by pretending to be a site you trust. Phishing schemes are successful because you believe that you're just signing into your bank or credit card account, when it's really a ploy to get your important information. When logging into these accounts, make sure that you're not being asked for any information that you usually wouldn't be required to provide to log in.

3. Can the Spam

Be very leery of "spam" (or junk email) that works its way into your email inbox. Not only are these messages often from phishers, but they can also contain Trojan horses (viruses) that can get into your computer and send your information back to their unsavory creators.

Text 5.

The consumer credit boom

The people of the United Kingdom are estimated to own around a trillion pounds in personal debt, which is about £16,000 for every man, woman and child. Much of this debt is of course in the form of mortgages, but an ever-increasing proportion is in the form of consumer credit: the numerous ways in which the British public are able to “buy now, pay later”.

An inevitable result of this is that an increasing number of people are taking on more debt than they can service. Credit cards and store cards especially can have very high APRs (annual percentage rate), and the interest soon mounts up, pushing the borrower further and further into the red. Repayment in full may simply become impossible.

Naturally, creditors try to avoid lending money to people who won't be able to pay it back. Although they may not know it, every person who has ever had dealings with a financial institution (for example, had a bank account) has a credit rating. This data is stored on computers by credit reference agencies, and before agreeing to a loan, most creditors will check the applicant's credit rating.

The boom in consumer credit could have serious repercussions for lenders. If people are genuinely unable to repay their debts, ultimately there is very little their creditors can do about it.

Text 6.

Insurance

Insurance is designed to provide a sum of money to compensate for any damage suffered as a result of a risk that has been insured against in a specific insurance contract, such as fire, accident, theft, loss, damage, injury or death.

Thousands of people pay premiums to insurance companies, which use the money to compensate people who suffer loss or damage, etc. Some people also use insurance policies as a way of saving. Life insurance policies, for example, usually pay a certain sum on a specific date – for example, when a person stops working at the age of 60 or 65 or whenever, or earlier if the person dies.

Insurance companies, like pension funds, are large institutional investors that place great amounts of money in various securities: shares, bonds, British government bonds etc.

Insurance companies generally employ their own agents who sell insurance to customers, but there are also other middlemen who work with several companies, selling insurance in return for a percentage of the premium.

If a particular insurance company considers that the risk it has assumed responsibility for is too big, it might share the business with other companies, by way of reinsurance. Lloyds of London underwrites a great many risks which are spread among lots of syndicates, made up of groups of wealthy people known as “names”. In return for earning a percentage for the insurance premiums, the names have unlimited liability for losses. After a series of demand for payment following lots of natural disasters (shipwrecks, earthquakes, hurricanes, and so on) in the late 1980^s, many Lloyds syndicates had to make enormous pay-outs, and many names were bankrupted.

Text 7.

Commercial Banking

Commercial banks are businesses that trade in money. They receive and hold deposits, pay money according to customers' instructions, lend money etc.

There are still many people in Britain who do not have bank accounts. Traditionally, factory workers were paid wages in cash on Fridays. Non-manual workers, however, usually receive a monthly salary in the form of a cheque or a transfer paid directly into their bank account.

A current account (US checking account) usually pays little or no interest, but allows the holder to withdraw his or her cash with no restrictions. Deposit accounts (in the USA also called time or notice accounts) pay interest. They do not usually provide cheque (US check) facilities, and notice is often required to withdraw money. Standing orders and direct debits are ways of paying regular bills at regular intervals.

Banks offer both loans and overdrafts. A bank loan is a fixed sum of money, lent for a fixed period, on which interest is paid; banks usually require some form of security or guarantee before lending. An overdraft is an agreement by which a customer can overdraw, i.e. run up a debt to an agreed limit; interest on the debt is calculated daily.

Banks make a profit from the spread or differential between the interest rates they pay on deposits and those they charge on loans. They are also able to lend more money than they receive on deposits because depositors rarely withdraw all their money at the same time.

Text 8.

Banking channels

Banks offer many different channels to access their banking and other services:

A branch, banking centre or financial centre is a retail location where a bank or financial institution offers a wide array of face-to-face service to its customers.

ATM is a computerized telecommunications device that provides a financial institution's customers a method of financial transactions in a public space without the need for a human clerk or bank teller. Most banks now have more ATMs than branches, and ATMs are providing a wider range of services to a wider range of users. For example in Hong Kong, most ATMs enable anyone to deposit cash to any customer of the bank's account by feeding in the notes and entering the account number to be credited. Also, most ATMs enable card holders from other banks to get their account balance and withdraw cash, even if the card is issued by a foreign bank.

Mail can be used to deposit cheques and to send orders to the bank to pay money to third parties. Banks also normally use mail to deliver periodic account statements to customers.

Telephone banking is a service provided by a financial institution which allows its customers to perform transactions over the telephone. This normally includes bill payments for bills from major billers (e.g. for electricity).

Online banking is a term used for performing transactions, payments etc. over the Internet through a bank, credit union or building society's secure website.

Text 9.

Management of working capital

Management of working capital will use a combination of policies and techniques which aim at managing the current assets and the short term financing.

Cash management. Identify the cash balance which allows for the business to meet day to day expenses, but reduces cash holding costs.

Inventory management. Identify the level of inventory which allows for uninterrupted production but reduces the investment in raw materials - and minimizes reordering costs - and hence increases cash flow.

Debtors management. Identify the appropriate credit policy, i.e. credit terms which will attract customers, such that any impact on cash flows and the cash conversion cycle will be offset by increased revenue and hence Return on Capital.

Short term financing. Identify the appropriate source of financing, given the cash conversion cycle: the inventory is ideally financed by credit granted by the supplier; however, it may be necessary to utilize a bank loan (or overdraft), or to "convert debtors to cash" through " factoring".

Financial risk management. Risk management is the process of measuring risk and then developing and implementing strategies to manage that risk. Financial risk management focuses on risks that can be managed ("hedged") using financial instruments (typically changes in commodity prices, interest rates, foreign exchange rates and stock prices).

Text 10.

Financial Statements

Companies are required by law to give their shareholders certain financial information. Most companies include three financial statements in their annual reports.

The profit and loss account shows revenue and expenditure. It gives figures for total sales or turnover (the amount of business done by the company during the year), and for costs and overheads. The first figure should be greater than the second: there should generally be a profit – an excess of income over expenditure. Part of the profit is paid to the government in taxation; part is usually distributed to the shareholders as a dividend, and part is retained by the company to finance further growth, to repay debts, to allow for future losses, and so on.

The balance sheet shows the financial situation of the company on a particular date, generally on the last day of its financial year. It lists the company's assets, liabilities and shareholders funds. Business's assets consist of its investments and property, and amounts of money owed by customers of goods and services purchased on credit. Liabilities consist of all the money that a company will have to pay to someone else, such as taxes, debts, interest and mortgage payments, as well as money owed to suppliers for purchases made in credit. The alternative term for shareholders' funds is Net Assets. This includes share capital (money received from the issue of shares), sometimes share premium (money realized by selling shares at above their nominal value), and the company's reserves.

A third financial statement has several names: the source and application of funds statement, the funds flow statement, the cash flow statement. This statement shows the flow of cash in and out of the business between balance sheets dates.

Text 11.

Investments

Make a profit and make a difference

The Aware Finance Ethical Investment Fund aims to offer everything you would expect from an ethical investment: capital growth, a competitive yield and the knowledge that your gain isn't at the expense of the environment. Naturally, we only invest in companies that have been thoroughly screened, and fully match up to ethical investment criteria. Yet Aware Finance goes one step further. 20% of the fund is invested in small, unquoted companies developing the next generation of renewable energy technologies. Of course, most of these technologies are in their infancies, and this fund is particularly aimed at investors looking for long-term growth potential. With Aware, the return on your investment isn't just financial.

The Neptune Tracker Fund

Sometimes the simple things in life are the best. With The Neptune Tracker Fund there are no investment strategies and no fund managers to pay. The fund is invested in the 100 companies that comprise the Financial Times - Stock Exchange 100 Share Index. If the FTSE 100 goes up by 5%, the value of your holding goes up 5%. It's as simple as that. Despite the promises of high growth and high return associated with managed funds, the truth is that in seven out of the last ten years on average tracker funds have equaled or out-performed managed funds. And unlike managed funds, there are no hefty fees to pay. Entry to the fund costs 1.75% of the sum invested, with a tiny 0.5% administration fee payable each year thereafter. Yields can be reinvested in the fund or can be taken as income – the choice is yours.

Text 12.

Financial planning

Samantha Smith works in the financial department of a large manufacturing company:

‘Financial planning involves calculating whether new projects would be profitable. We have to calculate the probable rate of return: the amount of income we’d receive each year from the investment, expressed as a percentage of the total amount invested. If we’re going to finance a project with our own money, the rate of return must be at least as high as we could get by depositing the money in a bank instead, or by making another risk-free investment, like buying government bonds.

If we need to borrow money to finance a new investment, its projected rate of return has to be higher than the cost of capital – the amount we have to pay to borrow the money’.

‘We usually calculate the discounted cash flow value of an investment. This means discounting or reducing future cash flows to get their present values – in other words, calculating the present value of money to be received in the future. This is because the value of money decreases over time. Firstly, there’s nearly always inflation, so cash will have lower purchasing power in the future: you’ll be able to buy less with the same amount of money. And secondly, if you had the money now, you could get income by using or investing it. The return we could get by investing the money in other ways is the opportunity cost of capital. So waiting for money is also a cost. This is the time value of money: how much more it is worth to receive money now rather than in the future’.

Texts for individual reading

Text 1. Bank (part I)

A banker or bank is a financial institution whose primary activity is to act as a payment agent for customers and to borrow and lend money.

The first modern bank was founded in Italy in Genoa in 1406, its name was Banco di San Giorgio (Bank of St. George).

Many other financial activities were added over time. For example banks are important players in financial markets and offer financial services such as investment funds. In some countries such as Germany, banks are the primary owners of industrial corporations while in other countries such as the United States banks are prohibited from owning non-financial companies. In Japan, banks are usually the nexus of cross share holding entity known as zaibatsu. In France "Banc assurance" is highly present, as most banks offer insurance services (and now real estate services) to their clients.

History. Banks have influenced economies and politics for centuries. Historically, the primary purpose of a bank was to provide loans to trading companies. Banks provided funds to allow businesses to purchase inventory, and collected those funds back with interest when the goods were sold. For centuries, the banking industry only dealt with businesses, not consumers. Banking services have expanded to include services directed at individuals, and risk in these much smaller transactions are pooled.

Origin of the word. The name bank derives from the Italian word banco "desk/bench", used during the Renaissance by Florentines bankers, who used to make their transactions above a desk covered by a green tablecloth. However, there are traces of banking activity even in ancient times.

In fact, the word traces its origins back to the Ancient Roman Empire, where moneylenders would set up their stalls in the middle of enclosed courtyards called macella on a long

bench called a *bancu*, from which the words *banco* and *bank* are derived. As a moneychanger, the merchant at the *bancu* did not so much invest money as merely convert the foreign currency into the only legal tender in Rome—that of the Imperial Mint.

Traditional banking activities. Banks act as payment agents by conducting checking or current accounts for customers, paying cheques drawn by customers on the bank, and collecting cheques deposited to customers' current accounts. Banks also enable customer payments via other payment methods such as telegraphic transfer, EFTPOS, and ATM.

Banks borrow money by accepting funds deposited on current account, accepting term deposits and by issuing debt securities such as banknotes and bonds. Banks lend money by making advances to customers on current account, by making installment loans, and by investing in marketable debt securities and other forms of money lending.

Banks provide almost all payment services, and a bank account is considered indispensable by most businesses, individuals and governments. Non-banks that provide payment services such as remittance companies are not normally considered an adequate substitute for having a bank account.

Banks borrow most funds from households and non-financial businesses, and lend most funds to households and non-financial businesses, but non-bank lenders provide a significant and in many cases adequate substitute for bank loans, and money market funds, cash management trusts and other non-bank financial institutions in many cases provide an adequate substitute to banks for lending savings to.

Definition. The definition of a bank varies from country to country. Under English common law, a banker is defined as a person who carries on the business of banking, which is specified as:

- conducting current accounts for his customers
- paying cheques drawn on him, and
- collecting cheques for his customers.

In most English common law jurisdictions there is a Bills of Exchange Act that codifies the law in relation to negotiable instruments, including cheques, and this Act contains a statutory definition of the term banker: banker includes a body of persons, whether incorporated or not, who carry on the business of banking' (Section 2, Interpretation). Although this definition seems circular, it is actually functional, because it ensures that the legal basis for bank transactions such as cheques do not depend on how the bank is organised or regulated.

The business of banking is in many English common law countries not defined by statute but by common law, the definition above. In other English common law jurisdictions there are statutory definitions of the business of banking or banking business. When looking at these definitions it is important to keep in mind that they are defining the business of banking for the purposes of the legislation, and not necessarily in general. In particular, most of the definitions are from legislation that has the purposes of entry regulating and supervising banks rather than regulating the actual business of banking. However, in many cases the statutory definition closely mirrors the common law one. Examples of statutory definitions:

"banking business" means the business of receiving money on current or deposit account, paying and collecting cheques drawn by or paid in by customers, the making of advances to customers, and includes such other business as the Authority may prescribe for the purposes of this Act; (Banking Act (Singapore), Section 2, Interpretation).

"banking business" means the business of either or both of the following:

- receiving from the general public money on current, deposit, savings or other similar account repayable on demand or within less than [3 months] ... or with a period of call or notice of less than that period;
- paying or collecting cheques drawn by or paid in by customers.

Since the advent of EFTPOS (Electronic Funds Transfer at Point Of Sale), direct credit, direct debit and internet banking, the cheque has lost its primacy in most banking systems as a payment instrument. This has lead legal theorists to suggest that the cheque based definition should be broadened to include financial institutions that conduct current accounts for customers and enable customers to pay and be paid by third parties, even if they do not pay and collect cheques.

Wider commercial role. However the commercial role of banks is wider than banking, and includes:

issue of banknotes (promissory notes issued by a banker and payable to bearer on demand)

processing of payments by way of telegraphic transfer, EFTPOS, internet banking or other means

issuing bank drafts and bank cheques

accepting money on term deposit

lending money by way of overdraft, installment loan or otherwise

providing documentary and standby letters of credit, guarantees, performance bonds, securities underwriting commitments and other forms of off balance sheet exposures

safekeeping of documents and other items in safe deposit boxes

currency exchange

sale, distribution or brokerage, with or without advice, of insurance, unit trusts and similar financial products as a 'financial supermarket'

Text 2. Bank (part II)

Economic functions. The economic functions of banks include:

- * issue of money, in the form of banknotes and current accounts subject to cheque or payment at the customer's order. These claims on banks can act as money because they are negotiable and/or repayable on demand, and hence valued at par and effectively transferable by mere delivery in the case of banknotes, or by drawing a cheque, delivering it to the payee to bank or cash.

- * netting and settlement of payments -- banks act both as collection agent and paying agents for customers, and participate in inter-bank clearing and settlement systems to collect, present, be presented with, and pay payment instruments. This enables banks to economise on reserves held for settlement of payments, since inward and outward payments offset each other. It also enables payment flows between geographical areas to offset, reducing the cost of settling payments between geographical areas.

- * credit intermediation -- banks borrow and lend back-to-back on their own account as middle men

- * credit quality improvement -- banks lend money to ordinary commercial and personal borrowers (ordinary credit quality), but are high quality borrowers. The improvement comes from diversification of the bank's assets and the bank's own capital which provides a buffer to absorb losses without defaulting on its own obligations. However, since banknotes and deposits are generally unsecured, if the bank gets into difficulty and pledges assets as security to try to get the funding it needs to continue to operate, this puts the note holders and depositors in an economically subordinated position.

- * maturity transformation -- banks borrow more on demand debt and short term debt, but provide more long term

loans. Bank can do this because they can aggregate issues (e.g. accepting deposits and issuing banknotes) and redemptions (e.g. withdrawals and redemptions of banknotes), maintain reserves of cash, invest in marketable securities that can be readily converted to cash if needed, and raise replacement funding as needed from various sources (e.g. wholesale cash markets and securities markets) because they have a high and more well known credit quality than most other borrowers.

Law of banking. Banking law is based on a contractual analysis of the relationship between the bank and the customer. The definition of bank is given above, and the definition of customer is any person for whom the bank agrees to conduct an account.

The law implies *rights and obligations* into this relationship as follows:

The bank account balance is the financial position between the bank and the customer, when the account is in credit, the bank owes the balance to the customer, when the account is overdrawn, the customer owes the balance to the bank.

The bank engages to pay the customer's cheques up to the amount standing to the credit of the customer's account, plus any agreed overdraft limit.

The bank may not pay from the customer's account without a mandate from the customer, e.g. a cheque drawn by the customer.

The bank engages to promptly collect the cheques deposited to the customer's account as the customer's agent, and to credit the proceeds to the customer's account.

The bank has a right to combine the customer's accounts, since each account is just an aspect of the same credit relationship.

The bank has a lien on cheques deposited to the customer's account, to the extent that the customer is indebted to the bank.

The bank must not disclose the details of the transactions going through the customer's account unless the customer consents, there is a public duty to disclose, the bank's interests require it, or under compulsion of law.

The bank must not close a customer's account without reasonable notice to the customer, because cheques are outstanding in the ordinary course of business for several days.

These implied contractual terms may be modified by express agreement between the customer and the bank. The statutes and regulations in force in the jurisdiction may also modify the above terms and/or create new rights, obligations or limitations relevant to the bank-customer relationship.

Entry regulation. Currently in most jurisdictions commercial banks are regulated by government entities and require a special bank license to operate.

Usually the definition of the business of banking for the purposes of regulation is extended to include acceptance of deposits, even if they are not repayable to the customer's order, however money lending, by itself, is generally not included in the definition.

Unlike most other regulated industries, the regulator is typically also a participant in the market, i.e. government owned bank (a central bank). Central banks also typically have a monopoly on the business of issuing banknotes. However, in some countries this is not the case, e.g. in the UK the Financial Services Authority licences banks and some commercial banks, such as the Bank of Scotland, issue their own banknotes in competition with the Bank of England, the UK government's central bank.

Some types of entity may be partly or wholly exempt from bank license requirements and are regulated by separate regulators, e.g. building societies and credit unions.

The requirements for the issue of a bank license vary between jurisdictions but typically include:

- Minimum capital
- Minimum capital ratio
- 'Fit and Proper' requirements for the bank's controllers, owners, directors, and/or senior officers
- Approval of the bank's business plan as being sufficiently prudent and plausible.

Types of banks. Banks' activities can be divided into *retail banking*, dealing directly with individuals and small businesses; *business banking*, providing services to mid-market business; *corporate banking*, directed at large business entities; *private banking*, providing wealth management services to High Net Worth Individuals and families; and *investment banking*, relating to activities on the financial markets. Most banks are profit-making, private enterprises. However, some are owned by government, or are non-profits.

Central banks are normally government owned banks, often charged with quasi-regulatory responsibilities, e.g. supervising commercial banks, or controlling the cash interest rate. They generally provide liquidity to the banking system and act as Lender of last resort in event of a crisis.

Profitability. A bank generates a profit from the differential between the level of interest it pays for deposits and other sources of funds, and the level of interest it charges in its lending activities. This difference is referred to as the spread between the cost of funds and the loan interest rate. Historically, profitability from lending activities has been cyclical and dependent on the needs and strengths of loan customers.

Text 3. Financial Career Options For Professionals

A career in finance isn't all about money, but it's close. For the business graduate, obtaining a degree is just the beginning. What's left is to take a closer look at available career options, measuring which industry sectors have the greatest need for new professionals. The finance industry is multifaceted, offering a variety of positions catering to a number of different skills and interests. Financial services have multiple sub-industries encompassing niche opportunities. The key to individual success is to research, locate and land the financial job that has the greatest compatibility with your skills and interests. The same is true for professionals seeking a change in scenery and who want to give a new sector a shot.

Considering Career Paths. Here are some common career paths you may pursue in the financial-services industry:

Corporate finance: Corporate finance jobs involve working for a company in the capacity of finding and managing the capital necessary to run the enterprise. This is done while maximizing corporate value and reducing financial risk.

The functions you may implement while in such a position include the following:

Setting up the company's overall financial strategy

Forecasting profits and losses

Negotiating lines of credit

Preparing financial statements

Coordinating with outside auditors

More sophisticated corporate finance jobs might involve mergers and acquisitions activity, such as calculating the value of an acquisition target or determining the value of a division for a spinoff. Corporate finance positions can be found in companies of all sizes, from large, international entities to small startups. Additional corporate finance positions include financial analysts, treasurers and internal auditors.

Commercial banking: Commercial banks, from large entities to local institutions, offer a range of financial services, from checking and savings accounts to IRAs and loans. Career options available in this sector include bank tellers, loan officers, operations, marketing and branch managers. Talented professionals can advance from a local branch job to a position in corporate headquarters. Such a promotion would expose you to a number of other areas, such as international finance.

Investment banking: Some of the most glamorous - and intense - financial careers are jobs in investment banking. Investment-banking jobs deal with facilitating the issuance of corporate securities and making these securities available for investors to purchase, all while trading securities and providing financial advice to both corporations and wealthy individual investors.

Typically, investment-banking firms have a number of different divisions and groups with many different objectives and responsibilities. Working in a traditional investment-banking firm would allow you to interact with issuers of securities, mergers and acquisitions professionals or the trading desk, which trades stocks, bonds and other securities in the secondary market.

Hedge funds: Hedge funds are largely unregulated private investment funds whose managers can buy or sell a wide array of assets and financial products. Because of the mystery that surrounds this type of entity, hedge-fund jobs are also considered by many to be somewhat glamorous.

Typical hedge-fund jobs include the following:

Financial analyst

Trader

Regulatory compliance officer

Quantitative analyst

Marketing manager

Portfolio manager

Private equity and venture capital: Private-equity professionals help businesses find capital for both expansion and current operations. They also provide financing for a number of corporate business transactions, such as managed buyouts and restructurings. At times, a private-equity job may involve working as an interim executive at a struggling company where your success helps determine the fate of the company.

Venture-capital professionals (VCs) spend most of their time with startups or small, fast-growth companies. Venture-capital firms evaluate pitches by founders and small-company leaders to determine if the firm will make an investment. Sometimes referred to as “vulture capitalists”, VCs are known to structure deals that favor the investor, not the company receiving funding. The hope of the VC is that the funded company will some day go public – that is, make its stock available on the public stock market. Venture capital is a tough business where the failure rate is high and the rewards, when they are realized, are huge.

Financial planning: Financial planners help individuals develop plans that will ensure their present and future financial stability. Typically, they review a client's financial goals and generate an appropriate plan for saving and investing that fits the client's individual needs. The plan may focus on wealth preservation or investment growth and may even include estate and tax planning. Most financial planners work in either large, nationwide groups or smaller, locally based firms. Some planners charge flat fees, others a percentage of assets under management, receiving commissions on the products they sell (such as mutual funds).

Generally, financial planners with the Certified Financial Planner® (CFP®) designation are the most in-demand, as they must obtain three years of financial-planning

experience, pass several exams (including a two-day, 10-hour case-study exam) and meet continuing-education requirements.

Insurance: Finance jobs in the insurance industry involve helping businesses and individuals anticipate potential risks and protect themselves from losses. Most insurance jobs are with large insurance companies. You could begin a career in this sector working as a sales rep selling insurance policies, as a customer service rep working with existing clients or as an actuary computing risks and premium rates according to probabilities based on historical, quantitative data sets.

Public accounting: The field of public accounting is broad, with many opportunities. Public accountants help businesses and individuals keep track of their finances according to generally accepted accounting principles (GAAP). Public accountants record business transactions, help prepare financial statements, audit financial records, prepare income tax returns and provide related consulting services.

Choosing The Right Direction For You

It is always wise to consider the direction of the market before seeking a financial job. To effectively pursue jobs with the highest probability of success, you must measure the demand for the position. Different financial jobs require different skills and present vastly different work environments, so it's wise to select one that aligns with your long-term interests and abilities.

Someone with solid interpersonal skills, for example, might do well as a financial advisor, while someone who enjoys crunching numbers might do better in public accounting. Do the research first to discover your options. The time spent uncovering the most interesting possibilities to you can be time saved working in a job that just doesn't fit.

Text 4. Top 4 Most Competitive Financial Careers

Accounting and financial positions ranked among the top 10 hardest jobs to fill in 2008, for the third year in a row, according to a survey by Manpower, a leading job recruiter. Many employers are having trouble finding strong candidates for jobs vacated by retiring baby boomers. The jobs require, on average, more than seven years of experience, and some employers can't fathom replacing an employee who may have 20-plus years of experience in the field with someone who has only five. If your financial-career goals include a big paycheck and the prestige of working for a high-profile Wall Street firm, then you'll need to learn how to meet employers' expectations.

The positions that some financial recruiters have identified as the hardest and most competitive to fill include *controllers* (including hedge fund controllers), *tax managers*, *fund and senior-level accountants* and *valuation analysts*. Let's explore the responsibilities of each of these positions as well as what employers are looking for in potential candidates for these roles.

1. Controllers

Role. Controllers keep the company's financial planning, debt financing and budget management organized. They set financial rules, including choosing accounting methods and making sure that generally accepted accounting principles (GAAP) are followed. Controllers work for banks, corporations and governments. They motivate their teams from time to time and make sure they produce quality work within set time periods.

Education. A controller's education requires a Master of Business Administration (MBA) degree with a concentration in finance or accounting. It also requires a Certified Public Accountant (CPA) designation. Further, most employers like controller job candidates to have five to 10 years of experience in senior-level finance or accounting positions.

Experience. One specialized type of controller is the hedge fund controller. This position is difficult to attain, according to some recruiters, because it requires eight to 10 years of experience working with larger funds. Additionally, the job seeker must have exposure working in distressed debt.

2. Tax Managers

Role. Tax managers oversee tax reporting and planning. They make sure tax returns are completed and accurate in order to reduce the tax obligations of an organization. Tax managers must also ensure that their companies adhere to federal, state, local and international tax laws.

Education. A senior-level tax manager position also calls for a CPA designation and an MBA with a concentration in accounting or taxation.

Experience. Most employers prefer at least five years of experience, but senior positions typically require seven years in the field with experience in public and corporate environments. John Gramer, Managing Director of The Mergis Group in New York City, has found that tax managers are hard to recruit because some are adverse to making changes. The key to success, he suggests, is specialization in the field.

3. Fund And Senior-Level Accountants

Role. Accountants examine financial trends, operations and costs. They analyze financial reports to keep a close eye on the state of the organization's assets, liabilities, profits and losses, taxes owed and financial activities.

Education. Managers are looking for people who have accounting degrees in addition to a minimum of two to five years of work experience, and preferably a CPA, but most people aren't meeting these qualifications says Mark Sterling, a spokesman for Manpower.

Experience. The most competitive positions in accounting include accountant managers, senior accountants and fund accountant managers of private equity funds,

according to recruiters. Some employers want fund accountant managers to have between three and five years of experience with private equity firms, investment banks and hedge funds, explains John Gramer, Managing Director of Mergis Group NYC. In addition, he says that most of these accountants come out of public accounting.

4. Valuation Analysts

Role. Business valuation analysts determine the value of a business enterprise or the ownership's interest (for example, when a business is bought or sold). The analyst must have a good understanding of accounting, taxes, economics and finance.

Education. Analysts need to have a CPA in order to become certified.

Experience. Qualifications for this position include a strong mathematical background, says Gramer. He advises applicants to wait for long-term growth opportunities.

Tips For Landing The Job Role-specific competency is among financial employers' list of must-haves. Believe it or not, a strong educational background is not their main focus. Employers desire sufficient and specific real-world experience. They are also looking for candidates who've mastered "soft skills", such as the capability to communicate well and translate industry jargon.

For these high-level positions, companies have the money to pay salaries ranging from hundreds of thousands to millions of dollars. With such large amounts of money at stake, they must cautiously assess candidates on talent and skill. Bolster your chances of landing the job by following these three tips:

Network - Job seekers may have trouble finding openings for a few of these senior-level positions, which aren't necessarily advertised in newspapers. The best way to locate them is through networking. Recruiters advise attending

industry-related events, joining industry organizations and logging on to social networking sites.

Attain advanced educational and professional credentials - Many of the jobs require a CPA or other industry-recognized accreditation. Also, remember that your education does not end when you get a degree - it's key to stay abreast of changes and technological advancements within the industry.

Develop "soft skills" - These positions require leadership and strong communication skills. Practice now by joining local volunteer organizations and taking on roles that enable you to lead and work in a team environment. Look for opportunities to develop and enhance your speaking and presentation skills by joining a speech club or taking a class.

Bottom Line Strategic thinking, outstanding communication and industry-specific skills will ultimately help you to not only get the coveted position, but also to succeed once the job is yours.

Text 5. Finding Your Place In The Financial Industry

The financial industry is a fairly easy industry to break into, but carving out a viable long-term career niche is tough. It involves discipline, intelligence and a thick-skinned psyche. But even beyond these necessary mental traits, there are many different positions in the financial services industry, and it often takes years for individuals to find and settle into a position that is a good fit for them.

So what job is the best fit for you? In this article, we'll give you the tools you need to begin making this important decision.

Character Traits

In general, if you are a persuasive and knowledgeable individual and don't mind working long hours, a job as a registered representative might be a good fit. If, on the other hand, you love numbers, are good at math and excel spreadsheets, and relish delving into the financials of a public company, then perhaps a career path as an analyst is your best bet. If you have both skill sets, a position as a financial advisor could suit you best.

Of course, it's important to understand that most people that enter the brokerage industry don't end their careers in the same position in which they begin. Most use the knowledge and experience they gain in their initial positions in the industry to find other positions that suit their interests more. Where you end up depends on your aptitude and your desire to explore different job options.

Degree Work

Twenty years ago it wasn't uncommon for individuals in the financial industry to come from varied backgrounds. These days, a four-year college degree is a must. Typically, a bachelor's degree in business administration is the best course. It opens the most doors as well as gives the potential job

applicant more alternatives should he or she want to deviate from his or her initial career path down the line.

MBA: Worthwhile?

If your goal is to become a registered representative and sell securities, you do not need an masters in business administration (MBA). However, if you want to break into some of the more prestigious firms' training programs (such as Goldman Sachs), it will help to earn your MBA. As an analyst, it is rapidly becoming a must. Keep in mind that this is a highly competitive industry, and this additional degree will help set you apart from the crowd.

While there are instances in which a diploma from a big-name school will help you, employers are becoming more focused on class rank and grade point average, as well as any practical experience you've had in the field.

With that in mind, if you want to become a money manager, financial planner or enter some other specialized field within the industry, an MBA is highly recommended. To be clear, you can still obtain a position in these fields without an MBA, but preference is usually given to candidates that have had some form of post-graduate study.

In the MBA program, consider studying finance and economics. Again, these will open the most doors for you later in your career.

Internships

Internships are available for those who want to obtain positions as analysts, bankers, registered reps or virtually any other position on Wall Street; therefore, in an undergraduate or a graduate program, it is important to try to land an internship in the field in which you want to work. Prospective brokers and/or analysts should try to get a job as an assistant at a local firm. This is the type of experience that employers want to see on your resume!

What if you know you want to get into the industry, but don't know exactly what type of job you ultimately want or what type of internship to take?

It's perfectly OK if you want to get into the industry but don't yet know what type of job you are aiming for. If this is the case, consider taking any front-line sales or office positions that will allow you to learn as much as possible about the industry. Again, this experience will look great your resume, and will educate you on what you might like to do down the line as you gain more experience.

Securing Work Experience

The first step in getting the appropriate work experience is to check with your college. Often, the student services center or a guidance counselor may be able to provide you with local job listings, or actually set up interviews with potential employers. If this doesn't work out, or if the position isn't feasible because of your school schedule, consider approaching firms close to home on your own.

Obviously, we all like to be paid for our time, but consider working for free during your internship - that is, as long as you receive a letter of recommendation for your work from your supervisor. In the long run, this is the best compensation you can ask for and your first employer may even start you off in a higher position or at a higher salary as a result of your experience.

Securities Licenses

Obtaining securities licenses is almost sure to advance your career in the financial services industry. As a broker, you will need a Series 7 license and a Series 63 license. This will allow you to sell stocks, bonds, and other variable securities in both your home state and other states, assuming that you and your firm become registered in those states. Additional licenses may be required as you move up the corporate ladder. For instance, if you obtain a managerial position, you may be asked

to obtain your Series 24, or principal's license. Your firm will sponsor you for these licenses. But be forewarned: These exams are difficult and require a great deal of reading and memorization.

Analysts may also be asked to take the above-mentioned examinations as well as a Series 16 supervisory analyst exam, which allows them to issue and distribute reports. Additional training may require the analyst to sit for the Chartered Financial Analyst (CFA) exam sessions. This series of three rigorous exams will test your financial knowledge and enable you to obtain higher-level advisory positions with hedge funds or mutual funds as a portfolio manager.

The Series 7 is typically the base license. For those who want to become options principals, for example, the Series 4 license will probably be required. For those that want to branch off down the line and become equity traders, this would require a Series 55 license. In short, whenever you branch off to specialize in a given field, an additional license will be needed, and your firm will sponsor you for that. You cannot take those exams without being an employee of an NASD-registered firm and, typically, you must first attain your Series 7 qualifications before sitting for any specialized licensure.

Training Programs

Many firms do not offer sophisticated training programs. When this is the case, the would-be broker or analyst typically starts off as someone's assistant. This is an entry-level position that will allow you to move up the ladder, depending on your aptitude and level of ambition.

There is also a large number of firms, particularly the larger bulge bracket companies, that offer formal training programs that can last for a year or more and where your production, and/or progress is tracked and measured regularly against your peers. Often, these programs are very stressful, as

they are typically considered to be your probationary period. The good news is that if you make it through these training programs, your odds for success within the industry improve dramatically.

Moving Up The Ranks

In some jobs, seniority is a major factor in moving up the corporate ladder. Although seniority might help you in your Wall Street job, typically only the smartest, most aggressive employees advance. This means that you must know your job and be diligent. You must also constantly measure yourself against your fellow employees to determine whether your skills measure up. This may mean staying late or putting in some extra work to make sure your projects are top notch.

Long-Term Career Objectives

Analysts seem to have the most career choices. Analysts can become producing brokers and can even make the switch to becoming financial writers. Brokers can make those same switches, but it is much harder. This is because a broker is usually only involved in the sales process, and has little or no involvement in the research process. In addition, they often have very little opportunity to hone their writing skills, which is vital to becoming an analyst.

That said, many brokers go on to decide that they want to specialize in options, or to become branch managers. In this case, their sales experience puts them on a better path to achieving that goal.

Bottom Line

Breaking into the financial services industry isn't too difficult, but building a career and earning a reputation as a savvy player is tough. You should expect the process to be mentally trying and time consuming. Succeeding and moving up the corporate ladder will depend on your desire to succeed and beat out increasingly stiff competition.

Text 6. How To Make \$1 Million In Finance

Financial services has long been considered an industry where a professional can thrive and work up the corporate ladder to ever-increasing compensation structures. A few career choices that offer experiences that are both personally and financially rewarding are:

Accounting

Consulting

Transaction advisory services

Corporate finance

Three areas within finance, however, offer the best opportunities to maximize sheer earning power - and thus attract the most competition for jobs:

Investment banking

Private equity

Hedge funds

1. *Investment Banking*. Earning Potential. Directors, principals, partners and managing directors at the bulge-bracket investment banks can make over a million dollars - sometimes up to tens of millions of dollars - per year. At the director level and up, there is responsibility to lead teams of analysts and associates in one of several departments, broken down by product offering:

Equity and debt capital-raising

Mergers and acquisitions (M&A)

Investment management

Sales and trading

Research

Merchant banking

Why do senior investment bankers make so much money? In a word, volume. Directors, principals and partners lead teams that work with high-priced items and make high commissions, since the bank's fees are usually calculated as a percentage of the transaction involved. Bulge bracket banks,

for instance, will turn down low-volume work - for example, in some instances, a UBS Securities office will not sell a company generating less than \$250 million in revenue if it is already swamped with existing client projects.

Investment banks are brokers. Take a real estate agent who sells a house for \$500,000 and makes a 5% commission. She makes \$25,000 on that sale. Contrast that with an investment banking office selling a chemical manufacturer for \$1 billion with a 1% commission, which amounts to a nice \$10 million fee. Not bad for a team of a few individuals - say two analysts, two associates, a vice president, a director and a managing director. If this team completes \$1.8 billion worth of M&A transactions for the year, with bonuses allocated to the senior bankers, you can see how the compensation numbers add up.

Job Duties. Analyst (pre-MBA), associate (post-MBA), and vice-president levels are the proving grounds, and the hours can sometimes exceed a hundred per week. Bankers at the analyst, associate and vice-president levels focus on the following tasks:

- Writing pitch books
- Researching industry trends
- Analyzing a company's operations, financials and projections
- Running models
- Conducting due diligence or coordinating with diligence teams

Directors supervise these efforts and typically interface with the company's "C-level" executives when key milestones are reached. Partners and managing directors have a more entrepreneurial role, in that they must focus on client development, deal generation and growing and staffing the office. It can take 10 years to reach the director level (assuming two years as an analyst, two years for an MBA, two years as an

associate and four years as a vice president). However, this timeline is dependent on several factors, including the firm involved and the individual's success at the job. Some banks require an MBA, while others can promote exceptional bankers without an advanced degree.

Key Traits. Criteria for success include:

Technical skills

Ability to meet deadlines

Teamwork

Communication skills

Career potential

2. Private Equity

Earning Potential. Principals and partners at private equity firms pass the \$1 million-per-year compensation hurdle, with partners often making tens of millions of dollars per year. Managing partners at the largest private-equity firms can bring in hundreds of millions of dollars, given that their firms manage companies with billions of dollars in value.

If their investment-banking counterparts handle high-priced items with high commissions, then private equity manages high-priced items with very high commissions. The vast majority go by the "two-and-twenty rule," that is, charging an annual management fee of 2% of assets/capital managed and 20% of profits on the back end.

Take a private-equity firm that has \$1 billion under management; the management fee equates to \$20 million per year to pay for staffing, operating expenses, transaction costs, etc. Then the firm sells a portfolio company for \$200 million that it originally acquired for \$100 million, for a profit of \$100 million, and so takes another \$20 million fee. Given that a private-equity firm of this size will have no more than one or two dozen employees, that is a good chunk of money to go around to just a few people. Senior private-equity professionals

will also have "skin in the game," that is, they are often investors in their own funds.

Job Duties. Private equity is involved in the wealth-creation process. Whereas investment bankers collect the bulk of their fees when a transaction is completed, private equity must complete several phases over several years, including:

- Going on road shows for the purpose of raising pools of investment capital

- Securing deal flow from investment banks, intermediaries and transaction professionals

 - Buying/investing in attractive, sound companies

- Supporting management's efforts to grow the company both organically and through acquisitions

- Harvesting by selling the portfolio company for a profit (typically between four and seven years for most firms)

Analysts, associates and vice presidents provide various support functions at each stage, while principals and partners ensure that each phase of the process is successful. The level of involvement for principals and partners varies at each firm, but they hire the best and brightest pre-MBA and post-MBA talent at the junior levels and delegate most of the tasks.

Most of the initial filtering of prospective investment opportunities can be held at the junior levels (associates and vice presidents are given a set of investment criteria by which to judge prospective deals), while senior folks step in typically on a weekly basis at the investment review meeting to review what the junior folks have yielded.

Principals and partners will head up negotiations between the firm and the seller. Once the company is bought, principals and partners can sit on the board of directors and meet with management during quarterly reviews (more frequently, if there are problems). Finally, principals and partners plan and coordinate with the investment committee on

divestiture and harvest decisions, and strategize on getting maximum returns for their investors.

3. *Hedge Funds* Earning Potential. Like their private-equity counterparts, hedge funds manage pools of capital with the intention of securing favorable returns for their investor clients. Typically, this money is raised from institutional and high-net-worth investors. Hedge fund managers can make tens of millions of dollars because of a similar compensation structure to private equity; hedge funds charge both an annual management fee (typically 2% of assets managed) and a performance fee (typically 20% of gross returns).

Job Duties. Hedge funds tend to be staffed less than private equity (assuming the same amount of capital managed), and they can have more leeway in choosing how to deploy and invest their clients' capital. Parameters can be set on the front end on the types of strategies these hedge fund managers can pursue.

Unlike private equity, which buys and sells companies typically within an investment horizon of between four and seven years, hedge funds can buy and sell financial securities with a much shorter time horizon, even selling securities within days or hours of purchase. Because of this condensed investment horizon, hedge fund managers are much more involved on a daily basis with their investments (as opposed to private-equity principals and partners), closely following market and industry trends and geopolitical and economic developments around the world.

Being heavily compensated on performance fees, hedge funds can invest (or trade) in all kinds of financial instruments, including stocks, bonds, currencies, futures and options.

Getting into a private-equity firm or a hedge fund is brutally competitive. It is virtually impossible to get into these organizations coming straight from an undergraduate degree.

Text 7. The 3 Most Timeless Investment Principles

Warren Buffett is widely considered to be one of the greatest investors of all time, but if you were to ask him who he thinks is the greatest investor he would probably mention one man: his teacher, Benjamin Graham. Graham was an investor and investing mentor who is generally considered to be the father of security analysis and value investing.

His ideas and methods on investing are well documented in his books, "Security Analysis" (1934), and "The Intelligent Investor" (1949), which are two of the most famous investing texts. These texts are often considered to be requisite reading material for any investor, but they aren't easy reads. Here, we'll condense Graham's main investing principles and give you a head start on understanding his winning philosophy.

Principle No.1: Always Invest with a Margin of Safety

Margin of safety is the principle of buying a security at a significant discount to its intrinsic value, which is thought to not only provide high-return opportunities, but also to minimize the downside risk of an investment. In simple terms, Graham's goal was to buy assets worth \$1 for \$0.50. He did this very, very well.

To Graham, these business assets may have been valuable because of their stable earning power or simply because of their liquid cash value. It wasn't uncommon, for example, for Graham to invest in stocks where the liquid assets on the balance sheet (net of all debt) were worth more than the total market cap of the company (also known as "net nets" to Graham followers). This means that Graham was effectively buying businesses for nothing. While he had a number of other strategies, this was the typical investment strategy for Graham.

This concept is very important for investors to note, as value investing can provide substantial profits once the market inevitably re-evaluates the stock and ups its price to fair value.

It also provides protection on the downside if things don't work out as planned and the business falters. The safety net of buying an underlying business for much less than it is worth was the central theme of Graham's success. When chosen carefully, Graham found that a further decline in these undervalued stocks occurred infrequently. While many of Graham's students succeeded using their own strategies, they all shared the main idea of the "margin of safety".

Principle No.2: Expect Volatility and Profit from It

Investing in stocks means dealing with volatility. Instead of running for the exits during times of market stress, the smart investor greets downturns as chances to find great investments. Graham illustrated this with the analogy of "Mr. Market", the imaginary business partner of each and every investor. Mr. Market offers investors a daily price quote at which he would either buy an investor out or sell his share of the business. Sometimes, he will be excited about the prospects for the business and quote a high price. At other times, he is depressed about the business's prospects and will quote a low price.

Because the stock market has these same emotions, the lesson here is that you shouldn't let Mr. Market's views dictate your own emotions, or worse, lead you in your investment decisions. Instead, you should form your own estimates of the business's value based on a sound and rational examination of the facts. Furthermore, you should only buy when the price offered makes sense and sell when the price becomes too high. Put another way, the market *will* fluctuate - sometimes wildly - but rather than fearing volatility, use it to your advantage to get bargains in the market or to sell out when your holdings become way overvalued.

Here are two strategies that Graham suggested to help mitigate the negative effects of market volatility:

Dollar-Cost Averaging. Dollar-cost averaging is achieved by buying equal dollar amounts of investments at regular intervals. It takes advantage of dips in the price and means that an investor doesn't have to be concerned about buying his or her entire position at the top of the market. Dollar-cost averaging is ideal for passive investors and alleviates them of the responsibility of choosing when and at what price to buy their positions

Investing in Stocks *and* Bonds. Graham recommended distributing one's portfolio evenly between stocks and bonds as a way to preserve capital in market downturns while still achieving growth of capital through bond income. Remember, Graham's philosophy was, first and foremost, to preserve capital, and *then* to try to make it grow. He suggested having 25-75% of your investments in bonds, and varying this based on market conditions. This strategy had the added advantage of keeping investors from boredom, which leads to the temptation to participate in unprofitable trading (i.e. speculating).

Principle No.3: Know What Kind of Investor You Are

Graham advised that investors know their investment selves. To illustrate this, he made clear distinctions among various groups operating in the stock market.

Active Vs. Passive. Graham referred to active and passive investors as "enterprising investors" and "defensive investors". You only have two real choices: The first is to make a serious commitment in time and energy to become a good investor who equates the quality and amount of hands-on research with the expected return. If this isn't your cup of tea, then be content to get a passive, and possibly lower, return but with much less time and work. Graham turned the academic notion of "risk = return" on its head. For him, "Work = Return". The more work you put into your investments, the higher your return should be.

If you have neither the time nor the inclination to do quality research on your investments, then investing in an index is a good alternative. Graham said that the defensive investor could get an average return by simply buying the 30 stocks of the Dow Jones Industrial Average in equal amounts. Both Graham and Buffett said that getting even an average return - for example, equaling the return of the S&P 500 - is more of an accomplishment than it might seem. The fallacy that many people buy into, according to Graham, is that if it's so easy to get an average return with little or no work (through indexing), then just a little more work should yield a slightly higher return. The reality is that most people who try this end up doing much worse than average.

In modern terms, the defensive investor would be an investor in index funds of both stocks and bonds. In essence, they own the entire market, benefiting from the areas that perform the best without trying to predict those areas ahead of time. In doing so, an investor is virtually guaranteed the market's return and avoids doing worse than average by just letting the stock market's overall results dictate long-term returns. According to Graham, beating the market is much easier said than done, and many investors still find they don't beat the market.

Speculator Vs. Investor. Not all people in the stock market are investors. Graham believed that it was critical for people to determine whether they were investors or speculators. The difference is simple: an investor looks at a stock as part of a business and the stockholder as the owner of the business, while the speculator views himself as playing with expensive pieces of paper, with no intrinsic value. For the speculator, value is only determined by what someone will pay for the asset. There is intelligent speculating as well as intelligent investing - just be sure you understand which you are good at.

Text 8. What Is Money?

Everyone uses money. We all want it, work for it and think about it. If you don't know what money is, you are not like most humans. However, the task of defining what money is, where it comes from and what it's worth belongs to those who dedicate themselves to the discipline of economics. While the creation and growth of money seems somewhat intangible, money is the way we get the things we need and want. Here we look at the multifaceted characteristics of money.

What Is Money?

Before the development of a medium of exchange, people would barter to obtain the goods and services they needed. This is basically how it worked: two individuals each possessing a commodity the other wanted or needed would enter into an agreement to trade their goods. This early form of barter, however, does not provide the transferability and divisibility that makes trading efficient. For instance, if you have cows but need bananas, you must find someone who not only has bananas but also the desire for meat. What if you find someone who has the need for meat but no bananas and can only offer you bunnies? To get your meat, he or she must find someone who has bananas and wants bunnies.

The lack of transferability of bartering for goods, as you can see, is tiring, confusing and inefficient. But that is not where the problems end: even if you find someone with whom to trade meat for bananas, you may not think a bunch of them is worth a whole cow. You would then have to devise a way to divide your cow (a messy business) and determine how many bananas you are willing to take for certain parts of your cow. To solve these problems came commodity money, which is a kind of currency based on the value of an underlying commodity. Colonialists, for example, used beaver pelts and dried corn as currency for transactions. These kinds of commodities were chosen for a number of reasons. They were

widely desired and therefore valuable, but they were also durable, portable and easily stored.

Another example of commodity money is the U.S. currency before 1971, which was backed by gold. Foreign governments were able to take their U.S. currency and exchange it for gold with the U.S. Federal Reserve. If we think about this relationship between money and gold, we can gain some insight into how money gains its value: like the beaver pelts and dried corn, gold is valuable purely because people want it.

It is not necessarily useful - after all, you can't eat it, and it won't keep you warm at night, but the majority of people think it is beautiful, and they know others think it is beautiful. Gold is something you can safely *believe* is valuable. Before 1971, gold therefore served as a physical token of *what is valuable based on people's perception*.

Impressions Create Everything.

The second type of money is fiat money, which does away with the need to represent a physical commodity and takes on its worth the same way gold did: by means of people's perception and faith. Fiat money was introduced because gold is a scarce resource and economies growing quickly couldn't always mine enough gold to back their money requirement. For a booming economy, the need for gold to give money value is extremely inefficient, especially when, as we already established, value is *really* created through people's perception. Fiat money, then becomes the token of people's apprehension of worth - the basis for why money is created. An economy that is growing is apparently doing a good job of producing other things that are valuable to itself and to other economies. Generally, the stronger the economy, the stronger its money will be perceived (and sought after) and vice versa. But, remember, this perception, although abstract, must somehow

be backed by how well the economy can produce concrete things and services that people want.

That is why simply printing new money will not create wealth for a country. Money is created by a kind of a perpetual interaction between concrete things, our intangible desire for them, and our abstract faith in what has value: money is valuable because we want it, but we want it only because it can get us a desired product or service.

How Is It Measured?

Sure, money is the \$10 bill you lent to your friend the other day and don't expect back anytime soon. But exactly how much money is out there and what forms does it take? Economists and investors ask this question everyday to see whether there is inflation or deflation. To make money more discernible for measurement purposes, they have separated it into three categories:

M1 – This category of money includes all physical denominations of coins and currency, demand deposits, which are checking accounts and NOW accounts, and travelers' checks. This category of money is the narrowest of the three and can be better visualized as the money used to make payments.

M2 – With broader criteria, this category adds all the money found in M1 to all time-related deposits, savings deposits, and non-institutional money-market funds. This category represents money that can be readily transferred into cash.

M3 – The broadest class of money, M3 combines all money found in the M2 definition and adds to it all large time deposits, institutional money-market funds, short-term repurchase agreements, along with other larger liquid assets. By adding these three categories together, we arrive at a country's money supply, or total amount of money within an economy.

How Money Is Created

Now that we've discussed why and how money, a representation of perceived value, is created in the economy, we need to touch on how the central bank (the Federal Reserve in the U.S.) can manipulate the money supply. Among other things, a central bank has the ability to influence the level of a country's money supply. Let's look at a simplified example of how this is done. If it wants to increase the amount of money in circulation, the central bank can, of course, simply print it, but as we learned, the physical bills are only a small part of the money supply. Another way for the central bank to increase the money supply is to buy government fixed-income securities in the market.

When the central bank buys these government securities, it puts money in the hands of the public. How does a central bank such as the Federal Reserve pay for this? As strange as it sounds, they simply create the money out of thin air and transfer it to those people selling the securities! To shrink the money supply, the central bank does the opposite and sells government securities. The money with which the buyer pays the central bank is essentially taken out of circulation. Keep in mind that we are generalizing in this example to keep things simple.

Conclusion

Remember, as long as people have faith in the currency, a central bank can issue more of it. But if the Fed issues too much money, the value will go down, as with anything that has a higher supply than demand. So even though technically it can create money "out of thin air," the central bank cannot simply print money as it wants.

Text 9. Trees and Apples: The Fundamental Mechanics of Investing

In this article, we tell a simple story that demonstrates why stocks and bonds are created.

A Business Is Created

Jack is a farmer, and he is interested in starting up an apple stand for the tourists who pass his place. Since Jack has fairly good credit, he got a business loan to cover the costs of set up, and he now has the ideal land for apple growing. Unfortunately Jack only set aside enough money for getting his land in shape. He forgot all about buying seeds. By a stroke of luck, Jack finds a store that will sell him a magic high-growth, high-yield seed for \$100, but Jack only has \$50 left.

The Initial Public Offering to Raise Capital for Growth

Our clever farmer goes to five of his closest friends (you're included) and asks if they'll each give him \$10 to help his business. However, Jack doesn't know if he can take it in the form of a loan because he may not be able to pay it back if the seed doesn't turn a profit. No worries: Jack promises everyone they'll receive a percentage of the tree's apples that is equal to the percentage they gave. In other words, Jack has given his friends a share in his tree. They agree and the seed is in the ground before you can sing "Johnny Apple seed".

The Distinction Between Being a Partner and Being a Shareholder

This tree, being magic and all, grows rapidly. In the first month, it is five feet tall and there are two apples. Jack keeps one apple because he owns 50% of the business's product, which he paid for with the \$50 dollars he put in for the seed. He cuts the other one into five pieces, each of which goes to each of his investors, who can sell or eat. The investors have a quick meeting and decide they'd rather have Jack sell their portion of the product and give them a percentage of the profit.

So Jack makes up little papers saying, "Jack's Apple Company: you have one share guaranteeing you 10% (10/100) of the profits."

Trading Occurs in Jack's Undervalued Stock

So this tree really takes off now - the magic is coursing through the wood and it grows to 10 feet! There are 20 apples and Jack sells them all for \$10 a piece, keeping \$100 for himself and giving his friends \$20 each. Jack uses his \$100 to buy another seed and plants it. Pretty soon, Jack has two trees producing 40 apples and earning \$400 a month.

Some of his neighbors want in on the deal Jack gave his friends, and Tim, Jack's first investor, is interested in selling his 10% of Jack's Apple Company. Judy, Jack's neighbor, wants to buy it and she offers Tim the \$10 that he originally paid. However, Tim is not stupid: he realizes that this share is producing \$40 a month and Jack is about to buy another seed. So Tim asks for \$40 dollars and Judy snaps up the share, which pays for itself immediately.

A Bit of a Bubble Forms

The other original shareholders see how much Tim got and want to sell too, and the other neighbors notice how quickly Judy's investment paid off so they really want to buy in. The offers steadily climb until Jack's shares are being bought for over \$100 a piece - more than Jack's trees are producing in a month. Only one original shareholder, Betty, is still in there and holding out on offers like \$120 because she is still getting a regular payment that is pure profit for her. Suddenly, Jack's trees (four in total) are ravaged by aphids. The entire month's production is ruined and several shareholders are wondering if they can pay rent since they used their savings to buy shares.

The Bubble Bursts

The shareholders that need the money sell to Betty at a discount (\$40), and then the other shareholders notice, all of a

sudden, that their \$100 shares are worth \$40. This is very disconcerting. The remaining shareholders offer their shares to Betty, but she says she's quite content with three shares. The other shareholders are desperate now, so when the town sheriff offers them \$20 a piece for the shares, they take their losses and get out.

Meanwhile, the main drive of Jack's business hasn't changed: people still want apples. Jack needs to get rid of these pesky aphids and he needs the money to buy insecticide.

Jack Issues a Bond

Jack's not too keen on issuing more stock after the fiasco with his neighbors, so he decides to go for a loan instead. Unfortunately, Jack used up his credit with the land preparation so he is once again looking for divine inspiration. He's looking at his equipment to see what he can sell and what he can't, and then it hits him: he'll try to sell his apple crates without actually selling them. The crates are useless without aphid-free product to fill them, but as soon as the aphids are gone he'll need them back.

So Jack calls up Judy (in hopes of making amends) and offers her a deal, "Judy, my good friend, I have an offer for you. I'll sell you my apple crates, which are worth \$100 total, for a mere \$60 and then buy them back next week for the full \$100." Judy thinks about this and sees that in the worst case scenario, she can just sell the crates... sounds good. And a deal is made.

"But Judy," Jack adds, "I don't want to run my crates down there and pick them up again. Can I just write up a piece of paper? It'll save my back."

"I don't know - can we call it a promissory note?" Judy asks enthusiastically.

"Sure can, but I was thinking more of calling it a bond or a certificate," says Jack.

And lo and behold, Jack eliminates the aphids, pays Judy back, and turns a healthy profit that month and every month thereafter.

What Did We Learn?

This story will not explain everything about investing in stocks, but it does highlight one very important point: the price of Jack's stock followed investors' opinion (of the stock's value) rather than just the performance of Jack's company. Because the stock market is an auction, there is no set price for a certain stock, a concept that derails most people's trains of thought: the price paid for a stock is what it's "worth" until a lower or higher price is offered.

This fluctuation of worth is good and bad for investors because it allows for profit (when you buy an undervalued stock) but also makes losses possible (when you pay too much for a stock).

Text 10. The Globalization Of Financial Services

In this age of globalization, the key to survival and success for many financial institutions is to cultivate strategic partnerships that allow them to be competitive and offer diverse services to consumers. In examining the barriers to - and impact of - mergers, acquisitions and diversification in the financial services industry, it's important to consider the keys to survival in this industry:

Understanding the individual client's needs and expectations

Providing customer service tailored to meet customers' needs and expectations

In 2008, there were very high rates of mergers and acquisition (M&A) in the financial services sector. Let's take a look at some of the regulatory history that contributed to changes in the financial services landscape and what this means for the new landscape investors now need to traverse.

Diversification Encouraged by Deregulation

Because large, international mergers tend to impact the structure of entire domestic industries, national governments often devise and implement prevention policies aimed at reducing domestic competition among firms. Beginning in the early 1980s, the Depository Institutions Deregulation and Monetary Control Act of 1980 and the Garn-St. Germain Depository Act of 1982 were passed.

By providing the Federal Reserve with greater control over non-member banks, these two acts work to allow banks to merge and thrift institutions (credit unions, savings and loans and mutual savings banks) to offer checkable deposits. These changes also became the catalysts for the dramatic transformation of the U.S. financial service markets in 2008 and the emergence of reconstituted players as well as new players and service channels.

Nearly a decade later, the implementation of the Second Banking Directive in 1993 deregulated the markets of European Union countries. In 1994, European insurance markets underwent similar changes as a result of the Third Generation Insurance Directive of 1994. These two directives brought the financial services industries of the United States and Europe into fierce competitive alignment, creating a vigorous global scramble to secure customers that had been previously unreachable or untouchable.

The ability for business entities to use the internet to deliver financial services to their clientèle also impacted the product-oriented and geographic diversification in the financial services arena.

Going Global

Asian markets joined the expansion movement in 1996 when "Big Bang" financial reforms brought about deregulation in Japan. Relatively far-reaching financial systems in that country became competitive in a global environment that was enlarging and changing swiftly. By 1999, nearly all remaining restrictions on foreign exchange transactions between Japan and other countries were lifted.

Following the changes in the Asian financial market, the United States continued to implement several additional stages of deregulation, concluding with the Gramm-Leach-Bliley Act of 1999. This law allowed for the consolidation of major financial players, which pushed U.S.-domiciled financial service companies involved in M&A transactions to a total of \$221 billion in 2000. According to a 2001 study by Joseph Teplitz, Gary Apanaschik and Elizabeth Harper Briglia in *Bank Accounting & Finance*, expansion of such magnitude involving trade liberalization, the privatization of banks in many emerging countries and technological advancements has become a rather common trend.

The immediate effects of deregulation were increased competition, market efficiency and enhanced consumer choice. Deregulation sparked unprecedented changes that transformed customers from passive consumers to powerful and sophisticated players. Studies suggest that additional, diverse regulatory efforts further complicated the running and managing of financial institutions by increasing the layers of bureaucracy and number of regulations.

Simultaneously, the technological revolution of the internet changed the nature, scope and competitive landscape of the financial services industry. Following deregulation, the new reality has each financial institution essentially operating in its own market and targeting its audience with narrower services, catering to the demands of a unique mix of customer segments. This deregulation forced financial institutions to prioritize their goals by shifting their focus from rate-setting and transaction-processing to becoming more customer-focused.

Challenges and Drawbacks of Financial Partnerships

Since 1998, the financial services industry in wealthy nations and the United States has been experiencing a rapid geographic expansion; customers previously served by local financial institutions are now targeted at a global level. Additionally, according to Alen Berger and Robert DeYoung in their article “Technological Progress and the Geographic Expansion of the Banking Industry” (Journal of Money, Credit and Banking, September 2006), between 1985 and 1998, the average distance between a main bank and its affiliates within U.S. multibank holding companies has increased by more than 50%, from 123.4 miles to 188.9 miles. This indicates that the increased ability of banks to make small business loans at greater distances enabled them to suffer fewer diseconomies of scale and boost productivity.

Deregulation has also been the major factor behind this geographic diversification, and beginning in the early 1980s, a sequence of policy changes implemented a gradual reduction of intrastate and interstate banking restrictions.

In the European Union, a similar counterpart of policy changes enabled banking organizations and certain other financial institutions to extend their operations across the member-states. Latin America, the transitional economies of Eastern Europe and other parts of the world also began to lower or eliminate restrictions on foreign entry, thus enabling multinational financial institutions headquartered in other countries to attain considerable market shares.

Transactions without Boundaries, Borders

Recent innovations in communications and information technology have resulted in a reduction in diseconomies of scale associated with business costs faced by financial institutions contemplating geographic expansion. ATM networks and banking websites has enabled efficient long-distance interactions between institutions and their customers, and consumers have become so dependent on their newfound ability to conduct boundary-less financial transactions on a continuous basis that businesses lose all competitiveness if they are not technologically connected.

An additional driving force for financial service firms' geographic diversification has been the proliferation of corporate combination strategies such as mergers, acquisitions, strategic alliances and outsourcing. Such consolidation strategies may improve efficiency within the industry, resulting in M&As, voluntary exit, or forced withdrawal of poorly performing firms.

Consolidation strategies further empower firms to capitalize on economies of scale and focus on lowering their unit production costs. Firms often publicly declare that their mergers are motivated by a desire for revenue growth, an

increase in product bases, and for increased shareholder value via staff consolidation, overhead reduction and by offering a wider array of products. However, the main reason and value of such strategy combinations is often related to internal cost reduction and increased productivity.

Unfavorable facts about the advantages and disadvantages of the major strategies used as a tool for geographic expansions within the financial services sectors were obscured in 2008 by the very high rates of M&As, such as those between Nations Bank and Bank of America (NYSE:BAC), Travelers Group and Citicorp (NYSE:C), JP Morgan Chase (NYSE:JPM) and Bank One. Their dilemma was to create a balance that maximized overall profit.

Conclusion

The conclusion regarding the impact, advantages and disadvantages of domestic and international geographic diversification and expansion on the financial service industry is the fact that with globalization, the survival and success of many financial service firms lies in understanding and meeting the needs, desires and expectations of their customers.

The most important and continually emerging factor for financial firms to operate successfully in extended global markets is their ability to efficiently serve discerning, highly sophisticated, better educated, more powerful consumers addicted to the ease and speed of technology. Financial firms that do not realize the significance of being customer-oriented are wasting their resources and eventually will perish. Businesses that fail to recognize the impact of these consumer-driven transformations will struggle to survive or cease to exist in a newly forged global financial service community that has been forever changed by deregulation.

Text 11. Is A Career In Financial Planning In Your Future?

The job goes by a lot of names, including financial planner, financial advisor and personal financial consultant, but it's rarely called what it typically is: financial products sales.

Financial planners earn a living by helping people sort through and choose investments, insurance and other financial products. They do retirement planning, college funding, estate planning and general investment analysis.

Obtaining New Business

Finding clients who need those services and building a customer base is crucial to experiencing success as a financial planner because referrals from satisfied clients are an important source of new business. Whether you find new clients by giving seminars or lectures, through social or business contacts or simply by cold calling, find them you must.

Having a broad social network is one reason that many successful financial planners enter the field after working in a related occupation such as accountant, auditor, insurance sales agent, lawyer, or securities, commodities and financial services sales agent.

What Education Will Lead to Employment?

Financial planning employers look for candidates with a bachelor's degrees in accounting, finance, economics, business, mathematics or law. Courses in investments, taxes, estate planning and risk management are also helpful. Programs in financial planning are becoming more widely available in colleges and universities.

Financial analysts may also seek the Certified Financial Planner® (CFP®), the Chartered Financial Analyst (CFA) the Chartered Financial Consultant (ChFC) designations.

Generally, a license is not required to work as a personal financial advisor, but advisors who sell stocks, bonds,

mutual funds or insurance may need licenses such as the Series 6, 7, or 63. These exams are administered by the Financial Industry Regulatory Authority (FINRA, formerly the NASD) and in order to take most of these exams, sponsorship by a member firm or self regulatory organization is required.

Where Do Advisors Work?

More than half of all financial advisors work for finance and insurance companies, including securities and commodity brokers, banks, insurance carriers and financial investment firms. However, four out of 10 personal financial advisors are self employed, operating small investment advisory firms, usually in urban areas.

According to the Bureau of Labor Statistics, the overall employment of financial analysts and personal financial advisors is expected to increase faster than the average (by 27% or more) for all occupations through 2014. This is a result of the increased investment by businesses and individuals, the rising number of self-directed retirement plans and the growing number of seniors. Personal financial advisors will benefit even more than financial analysts as baby boomers save for retirement and as a better educated and wealthier population requires investment advice. In addition, people are living longer and must plan to finance more years of retirement.

Is financial planning the right career for you?

Take this quiz to help you find out:

Quiz: Is Financial Planning Right For You?

1. How comfortable are you with making sales?

A. I could sell my grandmother a ticket to a SuperNova concert with no guarantee that she'll enjoy the performance.

B. I could sell my grandmother that SuperNova ticket, but I would feel guilty if she didn't like the show.

C. Only a bad person would sell his or her grandmother a SuperNova ticket.

2. At what stage of life are you?

- A. I just graduated from college.
- B. I've been out of school for a few years.
- C. I've been in my line of work for several years, but I'm ready for a change.

3. How much of an extrovert are you?

- A. I have been the president of nearly every club I have ever joined.
- B. I have enough friends to make me happy.
- C. A good book, a room to myself and no interruptions is my idea of heaven.

4. You could be described as:

- A. both analytical and a good communicator.
- B. analytical, but not a good communicator, or a good communicator, but not analytical.
- C. neither analytical, nor a good communicator.

5. At work, I prefer to do my job:

- A. completely independently
- B. somewhat independently.
- C. as part of a team.

6. What appeals most to me about becoming a planner is:

- A. the challenge of building a client base.
- B. the creation of my own business.
- C. the analysis of investments.

7. According to the Bureau of Labor Statistics, the median annual income for financial planners was \$62,700 in 2004 - this includes commission income. How do you feel about that?

- A. I've never been average and I'll earn more than the median.
- B. That would work for me.
- C. Working for commissions only makes me nervous.

Results

If you answered mostly As, then financial planning could be the right career for you. You're energized, rather than terrified, by the idea of earnings a substantial amount of your compensation through commissions. If you have the right connections and the energy level to work that network, you could succeed in this tough career.

If you answered mostly Bs, then you need a back-up plan. Financial planning might work, but you're likely to end up among the 80% of planners who, according to William F. Cole's "The Complete Financial Advisor" (2006), are in the business for less than five years. When sales don't work out, what will you do next and how will you sell yourself to your next employer?

If you answered mostly Cs, don't even think about financial planning. If you love the portfolio analysis side, consider working as a financial analyst. If math is your strong subject, go into financial engineering or quantitative analysis. You'll make more money without having to sell all day long.

Idiom Money Quiz

Choose an idiom to replace the expression in the brackets:

1. My sister's husband is (in good financial condition) after many financial problems last year.
(a) cooking the books (b) betting his bottom dollar (c) back on his feet (d) bringing home the bacon
2. I spent my (last small amount of savings) on a ticket for a basketball game.
(a) bottom dollar (b) cold hard cash (c) money to burn (d) kickback
3. My father worked hard all of his life (earning the family living).
(a) passing the buck (b) paying through the nose (c) stone broke (d) bringing home the bacon
4. I decided to (sell all of my belongings) and go and work overseas.
(a) strike it rich (b) cash in my chips (c) put in my two cents (d) tighten my belt
5. I was (out of money) at the supermarket and I could not pay for my groceries.
(a) pinching pennies (b) padding the bill (c) caught short (d) laying away money
6. Everybody in our class (contributed) some money for the New Year's party.
(a) cleaned up (b) cashed in (c) salted away (d) chipped in
7. You can often buy used pocket books for (a very cheap price).
(a) a dime a dozen (b) an arm and a leg (c) pay dirt (d) a piggy bank
8. I was (without money) many times when I first started working.
(a) raking in the money (b) worth my salt (c) laying away money (d) flat broke

9. My neighbor seems to be (short of money) at the moment.
(a) loaded (b) deadbeat (c) hard up (d) in the black
10. Our company has been (losing money) for over three years now.
(a) making a killing (b) in the red (c) on a dime (d) putting in their two cents worth
11. My friend made (a lot of money) when he was working in the oil industry.
(a) a bundle (b) ends meet (c) a piggy bank (d) a living
12. We were able to buy the house (very cheaply) so we decided to try to buy it immediately.
(a) worth our salt (b) stone broke (c) for a song (d) on a dime
13. My sister went to Las Vegas and (won a lot of money) at the casino.
(a) made ends meet (b) lost her shirt (c) greased her palm (d) hit the jackpot
14. That man is (very rich) but he never likes to spend his money.
(a) cut-rate (b) loaded (c) cooking the books (d) in the whole
15. The woman with the three children is having a difficult time to (pay her bills).
(a) make ends meet (b) bet her bottom dollar (c) feel like a million bucks (d) make a bundle
16. The company president received (some illegal money) from the contractor who wanted to get the building contract.
(a) a red cent (b) a quick buck (c) a kickback (d) a rain check
17. My father (lost most of his money) on the stock market.
(a) burnt a hole in his pocket (b) lost his shirt (c) picked up the tab (d) padded the bill
18. The family has (more money than they need) so they often go on a nice holiday.
(a) cold hard cash (b) chicken feed (c) bet on the wrong horse (d) money to burn

19. The drinks were (paid for by the owner) as it was the tenth anniversary of the restaurant.

(a) on the house (b) on a shoestring (c) strapped for cash (d) penny-wise and pound foolish

20. My sister and her husband paid (much money) for their house.

(a) on a shoestring (b) a rain check (c) an arm and a leg (d) in kind

21. The woman is always (very careful with her money) and keeps a very strict budget.

(a) worth her salt (b) padding the bill (c) putting in her two cents (d) pinching pennies

22. I had to (pay) some money for the health club fees when I joined the club.

(a) pony up (b) break even (c) pay off (d) salt away

23. My friend asked me how much my new car had (cost).

(a) taken a beating (b) picked up the tab (c) made ends meet (d) set me back

24. I tried hard to give my (opinion) but I was unable to do so.

(a) gravy train (b) layaway plan (c) two cents worth (d) cheapskate

25. I had to (live on less money than usual) after I quit my part-time job.

(a) break even (b) tighten my belt (c) ante up (d) make money hand over fist

26. When I got an increase in salary I (spent some extra money) on a big meal.

(a) struck it rich (b) tightened my belt (c) passed the buck (d) splurged

27. We were able to (gather) enough money to pay for the new kitchen in our house.

(a) throw around (b) ante up (c) scrape together (d) fork over

28. I will take a (promise to meet again) as I cannot go to the movie with my friend tonight.

(a) rain check (b) red cent (c) quick buck (d) nest egg

29. The little boy has been putting money in a (small container) to save for a new bicycle.

(a) layaway plan (b) piggy bank (c) kickback (d) Dutch treat

30. The salesman was (putting false expenses) on his expense account so we decided to fire him.

(a) footing the bill (b) in the red (c) picking up the tab (d) padding the bill

Glossary

A

academic theory	академическая теория
accept	принимать
acceptable	принимаемый, могущий быть акцептованным
acceptance	принятие, акцепт
access	получать доступ
accident	несчастный случай
accounting equation	сбалансированность дебета и кредита
accrue	накапливать
achieve	достигать
add value	зд. увеличивать доходность инвестиций
advanced	усовершенствованный
aggregate	соединять
allow	позволять
allow for future losses	учитывать будущие потери
analysts' share tips	советы аналитиков о том какие акции покупать
analyze securities	анализировать рынок ценных бумаг
annual reports	годовые отчеты
applicant	кандидат
application	применение
application form	форма заявки
appropriate	адекватный, соответствующий

appropriate source of financing	соответствующий источник финансирования
APR (annual percentage rate)	ежегодная процентная ставка
arise	возникать
array	множество
as the old saying goes	как говорит старая поговорка
asset side	колонка активов
assets	активы
assets and liabilities	актив и пассив баланса компании
assume responsibility for	принимать на себя ответственность за
at the expense	за счет
ATM	банкомат
attractive investment opportunities	привлекательные условия для инвестирования
authority	власть
available	располагаемый, доступный
average annual return	средний годовой доход
averaging	в среднем
avoid	избегать

В

back	поддерживать
balance reader	считывающее устройство
balance sheet	балансовый отчет
bank charges	плата за услуги банка
bank teller	банковский служащий
bank vault	банковское хранилище
bars	слитки

barter	бартерная сделка
be coined	быть отчеканенным
be doubtful	сомневаться
be exercised	быть осуществленным, осуществляться
be melted down	быть расплавленным
be offset	быть возмещенным
be poised	быть сбалансированным, уравновешенным
be referred to	зд. называться
be taken in	быть обманутым
be verifiably countable	быть поддающимся подсчету
be worth	стоить
billers	организации, рассылающие счета за услуги
biro on a chain	шариковая ручка на цепочке
bond market	рынок ценных бумаг
bonds	облигации, ценные бумаги
boom	бум, быстрый рост
borrower	заемщик
break down	подразделять
brokerage houses	брокерские фирмы
bubble	пузырь
building society	строительная компания
bulletin board	электронная доска объявлений
buoyant market	повышенный спрос
business enterprise	торговая фирма
buy groceries	покупать продукты питания
buy highly recommended	покупать те акции, которые

stocks	рекомендуют (аналитики)
buying power	покупательная способность
buy-to-let property owners	владельцы собственности, которую они сдают в аренду

С

can	(слэнг.) остановить
capital growth	прирост капитала
cardholders	держатели карточек
carry out monetary policy	проводить валютную политику
cash conversion cycle	цикл конверсии наличности
cash holding costs	расходы наличными
cash settlements	расплата наличными
cautious	осторожный
charge	взимать
check	проверять
checkable deposit	вклад, поддающийся учету
checking account	текущий счет
checking deposit	вклад на текущем счете
claim	платежная квитанция, заявление о платеже
commodity currency	товарная валюта
commodity money	товарные деньги
community	общество, сообщество
company law	законодательство о компаниях
compare	сравнивать, сравнить
compel	заставлять
complement	дополнять
complete a transaction	выполнить операцию

conduct payments	осуществлять платежи
confirmatory	подтверждающий
conform	соответствовать
consumer credit	потребительский кредит
convenience	удобство
convenient	удобный
convert	превращать
cope with the demand	справиться со спросом
corporate investors	корпоративные инвесторы
corporate value	финансовая ценность компании
costs	затраты
cost-savings	снижение издержек
counterfeit	подделывать
coupled	в соединении с
crash	крах
creators	создатели
credit granted by the supplier	кредит, предоставляемый поставщиком
credit rating	оценка кредитоспособности
credit reference agencies	агентство кредитной информации
credit terms	условия кредитования
credit union	кредитный союз
currency supply	поступление валюты
current account / checking account	текущий счет
current assets	оборотный капитал
current liabilities	текущие долги

D

day expenses	ежедневные расходы
debit card	платежная карточка
debt	задолженность
debt financing	финансирование путем получения займов
declare	объявлять
decline	уменьшаться
decrease	уменьшать
deduct tax	вычитать налог
deferred payment	отсроченный платеж
deliver periodic account statements	доставлять периодические выписки по счету
demand deposits	бессрочные вклады
demand for payment	требование платежа
deposit account / time account / notice account	депозитный счет, срочный вклад
deposit slip	бланк о взносе депозита
developing and implementing strategies	создание и применение стратегий
device	устройство
difference	разница
differential	разность
direct debits	прямые дебиты
direct oversight	прямой надзор
disadvantages	недостатки
distinct	отличный
dividend	дивиденд

divisible	делимый
drop	снижение, падение
due to	вследствие
durable	долговечный
durable money	долговременные деньги

Е

easily tradable	легко используемый для обмена
electronic purse	электронный кошелек
emerge	появляться, возникать
enable	давать возможность
encryption technology	технология шифрования
enhance	усиливать, увеличивать
entity	юридическое лицо
entry the fund	вступление в фонд
environment	окружающая среда
equal	равняться
equity	собственный капитал
equity claims	акции
equity financing	финансирование за счет акционерного капитала
equity or the net assets	актив или нетто-актив
estimate	оценивать
ethical investment	этичная инвестиция
eventually	в конечном счете
ever-increasing	постоянно увеличивающийся
exceed	превышать, превосходить
excess	дополнительный, избыточный

excess	избыток
exchange rate	обменный курс
Exchequer	казначейство
executive branch	исполнительная власть
expand	расширять
expenditure	расход
expenses	расходы
expenses incurred	расходы, которые были понесены
extensive set of notes	обширный набор документов

F

facilitate	облегчать, способствовать
factoring	факторинг
features	характеристики
feed in the notes	вводить банкноты
fiat currencies	бумажная валюта
fiat money	неразмennые бумажные деньги
fill in the form	заполнять бланк
financial condition	финансовое положение
financial statement	финансовый отчет
flexibility	гибкость
fool's gold	зд. неценная вещь
foreign exchange market	валютный рынок
frenzy	безумие
frequently	часто
friendly	благоприятный, удобный
full-blown slump	настоящий спад торговли
fund manager	управляющий фондом

fungible

заменяемый

G

gain

получать

Gearing Ratio

соотношение собственных и заемных средств компании

generate superior returns

получать высокую доходность

genuine

подлинник

genuinely

действительно

get an appointment

встретиться

get through a broker

дозвониться до брокера

glitter

яркий блеск

glossy leaflets

глянцевые буклеты

goals

цели

gold backing of currency

золотое обеспечение денег

government

правительство,
правительственный

government securities

государственные ценные бумаги

guarantee

гарантия

H

handle

управлять

hang on shares

держаться за акции, не продавать их

have dealings

иметь деловые отношения,
контакты

healthy demand for rental properties

высокий спрос на собственность для аренды

hedge

застраховаться

hefty fees

огромная плата

High Street Bank	коммерческий банк
highly convenient	очень удобный
high-tech stocks	акции высокотехнологических компаний
hold deposits	держат вклады
holders	владельцы
hybrid securities	гибридные ценные бумаги

I

identify	определять
identity thieves	воры, получающие доступ к личной информации по банковскому счету
immediate	немедленный
in either case	в любом случае
in further detail	более подробно
in return	взамен
in the nick of time	в самый последний момент
in this regard	в этом отношении
in time	вовремя
income	доход
income and expenditure	доходы и расходы
income statement	счет прибылей и убытков
increase	увеличивать
increase	увеличение
increased revenue	увеличенный доход
increasing number	все большее количество
inevitable	неизбежный
infancy	ранняя стадия развития

inherent value	внутренняя стоимость, собственная ценность
injury	травма
instantaneously	мгновенно
institutional setting	тип учреждения
insurance policies	страховые полисы
insure against a risk	страховать от случая риска
Integrated Circuit (IC) Chip	Чип интегральных микросхем, чип ИМС
intercept	перехватывать
interdependent	взаимозависимый, взаимосвязанный
interest rate cut	снижение процентной ставки
interest rates	процентные ставки
intermediary	посредник
intervene	вмешиваться
intrinsic	внутренний, свойственный
invention	изобретение
inventories	материальные запасы
inventory	материально-производственные запасы
investigate	изучить
issuing of banknotes	эмиссия банкнот

К

keep your identity safe	сохранить личную информацию о счетах в безопасности
knock off	сбивать

L

layout	схема
leery	подозрительный
legal powers	законные права
legal tender	законное средство платежа
legislative branch	законодательная власть
lender	кредитор
leverage	леверидж, доля заемных средств компании
liabilities	задолженность, обязательства
lightweight device	легкое устройство
limit	предел
liquid	ликвидный
liquid asset	ликвидный актив
load	загружать
loan	ссуда
lock code	код замка
log of the last ten transactions	журнал последних 10 операций
log, log in	регистрировать, вводить
London Stock Exchange	Лондонская фондовая биржа
long-term growth potential	долгосрочный потенциал роста
loss	потеря
low spread	низкая степень разрыва
luxury item	предмет роскоши

M

mail	почта
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maintain accounts	иметь счета
make purchases	делать покупки
manage the national debt	управлять государственным долгом
managed funds	управляемые фонды
match up	совпадать, соответствовать
mature	наступать (о сроке платежа)
means	средство
measure	мера
measuring risk	оценивание степени риска
medium of exchange	средство расчетов
middlemen	посредники
monetary aggregate	денежный агрегат
monetary authority	главное денежно-кредитное учреждение страны
monetary base	денежная база
monetary institutions	финансовые учреждения
monetary item	денежная сумма
monetary policy	валютная политика
monetary policy measure	показатель денежно-кредитной политики
monetary value	денежная стоимость
money flows	движение денег по каналам обращения
money market deposit	депозит финансового рынка
money supply	денежный ресурс, денежная масса
money transmission services	услуги по переводу денег
mortgage	ипотека

mortgage arrears	долги по ипотеке
mount up	расти, увеличиваться

N

natural disaster	стихийное бедствие
needs	потребности
net worth	собственный капитал
new dimension	новое измерение
non-profit	некоммерческий
notes	банкноты
notice	уведомление
numerous complaints	многочисленные жалобы
numerous ways	многочисленные способы
nurse burnt fingers	дуть на обожженные пальцы, быть очень осторожным

O

obtain	получать
on average	в среднем
online share-trading services	интернет услуги по продаже акций
order and pay immediately	заказывать и платить немедленно
ordinary cash	обычные наличные деньги
outperform	превосходить, превосходить по параметрам
overdraft	овердрафт
overdraw	превышать ограничение
overheads	накладные расходы
overseas banks	заграничные банки
owner	владелец

owner's equity	собственный акционерный капитал
ownership	собственность
ownership equity	собственный акционерный капитал

Р

padlock icon	иконка «замок»
paper losses	нереализованные убытки
particularly	особенно
pass the savings	перевести сбережения
pay bills	платить по счетам
pay dividends	платить дивиденды
pay in	вносить деньги на текущий счет
payment processors	производители платежей
pay-outs	выплаты
pension funds	пенсионные фонды
perform transactions	производить операции
perishable	скоропортящийся
perishable goods	скоропортящиеся товары
personal debt	личный долг
person-to-person payments	адресно-персонифицированные платежи
ploy	трюк, уловка
pocket	присваивать
point-of-sale (POS) device	электронный терминал торговой точки
portfolio	портфель (набор) инвестиций
possess	обладать
practical application	практическое применение

precious metals	драгоценные металлы
predictions	прогнозирование
premium	страховой взнос
pretend	притворяться
price out of the market	вытеснять с рынка
Profit and Loss statement/account	счет прибылей и убытков
promissory notes	простые векселя
property	собственность
prosper	процветать
public ownership	государственная собственность
public space	общественные места
pull out of the market	уходить с рынка
purchased on credit	купленный в кредит
purchases made in credit	покупки сделанные в кредит
push smb. in the red	все больше вводить в долги
push up	поднимать

Q

queues	очереди
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R

range	располагаться
rare	редкий
raw materials	сырье
real estate	недвижимость
receipt of value	квитанция
receive	получать
recognize	признавать

reduce	уменьшать, сокращать
regardless	независимо от того
regular payments on interest	регулярные выплаты процентов
reinsurance	перестрахование
relevant	уместный, соответствующий
relevant documents	необходимые документы
reliable difference	существенная разница
renewable energy technologies	технологии возобновляемых источников энергии
reordering costs	затраты на повторный заказ
repay debts	выплачивать долги, возмещать долги
repayment in full	выплата долга в полном объеме
repercussions	последствия
repurchase agreements	соглашение о продаже и обратной покупке
reputable	уважаемый
responsibilities	сферы деятельности, сферы ответственности
restrain	ограничивать, сдерживать
restricted supply	ограниченное предложение
restrictions	ограничения
retail investors	инвесторы, покупающие отдельные акции в розницу
retailers	фирмы–акцептанты, розничные продавцы
return capital	доход на капитал
Return on Capital	доход на капитал
return on your investment	окупаемость ваших инвестиций

revenue / income	доход
rocket	взлететь
run	управлять

S

safe facilities for money and valuables	услуги по хранению денег и ценностей
sale	продажи
savings	личные сбережения
savings account	сберегательный счет
savings deposit	сберегательный депозит (нечековый)
scale down	уменьшать масштаб
scarce	недостаточный
screen	производить проверку
secure	безопасный
securely	надежно, безопасно
securities	ценные бумаги
security	безопасность, надежность
sensitive information	важные сведения
service providers	провайдеры услуг
settlement	взаиморасчет
share premium	премия акции
share price	цена акции
share-dealing services	услуги по торговле акциями
shares	акции
shares fared poorly	зд. цена акция была низкая
shore up	оказывать поддержку
shortage of cash	нехватка денежных средств

signature	подпись
simple	простой
simplify	упрощать
slump	резкий спад
snapshot	промежуточный отчет
soaring growth	повышенный рост
sophisticated security layers	сложные уровни защиты
spot	определять
spread	разница, разрыв
stamp	отпечатывать
standing orders	регулярные заказы
Statement of retained earnings	отчет о нераспределенной прибыли
Statement of cash flows	отчет о потоках наличности
stock	акционерный капитал, эд. акции
stock market practice	работа на фондовой бирже
stocks out of favor	акции, которые не рекомендуют покупать (аналитики)
store	накапливать
store card	магазинная карточка
store of value	средство сбережения
store up	накапливать
strong sense of caution	сильное чувство осторожности
subject decay	поддающийся разрушению
submit	предоставлять
substitute	заменитель
suffer a damage	потерпеть ущерб
suffer substantial losses	понести значительные потери

supervise	контролировать
supply with information	предоставлять информацию

T

taxation	налогообложение
taxes	налоги
the billions spent on analysts	миллиарды, потраченные на работу аналитиков
the average number of transactions	среднее количество сделок
the average stock	цена акции в среднем
the first signs of disaster	первые признаки катастрофы
the lender of last resort	кредитор неприкосновенного запаса государства
the next generation	следующее поколение
the terms on credit	условие кредитования
the value of your holding	стоимость ваших капиталовложений
theft	воровство
thoroughly	полностью
thus	таким образом
time deposit	срочный депозит
tips	краткие указания
trade frenetically	продаваться лихорадочно
trade profitably	вести торги, получая прибыль
trade stocks	торговать акциями на фондовой бирже
transaction costs	затраты на проведение операций
transactions	сделки
transfer	перевод денег

transfer	передавать
transfer money	переводить деньги
traveler's check	туристический, дорожный чек
Treasury bills	векселя казначейства
tribute	дань
trillion	триллион
trusted sites	проверенные сайты

U

ultimately	в конечном счете
under penalty of law	под страхом наказания по закону
underpin	подкреплять, поддерживать
undertake new issues	брать новый заем
underwrite	давать согласие на финансирование
uninterrupted production	бесперывное производство
unit of account	единица учета
unlimited liability	неограниченная ответственность
unquoted companies	незарегистрированные компании на фондовой бирже
unsavory	сомнительный
upbeat stance	высокая позиция
utility	полезность
utilize a bank loan	использовать банковскую ссуду

V

value	стоимость, ценность
value weight ratio	соотношение ценности и веса
vary	варьироваться
varying degrees	различные степени

| verify

проверять

W

| wallet

бумажник

wider range of services

широкий спектр услуг

widespread

широко распространенный

with consideration

учитывая

withdraw

снимать

withdraw cash

снимать наличные деньги со счета

without charge

бесплатно

without delay

без задержки, безотлагательно

without destroying

не уничтожая

working capital

контроль рабочего капитала

management

would-be

потенциальный

Y

| yield

доход

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