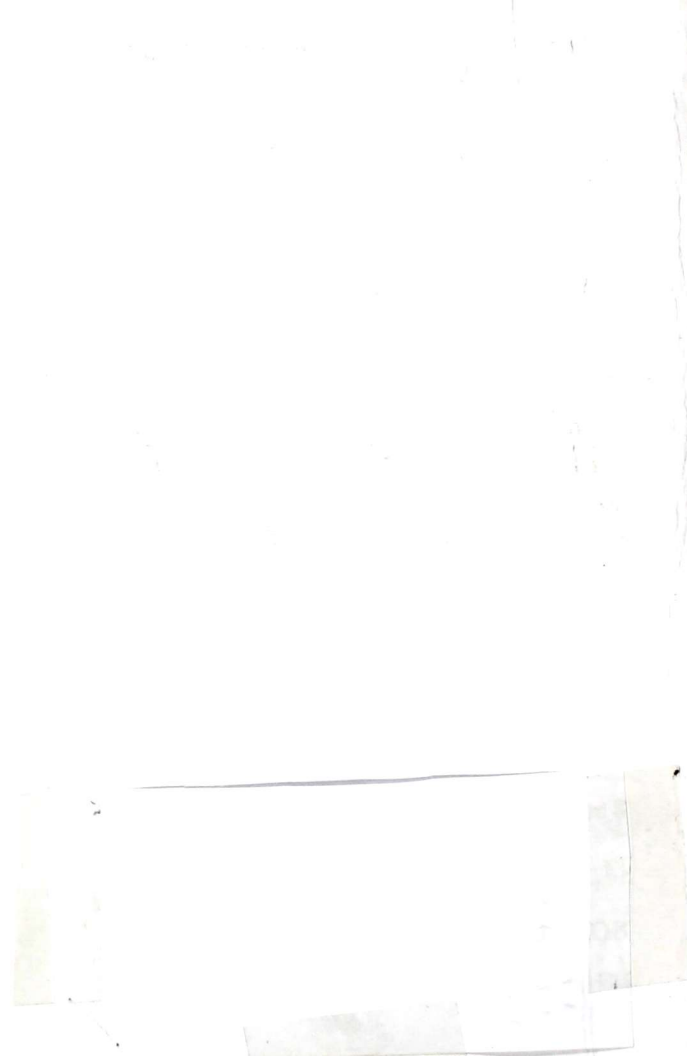


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BUSINESS

ENGLISH



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Данное учебное пособие включает в себя материал для изучения английского языка делового общения, необходимое для студентов высших учебных заведений и слушателей курсов, изучающих коммерческое дело и международные экономические отношения.

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ПРЕДИСЛОВИЕ

Дальнейшее продвижение в наших экономических реформах, расширение внешнеэкономической деятельности, необходимость приобщения к мировым достижениям науки, техники, экономики всё жестче выдвигают необходимость организации обучения соответствующей лексике и терминологии, требуя достаточного уровня квалификации специалиста. Необходимое знание терминологической лексики, связанной с такими понятиями, как спрос и предложение, купля и продажа, цена и оплата, заказ и поставка, качество и инспекция и другими касающимися вопросов маркетинга и менеджмента.

Данное учебное пособие включает в себя материал для изучения английского языка делового общения, необходимое для студентов высших учебных заведений и слушателей курсов, изучающих коммерческое дело и международные экономические отношения.

В пособие включены следующие темы:

Types of Business, Job hunting, Business correspondence, Business calls, Economics, Business organizations, Money, Banking, Marketing, Taxation, International trade, Credit ratings.

Каждый раздел включает текст, словарь к тексту, текстовые грамматические-лексические упражнения, а также ролевые и деловые игры.

Тексты пособия представляют собой современные образцы устной и письменной речи. Большинство писем и документов из современной документации учреждений, занимающихся внешне-экономической деятельности.

Упражнения носят преимущественно коммуникативный характер. Каждый раздел заканчивается ролевыми и деловыми играми, целью которых является творческое использование пройденного материала.

Настоящее учебное пособие может быть успешно применено в процессе обучения английскому языку в высших учебных заведениях. А также может быть использовано в качестве учебного пособия-справочника для студентов и аспирантов вузов финансово-экономических и юридических специальностей

CHAPTER I

WHAT IS BUSINESS?

TYPES OF BUSINESS

Agree or disagree. Give your opinions:

1. Business plays a main role in the life and culture of the country.
2. Discounting is the process of buying a security for less than its face value.

BUSINESS

Business, organized approach to providing customers with the goods and services they want. The word business also refers to an organization that provides these goods and services. Most businesses seek to make a profit that is; they aim to achieve revenues that exceed the costs of operating the business. Prominent examples of for-profit businesses include Mitsubishi Group, General Motors Corporation, and Royal Dutch/Shell Group. However, some businesses only seek to earn enough to cover their operating costs. Commonly called nonprofits, these organizations are primarily nongovernmental service providers. Examples of nonprofit businesses include such organizations as social service agencies, foundations, advocacy groups, and many hospitals.

Business plays a vital role in the life and culture of countries with industrial and postindustrial (service- and information-based) free-market economy. Businesses provide just about anything consumers want or need, including basic necessities such as food and housing, luxuries such as whirlpool baths and wide-screen televisions, and even personal services such as caring for children and finding companionship.

There are many types of businesses in a free-market economy. The three most common are: (1) manufacturing firms, (2) merchandisers and (3) service enterprises.

Manufacturing Firms

Manufacturing firms produce a wide range of products. Large manufacturers include producers of airplanes, cars, computers, and furniture. Many manufacturing firms construct only parts rather than complete, finished products. These suppliers are usually smaller manufacturing firms, which supply parts and components to larger firms. The larger firms then assemble final products for market to consumers. For example, suppliers provide many of the components in personal computers, automobiles, and home appliances to large firms that create the finished or end products. These larger end-product manufacturers are often also responsible for marketing and distributing the products. The advantage that large businesses have in being able to efficiently and inexpensively control any parts of a production process is known as economies of scale. But small manufacturing firms may work best for producing certain types of finished products. Smaller end-product firms are common in the food industry and among artisan trades such as custom cabinetry.

Merchandisers

Merchandisers are businesses that help move goods through a channel of distribution- that is, the route, goods take in reaching the consumer.

Merchandisers may be involved in wholesaling or retailing, or sometimes both.

A wholesaler is a merchandiser who purchases goods and then sells them to buyers, typically retailers, for the purpose of resale. A retailer is, a merchandiser who sells goods to consumers. A wholesaler often purchases products in large quantities and then sells smaller quantities of each product to retailers who are unable to either buy or stock large amounts of the product. Wholesalers operate somewhat like large, end-product manufacturing firms, benefiting from economies of scale. For example, a wholesaler might purchase 5,000 pairs of work gloves and then sell 100 pairs to 50 different retailers.

The division between retailing and wholesaling is now being blurred by new technologies that allow retailing to become an economy of scale. Telephone and computer (networks such as

the Internet) communications allow retailers to serve far greater numbers of customers in a given span of time than is possible in face-to-face interactions between a consumer and a retail salesperson.

Service Enterprises

Service enterprises include many kinds of businesses. Examples include dry cleaners, shoe repair stores, barbershops, restaurants, resorts, hospitals, and hotels. In many cases service enterprises are moderately small because they do not have mechanized services and limit service to only as many individuals as they can accommodate at one time. For example, a waiter may be able to provide good service to four tables at once, but with five or more tables, customer service will suffer.

References:

approach -подход; метод; теория
acquire-приобретать
appliance -1) приспособление 2)прибор, электроприбор
artisan - ремесленник; мастерской
barbershop-парикмахерский
consumer- потребитель
entrepreneur- предприниматель
failure- неудача
incur- потерпеть убытки
manufacturing- изготовительный
merchandiser- торговец; торговая фирма
outlets-1) рынок сбыта 2) торговая точка
profit- доход, выгода, польза
resale- перепродажа
revenues- государственный доход
retail- розничный
service enterprises- служебная предприятия
warehouse-склад; товарный склад, оптовый магазин

ASSIGNMENTS:

I. Answer the questions:

1. What is business?
2. Can you give examples for profit and nonprofit business?
3. What are the types of business?
4. What do manufacturing business?
5. What is the role of merchandisers in business?
6. Who is the wholesaler/retailer?
7. Why businesses need the service enterprises?

II. Choose the right word and insert it in the proper form:

seek, business, a nonprofit, manufacturing firms, merchandisers, purchases, enterprise, provide

1. Business ... just anything consumers want and need.
2. Social service agencies, foundations, advocacy groups, and many hospitals are ... business.
3. Many ... construct only parts rather than complete, finished products.
4. Most business ... to make profits.
5. ... may be involved in wholesaling or retailing.
6. A wholesaler often ... products in large quantities.
7. Service ... include many kind of business.
8. ... plays a vital role in the life and culture of countries with industrial and postindustrial free market economy.

III. Make up sentences with these words and word combinations:

Enterprise, responsible, numerous, efficiency, ownership, incentive, disadvantage, liability, possession, involvement, since, entrepreneur, resources, security, prevalent, retailing, debts, sole proprietor, joint stock company, cooperative society, public corporation, one-person business, decision-taker, extremely flexible, easy adjustment, market conditions, repair and maintenance work, personal services

IV. Find antonyms of each word:

strength	weakness
security	failure
amount	quantity
profit	danger
success	loss
advantage	limited

V. Fill in prepositions where necessary:

1. The larger end-product...manufacturers are often also responsible... marketing and distributing the products.
2. This is the simplest form ... business enterprise and is often referred ... as the one person business.
3. He is solely responsible ... the success ... the business.
4. The strength ... this type ... firm lies ... the direct personal interest ... the ... proprietor in the efficiency ... his business.
5. The owner is personally liable ... the debts incurred ... his firm.
6. Wholesalers operate somewhat like large, end--product manufacturing firms, benefiting...economies of scale.
7. A wholesaler might purchase 5,000 pairs ... work gloves and then sell 100 pairs ... 50 different retailers.
8. Finance is restricted ... the amounts which the entrepreneur is able to provide ... his own resources and whatever sums he can borrow ... his own security.

VI. Supply correct tense form:

1. The different types of business organization ... (to find) in the UK may ... (to classify) under five headings.
2. He ... (to have) the sole rights to such profits as may... (to accrue) or, alternatively,... (to bear) the sole responsibility for such losses.
3. The one person business ...(to be) still far more numerous than any other types of business organization.
4. Ownership and control... (to vest) in one person who ... (to enjoy) all the fruits of success.
5. He... (to have) no need ... (to consult) colleagues when changes of policy ... (to require).
6. We should ... (to expect) this type of organization ... (to be) extremely flexible.

7. All his personal possessions may... (to seize)... (to meet) creditors' demand.
8. Finance... (to restrict) to the amounts which the entrepreneur is able ... (to provide) from his own resources and whatever sums he can... (to borrow) on his own security.

VII. Act out the following situation:

You are the young entrepreneur. You want to start a small business and have made an appointment with the Small Business Adviser to ask for financial assistance and to get a loan. You want to borrow 10 000 soms.

Ask the Small Business Adviser on:

- the best type of business,
- the best kind of loan,
- insurance.

VIII. Discuss these questions in groups:

1. If someone comes from another country, what differences do you expect in their behaviour, manners, eating habits, etc.? Think of some examples.
2. Which of the nationalities do you think are most different from your own? Give your reasons.
3. How to start a business?
4. How to succeed in business?

GOOD MANNERS, GOOD BUSINESS.

Nobody actually wants to cause offence but, as business becomes ever more international, it is increasingly easy to get it wrong. There may be a single European market but it does not mean that managers behave the same in Greece as they do in Denmark.

In many European countries handshaking is an automatic gesture. In France good manners require that on arriving at a business meeting a manager shakes hands with everyone present. This can be a demanding task and, in a crowded room, may require gymnastic ability if the farthest hand is to be reached.

Handshaking is almost as popular in other countries - including Germany, Belgium and Italy. But Northern Europeans, such as the British and Scandinavians, are not quite so fond of physical demonstrations of friendliness.

In Europe the most common challenge is not the content of the food, but the way you behave as you eat. Some things are just not done. In France it is not good manners to raise tricky questions of business over the main course. Business has its place: after the cheese course. Unless you are prepared to eat in silence you have to talk about something - something, that is, other than the business deal which you are continually chewing over in your head.

Italians give similar importance to the whole process of business entertaining. In fact, in Italy the biggest fear, as course after course appears, is that you entirely forget you are there on business. If you have the energy, you can always do the polite thing when the meal finally ends, and offer to pay. Then, after a lively discussion, you must remember the next polite thing to do - let your host pick up the bill.

In Germany, as you walk sadly back to your hotel room, you may wonder why your apparently friendly hosts have not invited you out for the evening. Don't worry, it is probably nothing personal. Germans do not entertain business people with quite the same enthusiasm as some of their European counterparts.

The Germans are also notable for the amount of formality they bring to business. As an outsider, it is often difficult to know whether colleagues have been working together for 30 years or have just met in the lift. If you are used to calling people by their first names this can be a little strange. To the Germans, titles are important. Forgetting that someone should be called *Herr Doktor* or *Frau Direktorin* might cause serious offence. It is equally offensive to call them by a title they do not possess.

In Italy the question of title is further confused by the fact that everyone with a university degree can be called *Dottore* - and engineers, lawyers and architects may also expect to be called by their professional titles.

These cultural challenges side by side exist with the problems of doing business in a foreign language. Language, of course, is full of difficulties - disaster may be only a syllable

away. But the more you know of the culture of the country you are dealing with, the less likely you are to get into difficulties. It is worth the effort. It might be rather hard to explain that the reason you lost the contract was not the product or the price, but the fact that you offended your hosts in a light-hearted comment over an aperitif. Good manners are admired: they can also make or break the deal.

(Adapted from an article by Richard Bryan in Business Life)

ASSIGNMENTS:

I. Decide if these statements are *true* or *false*, according to the writer:

1. In France you are expected to shake hands with everyone you meet.
2. People in Britain shake hands just as much as people in Germany.
3. In France people prefer talking about business during meals.
4. It is not polite to insist on paying for a meal if you are in Italy.
5. Visitors to Germany never get taken out for meals.
6. German business people don't like to be called by their surnames.
7. Make sure you know what the titles of the German people you meet are.
8. Italian professionals are usually addressed by their titles.
9. A humorous remark always goes down well all over the world.

II. Discuss these questions:

1. What would you tell a foreign visitor about 'good manners' in your country?
2. How much do you think international business is improved by knowing about foreign people's customs?

CHAPTER II

JOB HUNTING

1. What profession is the most prestigious you think? Why?
2. Where would you like to get a job? Why?

GETTING A JOB IS A JOB IN ITSELF

A **Job club** is a place, where long term unemployed people work at finding a job in a professional and systematic way by adopting a businesslike approach. The first Job clubs, developed from work done in North America, were opened in 1984. They proved popular and successful and the service expanded rapidly.

Job clubs take a bold and **positive stance**: there is a job available for each member. Aim: to provide people who are unemployed for 26 weeks or more with facilities to enable them to find the best possible job within the shortest possible time.

Job clubs provide a simple, straightforward approach to help clients find jobs. Job club members agree to attend four half days per week. The Job club provides use of photocopiers, telephones and typewriters free of charge. Trade magazines and specialist magazines are also available.

There may be special types of Job clubs to help **disadvantaged people**, i.e. (Id est = in other words) former detainees and people nearing release from prison. Executive and Management Job clubs are also available in some areas, which provide support for middle and senior managers.

The **Work Trials** can be regarded as an extended interview. Work Trials offer an employer a period of up to 15 days to observe the jobseeker within the workplace. They also give the jobseeker the opportunity to demonstrate their skills and experience to that employer. In addition, they enable the jobseeker to determine their own suitability for that job.

Job plan Workshops are to help people who have been out of work for 12 months or more back into work or training. Job plan aims to build participants' resilience to setbacks they may encounter whilst looking for work. Attendance at a Job plan

Workshop gives priority access to ED programmes (education programmes).

Job Review Workshops. Aim: to help unemployed people who are unlikely to return to their normal occupation, or who are looking to broaden their jobsearch, make an informed choice of alternative career opportunities. These workshops are particularly suitable for people with professional, executive and managerial backgrounds who have been unemployed for about 13 weeks. Job review workshops are demanding and are particularly suitable for unemployed managers, professional and executive who have been out of work for about 13 weeks. The workshops are facilitated by tutors who can help clients assess what they have to offer in a range of jobs. Participants will have the benefit of a computerized guidance system to help them select the most suitable jobs and then research the most suitable options.

References:

unemployed people- безработные
professional and systematic way – профессионально ориентированный поиск
a businesslike approach – конструктивный подход
to expand rapidly - распространяться быстро
a bold and positive stance – четкая позитивная позиция
disadvantaged people – люди имеющие невыгодные характеристики
former detainees – в прошлом судимые или состоявшие в учете
to release from prison – выходить из тюрьмы
work trials- работа с испытательным сроком
a jobseeker- ищущий работу
to demonstrate the skills and experience-показать умение и опыт
resilience – упругость, эластичность (приспособляемость)
to give priority access to - давать первоочередной доступ к
managerial backgrounds – имеющий опыт административной работы
the most suitable option- наиболее подходящий выбор

WHERE TO LOOK FOR A JOB?

You've decided you need a new job. Where do you start to look? What kinds of resources are available? Who are the best people to talk to?

This text gives some suggestions which you might find helpful. But the sentences are not complete. Test your knowledge of the language of jobs by choosing the correct noun to fill the gaps:

Most jobs are advertised as current (1) They appear in the local and national (2)...., trade (3) ..., and specialist career publications. In addition, many professional (4) ... offer an appointments service which can help job seekers find a suitable (5) ... in a particular (6)

Recruitment (7) ... holds details of a wide range of vacancies, and possibly local training, (8) The internet is a valuable (9) ... not only for vacancies but to find background information on companies. Approximately one third of jobs is never advertised, but may be found by approaching a company directly. This is called a speculative (10) ..., and is common among students starting at the bottom of the career (11) Finally, don't forget to use your personal (12)

- | | | |
|--|--|---|
| 1. a) position
b) application
c) vacancies | 5. a) position
b) application
c) vacancies | 9. a) press
b) journals
c) resource |
| 2. a) press
b) bodies
c) resource | 6. a) industry
b) ladder
c) schemes | 10. a) position
b) application
c) vacancies |
| 3. a) contacts
b) journals
c) resource | 7. a) bodies
b) contacts
c) agency | 11. a) industry
b) ladder
c) schemes |
| 4. a) bodies
b) contacts
c) agency | 8. a) industry
b) ladder
c) schemes | 12. a) bodies
b) contacts
c) agency |

References:

1. "vacancies" - positions in a company that need filling;
2. "press" means newspapers and magazines;
3. "trade journals" - specialized job-related newspapers;
4. "bodies" - organizations or firms;
5. "position" - a job within a company;
6. "industry" means business that produce a particular type of product or service;
7. Recruitment "agencies" help people find jobs;
8. Training "schemes" can be a good way of building on your skills;
9. The internet can be a valuable "resource" for job research;
10. An "application" - the letter you send when you apply for a job;
11. You will usually be at the bottom of the career "ladder" when you get your first job;
12. "contacts" - people you know who might be able to help you.

THE JOB INTERVIEW

How you dress and act during an interview can be as important in creating an impression as what you have to say. Every employee becomes an individual representative of the organization. That's why employers prefer to hire men and women whose appearance and overall behaviour present a positive image.

Dress in good taste. While many employers encourage individuality, let basic good taste determine how you dress for an interview. For men this might mean a suit with complimentary-rather than contrasting-accessories. Women should select fashions appropriate to the occasion, wear accessories in quite good taste, and use cosmetics sparingly. Head-to-foot cleanliness and neatness will also help to create a good first impression.

Don't worry about being nervous. That's normal and the interviewer will expect it. But you might wish to dry a damp brow or clammy hand just before you meet your interviewer. Once inside the room, try to relax-but don't slouch. Don't smoke unless

invited to do so-or, if it relaxes you, ask permission. Don't chew gum!

Know your interviewer's name. Greet your interviewer by name when you meet, and when you take your leave after the interview. If the name looks difficult ask an office staff member how to pronounce it.

Be yourself. Remember that the interviewer wants to get to know something about you, not hear a memorized speech. Answer questions as fully as you wish; don't just respond with a yes or no.

Emphasize your goals and strong points. This may alert an interviewer to an attribute that didn't show up on your resume.

Be honest. Any effort to cover up or withhold the full truth probably will be discovered. Furthermore, you may only be kidding yourself. If you aren't interested in an employer's line of work or don't like something else about the organization, you might as well say so from the start. You probably wouldn't. Be happy working there even if you got the job.

Be ready for a few unexpected questions. Some interviewers have a "favourite" or two they like to spring. Something like, "What can I do for you?" or "Why are you interested in working for us?"

Don't be afraid to ask questions. You might wish to prepare one or two in advance. These shouldn't deal with basic facts about the employer, because you should have checked them out beforehand. But a good question can indicate interest in the organization. You might wish to ask a question that stresses one of your strong points.

Be prepared. There are ways you can prepare yourself for interviewing. Your college placement office is experienced in acquainting students with basic interviewing techniques and may have audiovisual aids that will assist you. Discussing your

experience with friends can be helpful, but watch out! They are not you.

As you prepare for the interview process, remember one thing. The purpose of an interview is not to intimidate you or to put you through an uncomfortable ordeal. It's to find a man or woman who has something to offer an organization, and to interest that person in working for that employer.

The interview is the most efficient way – in a relatively short time - for you and the representative of an employer to get to know each other. Interviewers wouldn't be meeting with you if they weren't interested in the possibility of hiring you.

Like everyone else, you have attributes that will make you a valuable employee. Evaluate yourself honestly. Have confidence in your abilities, and you may be surprised to learn that an interview can be a valuable-and enjoyable-experience.

Answer the questions:

1. Why is it important to know all about the company for which you want to work before you go for an interview?
2. What is the purpose of the interview?
3. How should you dress to present a positive image?
4. What is "to act properly in an interview"?
5. Are the interviewers usually interested in the possibility of hiring you?
6. Why is it important to emphasize your strong points and goals?
7. Is an interview a big day in your life?



GETTING ACQUAINTED WITH THE STAFF

Read the dialogue between Hillary Beacham and Mrs. Wright. Answer the questions:

- What kind of job is Mrs. Wright looking for?
- Where did she work before?
- What does Hillary Beacham do (in the company)?

H.B.: I think I'd better take this opportunity to explain to you exactly who's who in the company. You'll need to know who to go to if you want to contact a particular manager. Let's start right at the top: David Burton is the Managing Director and his Personal Assistant is Mary Wilkins. The company ISV divided into four departments: Production, Personnel, Marketing and Finance. OK?

W.: Let's deal with each one in turn. Michael Stout looks after Production, and his title is Production Manager, and Daniel Harkin works as Personal Assistant in the Production Department. Then there are two secretaries. Is that so?

H.B.: Yes.

W.: Moving on to Personnel, we've got Sheila Poison, and her title is Personnel Director. Jane Hargreaves works for Sheila Poison as Personal Assistant. And then there are two secretaries in the department. OK?

H.B.: Yes, fine. As you know, I'm the Marketing Manager and for the next two months you are going to work as my Personal Assistant. Helen Wright and Karen Williams, the two secretaries in the department, will report to you. Is that clear? And finally... Paul Cummins is responsible for the Finance Department. His PA (Personal Assistant) is Judith Walker. And then there are three secretaries in the department. You've met one already, I think. So that's a brief overview of the structure of the company. Do you have any questions?..

References:

to be familiar with the requirements of the job - знать требования, предъявляемые работой
in the previous position – на прежней должности

to be in charge of - отвечать за
opportunities for advancement - возможности продвижения по службе
a full time job - штатная должность, полный рабочий день
a part-time job - работа на полставки, неполный рабочий день
well-paid job - хорошо оплачиваемая работа
temporary job - временная работа
job in one's field - работа по специальности
to work overtime - работать сверхурочно
length of service - стаж работы
cash - award = bonus = premium - денежная премия
lay-off - сокращение, увольнение из-за отсутствия работы
benefits = fringe benefits = perks - льготы
probationary period - испытательный срок
to apply for position - подать заявление о приеме на работу
to ask for raise (*Am.*), rise (*Br.*) - просить повышения зарплаты
to take home pay = net salary - чистая зарплата (без вычета налогов)
regular pay - основная зарплата
gross pay - общая сумма зарплаты (*salary*), сумма до вычета налогов
job vacancy = job opening - вакантная должность
high level job - высокая должность
top position - ведущая должность
managerial job - управленческая должность
administrative job - административная должность
job title - наименование должности
to resign - отказываться от должности
to fill a position - вступить в должность
deductions from the salary - вычеты из зарплаты
to be promoted to the position of - быть переведенным с повышением на должность...
to make a good impression on - произвести хорошее впечатление

ASSIGNMENTS:

I. Read the dialogue.

J.Reynolds, M.Pritchard and S.Stainton give their opinions of a good manager/leader. Continue discussion about the most important qualities for a good manager.

Reporter: In the second part of this interview I'd like to ask each of you in turn what you consider to be the three most important qualities for a good manager. Perhaps we could hear your ideas first, Mr. Reynolds.

Reynolds: I think that at present the most important quality is the ability to deal with other people. I know we are a manufacturing industry, but I feel very strongly that we also have a great responsibility towards our personnel. Secondly... let me see. Yes, in my opinion the second most important quality is the ability to talk to our personnel about their jobs, their futures, their problems, etc. To be able to relate to them, you know. And thirdly... I suppose I'd put adaptability as the third most important quality. I think that fits in with the other two points I mentioned to give my idea of a good manager.

Reporter: Thank you for your opinions, Mr. Reynolds. Perhaps we could hear your views now, Mr. Pritchard.

Pritchard: I consider the present situation requires a rather different approach to the whole question of management and therefore different qualities for managers. I believe that a good manager is one who can persuade people that his way is right. Isn't that why he is a manager? Getting people to accept his decisions and to follow his leadership — that, in my view, is the mark of a good manager. Secondly, I feel that he should be firm with his people — that's how they'll come to respect him. And thirdly, ... I'm of the opinion that he should be physically fit. In this day and age the pressures and strains are so great that only the fittest can survive, and those are the ones who should be the managers. Mentally competent. Yes, but physically competent, also.

Reporter: Thank you, Mr. Pritchard. Could we hear what you, think, Mrs. Stainton? -

Stainton: Yes certainly I think views probably represent a mixture or synthesis of my colleagues' opinions. The most important quality is, in my opinion, the ability to think flexibly—to find new answers and new solutions. Secondly I feel that as managers we should be able to handle people, as I'm sure that for the company good labor relations mean a happy and secure future. But this doesn't mean that we should be too lenient or too dogmatic. No, the third quality should be, in my view, the ability to direct and control people effectively.

Reporter: Thank you all for your opinions.

References:

- to be able to deal with other people — уметь общаться с другими людьми
to be responsible (to smb.) — нести ответственность перед кем-либо
to be able to talk to the personnel—уметь разговаривать с персоналом
to be able to relate to people — уметь взаимодействовать с людьми
to be adaptable — уметь приспособляться
to fit in with smth. — совпадать с чем-либо, вписываться во что-либо
to be able to persuade people — уметь убеждать людей
to get along with smb. — ладить с кем-либо
to be physically fit — быть в хорошей физической форме
to be mentally competent— обладать живым умом
to be able to think flexibly — уметь гибко мыслить
to be able to handle people — уметь управлять людьми
to be lenient — быть уступчивым
to get people to accept smb's decisions - склонять людей к согласию с решениям
to get people to follow smb's leadership —заставлять людей выполнять требования руководства
to be firm with people — быть требовательным к подчиненным
to be dogmatic - быть категоричным, догматичным
to direct people effectively- управлять людьми эффективно
to be strong in body - быть физически сильным
to keep fit - держать себя в форме

to be well-organized - быть хорошо организованным
to be punctual - быть пунктуальным
to be enthusiastic - быть оптимистично настроенным
to be suitable for position - соответствовать должности
to be creative - обладать творческим отношением к делу
to be well-bred - быть хорошо воспитанным

II. Use the phrases below and try to draw a character sketch of an ideal leader/manager:

Expressing your opinion strongly you'll say. (Подчеркивая ваше мнение, вы скажете):

- I definitely think that...
- I'm sure that,
- I'm convinced that...
- I really do think that...

Expressing your opinion naturally you'll say. (Просто выражая мнение, вы скажете):

- As I see it...
- I think...
- I consider...
- I feel...
- In my opinion...
- To my mind...

Expressing your opinion weakly you'll say. (Выражая мнение уклончиво, вы скажете):

- I'm inclined to think that...
- I tend to think...
- I'm disposed to think...
- I'm prone to think...

III. Translate into Russian:

Two opinions (employee and manager) about the most important qualities of a leader are given.

1. to know how they are getting on with their jobs;
- to have the opportunity to discuss their work in detail with the boss;
- to discover their own weaknesses to find out what view the boss has of them;

to know how to work more effectively;
to discuss their future within the organization to see how their careers are developing.

2. managers can profit from closer contact with individual employees;
managers can find out what their employees do well;
managers can review the performance of their staff by interviewing them;
the company can profit from interviews, because they create closer working relationships ;
interviews help the company (to) find out which people can be promoted;
interviews help people believe in the company more;
interviews help (to) find out which employees can benefit most from further training.

IV. Simulate the situations: first-you are the employee, then the manager of HR (Human Resources)

First you are the employee:

1. You would like to bring up the subject of wanting to have more responsibility...
2. You aren't satisfied with what you have been doing so far...
3. You are looking for greater challenges...
4. You feel your qualifications and you experience mean that you need less supervision in your job...

Now you are the manager:

1. Several people in the department are under consideration by the management...
2. They are looking for someone who is prepared to show initiative and to work under the supervision of the personal assistant of the vice president/managing director...
3. The company is looking for someone who enjoys contact with people outside the company...
4. The company is looking for somebody who is prepared to travel a lot — and to be away from home sometimes at the weekends...

V. Read and try to learn them:

Hints for the Office Manager or the Boss

You need not go around proving you're the boss if you are. So here are some suggestions:

- Don't order, ask and be polite! It amounts to the same thing, but it sounds — and works — better.
- Remember that people work with you, not for you. People like to be spoken of as associates, not as slaves.
- Keep your promises. It's important to make note of every promise whether it is something important or something you think less important.
- Criticize, if you must, only in private — and do it objectively. Never criticize anyone in public or in anger.

And that goes for the mail clerk's well as for your assistant.

The Secretary

In most companies a secretary is hired strictly for business. If you have so little office work for her that she has time to manage your (or her own) personal affairs, you don't need a secretary.

If you ask her to do something which is beyond the scope of her regular office work, realize that you ask a favor. However, this puts your relationship on a more personal basis...

Drawing room manners are out of place in an office, and you are not expected to jump to your feet and hold a chair for your secretary every time she comes into your office. But take care not to treat her as if she were nobody.

You should say a pleasant "Good morning" when you come in and "Please" and "Thank you" at every opportunity; don't expect her to carry in the chairs for your meeting; show a little interest in her health and mood.

Note: *When you go out, let her know where you're going, how you can be reached and when you expect to return. She needs the information to fill in for you in your absence.*

This is what you should expect of your secretary:

- Polite handling of your telephone calls.
- Courteous handling of your visitors.

When someone has a definite appointment with you, he should not be kept waiting but should be shown to your office at precisely the time agreed upon.

But if you are really busy, your secretary should go out to your visitor in person, explain your absence, convey your apologies and then give a definite idea of how much delay is inevitable.

If the visitor chooses to wait, your secretary should then make sure that he is comfortable. It is by no means necessary for her to "entertain" the visitor. She should go on with her work as soon as she has seen that he is comfortable.

VI. Role play. There is a vacancy for a secretary of a manager in your company. You have chosen the candidate for this post and discussing his/her working day. The candidate is asking all the details of work at a new place.

CHAPTER III

BUSINESS CORRESPONDENCE

Writing Business Letters

With the development of industry, technology, trade, and economic ties among the countries and ordinary people a great volume of business is done by mail. It is true that the telephone, telegraph, telex and fax to speed up transactions, but they also increase expenses to such an extent that practical businessmen and economic people use these modern means of communication only for matters requiring immediate action or for messages which can be expressed briefly.

Business letters concern us in our daily living, especially those of us who live abroad and deal with foreigners.

People write business letters in many situations: finalizing contracts, booking a seat in an airplane, reserving hotel accommodation, booking theatre tickets, writing order-letters, letters of inquiry, claim letters (letters of complaint), cover letters, letters of confirmation and letters of guarantee.

A business letter, like a friendly or social letter, should make a favorable impression. In order that a letter may create this impression, it should be neatly written or typed, properly spaced on the page and-correctly folded in the envelope.

THE PARTS OF A BUSINESS LETTER

The basic outline for a business letter is that of any letter: the heading, the inside address, the salutation, the body of the letter, the complimentary close and the signature. If you forget something you mean to say in the letter, put it in a PS at the bottom of the page.

A good business letter is brief, straightforward, and polite. If possible, it should be limited to one single-spaced typewritten page. Because it is so brief, a business letter is often judged on small, but important, things: format, grammar, punctuation,

openings and closings. A business letter is not the place to try out fancy fonts or experimental writing styles.

There are two main styles of business letters:

Full block style: Align all elements on the left margin.

Modified block style: Down the middle of the page, align the return address, date, closing, signature, and typed name; align other elements on the left page margin.

Below are the elements of a standard business letter and their functions: (also see sample letters in Assignments)

Return Address:

Your address (or the address of the company you represent). If you are using preprinted stationary, there is no need to retype the information.

Date:

Leave two blank lines after the return address. Always spell out the month and include the day, a comma, and the year.

Inside Address:

Leave two blank lines after the date. Then type the address of the person or company to whom you are writing.

Salutation:

Type *Dear*, followed by the person's name. End the line with a colon. If you don't know the name of the person, use a title instead (i.e., *Dear Editor*, *Dear Madam*).

Body:

Align your message on the left margin. Skip a line before starting a new paragraph, but do not indent the paragraph's first line. Make sure that each paragraph is clear and concise.

Closing:

Leave two lines of space after your last body paragraph, then use a conventional closing, followed by a comma (i.e., *Sincerely*, *Sincerely Yours*, *Respectfully*).

Signature:

Your signature should appear below your closing. Unless you have established a personal relationship with the person you are writing, use both your first and last name.

Name and Position:

Four lines after the closing, type your full name. Do not include a title (*Mr. or Mrs.*). If you are writing on behalf of an organization, type your title on the next line.

Enclosure: If there is an enclosure to the letter, it should be clearly indicated by typing the word "Enclosure" or "Enc" in the bottom left-hand corner of the page below the signature.

References:

development of industry-развитие промышленности

development of technology – развитие технологии

development of trade –развитие торговли

development of economic ties— развитие экономических связей

a great volume of business — большой объем работы

to speed — ускорять, содействовать

to speed transactions —ускорять сделки

to increase—увеличивать, поднимать

to increase expenses — увеличивать расходы

extent — размер, степень

to concern — касаться, относиться, интересовать

concerning —относительно, касательно

order-letter —письмо-заказ

cover letter-сопроводительное письмо

letter of confirmation — письмо-подтверждение

letter of guarantee— гарантийное письмо

to type — печатать на машинке

to space — размещать

to fold — складывать, сгибать

heading —заголовок

salutation —приветствие

inside address — адрес получателя

body of the letter—текст письма

complimentary close — заключительная формула вежливости

circular letter — циркуляр

registered letter — заказное письмо

dead letter —недоставленное письмо

letter of congratulation — поздравительное письмо

letter of introduction — рекомендательное письмо

registered letter with statement of value — ценное письмо
to renew correspondence — возобновлять переписку
addressee — адресат
sender — отправитель
receiver — получатель
remittance — денежный перевод
to be called for = poste restante-до востребование
date of the postmark — дата почтового штемпеля
certified copy — заверенная копия
urgent telegram — срочная телеграмма
to refer to smth—ссылаться на что-либо
first-printed copy-первый экземпляр
copy on approval — контрольный экземпляр
in duplicate = in two copies—в 2х экземплярах
in triplicate = in three copies — в 3х экземплярах
receipt — расписка

SAMPLE COVER LETTER

Your resume is a piece of paper (or an electronic document) that serves to introduce you to the people who will eventually hire you.

To write a thoughtful resume, you must thoroughly assess your personality, your accomplishments, and the skills you have acquired.

The act of composing and submitting a resume also requires you to carefully consider the company or individual that might hire you. What are they looking for, and how can you meet their needs? We'll tell you how to organize your personal information and experience into a concise and well written resume, so that your qualifications and potential as an employee will be understood easily and quickly by a complete stranger.

When writing a resume always follow the basic form:

Resume.

Personal

Name: Ormonov Azamat Talipovich
Home address: 19-20 Kasymbekova Street,
Osh, Kyrgyzstan 714000
Age: 28
Nationality: Kyrgyz

Education

Bokonbaeva N5 High School graduate, 1997, 2 years in Ankara University Turkey, OSU Geography faculty 2002, OSU Business and Management 2008 Economist of Business enterprises, Master's degree
General courses: English, history, mathematics, physics, chemistry, psychology, sociology, economics
Special courses: geography, economy, theology, business.

Activities

Russian-Korean Company (sales-manager)
Tour company "Ben tour" (instructor)
Turkish-kyrgyz international comp (sales-manager)

Experience

Sales manager (1 year) Russian-Korean comp.
Turkish-Kyrgyz Int.Comp. (Sales-manager)
Student assistant to head of Sarah Black Residence Hall, Ankara (2 year, part-time)

References

Dr. Ernest Beers, Head of Theology Department,
Ankara, Turkey
Dr. Nizamiev A.O. , Dean of the faculty of Geography,
OSU, Kyrgyzstan

A CV (curriculum vitae) is essential if you're applying for a new job or for promotion within your own company, or even to register as a delegate at a conference. Some information might be given in your CV, some in your letter of application — and perhaps some on a Supplementary Information sheet (giving information relevant to the particular job you're applying for). There are no fixed international rules about this: different countries have different practices.

ASSIGNMENTS:

I. Read and choose which sentences are the most suitable ones for writing a CV (m. e. curriculum vitae):

- Your name, address and telephone number.
- The title and reference number of the job.
- Your date of birth.
- Your marital status.
- The name and address of present (or last) employer.
- Your hobbies and leisure interests.
- The sports you play.
- Details of all the jobs you have had.
- The languages you speak, read or write.
- Details of the examinations you passed at school:
- Details of the professional- diplomas, or degrees: you have gained.
- Details of training courses you have attended.
- Details of your achievements and responsibilities in your working career.
- Your suitability for the job advertised.
- Your reasons for applying for this job.
- When you are available for interview.
- Details of your present (or last) job.
- Your current (or last) salary.
- The salary –you would expect to receive’.
- The names and addresses of two or three referees.

II. Read the model of a letter of application, where an individual career was given. Use words and word combinations from the model and write your own letter of application.

A Letter of Application

Dear Sir,

I should like to be considered for the post of Personal Manager at your Croydon factory, which was advertised in the "Sunday Chronicle" on February 15th 2002.

The relevant information concerning my education and professional experience is as follows.

From 1980 to 1983 I studied Sociology at the University of Harrogate and graduated with a Second Class Honours Degree (Lower Division) in that subject. The main degree course was concerned with basic sociological topics, such as the history and theory of sociology, but there were also a number of optional courses available. From amongst these I selected The History of Industrial Sociology and The Psychology of Management. In order to satisfy part of the requirements for my Finals Examination I had to submit a short dissertation involving original research. I wrote a paper on Nineteenth Century Industrial Relations in Yorkshire and for this section of my examination received a mark of distinction.

Whilst at university I took an active part in a number of social activities, and was secretary of both the Drama Society and the Student Sociological Society.

On leaving university I was a student for a year at the North York Business College, where I was successful in obtaining a Diploma in Industrial Management, Class I. Courses at this college covered a wide field relevant to the management studies in general and I was able to supplement my theoretical knowledge with a great deal of practical experience of such things-as office management, personnel selection and the development of modification of work schedules. But it was in the area of personnel management and control that I found my interests satisfying fully and I took all available opportunities of increasing my knowledge of theory and practice in this field.

From July 1984, when I left Business College, until September 1988, I was employed as an Assistant Personal Officer with Messrs. James Bradley, at their Leeds factory. The company manufactures a wide range of small components for use in the electronics and motor industries, and employed at that time a Labour force of approximately five hundred men and women.

I enjoyed the work at Bradley's very much, especially in that it kept me closely in touch with both workers and management, but after four years' experience there, and in the absence of any prospects of promotional applied for the post of Deputy Personal

Manager with Yorkshire Engineers Ltd I began to work there in September 1988 and am still employed in the same post.

My work at Yorkshire Engineers is in many ways similar to that which I was doing previously. The work is absorbing and rewarding, but now I feel that at this stage in my career I should like more responsibility.

in your advertisement you asked applicants to provide information on leisure activities; which may be considered relevant. First, I have continued ever since university to read widely in the literature relevant to my occupation I find time to contribute articles to several of the journals in this field. Details of my publications are provided on an attached sheet. Second, I began doing some voluntary social work while at business college and have gradually extended my commitment in this direction ever since.

I enclose copies of two recent testimonials, and the names and addresses of two people who are prepared to act as my referees.

I hope that the information I have provided in this letter and the enclosures is sufficient for your purposes, but I shall of course be glad to expand it should you wish.

Yours faithfully,
Robert Drayton

III. There is an advertisement in the newspaper that a firm needs a secretary. Define what important information about herself Elizabeth Groves (a young shorthand-typist) gives to the employee:

Qualified secretary/shorthand-typist required by importers
Photographic equipment, Tilport. Good pay and prospects
For suitable applicant. Five-day week.

Write Box X. 1234.

This is the letter she wrote:

5, Micawber Road,
Liverpool Box X. 1234
25th August 2008

Dear Sirs,

I am writing to apply for the post of secretary/ shorthand-typist, which -was advertised in today's "News". I took my O-levels in English history, geography and French at Barchester Girls' High School and then studied secretarial and commercial subjects at Bassetshire Technical College. Since leaving the Technical College, I have been working in an insurance office in Liverpool. For the past two years I have been secretary to the Assistant Manager, Claims Department. For the personal reasons, however, I should like to find employment in the Tilport area.

I enclose a copy of the certificate that I obtained from the Bassetshire Technical College. I can also refer you to the following persons for information as to my character and ability. You may also apply to my present employers if you wish. Their name and addresses are:

Cassandra Fire and Life Insurance Company, Ltd.,
Jeremiah Street,
Liverpool 4.

Yours faithfully,
Elizabeth Groves

IV. Read and discuss the following offer:

Dear Sirs,

We would like to introduce ourselves as one of the largest manufacturers of washing machine in Sweden.

We are enclosing leaflets' which provide information on a wide range of washing machines we manufacture and we feel sure you will agree that there are designs and types to suit different requirements.

We also enclose" for your further information our current FOB price-list which may be revised from time to time and we will be pleased to supply you with GIF quotations as well. Deliveries will of course depend on quantities and the type of washing machine you require.

If you are interested in our washing machines we are prepared to supply you with any model you require on mutually acceptable and profitable terms.

We hope you will let us have your comments on our offer and we look forward to discussing this matter in detail with you at any convenient time.

Yours sincerely,

for L&G LTD,
V. Parks
Export Sales
Manager

V. Make up a dialogue on the following assignments':

1. You received an offer to the latest model of computers of the Japan Company which you are interested in the last trade exhibitions. You are good customer of this company. But the price is not attract you company and you should ask to give a discount on the price. You should discuss the terms of payment, terms of delivery, shipment.

2. You have come to Germany to have talks with Mr. Swirling. Discuss with him the prices for their machines and the terms of payment. Make arrangements about the supply of spare parts.

VI. Read the sample letter to the HR manager and learn words and word expressions which will help you to understand the content of the letter:

TheFirs,
Long Lane
Bickley, Surrey.

*The Personnel Manager,
Harper & Grant Ltd.,
Great West Road,
London, W. 25.*

1st October, 2008

Dear Sir,

I am writing to ask you if you have a vacancy on your staff for an assistant accountant.

I am twenty-two years of age and have been working in the costing department of the Bedford Furnishing Company, Bedford House London, E.C.1. for the past two years. I am studying Accountancy and Business Management at the Polytechnic and wish to complete my course there, which has another two years to run.

The only reason for my seeking new employment is that Bedford Furnishing is moving shortly to a development area in the north-west, where its main work is already located.

If there is some chance of a vacancy occurring in the near future, I would greatly appreciate being given an interview. My present employers would gladly give a reference.

Yours faithfully,
Simon Deeds

VII. Choose and fill in the words: to type, the complimentary closing, extend, salutation, volume, concern, envelope.

1. ... a polite way of the ending of a letter.
2. The name and address of the company written to are usually ... on the left-hand side against the margin.
3. The normal form of ... for letters addressed to organization is "Dear Sirs". "Dear Mr. Smith" has tended to replace "Dear Sir".
4. The ... of passenger travel on the railways is decreasing.
5. A flat paper container for a letter is called
6. This clause of the contract ... very much.
7. I was surprised at the ... of his knowledge.

VIII. Translate the sentences from Russian into English:

1. Умение писать деловые письма имеет огромное значение для нормального ведения коммерческой деятельности.
2. В письмах можно использовать некоторые общепринятые стандартные обороты.
3. Деловые письма обычно пишутся на фирменных бланках, отпечатанных типографским способом.
4. Заголовок к тексту письма сообщает его тему, тем самым, давая возможность получателю сразу понять, о чем письмо.
5. Письмо должно быть посвящено лишь одному вопросу.
6. Деловые письма подписываются от руки четко и разборчиво

CONTRACT

Contract is an agreement between two or more parties that is enforceable by law. A contract consists of voluntary promises to do or not do certain things. Promises in a contract are legal obligations. Contracts include promises to deliver or pay for goods, to perform or pay for labour or services, and to buy or rent land or other property.

Most contracts are formed by an offer that is followed by an acceptance may be communicate either orally or in writing. However, the law are requires that some contracts be put in writing. These contracts include agreements to sell real estate and agreements that are to be performed over an extended period. Such contracts must name all the contracting parties,

specify the price and all important terms, and be signed by any party who is to be legally obligated to perform the contract.

Before a contract is formed, the parties usually discuss or negotiate its terms. If the parties intend to draw up a written contract, they may shake hands on a general deal before all the specific terms have been defined. In some cases, legal obligations are created by the handshake or by other actions performed prior to the signing of a formal document. After the contract has been formed, the parties may continue to negotiate the details of how it should be carried out, especially if the contract is complex. In many such cases, the parties prefer to work out disagreements on their own rather than ask a court to resolve them. In these cases, the contract may serve only as general guidelines governing the future relationship between the parties.

As a rule, the Contract contains a number of clauses, such as:

Subject of the Contract	Guarantee
Price	Packing and Marking
Terms of Payment	Arbitration
Delivery	Transport
Inspection and Test	Insurance, and other conditions

References:

an agreement-соглашение	Arbitration-арбитраж
enforceable- усиленный	Packing-упаковка
voluntary-сознательный, добровольный	Marking-оценка
property-имущество, собственность	Insurance-страховка
real estate-недвижимость	Conditions-условии
obligation-обязательство, долг	
negotiate-вести переговоры	
prior to-раньше, прежде, до	

ASSIGNMENTS:

I. Think and answer the following questions:

1. What is a contract?
2. Why do companies make a contract with each other?
3. What are legal obligations in a contract?
4. The law requires that some contracts be put in writing, aren't they? If yes, why?

5. What do contracts guarantee?
6. What is the purpose of making a contract between companies?

II. Translate and make up a situation with the following words and word combinations:

to be concerned about, to enable, duplicate, to waive dispatch, defense, occur, in the circumstances, margin, suggest, a breakdown, dispatch of goods, interest rate, to remit money, account, to install plants.

III. Complete the sentences:

1. He didn't have enough time to read the terms of contract attentively. He'll have to... it.
2. We are not sure to sign the contract today. We should ...
3. Seller and Buyer discussed all matters concerning to the future contract. They decided to ... on Wednesday at 3p.m.
4. They are interested in our offer and ...
5. The information received by yesterday's mail is extremely interesting and may be important for our future ...

IV. Make up and act out the dialogue on the given assignment:

1. Suppose you received an enquiry for the latest model of TV-sets. The prices of the TV- sets are very high, and your customers ask to give a discount on the price. Give them a discount and discuss the terms of contract and at the end sign the contract.
2. You are interested in the goods of Phonex. Phone to the Manager of the company and ask him to send you a catalog and quotations for their telephone equipments. Tell him how many telephone equipments you want to buy and when require them.

V. Speak on the topic: "Benefits of making a contract with foreign companies" using new vocabulary.

VI. Read the sample contract and answer the following questions:

1. Why did the Seller refer to the contract?
2. Why didn't the inspector attend the final tests?

3. Why was the Seller concerned about the delivery schedule?

Dear Sirs,

Contract No...

We are writing to notify you of the serious delays which are arising in the performance of the inspection, and the delivery conditions under the Contract due to the delays in issuing the Release certificates for the equipment and to the manner in which the Buyers' Inspectors are carrying out their assignment under the Contract.

According to the Contract, if the Buyers notify the sellers within 15 days from the receipt of the Sellers' notification about the readiness of the Equipment for test that their Inspector cannot be present at the test, or if the Sellers do not receive any notification from the Buyers within the said period of time, the Sellers shall be entitled to carry out the tests and send to the Buyers the test report as far as the test has proved that the equipment has been manufactured in full conformity with the conditions of the Contract. In such cases the test report shall be attached by the Sellers to the notification to the Buyers at the Kyrgyz Trade Delegation in the United Kingdom, who will issue the release for shipment of the ready equipment to Kyrgyzstan.

Considerable delays occurred in the case of the Air Condition Unit, delivery Schedule Serial No., Having received no advice from the Buyers within the notice period of 15 days we proceeded with the tests of the above mentioned item in accordance with the terms of the Contract. However the necessary Release Certificate was not issued for up to 30 days and it reached us only after we had advised the Inspector that the above item was ready on board the ship and would have to be unloaded there from and delivered at a later date unless the relative Release Certificate was promptly issued.

We should be obliged if you would take steps to ensure that when the Inspector does not attend the final tests the relative Release Certificate will be issued promptly in accordance with the Contract to enable the agreed delivery Schedule to be complied with.

We consider that we are performing our obligations under the Contract and are making additional efforts to facilitate the carrying out by the Inspectors of their assignment, but that the matters mentioned above are causing delays and accordingly we would ask you to take the necessary measures to ensure that they do not continue.

Yours truly,
for and on behalf of

Project Manager.

CHAPTER IV

BUSINESS CALLS

PLANNING AND MAKING CALLS.

If you don't have much experience of making phone calls in English, making a business call can be a worrying experience. If you have to call someone you already know, you may actually enjoy making the call-but remember that long-distance calls are expensive. Or you may have to make a first-time business call to a prospective client: not easy in English! Making a phone call to a stranger can be quite stressful, especially if they speak English better than you.

Most business people, unless they feel very confident, prepare for an important phone call in a foreign language by making notes in advance. And during the call they make notes while they're talking to help them to remember what was said. Although it's quick and convenient to phone someone to give them information or to ask questions, the disadvantage is that there is nothing in writing to help you to remember what was said. It's essential to make notes and often when an agreement is reached on the phone, one of the speakers will send a fax to confirm the main points that were made.

As it's so easy to be misunderstood when talking on the phone it's a good idea to repeat any important information (especially numbers and names) back to the other person to make sure you've got it right. Always make sure you know the name of the person you're talking to. If necessary, ask them to spell it out to you, so that you can make sure you've got it right-and try to use their name during the call. And make sure they know your name too.

It's important to sound interested, helpful and alert when answering the phone. You may have to make or receive calls to or from regular customers and prospective customers, so a good telephone manner not only makes an impression in business, but it also helps to make money.

TWELVE TELEPHONE TIPS

1. Fax ahead if you want to make sure the other person has time to prepare for the call.
2. Make sure you have with you all the documents you'll need before you dial the number.
3. The other person may not understand you easily, so try to speak slowly and CLEARLY.
4. The other person can't see your reactions, so always CONFIRM that you have (have not) understood each point that's been made. Do not pretend you have understood when you haven't.
5. The other person can't see what a nice person you are, so make sure you sound POLITE and AGREEABLE.
6. The other person hasn't got all day, so make your call BRIEF.
7. The other person is getting an impression of your firm while talking with you, so make sure that you sound EFFICIENT- your firm's image may be at stake, even if you're just taking a message.
8. Don't rely on your memory: make notes during a call and rewrite these notes immediately afterwards as a record of the call.
9. Smile while you're talking. Your listener can "hear" your smile.
10. Don't try to be funny-you may be misunderstood.
11. Don't interrupt the other person: let them finish what they want to say.
12. Send a follow up fax or letter to confirm any important details (especially prices and numbers), so that you both have a written record of them.

References:

experience-опыт, практика

long-distance calls-междугородние звонки

confident-уверенный

to answer a phone call-отвечать на телефонный звонок

a message-сообщение

Answer the questions:

1. Which do you think are the five most important tips?
2. Which of the tips do you disagree with? Why?
3. Which of the advice do you already always follow when making or receiving a phone call in English?
4. Which of the points do you feel least confident about if you are using English on the phone?
5. What aspects of telephoning in English can be improved by more practice?

ASSIGNMENTS:

I. Fill the gaps with suitable words from the list:

area code, busy (US)/engaged (GB), collect call (US)/transferred charge call(GB), dialing (US)/dialling (GB), off the book, person-to-person call(US)/personal call (GB) ringing

1. To make a call: first listen for the ... tone and dial the number. With any luck, you'll hear a tone telling you that the number is If the other phone is being used you'll hear the ... tone.
2. To make an international call: first dial the international code, then the country code, then the ... and finally the number you require.
3. If you want the other person to pay for the call you can make a
4. If you want to talk to a particular person you can make a
5. If you don't want to be interrupted, you can leave the phone

II. Match the following words and word combinations:

be over
call back
cut off
get through
give up
hang up
hold on
look up

wait
be finished
connect with
stop trying
disconnect
lift
find
replace the receiver

pick up
put through

reach
return the call

III. Add missing words:

phonecards, speaking, extension, hold, outside line, message, bad line, receiver, assistance, directory, ring

1. Hello. This is Louse Bonnard ... Can I help you?
2. Could you ... the line for a moment, please?
3. Hello, switchboard? Can I have an ..., please?
4. What is Miss Fisher's ... number?
5. Can I leave a ... for Sarah Grey, please?
6. To make a call from a public telephone, lift the ... and insert a coin.
7. I'm sorry, I can't hear you well, this is a ...
8. Could you give me a ... tomorrow morning?
9. The number for ... enquiries in the UK is 192.
10. She is in a meeting, I'm afraid. Can I be of any ...?
11. Some public phones take coins, others take ...

CHAPTER V

ECONOMY

BASIC KINDS OF ECONOMIC SYSTEM

ADAM SMITH

Adam Smith was a great scientist who made extraordinary contributions in economics. He was born in 1723 in Kirkcaldy, a small fishing town near Edinburgh, Scotland. His father was a customs officer. He died before his son was born.

At the age of 28 Adam Smith became a Professor of Logics at the University of Glasgow. It was his first academic appointment. Some time later he became a tutor to a wealthy Scottish duke. Then he received a grant of £300 a year. It was a very big sum, 10 times the average income at that time. With the financial security of his grant, Smith devoted 10 years to writing his work which founded economic science. Its full title was "An Inquiry into the Nature and Causes of the Wealth of Nations". It was published with great success in 1776. Adam Smith made economics a science. This Scottish economist is often regarded as the founder of political economy too.

WHAT IS ECONOMICS ABOUT?

Economics is about people and the choices they make. More specifically, economics is the study of how individuals and society choose to use limited resources in an effort to satisfy unlimited wants. Scarcity, the problem of limited resources and unlimited wants, is the most basic economic problem. Because of the problem of scarcity, nations, businesses, and individuals must make difficult choices in an effort to satisfy unlimited wants with limited resources. Any time you decide to use a scarce resource in a particular way, you incur an opportunity cost—the cost of the next best alternative use of that resource.

Economic goods are things of value that can be seen, touched, and shown to others. Economic services are intangible things that have value but often cannot be seen, touched, or shown to others.

Economists have traditionally divided factors of production into three categories: natural resources, capital goods and labour. An important fourth factor of production is entrepreneurship. These factors of production are needed to produce goods and services.

There are three basic economic questions that every nation of the world must answer. They are:

1-What goods and services will be produced?

2- How will they be produced?

3- For whom they will be produced?

BASIC KINDS OF ECONOMIC SYSTEM

In order to answer these basic economic questions, every society must have some kind of organized set of procedures. This organized set of procedures is called the **economic system**. Although every nation's economic system has some unique characteristics, there are basically three kinds of economic system in the world: **traditional economies, command economies, market economies**.

In actuality, although traditional economies exist in various parts of the world today, there never have been any pure command economies or pure market economies. These concepts are simplified representations of the real world, or economic models. Economic models are devised by economists to make complex situations more understandable. In this instance, they give economists a basis from which to describe or explain the complex economic situations that today exist in most countries of the world.

Most of the major economies in the world today are actually mixtures of command economies and market economies. Because of their composition, they are known as **mixed economies**. These economies vary greatly in how closely they resemble either the pure command economy or the pure market economy.

Traditional economies

Traditional economies are found primarily in the rural, non industrial areas of the world. In such areas, there is no national economy. Instead, there are many small segmented economies, each centered around a family or tribal unit. Each unit produces most of its own goods and consumes what it produces. The basic economic questions of "what", "how", and "for whom" are answered

directly by the people involved, and the answers are usually based on tradition. For example, in the East African country of Somalia, more than 75 percent of people are nomadic. They raise herds of camels, cattle, goats and sheep. They live in small collapsible huts. When the grass and water of an area are used up, they move on to a new spot, just as their ancestors did for centuries before them. Their life is relatively simple, and their method of answering basic economic questions is based on a tradition passed down from one generation to the next.

Command economies

In command economies, the basic economic questions are answered by government officials. Government leaders decide what goods and services will be produced, how they will be produced, and how they will be distributed. Individuals have little control or influence over the way the basic economic questions are answered. They are told what to produce, how to produce it, and what will they receive. Command economies are often called planned economies because the government engages in elaborate, detailed planning in an effort to produce and distribute goods and services in a way that is consistent with the wishes of government leaders. The economies of former Soviet Union are examples of predominantly command economies.

Market economies

A market economy is the opposite of a command economy. In a market economy, basic economic questions are answered by individual households and business through a system of freely operating markets. In market economies natural resources and capital goods are usually privately owned. In such economies, buyers and sellers have a great deal of economic freedom, and they send signals to one another as they interact through the system. For example, by purchasing more of an item than usual, buyers send a signal to producers to increase production of that item. Similarly, by reducing their purchases of an item, buyers signal producers to reduce production of an item. The American economy is predominantly a market economy. Other examples of market economy include the economies of Canada, Japan, and many other countries of Western Europe.

Mixed economies

In actual practice, there are no real economies in the world that rely on freely operating markets or on government decisions to answer basic economic questions. All major economies are **mixed economies** in the sense that some decisions are made through a system of freely operating or free, markets, by individual households and businesses and some are made by the government. In mixed economies a distinction is usually made between the private sector, in which decisions are made primarily by individual households and businesses, and the public sector, in which decisions are made by the government.

References:

tribe-племя, род

tribal-племенной, родовой

herd-стадо

ancestors-предки

elaborate-тщательно-разработанный

consistent-твердый, последовательный, согласующийся

predominant-преобладающий

households-домашнее хозяйство

arrangement-соглашение

item-предмет, товар

reduce-понижать, уменьшать

increase-повышать

distinction-различие

ASSIGNMENTS:

I. Match each of the following terms with the correct definition:

Market economies, command economies, entrepreneurship, capital goods, consumer goods, economic system, scarcity, economics, traditional economies and mixed economies.

1. The study of how individuals and society choose to use limited resources in an effort to satisfy unlimited wants.
2. The function of combining and organizing the natural resources, capital goods, and labour; assuming the risks of business failure; and providing the creativity and managerial skills necessary for production to take place.

3. Economies found primarily in rural, nonindustrial areas of the world, in which the basic economic questions are answered directly by the people involved and the answers are usually based on tradition.
4. Finished goods that are sold to consumers.
5. The problem of limited resources and unlimited wants.
6. An organized set of procedures for answering basic economic questions.
7. Human-made productive resources, such as factories, tools, and machines, those are necessary for the production of economic goods and services.
8. Economies found in China in which the basic economic questions are answered by government officials.
9. Economies found in many countries of the Western Europe, in which the economic questions are answered by a system of free markets.
10. Economies that have characteristics of both command and market economies.

II. Replace the parts in italics by synonyms:

three economic *questions*; to give a *share of* resources; to have scarce *supplies of raw materials*; a *sudden change*; *realizing* that; potential *replacements*; to encourage *people who use oil*; price increases *six times*; try to *cut down* on the use of oil.

III. Find antonyms for the following words:

rare, scarce; outputs; expensive; exports; straightforward; get, acquire; not to need; getting smaller

IV. Find the English equivalents for the following:

распределять ресурсы; ограниченные ресурсы; значительное повышение цен повлечет за собой несущественное снижение объема продаж; цена возросла в три раза; резкий подъем; резкий взлет цен; возросшие доходы; повысить/понизить покупательную способность; повышать заработную плату для привлечения дополнительной рабочей силы

V. Explain in English:

prices are quoted; a gradual rise; a sharp increase; household; commuters; commodities

VI. Check your grammar: Present Tenses

Use the following verbs to complete the paragraph below: *concern, base, discuss, be, show, take up, hope for, say, offer, wish, live, suggest, provide, and govern.*

Students ... economics for different reasons. Some ... a career in business, some for a deeper understanding of government policy, and some ... about the poor or the unemployed. This book ... an introduction, which ... that economics ... a live subject. It ... real insights into the world in which we The material that we... in this book ... by two ideas. The first that there ... a body of economics, which has to be learned in any introductory course. The second ... on the belief that modern economics is more readily applicable to the real world than traditional approaches

Past Tenses: Write the following sentences out in full, like this: *Keynes/famous/ his/ day/ economist/ own/ a/ in... (be)- Keynes was a famous economist in his own day.*

1. best-known/ 1935/his/book/in...(publish)
2. public/ war/ during/ he/ service/ the/ to... (recall)
3. 5th/ in/ Cambridge/ June/ Keynes/ 1883/ on... (bear)
4. student/ he/ distinguished/ a... (be)
5. instrumental/ the IMF/ in/ the/ 1944/ World Bank/ he/ in/ and/starting... (be)
6. Cambridge University/ to/ 1902/ he/ in... (go)
7. a/ he/ as/ Cambridge/ teacher/ to... (return)
8. time/ he/ a/ economist/ by/ as/ this/ brilliant... (accept)
9. also/ heavy/ his/ he/ by/ workload... (exhaust)
10. The General Theory of Employment, Interest and Money/ it... (call)
11. 1919/ in/ he/ with/ Treaty of Versailles/ he/ because/ the... (resign, disillusion)
12. April/ on/ 21st/ he/ 1946... (die)
13. book/ conventional/ this/ thinking/ enemies/ many/ and/ him... (go against, make)

Arrange the sentences you have made into a single paragraph.

VII. Answer the questions:

1. What are the three main questions of the economy?
2. What do you need in order to understand economics?
3. What do you know about Adam Smith?

VIII. Translate using the entire active possible:

1. Решение вопроса о распределении ограниченных ресурсов в экономике (обществе) зависит от того, что именно, каким способом и для кого данное общество намерено производить.
2. Цены на нефть стабильно растут и отсюда, естественно, следует, что потребители нефти пытаются более экономно ее использовать.
3. Невероятный скачок цен на нефть в 70-х годах привел к резкому изменению экономической среды в целом. Однако результатом этого было лишь незначительное снижение объема продаж.
4. Резкое снижение спроса на нефть способствовало росту производства заменителей нефти.
5. Расширяющиеся отрасли производства для привлечения дополнительной рабочей силы вынуждены повышать уровень заработной платы. Возросшие доходы поднимают покупательную способность общества.
6. Возросшие доходы поднимают покупательную способность. Одновременно для привлечения дополнительной рабочей силы расширяющиеся отрасли производства вынуждены повышать уровень заработной платы.

ECONOMY IN KYRGYZSTAN

Kyrgyzstan is widely seen as one of the leaders among the former Soviet republics in economic reform. In 1992 the government initiated the first in a series of privatization programs to bring about the transition from the centrally planned economy of the Soviet era to a free-market system. The initial step was to transfer the ownership of most housing to its occupants.

Industrial privatization followed in 1994, with citizens receiving coupons that they could redeem at auctions for shares in established enterprises. Agricultural reform sought to break apart state farms and collectives established during the Soviet era. The transition to private farming has been hampered, however, by the resistance of some conservative local elites, by the absence of credit and distribution sources for farmers, and by property laws that do not yet make it possible for citizens to freely buy and sell land. Under current legislation, farmers may lease land from the government but may not own it outright.

Agriculture, which in 2001 accounted for 38 percent of gross domestic product (GDP), is Kyrgyzstan's healthiest economic sector. The raising of sheep and cattle remains the dominant agricultural occupation, particularly in the central and eastern mountains. Soviet central planners demanded high meat production from Kyrgyzstan, which forced farm managers to increase herd sizes, resulting in extensive overgrazing. Since independence, the size of herds has been reduced. Vegetables, particularly potatoes and tomatoes, and fruits are grown in the irrigated and intensely cultivated Fergana Valley. Other crops include cotton, tobacco, and sugar beets. Much of Kyrgyzstan's grain farming takes place in the foothills of the northern mountains.

The processing of agricultural goods such as wool, meat and leather accounts for much of the country's manufacturing; other manufactured products include textiles, clothing, and shoes. Kyrgyzstan also makes agricultural machinery and refines metal. Most manufacturing plants are concentrated in Bishkek and its environs.

Kyrgyzstan has vast mineral resources, including extensive deposits of gold, antimony, and mercury. The country has entered into agreements with foreign companies to assist in developing its gold reserves estimated to be among the richest in the world. Antimony and mercury refineries are the largest among the former Soviet republics. Coal mining is significant, although production is falling because of aging equipment and increased extraction costs. Unlike neighboring countries, Kyrgyzstan has limited oil and natural gas reserves, although deposits have been found in the Fergana Valley the Naryn and

Chu rivers are used for hydroelectric power, although considerable hydroelectric potential remains undeveloped. Some 92.38 percent of the country's electricity is generated in hydroelectric facilities. The remaining 7.62 percent comes from thermal plants burning coal. Sales to China, Kazakhstan, and Uzbekistan make electricity Kyrgyzstan's principal export.

Russia, Kazakhstan, Uzbekistan, China, and The United Kingdom are Kyrgyzstan's chief purchasers of exports. Leading sources for imports are Russia, Kazakhstan, Uzbekistan, Turkey, and Cuba. In addition to electricity, leading export items are food products, refined metals, and machinery.

Kyrgyzstan, Russia, Belarus, and Kazakhstan agreed in 1996 to form a customs union to simplify trade by reducing restrictions on cross-border shipments. The stated goal is the eventual elimination of all tariffs and inspections of goods exchanged between the members.

Discuss the questions:

1. Why is our country not highly developed yet?
2. What should we do to grow our economy?

CHAPTER VI

BUSINESS ORGANIZATIONS

1. What is a business firm?
2. What business firms in your town do you know?

CHARACTERISTICS OF BUSINESS FIRMS

A business firm is an organization that brings together the factors of production—natural resources, capital goods, and labor—for the purpose of producing and/or distributing goods and services. Business firms purchase the factors of production, transform them into goods and services, and sell the goods and services to consumers and other firms. For example, a furniture-manufacturing firm purchases lumber and equipment from other firms and labor in the form of its employees. It then uses these resources to produce furniture, which is sold to consumers and to other business firms.

One of the major characteristics of business firms is specialization and division of labor. Workers are trained in specific tasks and perform only a small part of the production process. For centuries, people have been aware of the advantages of specialization and division of labor. Even when early households produced many of their own basic necessities, at least some goods and services were produced by specialized workers outside the household. Today, most commodities are produced by outside business firms.

FORMS OF BUSINESS ORGANIZATION

Business firms may be classified in various ways. One way is to group them according to the products they produce. Firms that produce identical or similar products are said to be in the same industry. For example, General Motors, Ford, and Chrysler are all part of the automobile industry. However, many major companies produce products in more than one industry. In addition to producing automobiles, General Motors also produces

trucks, buses, diesel locomotives, and home appliances. Therefore, it would be correct to say that General Motors is also in the truck industry, the bus industry, the diesel locomotive industry, and the borne appliance industry.

Another way to classify firms is by their legal form of organization. There are three basic forms of business organization that we will consider: (1) the individual proprietorship; (2) the partnership; and (3) the corporation.

Individual proprietorships

An individual proprietorship is a form of business organization in which the business firm is owned by a single individual (the individual proprietor) who makes all the business decisions, receives all the profits earned by the firm, and is responsible for any losses incurred by the firm.

One of the major advantages of an individual proprietorship is the ease with which it can be started. There are few formalities, relatively little red tape, and few fees to pay. Anyone who wants to start an individual proprietorship can so as long as he or she has the money. These factors are especially significant when the business to be started is very small and has limited profit potential.

A second advantage of an individual proprietorship is that the owner gets all the profits, assuming the business is successful. This is especially appealing to people who believe that the chance of phenomenal success is worth the risk of failure. Although the odds of turning a very small investment into a business empire are small, there have been enough amazing success stories to entice others to try.

A third advantage of this form of business organization is that an individual proprietor is his or her own boss. Although individual proprietors may hire salaried employees to help them operate the business, they are still the final decision makers. They decide such things as what items to stock, the hours of operation, and how the business should be run. For people who dislike working for and having to take orders from someone else, the prospect of owning their own business is very attractive.

Despite these advantages, there are also some important disadvantages of the individual proprietorship. One of the most serious disadvantages involves unlimited liability, the potential for a business owner to incur and have to pay unlimited business debts. Every potential proprietor should give serious consideration to this problem before going into business.

A second disadvantage centers on the limited fund-raising ability of individual proprietorships. Individual proprietors themselves are unlikely to have sufficient funds with which to start or expand a business. They are also less likely than a group of people to get substantial bank loans. Therefore, it is often difficult for individual proprietors to raise enough money to experience the economies of scale that result from increased size. If the individual proprietor is competing with larger firms that, because of economies of scale, are able to produce goods and/or services for a lower cost per unit, he or she ultimately may be forced out of business.

A third disadvantage of individual proprietorships involves a limited life. When the proprietor dies or decides that he or she no longer wants to remain in business, it is possible that the business firm will cease to exist. This limited life feature may result in the loss of potential customers who are concerned about service for the products they buy. For example, suppose you are buying a microwave oven with a ten-year warranty. Would you rather buy it from a firm that is likely to be in business for years or from an individual proprietor who may go out of business in the near future? Chances are you'll deal with the more permanent firm.

References:

- transform-превращать
- to be aware of-сознавать, отдавать себе полный отчет в чем-либо
- fail-потерпеть неудачу
- venture-рискованное предприятие
- consequences-(по)следствии
- per unit-за штук
- utilized-использовать
- identical-тот же самый

proprietorship-собственность
briefly-кратко
incur-подвергаться, incur losses- терпеть убытки
ease-свобода, непринужденность
to entice-соблазнять, переманивать
unlimited liability-долг, ответственность, задолженность
to quit-покидать, оставлять работу
warranty-ручательство, гарантия
pros-prospect, prosperous-перспективы

Partnerships

A partnership is a form of business organization that is collectively owned by two or more people (called partners) who jointly make the business decisions, share the profits of the business, and bear the financial responsibility for any losses. Partnerships are the least common form of business organization. Essentially, partnerships are expanded proprietorships in which all decisions and responsibilities are shared by the partners. Because of their structure, they have the same advantages and disadvantages as individual proprietorships, except on a different scale. Let us examine these advantages and disadvantages.

Like the individual proprietorship, a partnership also is relatively easy and inexpensive to start up, with the owners collectively getting all the profits and making all the decisions. In addition, in a partnership there is the opportunity for some specialization in management. For example, one partner might concentrate most of his or her efforts on sales while another partner specializes in production. The partnership also has better fund-raising abilities than an individual proprietorship, although the ability of the business to raise cash is still very limited.

On the negative side, a partnership has limited life, lasting only as long as the partnership agreement is in force. There are many things that can put an end to the agreement. For example, suppose a senior partner who owns a substantial portion of the business decides to leave the business over a disagreement. In order to remain in business, the other partners must buy this person's share of the business or find a new partner willing to do

so. If they cannot do either, the partnership has to be dissolved. Other factors that might cause a partnership to end are changing interests and the death of a partner.

In addition, partnerships face unlimited liability of a far more serious nature than for an individual proprietorship. In a partnership, a business debt incurred by any of the partners becomes the responsibility of the partnership. As a result, each partner stands to lose substantial personal wealth if the business fails.

References:

in force- в силе

ability-способность, умение

to share-делиться, разделять share-доля, часть, акция, пай

to bear-носить, поддерживать

concentrate-сосредоточивать(ся), концентрировать(ся)

dissolve-распускать, аннулировать, расторгать

justifiably-законно, позволительно

to cause-причинять, заставлять

to own-владеть

relatively-относительно, соответственно

Corporations

Corporations are the third basic form of business organization. A **corporation** is a form of business organization that is collectively owned by a number of individuals but has the legal status to act as a single fictitious person.

Unlike the minimal paperwork required to establish individual proprietorships and partnerships, setting up a corporation requires obtaining a corporate charter. A **corporate charter** is a legal document granted by a state government that gives a business the authority to operate in that state.

The corporate charter establishes the corporation as a 'legal person' separate from the actual owners of the corporation. As a legal person, the corporation can enter into contracts and make commitments in its own name for which the corporation alone is responsible. Thus, the corporation as a whole can be sued, although the individual owners cannot.

A corporate charter also authorizes the corporation to issue and sell shares of **stock**, or ownership in the corporation, to enable the corporation to raise money. The people who buy the stock are called **stockholders**. There are two major types of stock that people may buy: preferred stock and common stock. **Preferred stock** gives the stockholder a prior claim on dividends but no voting privileges. **Dividends** are cash payments made to stockholders out of a corporation's profits. Thus, assuming a corporation is profitable; owners of preferred stock are the first to receive dividends after all interest obligations are paid. This dividend payment is always a fixed amount, regardless of how profitable the corporation is. However, should the corporation fail; preferred stockholders are the first to receive payment for their investment after all creditors have been paid.

Common stock gives stockholders voting privileges but no prior claim on dividends. In addition, common stockholders are the last to be paid if the corporation fails. However, there is a potential for greater earnings over the long run if the corporation is successful because the dividends paid can be increased in a good year. Also, common stock gives investors some voice in the operation of the corporation through their voting privileges.

As with the other forms of business organization, corporations have both advantages and disadvantages. The advantages include limited liability, ability to raise large sums of money, and unlimited life. The drawbacks include separation of ownership and management and double taxation.

Perhaps the most important advantage of the corporation from the standpoint of potential investors is that of limited liability. Unlike individual proprietorships and partnerships, investors in a corporation can lose no more than the amount of money they invest. The stockholders of a corporation cannot be held personally liable for the debts of the corporation. If a corporation is successful, the stockholders may reap large profits. If the corporation fails and goes bankrupt, the stockholders' loss is limited to the value of the shares of stock owned.

The limited liability feature of corporations contributes significantly to the second advantage of the corporation form of organization—the ability to raise large sums of money. Since potential stockholders will share in large profits if the corporation

succeeds and face only limited losses if the corporation fails, they are more willing to invest in stocks than in other more risky ventures. Corporations can raise large sums of money by issuing stock, by selling corporate bonds, and by borrowing from lending institutions. This ability to raise large sums of money is the primary reason that almost all large business firms are corporations.

Another important advantage of corporations is the fact that they have an unlimited life. Unlike individual proprietorships and partnerships, the death or resignation of the current president does not alter the legal status of the corporation. Similarly, when owners (stockholders) die, their heirs simply inherit the shares of stock and the corporation is unaffected.

A disadvantage of the corporate form of business organization is **double taxation**. It refers to the fact that corporations have to pay taxes on their profits even though stockholders later pay a tax on some of these same profits when they are distributed as dividends.

References:

fictitious-фиктивный, вымышленный
authorize-уполномочивать
public utilities-коммунальные услуги
to operate-управлять
paperwork- документ
corporate-корпоративный
charter- устав
to grant-предоставлять
ownership-право собственности
portion-часть, доля
fixed-установленный, твердый
to issue-выпускать
to enable-давать право, возможность
substantial-существенный
stockholder-акционер
sue-преслед.судебным порядком
claim-требование, утверждение
willing-согласный, готовый
dividend-дивиденд
privileges-привилегия

Other Forms of Business Organization

In addition to individual proprietorships, partnerships, and corporations, there are two other forms of business organization that provide goods and services: nonprofit organizations and cooperatives.

Nonprofit organizations are dedicated to providing public services. They may not and do not earn a profit. Any revenue in excess of operating costs is used to further the purposes of the organization. Churches and many other private charity organizations, as well as cultural organizations such as opera or museum associations, are nonprofit organizations.

Some nonprofit organizations are engaged in production in much the same way as are other business firms. For example, Goodwill Industries, which is devoted to helping the handicapped, employs handicapped workers who repair clothing, furniture, and other household items that have been donated. The repaired items are then sold to the public through stores operated by the organization. The earnings of the organization are used to pay the workers and to help train them for jobs in the private sector.

A **cooperative** is a voluntary association of people formed for the purpose of providing economic benefits for its members. The three most common types of cooperatives are consumer cooperatives, producer cooperatives, and credit unions.

Consumer cooperatives are formed for the purpose of collectively buying consumer products in large quantities at low prices. The objective of consumer co-ops is to offer their members lower prices than those charged cooperatives by regular businesses. Members usually pay regular prices to the co-op at the time they make their purchases but receive 'rebates at the end of each year.

Producer cooperatives are voluntary associations of producers of certain products that attempt to obtain higher prices than the members could get by selling individually. Most producer co-ops in the United States are made up of farmers. Some farm co-ops have meat-processing plants or facilities for processing grain, and they often help transport and advertise their members' products. The primary objective of producer

cooperatives is to eliminate middleman charges and pass the savings on to their members in the form of higher prices.

Credit unions, which are very common in large cities, are often created by employees of a large company or by other large groups of people. They accept deposits and make loans. Their purpose is to help their members buy goods instead of making a profit. Thus, compared to other financial institutions, they usually pay higher interest rates on members' savings and charge lower interest rates on members' loans.

References:

deposit-залог

loan-взаймы

to dedicate-посвящать

excess-излишек

charity organizations-благотворительные организация

handicapped-страдающий каким-либо физическим недостатком

donate-дарить, жертвовать

charge-назначать цену

rebate-скидка, уступка

goodwill-доброжелательность

set up-начать

regardless-не считаясь с

proxy-полномочие, передача голоса, доверенность

ASSIGNMENTS:

I. Match each of the following terms with the correct definition:

Business firm, cooperative, individual proprietorship, partnership, industry, corporation, nonprofit organization.

1. An organization that brings together the factors of production for the purpose of producing goods and services.
2. An organization that provides a service and whose revenue is used to further the purposes of the organization.
3. A voluntary organization formed for the purpose of providing economic benefits for its members.

4. A form of business organization that is collectively owned by two or more people who jointly make the business decisions, share the profits, and bear the financial responsibility for any losses.
5. A group of firms producing the same or similar products.
6. A form of business organization that is owned by a single individual who makes all the business decisions, receives all the profits, and is responsible for any losses of the firm.
7. A form of business organization that is collectively owned by a number of individuals called stockholders, and that has the legal status of a single fictitious individual.

II. Answer the questions:

1. What is an industry? Give examples of firms that produce products in more than one industry.
2. What are the advantages and disadvantages of the individual proprietorship as a form of business organization?
3. What are the advantages and disadvantages of the partnership as a form of business organization?
4. How do the advantages and disadvantages of the corporation compare with those of individual proprietorships and partnerships?

III. Match the company departments with the words below:

Human Resources	accounting reports
Production	future products
Marketing	hiring staff
Information Technology	sales
Finance	factory, workshop
Research and Development	computers

IV. The job titles in *italics* don't match the responsibilities! Correct them:

1. The *Accountant* deals with calls to the company.
2. The *Managing Director* buys equipment the company will need.
3. The *Brand Manager* is in charge of hiring new staff.

4. The *Director of Human Resources* manages the whole company.
5. The *Switchboard Operator* prepares financial reports.
6. The *Purchasing Manager* is responsible for marketing one of the company's products.

V. What kind of business organizations would you like to work? Why?

CHAPTER VII

THE MARKETING CONCEPT

MARKETING

What is marketing? Marketing is the creative process of satisfying customer needs first. The information you are interested in is if there is any demand for your goods, what the market potential is, what sort of competition you will meet, i.e. how the price of your goods compares with other competitive products including those produced locally, local conditions and preferences, local trading customs and habits, what seasonal factors should be taken into account and the like.

But in general marketing covers not only market research, but also planning the selection (assortment) of goods, and consequently the production itself, price policy, advertising and promotion of sales, controlling the sales and post-sales servicing. So marketing is a system of running all the business activities of a company (organization) with respect to coordinating supply and demand for the goods produced. Originally marketing was meant to help avoid over-production in advanced countries.

Marketing within the framework of our economy may also be the coordination of the production and circulation of goods for the purpose of using all the resources for the benefit of people and for covering in the best possible way all their needs (requirements).

Advertising is an important means of promoting the goods that are already being produced as well as new lines of business. There are specialized firms dealing with advertising.

Different kinds of mass media-TV, radio, newspapers, cinema journals, magazines, posters,-are used for advertising goods. Special leaflets, booklets and other printed matter about goods may be published for the same purpose. Participation in fairs and exhibitions helps promote our goods as well. Also, special advertising conferences may be held. The choice of media for advertising depends on the kind of goods and on the

local conditions and people's habits: sometimes TV and radio ads are best, in other cases it may be trade journals or leaflets distributed among potential buyers.

Nowadays marketing influences, and often actually controls, almost every part of a company's activities. Underlying all marketing strategy is the Marketing Concept:

THE MARKETING CONCEPT

(We must produce what customers want, not what we want to produce)



**This means that we PUT THE CUSTOMER FIRST
(We organize the company so that this happens)**



**We must FIND OUT WHAT THE CUSTOMER WANTS
(We must carry out market research)**



We must SUPPLY exactly what the customer wants



**We can do this by offering the right MARKETING MIX:
The Four Ps' + = the right PRODUCT
at the right PRICE
available through the right channels of distribution:
PLACE
presented in the right way: PROMOTION**

Four Ps:

Marketing mix

In the early 1960's, Professor Neil Borden at Harvard Business School identified a number of company performance actions that can influence the consumer decision to purchase goods or services. Borden suggested that all those actions of the company represented a "Marketing Mix". In the early 1960's, Professor Neil Borden & Professor E. Jerome McCarthy, also at the Harvard Business School in the early 1960s, suggested that the Marketing Mix contained 4 elements: **product, price, place and promotion:**

Product: The product aspects of marketing deal with the specifications of the actual goods or services, and how it relates to the end-user's needs and wants. The scope of a product generally includes supporting elements such as warranties, guarantees, and support.

Pricing: This refers to the process of setting a price for a product, including discounts. The price need not be monetary - it can simply be what is exchanged for the product or services, e.g. time, energy, psychology or attention.

Promotion: This includes advertising, sales promotion, publicity, and personal selling, branding and refers to the various methods of promoting the product, brand, or company. It involves packaging, presentation of the product, its image, after sales service and trade exhibitions or fairs.

Placement (or distribution): refers to how the product gets to the customer; for example, point of sale placement or retailing (розница). This fourth P has also sometimes been called *Place*, referring to the channel by which a product or services is sold (e.g. online vs. retail), which geographic region or industry, to which segment (young adults, families, business people), etc.

References:

to promote-to try to sell, make more popular, or get the necessary money for a product by advertising

promotion-advertising, publicizing one's product

to be aware of-сознавать, знать

decline-падение, уменьшение, упадок

justify-оправдывать

in bulk-оптом

brochure-брошюра

outlet-торговая точка

chain store-филиал магазина

label-этикетка, бирка, ярлык

a toll-free-бесплатный

publicity-реклама

show-room-демонстрационный зал

request-просьба, запрос

ASSIGNMENTS:

A. THE MARKETING MIX

I. Work in pairs

Make a list of seven products (goods and services) that are produced or provided in your city or region.

- a local brand of drink
- a grocery product (breakfast cereal, health food, etc.)
- an industrial product (machines, consumer goods, vehicles)...
- a place of entertainment (theatre, cinema, etc.)
- a public service (telephones, mail, transport, etc.)
- an educational service (maybe the course you're doing now?)
- another well-known local product

II. Work in groups

Discuss these questions about some of the products you've listed:

- What competition does each product face?
(The competition may not be another brand, but another type of product: people may prefer to spend their spare cash on clothes instead of going to the cinema, for example.)
- What is the image of each product?
- What is the image of the company that produces it?
- How strongly or weakly is each of the products marketed?
- Where is each product advertised?

III. Work alone.

Fill the gaps in the sentences below with words from this list:

*commercials competes design distribution end-users hire
purchase image labels mail order materials newspaper
advertisements opportunities outlets place posters price
product promotion public relations radio spots rival satisfy
strengths threats weaknesses*

1. What is 'the marketing mix'?

The marketing mix consists of 'the four Ps': providing the customer with the right P _____ at the right P _____.

presented in the most attractive way P _____ and available in the easiest way P _____.

2. What is 'a product'?

A product is not just an assembled set of components: it is something customers buy to s _____ a need they feel they have. The i _____ and the d _____ of the product are as important as its specification.

3. What is 'price'?

The product must be priced so that it c _____ effectively with r _____ products in the same market.

4. What is 'promotion'?

The product is presented to customers through advertising (e.g. TV c _____, n _____, p _____, p _____), packaging (e.g. design, i _____, m _____), publicity, P.R. (_____) and personal selling.

5. What is 'place'?

Your product must be available to customers through the most cost-effective channels of d _____. A consumer product must be offered to e _____, in suitable retail o _____, or available on h _____ or by m _____.

6. What is meant by 'S.W.O.T.'?

A firm must be aware of its S _____ and W _____ and the O _____ and T _____ it faces in the market place.

IV. Work in groups:

Which of these opportunities and threats do firms in your region face in the next two to three years?

Competition from other local firms, or from other regions
Rise or fall in demand
Changes in customers' tastes and buying habits

Higher wages and salaries

Customers becoming more price-conscious, or more quality-conscious

Cheaper or better quality, imported goods

New technology

What are these local firms' STRENGTHS and WEAKNESSES?

B. ADVERTISEMENTS AND COMMERCIALS

I. Preparation: Cut out two of your favorite advertisements from a magazine or newspaper - you might like to cut out one ad you *hate* as well, perhaps!
Prepare a short presentation of each advertisement.

Promoting a product involves developing a 'Unique Selling Proposition' ('USP'): the FEATURES and BENEFITS which make it unlike any of the competing products. There are four stages in promoting a product ('AIDA'):

1. attract the ATTENTION of potential customers
2. arouse INTEREST in the product
3. create a DESIRE for its benefits
4. encourage customers to take prompt ACTION

II. Work in groups: Show the ads you have cut from magazines and newspapers to the members of your group. Present each one to the group, covering these points:

- Target customers
- The USP of the product: its features and benefits
- How the ad works in terms of the four stages of 'AIDA'
- How the style would have to be changed for other markets

At the end, when everyone has presented their ads, decide which is the best one, and why.

► What are your favorite TV commercials? Describe them to your partners and explain why you think they are effective.

I'd like to show you an ad that really impressed me.

What do you think of this ad? It shows...

This ad seems to be aimed at...

According to this ad, the USP of this product is...
What I don't like about this ad is...

III. Work in pairs: Study the advertisements and discuss these questions:

- What exactly is the product being 'sold'?
- How well does each ad succeed in the four stages of 'AIDA' (see above)?
- What kind of customers is each advertisement directed at?
- What is the 'Unique Selling Proposition' of each product?
- What changes would have to be made to the style or tone of the ads to make them suitable for your country?
- Which is the 'best' ad, do you think? Why?

C. PROMOTING PRODUCTS AND BRANDS

Promoting a product doesn't only involve advertising, it involves considering it as a 'Total Product': its brand name, presentation, labeling and packaging are all part of the total product - as well as its instructions, reliability and after-sales service. A service is also a product and customers must be made aware of what is being offered.

I. Work in pairs: Choose some of the products of famous brands below and discuss these questions:

- Which of the following methods are used to promote each of them?
- Which methods would probably not be suitable?

brochures catalogues leaflets packaging direct mail point of sale displays press releases showrooms stands at trade fairs and exhibitions sports sponsorship word of mouth

II. Work in groups: Marketing often involves spotting trends and deciding what may happen next in the market place. Pick some of the products and imagine that you are marketing them. What trends do you foresee in the next few years?

CHAPTER VIII

MONEY

ACCOUNTING

BUDGETING

1. What is the role of money in our life?
2. Can we live without money? If yes/no, why? Give your reasons.

FUNCTIONS AND TYPES OF MONEY

Money is one of the most crucial and fascinating things in modern society. To a small child money is magic—pieces of green paper and metal coins that can be exchanged for all sorts of wonderful things. To adults, money is an important item that is needed to buy a home, food, clothes, a car, and many other things. Money is also one of the most misunderstood things in modern society. Some people believe that if only they could accumulate enough money, their problems would be solved. They see money as a means of obtaining happiness, prestige, and power.



WHAT IS MONEY?

You might say money consists of coins and bills of various denominations—tyiyns, soms, roubles, pennies, nickels, dollar bills, euros, and so on. Suppose, however, you are told that at some time and place in history, stones, whale teeth, boar tusks, diamonds, fish hooks, seashells, grain, gold, silver, copper, and paper all have served as money. Would your definition of money change? Given this additional information, you might expand your definition of money somewhat. We will define money here as anything that is generally accepted and generally used as a medium of payments. In other words, people will accept it for whatever they have to sell because they know that other people will accept it, too. It doesn't matter whether money is made from gold, seashells, or just simple pieces of paper. As long as people are willing to accept it as payment for whatever they have to sell, it is money.

This definition tells us about one of the functions of money—its use as a medium of exchange. There are two other important functions of money.

Functions of Money

Money has three important functions: It serves as a **medium of exchange, a measure of value, and a store of value**. Any item that acts in these capacities can in fact serve as money.

A medium is anything that serves as a go-between and makes it easier for something to happen. Therefore, when we say that money is a medium of exchange, we mean that money makes it easier to exchange or trade things. Without money people would have to resort to barter—a form of trade in which people directly trade goods and services without using money.

Barter is a very cumbersome form of trade that is not practical in a modern, complex society. For barter to work there must be a double coincidence of wants. This means that you must want what someone else has and the other person must want what you have. Money is very important as a medium of exchange. Without money, it would be very difficult for people

to obtain the things they need, even when they have other things of value. In fact, without money, life as we know it today could not exist.

Money also serves as a measure of value. This means that money is used to compare the worth of various things.

In addition to serving as a medium of exchange and a measure of value, money also serves as a store of value. This means that people can use money as a means to store their wealth.

Characteristics of Money

There are five important characteristics that any item must have if it is to be used as money. It must be durable, accepted, portable, divisible, and stable in value.

In order for an item to be useful as money, it must be able to endure the wear and tear of being passed from person to person over a long period of time. It is no wonder that gold and silver were often used as coins. Many ancient coins are still in existence today, thousands of years after they were first created. It is only recently that paper money has come to be used. Paper money is considered durable today because old bills can be replaced easily when they wear out.

Acceptability means that both parties to a transaction will accept the money in exchange for the goods or services being purchased. Acceptability is a very important characteristic. Just because something is called money doesn't necessarily mean that it will be accepted in that capacity.

In order to serve as a medium of exchange, objects used as money must be able to be carried easily from place to place. Paper money easily can fit in a wallet. If you look at a list of items that have been used as money, you will see that they were portable. Items that were not portable could not be taken with people wherever and whenever they wanted to make a purchase. Imagine trying to take five beds with you if you wanted to make a major purchase.

In our society, the dollar/som/euro is divisible into coins of different denominations—pennies, nickels, tyiyns, and so

forth. These coins can be combined in varying amounts to make change for any purchase. All money must be easily divisible in this manner so that purchases of any size or price can be made.

Money must also be stable in value. If one decides to put aside the \$100 he earns for mowing somebody's lawn, he is confident that a few months later he will still be able to buy the bicycle he wanted. This is because money is relatively stable in value. Of course, with inflation the purchasing power of money will go down. Money, however, is still relatively stable when all things are taken into account.

References:

- the means of payment** - средство платежа
- medium of exchange** - средство обращения
- a standard of value** - мера стоимости
- a unit of account** - единица учета
- a store of value** - средство сбережения (сохранения стоимости)
- a standard of deferred payment** - средство погашения долга
- subsequently** - впоследствии
- a barter economy** - бартерная экономика
- to swap** (*also* **swap**; *syn.* **to exchange, to barter**) - обменивать,
- to hand over in exchange** - передать, вручить в обмен
- a double coincidence of wants** - двойное совпадение потребностей
- a monetary unit** - денежная единица
- an interest-bearing bank account** - счет в банке с выплатой процентов
- to pay interest** - приносить процентный доход
- hard currency** - твердая (конвертируемая) валюта
- soft currency** - неконвертируемая валюта
- commodity money** — деньги - товар
- inch** - дюйм (*равен 2,5 см*)
- to melt down** - расплавить
- legal tender** - законное платежное средство
- a bank deposit** - вклад в банке

Answer the questions:

1. What is money? Give some examples of items that have served as money.
2. What are the three functions of money?
3. Why is barter not practical in a modern, complex economy?
4. Describe five characteristics of money. How does the money we use fit each of these five characteristics?

History of money

The first golden coins in history were coined by Lydian king Croesus, around 560 BC. The first Greek coins were made initially of copper, then of iron because copper and iron were powerful materials used to make weapons. Pheidon king of Argos, around 700 BC, changed the coins from iron to a rather useless and ornamental metal, silver, and, according to Aristotle, dedicated some of the remaining iron coins (which were actually iron sticks) to the temple of Hera. King Pheidon coined the silver coins at Aegina, at the temple of the goddess of wisdom and war Athena the Aphaia (the vanisher), and engraved the coins with a Chelone, which is to this day as a symbol of capitalism. Chelone coins were the first medium of exchange that was not backed by a real value good. They were widely accepted and used as the international medium of exchange until the days of Peloponnesian War, when the Athenian Drachma replace them. According other fables, inventors of money were Demodike (or Hermodike) of Kymi (the wife of Midas), Lykos (son of Pandion II and ancestor of the Lycians) and Erichthonius, the Lydians or the Naxians.

ASSIGNMENTS:

I. Choose the right word and insert it in the proper form:

granted, convenience, commodity, monetary, direct, money, inventions, valuation, barter.

1. Money is one of man's greatest
2. In the absence of some form of money, exchange may take the form of

3. If a ... is generally acceptable in exchange of goods and services, it is ...
4. Such exchanges are taken for
5. The ... of goods for goods would raise all sorts of problems regarding ...
6. It is a great ... to hold wealth in the form of money.
7. A complex trading organization based upon a system of credit can only operate in a ... economy.

II. Fill in prepositions where necessary:

1. Monetary policy is concerned with the cost ... money.
2. Bank-notes or coins are not the most important form ... money ... developed countries.
3. Cheques didn't come ... general use ... the second half of the 17th century.
4. A payment from one person ... another merely requires that the banker reduces the amount ... one deposit and increase it ... another.
5. Several merchant banks date back ... the 19th century.
6. The transmission ... payments ... means ... cheques create problems when the person making the payment has an account ... a different bank ... the person receiving the payment.
7. ... recent years there has been a considerable extension ... the range ... financial services offered ... building societies.
8. Most countries have a central bank, which responsible ... the operation ... the banking system.

III. Translate into English using the entire active possible:

1. Существует несколько функций денег. Во-первых, и, прежде всего, деньги являются средством платежа, или обращения; деньги можно использовать при покупке и продаже товаров и услуг. Деньги выступают также мерой стоимости. Общество считает удобным использовать денежную единицу в качестве масштаба до соизмерения относительных стоимостей различных благ и ресурсов.

Деньги служат средством сбережения. Поскольку деньги являются наиболее ликвидным товаром, то есть таким, который можно без проблем продать (обменять), то

они являются очень удобной формой хранения богатства. Это, однако, не единственная форма хранения богатства. Во время упадка в экономике, при высокой инфляции и обесценении денег, население, скорее всего, будет хранить богатство в виде недвижимости или других дорогостоящих товаров - предметах искусства, драгоценностях.

2. Деньги, которые, в сущности, являются долговыми обязательствами государства, коммерческих банков и сберегательных учреждений, имеют стоимость благодаря товарам и услугам, которые приобретаются за них на рынке.

IV. Suppose you lived in a society without money. How would that society differ from the one you live in? What kinds of special problems would exist in such a society?

ACCOUNTS AND FOREIGN PAYMENTS

Very often in business situations you may find yourself having to talk about money with suppliers and customers. You may be physically handling money or dealing with figures and and money on paper. If you work in international trade you may need to be familiar with the different types of payment that exist. In most middle-sized and large firms there is an Accounts Department which deals with the money paid out to suppliers for goods delivered and the money received from customers for goods supplied.

Accounts dealing with money coming in and going out from a firm

Purchasing invoices RECEIVE ◀ from supplier
 payments -cheques, etc SEND OUT ▶ to supplier
 (you pay the invoice)

Sales invoices SEND OUT ▶ to supplier
 payments-cheques, etc. RECEIVE ◀ from customer

METHODS OF PAYMENT IN FOREIGN TRADE

CWO- cash with order: note that cash simply means money in this context. This method is uncommon since you extend credit to your supplier; in addition you run the risk that the goods will not be dispatched in accordance with the contract terms. But this is usual with mail order, where you pay by cheque or by using a credit card. In business, CWO contracts often include provision for partial advance payment in the form of deposits (between 10 percent and 20 percent of the contract price). Or they include progress payment at various stages of manufacture.

Open account: This is a simple agreement in which you agree to pay for the goods after you have received them, usually on a monthly basis. There are various ways in which you can send money to your suppliers under open account. Your suppliers may suggest the method to be used:

Cheque: This is usually the slowest method of payment. Your suppliers may have charges from their own bank and also from banks in your country since a cheque has to be cleared through the international banking system before they receive credit. Different banks have different methods and this could take as long as a month. For these reasons your supplier may not accept by cheque.

Banker's draft: You can arrange for your bank to issue a draft, which is a kind of cheque, drawn on an overseas bank in either sterling or foreign currency. You send this direct to your suppliers who pay it into their bank account. They will usually receive immediate credit.

Telegraphic Transfer: This is the fastest method of sending money abroad but costs a little more than most other methods of transferring money. Your bank instructs an overseas bank, by cable or telex, to a stated amount of money to your supplier. Your own or foreign currency may be sent in this way. The overseas bank can be instructed to inform your suppliers as soon as the money arrives.

International Payment Order: You can arrange for your bank to instruct an overseas bank to make payment to your supplier, by airmail. International Payment Orders are slower

than Telegraphic Transfers, but they are slightly because there are no cable costs.

International Money Orders: These can be purchased from your bank. You post the money order to your suppliers and they receive immediate credit from their bank in the same way as with a draft. This is a very cheap and simple way to make payment of relatively small amounts.

References:

debit-дебет, заносить в дебет

a reminder-остаток

assessment-обложение

proforma-предварительная, ориентировочная

extend-расширять, продлевать

a draft=order for payment-чек

overseas trade-внешняя торговля

obtained-получать, достигать

shareholder-акционер

overdue-просроченный, запоздалый

turnover-оборот

ASSIGNMENTS:

I. Explain in English:

double coincidence of wants; deferred payment; medium of exchange; purchasing power; monetary value; legal tender.

II. Increase your vocabulary. Make sentences of your own using these phrases:

Prepositions
to borrow *from*; to purchase *from* to bank *with*; to deposit *with*; to credit *with*; to lend *to*; to take *in*; to call *in* loans; to write a cheque *against* a deposit; to pay the cheque *into* account; an account *at* a bank

III. Add the missing words:

debit, bankruptcy, overdue, charge, debts, financial, dividend, assets, invoices, overheads, turnover, inflation, depreciation

1. Banks ... your account when you use a Eurocheque abroad.
2. Few companies pay their shareholders a regular ...

3. ... can result if you have no more income to pay all your debts.
4. Our customers get reminders on ... payments.
5. People with large incomes or ... can always get credit from a bank.
6. Banks ... very high rates of interest on credit loans.
7. Suppliers expect their ... to be paid promptly.
8. A firm's costs include wages, interest and also ...
9. Although we have paid our bills regularly, we still have some outstanding ...
10. We hope to increase our profits for this ... year.
11. Our profits were very small despite a large ...
12. The increase in ... will not change our price policy.
13. Every year a company must allow for ... in the value of its machines and buildings.

ACCOUNTING

What is accounting?

Accounting can be defined as the measuring and recording of all relevant financial data concerning a particular entity that is business, government organisation, etc.

Financial reporting is the communicating of such information in appropriately summarised form. In the UK such summarised form is called "Accounts". In the USA it is called "Financial statements". These accounts or statements are communicated to interested parties both within and outside the organisation.

Financial reporting provides information that is useful to present and potential investors, creditors and other users in making rational investment, credit and other economic decisions.

Accounting is often referred to as the "language of business". And, as a direct result of the work of accountants and auditors. A wide range of different users of financial reporting are able to answer questions such as:

How much profit did the company make last year?

How much should I lend to the company?

Is this company more successful than its competitors?

How much can I withdraw from the company?

Was last year an improvement over the year before? etc.

Accountants are therefore those individuals specialised in the "art" of capturing the correct data, and preparing the most

meaningful financial reports from that data. They are "producers" of financial information, which is then made available to "consumers" such as owners and tenders.

Accountants are assisted in their work by bookkeepers, who operate some form of accounting system, usually computerised, to help capture, accumulate, categorise, summarise and report the many thousands of transactions that affect an economic entity every year.

References:

accounting -	бухгалтерский учет и отчетность
account -	счет
to define-	определять
to measure-	измерять
to record-	составлять отчет о
relevant-	соответствующий
data-	данные, факты
concerning-	касательно
particular-	определенный
entity-	юридическое лицо, организация
to summarise-	суммировать

I. Translate into Russian:

- accounting
accounts
financial statements (*Am.*)
measuring and recording of all relevant financial data
data concerning a particular entity
An entity is a business, government organisation or another organisation.
- communicating information
in an appropriately summarised form
They are communicated to interested parties.
Interested parties are within or outside the organisations.
This information is useful and informative.

It is useful to present and potential investors, creditors and other users.

It helps them to make rational investment, credit and other decisions.

Accounting is a direct result of the work of accountants and auditors.

- It helps to answer their questions.

Accountants capture the correct data and prepare reports.

This financial information is then made available to owners, lenders and other users.

Bookkeepers operate some form of accounting system.

II. Complete as in the text:

1. Accounting can be defined... the measuring and recording... all relevant financial data.
2. ... the UK such summarised form of financial reporting is called...
3. ... the USA it is called...
4. Financial reporting provides information that is useful to... and other users.
5. Accounting is a direct result of the work of...
6. Accountants specialise in the art... capturing the correct data and preparing reports... that data.
7. This financial information is made available to consumers such as...
8. Accountants are assisted in their work... bookkeepers.
9. Accountants report the many thousands... transactions that affect... every year.

III. Translate into Russian:

1. Accounting is often referred to as the language of business.
2. Accountants are individuals specialised in capturing the correct data.
3. They are also specialised in preparing reports.
4. Their financial reporting is made available to different users.
5. Accountants capture, accumulate, categorise, summarise and report thousands of transactions.
6. Usually thousands of transactions affect every economic entity every year.

BOOKKEEPER

In many small businesses, a general bookkeeper does all the bookkeeping. If you were employed as a general bookkeeper in such a business, your duties might include recording and analyzing all financial transactions, checking money taken in against money paid out to be sure that all accounts balance, calculating the firm's payroll and making up employees' paychecks, and mailing bills to customers.

Every business needs accurate, up-to-date records of accounts and business transactions. These records, which show the financial condition of the business, are necessary for making business decisions and for preparing income tax reports. Bookkeepers maintain these records in journals, ledgers, and in many cases—the memories of computers. They also prepare periodic financial statements showing total receipts and expenditures. Bookkeepers are employed in all types of businesses, including small retail businesses, banks, insurance agencies, and manufacturing firms of all sizes.

In large businesses, several bookkeepers usually work under the direction of a head bookkeeper or accountant. In these cases, individual bookkeepers often specialize in one or a few bookkeeping duties. All bookkeepers use calculating machines, and many work with computer.

BUDGETING

Using a spending plan based on expected income is called budgeting. The spending plan itself is called a budget. All businesses and units of government use budgets to guide them in their spending. Similarly, individuals and families who want to get the greatest possible satisfaction from their limited income should use a budget, too.

Budgeting will not increase your income but it can help you get greater satisfaction from your spending. It helps you get what you want most, prevents you from spending beyond your income, often helps reduce conflicts, helps you keep track of expenditures, and puts you in control of your money. Without a spending plan, many people buy things that will not give them much satisfaction

over the long run. They often engage in impulse buying, which is unplanned buying that result from a sudden urge to have something. For example, they might walk into a store and buy an expensive coat, although they had planned to buy only an expensive pair of jeans. They then often find that they don't have enough money to buy the things they want most. Budgeting helps reduce impulse buying. If don't have money budgeting for a specific item, you are not likely to buy it without at least considering whether the item would give you more satisfaction than the other items included in your budget. Budgeting also prevents you from spending beyond your income. Without a budget, it's very easy for a person to spend more money than he/she earns. Of coure, this is possible only in the short run, but the long-term cosequences of such actions-being unable to pay bills on time and not having enough money for necessities-can be very painful. If you make a budget and follow it carefully, you can avoid spending beyond your means. In addition, budgeting can help you keep track of expenditures and of how well you are progressing toward your goals. Finally, budgeting puts you in control of both your money and your life. Many people who do not plan their spending buy too many things on credit and get themselves deeply into debt. They then feel that they have lost control of their lives. Instead of working to earn money for future purchases, most of their income is going toward paying off their debts. Such a situation can greatly reduce the joy that one gets out of life, and in some cases the stress caused by unpaid debts can lead to severe depression. Budgeting enables you to stay in control of your purchases and to plan for the future. Once a family has a record of their total spending for an entire month, they can compare that total with their expected future income. If their total expenditures exceed their expected income, they will have to find ways of cutting their spending. Even if their total spending is equal to or slightly below their expected income they still will have to reduce their spending in order to save at least enough money to provide emergencies. Most experts believe that a family should have a minimum of two months' income saved for such emergencies as loss of job, unexpected illness, or major auto repairs. These savings are in

addition to the money set aside for such specific goals as a down payment on a house or a car.

BUDGET WORKSHEET FOR USE IN DESIGNING A MONTHLY FAMILY BUDGET

Item	Actual current monthly expenditure	Proposed adjustments	Proposed budget allotment
Food: groceries eating out Clothing: new purchases Housing: mortgage or rent payment utilities real estate taxes maintenance Medical care: medicine doctor bills dental care Taxes: state taxes local taxes Education Recreation Miscellaneous total monthly expenditure: plus monthly saving: equal monthly income:			

CHAPTER IX

BANKS AND BANKING

The Development of Banks and Banking

During the seventeenth century in England it was a common practice for people to keep their gold and silver in the vaults of local goldsmiths for safekeeping. Goldsmiths issued paper receipts, or notes, to people who deposited gold and silver with them and over time people began to use these paper notes as money. These early goldsmiths gradually developed into goldsmith-bankers and were the forerunners of modern bankers.

As the paper notes became more and more acceptable as money, the goldsmith-bankers discovered that much of the gold and silver never left their vaults. Given this situation, they began to lend out part of the money in the form of additional paper notes. As long as the goldsmith-bankers were careful not to make too many loans and as long as borrowers repaid their loans on time, the system worked to the benefit of all parties. Borrowers were able to obtain funds to finance purchases without having to wait until they had saved enough cash. The goldsmith-bankers earned interest on the loans. In some cases, the depositors may even have been paid a small fee for leaving their money in the goldsmith's vaults.

During the late 1700s and early 1800s, many banks in the United States operated on the same principle as the early goldsmith-bankers in England. Some banks, however, did not follow sound banking practices. In an effort to earn as much interest as possible, they issued far too many loans. Holders of bank notes started becoming concerned, and increasing numbers of them went to the banks to exchange their notes for gold and silver. Since the gold and silver reserves of many banks were low, the banks were forced to suspend redemption of these notes. By 1814, most of the banks in the nation, except for those in New England, stopped exchanging gold and silver for bank notes.

Commercial Banks

People sometimes use the term "bank" to refer to different kinds of financial institutions. The term "bank," however, should be used to refer only to **commercial banks**, which are financial institutions that have been chartered by the federal government or a state government to receive deposits and make loans. In the past, commercial banks easily could be distinguished from other financial institutions by the **fact** that only they could offer checking accounts (demand deposits). Changes in the banking laws in 1980, however, authorized other financial institutions to issue new types of checking accounts, such as NOW accounts. Today, the most important distinguishing feature of commercial banks is that they make short-term commercial loans to businesses and short-term personal loans to the general public. In contrast, savings and loan associations make mostly long-term home-mortgage loans.

In order to start a new bank, the group wishing to do so must obtain a *charter* from either the federal government or a state government. Banks chartered by the federal government are called **national banks**. Banks chartered by state governments are called **state banks**. This dual system of banking evolved over 100 years ago as a number of state banks maintained their independence despite the development of a national banking system. Today, many newly organized banks choose to become state banks rather than national banks because the requirements for doing so are less rigid.

Primary Functions of Commercial Banks

Modern commercial banks serve three primary functions: (1) they provide safekeeping services; (2) they make loans; and (3) as a group, they create money. The safekeeping function or banks originated with the early goldsmiths in seventeenth-century England. As you already have learned, it was a common practice at that time for people to keep their gold and silver in the strong vaults of local goldsmiths. Today, modern banks provide a similar service in the form of safe-deposit boxes, which can be rented for an annual fee. However, the

most important safekeeping service provided by banks today is that depositors can place their savings in insured bank accounts.

The second function of banks is to make loans. Most of the money that is deposited with" commercial bank is loaned out. These banks channel the savings of depositors into creditworthy loans—business loans, real estate loans, home-improvement loans, automobile loans, personal loans, and so forth. Of course, commercial banks earn substantial profits by charging borrowers a higher interest rate on loans than these banks pay to depositors on savings.

Creating money is the third function of commercial banks. These banks create money in the form of demand deposits (checking accounts) when they make loans and add them to the demand deposit balances of their borrowers. As you will learn in the next chapter, banks are required by law to keep only a certain percentage of money that is deposited with them as required reserves to back up deposits. Any money in excess of the required reserves is called excess reserves and can be loaned out.

Objectives of Commercial Banks

Commercial banks have three primary objectives: liquidity, profitability, and safety. These objectives conflict with one another and most banks continually struggle to achieve and maintain proper balance among the three.

Liquidity can be defined as the ease with which an asset can be converted into cash quickly without loss of value in terms of money.

Liquidity is a matter of degree. Cash is perfectly liquid because it can be used as a medium of exchange and it always retains the same value in terms of itself. At the other extreme, a bank building is not very liquid. It cannot always be sold quickly and easily, and it might have to be sold at a loss. In between these two extremes are the **income-earning assets** of banks. A bank's income-earning assets fall into two categories: loans and government securities.

Loans represent IOUs from businesses and individuals who have borrowed money from the banks. The liquidity of

loans depends on their length. A bank's loans will range from 30-day or 60-day notes to 4-year auto loans to long-term real estate loans. Short-term loans are usually more liquid than long-term loans because they are more likely to be repaid quickly.

Profitability is most affected by the loans a bank makes. The goal of profitability is in direct conflict with the goal of liquidity. A bank's most liquid assets are its cash in the vault and its deposits with the Reserve Bank, but neither of these assets earns any interest at all. In contrast, the loans a bank makes are its most profitable assets because of the interest they earn. Loans, however, are among the least liquid of a bank's assets since they cannot be readily converted to cash. Government securities fall between these two extremes. They usually earn less interest than loans but they are considerably more liquid.

Safety refers to the probability that loans and other investments will be repaid on time with interest. Safety is a matter of degree. The safest of all investments for banks are government securities. The least safe are certain high-risk loans that some banks occasionally make. However, there is a conflict between safety and profitability because the high-risk loans usually earn substantially more interest than the low-risk government securities.

Bank officials must constantly weigh the goals of liquidity and safety against the goal of profitability. A bank must at all times be able to pay cash upon demand to its depositors. The moment a bank is unable to meet the cash demands of its demand deposits; it must close its doors. Thus, banks must make a compromise between their desire for maximum profitability and the need for safety and liquidity.

References:

rigid- строгий, жесткий

option-право выбора

to insure-страховать/ся

to rush-бросаться, мчаться

to withdraw-брать назад, изымать, отзываться (вклад)

NOW-Negotiable Order of Withdrawal

authorize-уполномочивать, разрешать
to draw a cheque-выписать чек
liquidity-ликвидность
profitability-прибыльно, выгодно
asset-сохранять
convert-превращать, конвертировать
loan-заем, займы, кредит
savekeeping-хранение

Answer the questions:

1. How did banks come into being?
2. What is a commercial bank? How are commercial banks distinguished from other financial institutions?
3. What are the three primary functions of commercial banks?
4. What are the three primary objectives of commercial banks? How do these objectives conflict with one another?

NONBANK FINANCIAL INSTITUTIONS

In addition to commercial banks, there are other types of financial institutions that accept deposits from savers and make loans to investors and consumers. Three of the most important types of nonbank financial institutions are savings and loan associations, mutual savings banks, and credit unions.

Savings and loan associations are owned and operated by savers who as shareholders elect a board of directors to manage the organization. Technically, savers buy shares of ownership in the associations when they make deposits, but actually their savings are much like deposits in commercial banks. Most of the loans made by savings and loan associations historically were long-term loans—usually 20 years or longer—made for the purpose of buying or building homes. Today, however, savings and loan associations are also offering other types of loans that are usually shorter term.

Credit unions are nonprofit cooperative associations owned and operated by their members for the purpose; of offering high-interest savings accounts and low-interest loans.

They are often organized by the employees of large companies or the members of large labor unions for the benefit of their membership, some of whom would have difficulty getting loans from commercial banks or other financial institutions.

References:

collateral security-дополнительное обеспечение
wage earners-наемные работники
to pool-объединять в общую группу, складываться
mutual-взаимный,совместный
pledge-залг,заклад
to siege-конфисковать,налагать арест

Answer the questions:

1. What are savings and loan associations?
2. What are mutual savings banks and credit unions?

Bank Teller

If you enjoy working with people and feel you can handle large amounts of money responsibly, you might consider becoming a bank teller. Bank tellers deal directly with bank customers, cashing checks, accepting deposits, and paying out withdrawals. In some cases, they also may sell savings bonds and travelers' checks and perform other clerical duties.

In cashing checks, tellers are responsible for identifying the person cashing the check, verifying signatures, and making sure that the account has sufficient funds to cover the check. They also must avoid making errors when counting out money or when recording deposits or withdrawals in books.

Tellers' duties begin before the bank opens and continue past the time when the bank closes. Tellers begin the day by receiving and counting an amount of working cash for their drawer. They use this cash for transactions during the day and are responsible for its safe and accurate handling. At the end of the day, tellers must count their cash and balance the day's account on a settlement sheet. They also may be responsible for sorting deposit slips and checks and for other

duties assigned by their supervisor. Although a high school education usually is required for employment as a bank teller, increasing numbers of tellers are college educated. College graduates who want careers in banking often begin as bank tellers and then work their way up to higher level positions. Tellers also can prepare for better jobs by taking courses accredited by Institute of Banking or the Bank Administration Institute (BAI). Both institutes assist banks in conducting cooperative training programs. Some banks have their own training programs that result in teller certification. In addition to formal education, maturity, neatness, and a pleasant personality also are important requirements for the job.

ASSIGNMENTS:

I. Match each of the following terms with the correct definition:

liquidity	commercial banks	credit unions
fiat money	demand deposits	state banks
barter	savings and loan associations	national banks
money	mutual savings banks	near-money

1. Money that is declared legal tender by government decree.
2. Financial institutions that have been chartered by the federal government or a state government to receive deposits and make loans.
3. Checkbook money.
4. A form of trade in which people directly trade goods and services for other types of goods and services without using money.
5. Savings accounts and time deposits that are not payable on demand but that can easily be converted into currency.
6. Anything that is generally accepted and generally used as a medium of payments.
7. The ease with which an asset can be converted into cash quickly without loss of value in terms of money.
8. Financial institutions, totally owned by their depositors, whose purpose is to pool the savings of many small depositors so that these savings can be profitably invested.

9. Banks chartered by the federal government.
10. Banks chartered by state governments.
11. Financial institutions, owned and operated by savers, that historically made mostly long-term loans for the purpose of buying or building homes.
12. Cooperative associations often organized among the employees of large companies or the members of large labor unions for the purpose of offering high interest savings accounts and low-interest loans.

II. Which of the three primary objectives of commercial banks—liquidity, profitability, and safety—do you think is the most important? Explain your answer.

III. Try to locate someone in your area who lived through the Great Depression. If they are willing to be interviewed, ask that person to talk about the period and particularly to describe the "runs on the bank" that occurred during that time. With the person's permission, you may wish to tape the interview and present it to the class. Otherwise, present your findings in a brief oral report. If you cannot interview someone in your community, visit your local library and ask the librarian to help you locate books that contain firsthand accounts of the Depression era. Use these personal accounts as the basis for your report.

IV. Some banks have electronic banking, a system that allows consumers to make deposits or withdraw money from an automatic-teller machine and pay bills by phone. If possible, visit a bank that offers this service. Ask a bank officer to explain how this system works.

CHAPTER X

TAXATION

PRINCIPLES OF TAXATION

TAXATION

Taxation, system of raising money to finance government. All governments require payments of money—taxes—from people. Governments use tax revenues to pay soldiers and police, to build dams and roads, to operate schools and hospitals, to provide food to the poor and medical care to the elderly, and for hundreds of other purposes. Without taxes to fund its activities, government could not exist.

Throughout history, people have debated the amount and kinds of taxes that a government should impose, as well as how it should distribute the burden of those taxes across society. Unpopular taxes have caused public protests, riots, and even revolutions. In political campaigns, candidates' views on taxation may partly determine their popularity with voters.

Taxation is the most important source of revenues for modern governments, typically accounting for 90 percent or more of their income. The remainder of government revenue comes from borrowing from charging fees for services.

In addition to using taxation to raise money, governments may raise or lower taxes to achieve social and economic objectives, or to achieve political popularity with certain groups. Taxation can redistribute a society's wealth by imposing a heavier tax burden on one group in order to fund services for another. Also, some economists consider taxation an important tool for maintaining the stability of a country's economy.

Governments impose many types of taxes, in most developed countries, individuals pay income taxes when they earn money consumption taxes when they spend it, property taxes when they own a home or land, and in some cases estate taxes when they die. In most countries, federal, state, and local governments all collect taxes.

State and local governments depend on sales taxes and property taxes as their main sources of funding.

References:

accounting - бухгалтерский учет
achieve - счетоводство, достичь, достигать
revenue - доход
to operate - эксплуатировать
income tax - подоходный налог
sales tax - налог на проданный товар
borrowing - заем, кредит
burden - общие производственные затраты
charge - плата, сбор, начисление
consumption - потребление, расход, затрата
dam - дамба, платина
debate - обсуждать, спорить, рассматривать
determine - определить, устанавливать
estate - имущество, состояние, положение
exist - существовать
fees - вознаграждения, гонорар
gross - 1) масса, 2) крупный
impose - облагать (налогом)
income - доход
maintain - поддерживать, сохранять
output - производительность, выпуск продукции
remainder - остаток
stability - стабильность, устойчивость
taxation - налогообложение
voters - избиратели

Principles of taxation

A good tax system must satisfy several general principles of taxation. The main principles include **productivity, equity, and elasticity**.

Productivity.

The chief goal of a tax system is to generate the revenue a government needs to pay its expenses. When a tax system produces such revenue, it satisfies the principle of productivity. If

a tax system fails to produce the needed revenue, the government may have to add to its debt by borrowing money.

Equity.

Most people agree that a tax system should be equitable (fair) to the taxpayers. Economists refer to two kinds of equity — horizontal and vertical. Horizontal equity means that taxpayers who have the same amounts of income should be taxed at the same rate. Vertical equity implies that wealthier people should pay proportionately more taxes than poorer people. This is sometimes called the principle of ability to pay.

Elasticity

A tax system should be elastic (flexible) so that it can satisfy the changing financial needs of a government. Under an elastic system, taxes help stabilize the economy. For example, taxes increase during periods of economic growth and thus help limit inflation (rapid price increases). Increasing taxes would leave less money for consumers to spend prices up. Similarly, taxes decrease during a decline in economics activity to help prevent a recession. This action would leave consumers more money to spend and encourage economic growth.

Other principles of taxation. People agree that taxes should be convenient and easy to pay, and that they should be inexpensive for governments to collect. In addition, taxpayers should know in advance when a tax has to be paid, so that they can save enough money to cover the payment.

Some economists believe a tax system should also satisfy the principle of **neutrality**. According to the principle, tax laws shouldn't affect taxpayers' economic decisions, such as how to spend, save, or invest their money. But other economists believe a tax system must defy the principle of neutrality to achieve tax equality or to stabilize economic growth. Still other economists believe a tax system should play an active role in redistributing wealth. They support taxing the wealthy at highly progressive rates and using the collected revenue to finance services for the poor.

References:

- productivity - производительность
- equity - справедливость
- to generate - производить
- elasticity - гибкость
- defy - игнорировать, пренебрегать
- recession - углубление
- prevent - предотвращать
- imply - подразумевать
- increase - рост
- decrease - понижение
- decline - упадок

ASSIGNMENTS:

I. Read and translate the following words and word combinations;

Make up a dialogue using these words and word combinations: Achieve, purpose, income, reform, component, effect, capacity, progress, importance, administration, dimension, consumption.

II. Give your opinion on the following question

- Why do we pay tax?
- What is the advantage of taxation?
- What is the disadvantage of taxation?

III. Answer the following questions:

1. What is taxation?
2. How do governments spend the tax?
3. Why is the taxation the most important source of revenues for government?
4. What kind of taxes do governments impose?
5. How can taxation redistribute a society's wealth?
6. Why do some economists consider taxation an important tool for maintaining the stability of a country's economy?
7. Governments depend on sales taxes and property taxes as their main sources of funding, doesn't it?
8. Do you always pay tax?

IV. Choose the right word and insert it in the proper form:

system, consumption forms, payments, incomes, business, taxes, countries, property, require, wealth.

1. ... taxes on people play critical roles in the revenue systems of all developed countries.
2. Government requires ... of money—taxes—from people.
3. People pay income ... when they earn money, ... own a home or land,taxes when they spend it, property taxes when they own a home or land, and in some cases estate taxes when they die.
4. The tax ... has been rewritten to embrace the new tax reform.
5. In most developed ... individuals pay income taxes when they earn money.
6. Money is the claim of...
7. Taxation is the ... of raising money to... ... government services and activities.
8. Governments at all levels — local, state, and national — ... people and ... to pay taxes.

V. Make up sentences with these scrambled words:

1. People, system, agree, convenient, be, tax, most, that should.
2. National defense, schools, many other, governments, public, use, the tax, to pay, services, revenues, the cost, of, police.
3. Are, as old as, taxes, governments
4. System, money, of, raising, taxation, is, a, government, finance, services.
5. Levy, taxes, kinds, government, of, many.
6. Nations most, levy, in the world, income, taxes.

VI. Fill in prepositions where necessary.

1. Governments impose many types ... taxes.
2. State and local governments depend ... sales taxes and property taxes as their main sources ... funding.
3. In modern times, many governments – especially....
4. The general level ... Taxes have varied through the years, depending ... the role of government.
5. Income taxes may also be levied ... the earnings ... estates and trusts.
6. Taxation can redistribute a society's wealth ... imposing a

heavier tax burden ... one group in order to fund services ... another.

7. Advanced countries have rapidly expanded their roles and taken ... new responsibilities.

VII. Make up and act out the following situation.

You have just successfully concluded negotiations with foreign business partner as a *new president of the company*. After negotiation you remembered that you have an appointment with tax agents. Meet the tax agent.

You are the tax agent. Say to the new president, that his company should levy corporate income tax, as they haven't levied for one year.

VIII. Agree or disagree:

- Small companies of Kyrgyzstan also pay a smaller tax rate.
- It **is** quite reasonable that small companies pay smaller tax rates.
- Small companies should pay smaller tax rates only during the first years of their *existence*.
- Tax rates should be the same for big and small companies.

Value Added Tax (VAT)

Value Added Tax (VAT) is a Government tax. At present the standard VAT rate is 17,5%. Everyone in Britain must pay VAT on almost everything they buy. VAT is usually incorporated in the price.

Visitors to Britain can reclaim the tax when they leave Britain and present the appropriate documents issued by the shop. Usually when they buy rather expensive things like furs, gold, hi-fi goods etc., they should wonder if the shop operates the VAT scheme.

References:

VAT(value added tax)- НДС

waybill-накладная

aligned-выравнивать

to require payment from- требовать оплату

haulage-перевозка

DIALOGUE

A group of businessmen was on business tour on an exchange programme in London. One day during their stay in London one of the participants went shopping and came into a small jeweler's shop to buy a gold chain for his wife.

Here is his talk with the shop assistant.

- Participant:* Excuse me, may I have a look at one of the chains displayed in the window?
- Shop assistant:* Certainly, sir. What number is it?
- Participant:* It's nine three five, over there.
- Shop assistant:* Just a minute.... Yes, here you are.
- Participant:* And how long is it?
- Shop assistant:* 25 inches, sir.
- Participant:* And how much is it in centimeters?
- Shop assistant:* Let me see... oh, here is the calculator... I should multiply it by two point five two. Oh, yes, sixty three.
- Participant:* Very good. Just the length I wanted to have. And how much is it?
- Shop assistant:* One hundred and ninety nine pounds.
- Participant:* Good. I'm buying it.
- Shop assistant:* ... Here is your box and the receipt please.
- Participant:* Excuse me; may I reclaim the VAT tax?
- Shop assistant:* And where are you from?
- Participant:* From Russia
- Shop assistant:* Just a minute, I'll consult the book. Yes, you are eligible to the reclaim. May I have your passport to fill in the form?
- Participant:* Here you are.
- Shop assistant:* Here is your passport and the form. Please fill in this sheet before you give it to the customs. How are you leaving? By plane?
- Participant:* Yes, by plane. And what should I do about this form?
- Shop assistant:* Fill in this sheet before you leave for the airport and have it stamped at the customs, at the airport. Then post it. In a month or so you will receive a cheque by post. Have it cashed at the bank stated, in Russia.

Participant: I see. Thank you very much.
Shop assistant: You are more than welcome.

ASSIGNMENTS:

I. Match English and Russian equivalents:

<i>the standard rate</i>	дорогие вещи
<i>to pay VAT</i>	обычная ставка
<i>to reclaim the tax</i>	налог включен в цену
<i>appropriate documents</i>	Если на данный магазин рапространяется этот порядок
<i>The shop issues the documents.</i>	Соответствующие документы
<i>If the shop operates the scheme ...</i>	магазин выписывает эти документы
<i>expensive things</i>	попросить вернуть этот налог
<i>The tax is incorporated in the price.</i>	платить НДС

II. Complete as in the text:

VAT is a... tax. At present the standard.... Everyone in Britain must... on almost.... VAT is usually incorporated.... Visitors to Britain can.... When they leave... and present the appropriate... issued by.... Usually when they buy... if the shop operates....

III. Insert prepositions:

Where are you...?

Yes, you are eligible... the reclaim.

Please fill in this form. You'll give it... the customs.

Are you leaving... plane?

What should I do... this form?

Fill it in before you leave... the airport.

Have it stamped... the customs... the airport.

In a month or so you'll receive a cheque... post.

Have it cashed... the bank stated.

IV. Translate into Russian:

VAT is usually incorporated in the price.

A rather big sum was reclaimed this time.

A rather small sum was reclaimed, to my mind.
The appropriate receipts and forms were issued.
I believe the envelope with the form stamped was properly posted.

V. Answer the following questions:

- Had you heard anything about the VAT scheme in Great Britain before you read this text?
- On what goods can foreign visitors have VAT reclaimed when they leave Great Britain?
- What should they practically do to have VAT reclaimed?
- Do you find this procedure very *complicated*?

INTERNATIONAL TRADE

International trade is the exchange of capital, goods and services across international boundaries or territories. In most countries, it represents a significant share of GDP. While international trade has been present throughout much of history (see Silk Road), its economic, social, and political importance has been on the rise in recent centuries. Industrialization, advanced transportation, globalization, multinational corporations, and outsourcing are all having a major impact on the international trade system. Increasing international trade is crucial to the continuance of globalization. International trade is a major source of economic revenue for any nation that is considered a world power. Without international trade, nations would be limited to the goods and services produced within their own borders.

International trade is in principle not different from domestic trade as the motivation and the behavior of parties involved in a trade does not change fundamentally depending on whether trade is across a border or not. The main difference is that international trade is typically more costly than domestic trade. The reason is that a border typically imposes additional costs such as tariffs, time costs due to border delays and costs associated with country differences such as language, the legal system or a different culture.

Another difference between domestic and international trade is that factors of production such as capital and labor are typically more mobile within a country than across countries. Thus international trade is mostly restricted to trade in goods and services, and only to a lesser extent to trade in capital, labor or other factors of production. Then trade in good and services can serve as a substitute for trade in factors of production. Instead of importing the factor of production a country can import goods that make intensive use of the factor of production and are thus embodying the respective factor. An example is the import of labor-intensive goods by the United States from China. Instead of

importing Chinese labor the United States is importing goods from China that were produced with Chinese labor.

Export and Import

International trade is very important to most nations of the world. Without international trade, many countries would be unable to feed their people. There are substantial differences in the resources of the various nations of the world. However, the more each nation engaged in trade specializes in the production of those products that it can produce most efficiently, the more the total world production of products will increase.

One nation has an absolute advantage over another nation in producing a product when it can use fewer resources than the other nation to produce the same quantity of the product. Any time a nation has an absolute advantage over another nation in the production of two products; it has a comparative advantage in the production of that product in which the absolute advantage is greater. Similarly, when a nation has an absolute disadvantage in the production of two products, it has a comparative advantage in the production of that product in which the absolute disadvantage is less.

Despite the benefits of specialization and international trade, most nations put some restrictions on trade in order to protect home industries from foreign competition. These restrictions usually take the form of tariffs or import quotas.

Arguments used in support of trade barriers include the national security argument, the infant industry argument, the diversified economy argument, the employment protection argument, and the wage **protection** argument. Although most economists believe it is in society's best interest to keep trade barriers to a minimum, there will probably always be some trade barriers.

When countries wish to buy goods from other nations, they usually must pay for the goods in the currency of the exporting country. Foreign currencies are known as foreign exchange, and they are bought and sold in foreign exchange markets.

In addition to import and export, there are many other kinds of transactions that involve the exchange of money between

nations. The accounting record of all of a nation's monetary transactions with other countries is called the balance of payments.

An import/export transaction

An import/export transaction usually requires a lot of complicated documentation. Many different arrangements have to be made and this can be difficult when one firm is dealing with another firm on the other side of the world.

Many specialists may be involved, including:

1. A shipping agent and/or a freight forwarder (forwarding agent) who takes responsibility for the documentation and arranges for the goods to be shipped by air, sea, rail or road. These services may also be carried out by the supplier's own export department, if they have the expertise.
2. Airlines, shipping lines, railways or road haulage firms to transport the goods.
3. Both the importer's and exporter's banks will be involved in arranging payments if a letter of credit or bill of exchange is used.
4. Customs officers, who may examine the goods, check import or export licenses and charge duty and/or VAT.
5. The manufacturer or a Chamber of Commerce to issue a Certificate of Origin, if this is required by the importer's country.
6. An insurance company or insurance broker to insure goods in transit.
7. An export credit insurance company (such as Hermes in Germany).
8. A lawyer if a special contract has to be drawn up.

Different documents may be needed, for example:

- **Bill of Lading** — **Dangerous Goods Note**
- **Sea Waybill** — **Air Waybill**
- **Shipping Note** — **Certificate of Insurance**

Many of these documents can be replaced with computerized procedures. Standard 'aligned' export documentation is also used: the required information entered on

a single master document and then photocopied to produce all the required documents.

Many import or export deals are arranged through an exporter's **agent** or **distributor** abroad — in this case the importer buys from a company in his own country and this company imports the goods. Alternatively, the deal may be arranged through an importer's **buying agent** or buying house acting for the importer, or through an **export house** based in the exporter's country. In this situation, the exporter sells directly to a company in his own country, who will then export the goods.

Prices for exports may be quoted in the buyer's currency, the seller's currency or in a third 'hard' currency (e.g. US dollars, Kyrgyz soms). The price quoted always indicates the **terms of delivery**, which conform to the international standard **Incoterms**. The terms of delivery that are most common depend on the kinds of goods being traded and the countries between which the trade is taking place.

THE MOST COMMON INCOTERMS:

- CFR** This price includes **Cost and Freight**, but not insurance, to a named port of destination in the buyer's country.
- CIF** This price covers **Cost, Insurance and Freight** to a named port of destination in the buyer's country.
- FOB** This price includes all costs of the goods **Free On Board** a ship (aircraft) whose destination is stated in the contract. The buyer pays for onward shipment and insurance.
- CPT** The cost and transportation of the goods, **Carriage Paid** to a named destination in the buyer's country.
- CIP** The cost and transportation of the goods, **Carriage and Insurance Paid**, to a named destination in the buyer's country.
- DDU** The cost, insurance and transportation of the goods **Delivered Duty Unpaid** to the buyer.
- DDP** The cost, insurance and transportation of the goods **Delivered Duty Paid** to the buyer.
- EXW** This price is the **Ex-Works** cost of the goods. The buyer arranges collection from the supplier and pays for freight carriage and insurance.
- FCA** The **Free Carrier** price includes all costs to a named point of loading onto a container. The buyer pays for onward shipment and insurance.

Methods of payment may be on a cash with order basis (or cash deposit with order), on open account (as in most domestic trade, where the buyer pays the supplier soon after receiving the goods), by irrevocable letter of credit or by bill of exchange. Exporters and importers often prefer the security of payment by confirmed irrevocable letter of credit when dealing with unknown firms in distant countries.

Trade between countries within a free trade area and within the European Union is simpler, and many firms pay for goods by cheque and use their own transport to deliver goods across frontiers. No special customs documentation is required for trade between firms in different parts of the EU, but VAT rates vary from country to country.

References:

destination- место назначения, цель

frontier- граница

carriage- вагон, экипаж, перевозка, стоимость перевозки

quay- пристань

ex-works- предприятия

carrier-транспортировщик, носитель

bill of exchange- вексель акции

loading- грузить

alongside- рядом с

irrevocable- бесповоротный, неотменяемый, безвозвратный

bill of lading- транспортная накладная

shipping- перевоз

ASSIGNMENTS:

I. Match each of the following terms with the correct definition:

foreign

exchange

balance of

payments

absolute

advantage

import quota

balance of trade

trade surplus

embargo

devaluation

tariff

trade deficit

export

import

comparative advantage

flexible exchange rates

foreign exchange rate

foreign exchange market

fixed exchange rates

1. The ability of one nation to produce a product with fewer resources than another nation.
2. A tax imposed by the government on imported products.
3. To buy a product from another nation.
4. Foreign currencies.
5. A situation in which a country has a greater absolute advantage or less of an absolute disadvantage in the production of one of two products.
6. A situation in which a country's imports exceed its exports.
7. To sell a product to another nation.
8. A government policy that places a precise legal limit on the number of units of a particular product that can be imported into a country during a specified time period.
9. An exchange rate system under which the forces of supply and demand determine the value of a nation's currency in terms of the value of the currencies of other nations.
10. A total ban by the government on the import or export of a particular product.
11. The price of one currency in terms of another.
12. The lowering of a currency's value in relation to other currencies by government order.
13. The difference in the dollar value of exports and imports.
14. An accounting record of all of a nation's monetary transactions with other countries.
15. A situation in which a country's exports exceed its imports.
16. An exchange rate system under which the price of one currency is fixed in terms of other currencies so that the rate does not change.
17. Market on which foreign currencies are bought and sold.

II. Add the missing words:

invoice, quotation, documents, destination, supplier, purchase, deliver, freight, forward, dimensions

1. After receiving their enquiry, we sent them a ...
2. We have just received an ... for the goods we wanted.
3. Another words for "buy" is ...

4. A bill of lading and a letter of credit are both ... used in foreign trade.
5. Please, inform us when the cargo arrives at its ...
6. When will you be able to ... the goods to us?
7. Our agents will ... the goods to you when they arrive.
8. It's important to state the ... of each package on all the forms.
9. I've just heard that ... charges are going up.
10. That firm is our sole ... of these components.

III . Look at these extracts from correspondence. What does the writer want to know in each case?

1. Bearing in mind the difficulties you are having with obtaining components, we were wondering whether we might expect delivery of the goods during the next two weeks or whether there is likely to be still further delay.

They want us to let them know

- a) what difficulties we are having
- b) what components we are obtaining
- c) when the goods will be delivered

2. In view of these circumstances, may we receive your assurance that, assuming we will not be receiving the shipment before July 2, you will be prepared to offer us a discount of 10 per cent on the quoted price?

They want us to let them know if we

- a) can give them a discount
- b) will ship before July 2
- c) will give them a discount if shipment is delayed

3. Would you be kind enough to inform us whether the price you have quoted for the units does or does not include a twelve—month service contract, which we understood to be part of our agreement with you?

They want us to let them know

- a) if we're providing a year's free service
- b) how much our service costs
- c) how much the units will cost

4. We would like you to provide us with a detailed specification of the machine so that we may consult our production managers regarding the suitability of the equipment for installation in our assembly plants. Please bear in mind that the power requirements of each unit are of particular importance.

They want us to let them know

- a) if our machines are suitable for their requirements
- b) if we have consulted their managers about this
- c) as much as possible about the machine

CHAPTER XII

CREDIT

INVESTMENT

CREDIT AND CREDIT RATINGS

Credit is the lending of money, either directly or indirectly, to enable a person to buy goods and services now but pay for them at a later date. It can take the form of a loan from a bank or other lender or the use of a credit card to make a purchase. In either case, you are borrowing money with the promise to repay it at some time in the future.

Credit enables people to buy things and enjoy them sooner than if they had to save and pay cash for them. However, using credit also means going into debt. A bank, a store, or a company is lending you money so that you can buy an item without having to pay for it at the time of purchase. In return, you usually will have to pay interest or a fee for the privilege of buying on credit.

Every month, or other set period, you will have to pay a portion, of your debt. It is very important to pay your debts on time to avoid obtaining a bad credit rating. **A credit rating** is an estimate of the probability that a potential borrower will repay a loan with interest when due. The higher your credit rating, the easier it will be for you to obtain credit. A bad credit rating can make it difficult for you to obtain credit in the future.

For purposes of illustration, let us suppose that ten years from now you apply for a loan at a bank. How will the bank decide whether or not to approve your loan application? It will determine your credit rating, which will be based primarily on three factors: (1) your ability to repay the loan; (2) your past credit history; and (3) the amount of collateral that you have to offer as security for the loan.

Your ability to repay the loan will depend on both your income and how many other debts you have. The bank will want to know where you are employed, how long you have held your present job, and how much you earn. If you have a record of

stead^employment, the bank will view that as a good indication that you will continue to have a steady income in the future. However, if you have held several different jobs in the past two years, the bank probably will have doubts about your income stability. In addition to your income, the bank also will want to know how much money you owe to other lenders. Even with a good income, you may not be able to repay the loan if you have too many other debt obligations.

The second factor that will affect your credit rating is your past credit history. The bank will view your credit history as a good indication of your trustworthiness. If in the past you have always paid your debts on time, the bank probably will assume that you will continue to do so in the future. If, on the other hand, you have had a poor repayment record over the past few years, the bank may deny you credit on that basis.

A lender can obtain information about a person's past and present credit status from the local credit bureau. A **credit bureau** is a private business firm that collects credit information about consumers and sells this information to lenders for a fee. A credit bureau has credit information on almost all individuals who use any form of credit, and it can provide a lender with a list of an individual's current debts as well as a record of the individual's credit history. Furthermore, through a system of computer networks, the credit bureau can find out about any debts, including overdue ones, that an individual has anywhere in the country. Thus, an individual cannot move to another city or state and start with a clean credit slate.

The third factor that will affect your credit rating is collateral. **Collateral** is something of value that a borrower pledges as assurance that a loan will be repaid. For example, suppose that you want to borrow money from the bank to pay an unexpected hospital bill. The bank may ask you to use your car, your home, or some other item as collateral before approving your loan. You will sign an agreement that allows the bank to seize and sell the collateral to obtain repayment of the loan if you fail to repay it.

Answer the questions:

1. What is credit? How does a person's past credit history affect that person's credit rating? What other factors are involved?
2. What is collateral? Why do lending institutions often require collateral when making loans?

TYPES AND SOURCES OF CREDIT

Credit is available in several different forms and from many sources. The most common types and sources:

Home Mortgage Loans. We discussed the various types of home mortgage loans. Savings and loan associations, savings banks, and commercial banks are the primary sources of home mortgage loans. Usually, the borrower must have a down payment of 10 to 20 percent and will repay the loan in monthly installments over a period of 25 to 30 years. That is, the borrower will pay a fixed amount each month for the period of the loan. Part of the monthly payment goes for interest on the loan. The balance goes toward repaying the principal, the amount that was originally borrowed.

Home-Improvement Loans. Commercial banks, savings and loan associations, savings banks, and some credit unions make a type of loan that is usually called a home-improvement loan. As collateral for this type of loan, the lender accepts a second mortgage on the borrower's home. This means that if the borrower should fail to repay his or her debts, the lender who holds the first mortgage could seize and sell the house to obtain repayment, and the lender who holds the *second* mortgage would have second claim on any funds obtained from the sale of that house. In other words, any funds left over after the first mortgage holder obtains full repayment of its loan will be available for repaying the holder of the second mortgage. In order to obtain such a loan, the borrower must have enough equity in his or her home so that the market value of the home is high enough to cover both the first mortgage and the second mortgage.

As the name implies, home-improvement loans often are used to make improvements on a home, such as remodeling or

adding a garage. However, the funds do not have to be used for this purpose. Some borrowers use the funds for such purposes as paying off other bills or financing a vacation trip. Home-improvement loans usually are made for periods ranging from five to ten years and are repaid in monthly installments.

Auto and Other Consumer Goods Loans. Loans for the purchase of new automobiles usually are made for periods of three to five years, with a required down payment of at least 20 percent. Loans for used automobiles usually are made for periods of two to three years, with a required down payment of at least 30 percent. In both cases, the loans are repaid in monthly installments. It often pays to shop around for an auto loan—at least for a new car—because there is usually intense competition among lenders. Auto loans are made by automobile manufacturers, commercial banks, savings and loan associations, savings banks, and credit unions. When shopping for an auto loan, however, be aware of any hidden charges that the lender is including. These may include extra insurance charges, extra maintenance policies, and additional fees.

Loans for other types of consumer goods, such as appliances and furniture, are similar to those for automobiles, with the length of the loan usually ranging from one to three years. Financing for such items is often available directly from the sellers as well as from commercial banks, savings and loan associations, savings banks, and credit unions.

Personal Loans. Consumers often need to borrow cash to pay for unexpected expenses, to finance a vacation, to pay off other loans, and for other reasons. The availability of such loans and the interest rate that will have to be paid will depend largely on the financial circumstances of the individual borrower. A person with a good credit rating may be able to go to his or her local bank and obtain a short-term loan of \$500 to \$1,000 at a reasonable interest rate and without having to provide collateral for the loan. In some instances, the amount of a short-term loan may be much higher. At the other extreme, a person with a poor credit rating may be able to borrow the money only at a consumer finance company. Consumer finance companies are

financial institutions that specialize in small consumer loans at high interest rates, sometimes as high as 36 percent. These lending institutions do business mainly with consumers who have such a poor credit rating that they cannot get loans from other lending institutions. In addition to commercial banks and consumer finance companies, savings and loan associations, savings banks, and credit unions also make personal loans.

Charge Accounts Charge accounts are a form of credit that is extended directly to the consumer. This means that consumers do not have to obtain loans before making purchases. Instead, a store or a business allows consumers to charge purchases up to a certain amount with the provision that the consumers will pay for their purchases at a later date. There are three basic types of charge accounts: regular charge accounts, revolving charge accounts, and installment charge accounts.

A **regular charge account**, also known as a 30-day charge, allows an individual or family to charge purchases at a business up to an established credit limit. At the end of each 30-day period, the business mails the customer a bill for the entire amount, which the customer is expected to pay promptly. If the customer does not pay the bill on time, interest is added on. If this new balance is not paid by the next billing period, the customer may lose his or her credit privileges with that business.

With a **revolving charge account**, the customer receives a bill each month and can either pay the entire amount without interest or pay a portion of the bill with interest added to the unpaid balance. The unpaid balance then is carried over to the following month. At that time, the customer again is given the choice of paying the bill in full or paying a portion and carrying over the unpaid balance to which interest has been added. Regardless of what the customer decides to do, however, he or she can continue to charge purchases so long as the total balance of the account does not exceed the credit limit.

Most major items, such as home appliances that are purchased on credit are charged to an **installment charge account**. Installment charge accounts are similar to the installment loans for automobiles and other consumer goods

discussed earlier. Often the customer must make a down payment and then monthly installment payments, part of which is interest, for a specified time period.

Credit Cards

Many charge account purchases are made with credit cards. Credit cards are plastic, wallet-size cards that are imprinted with a customer's name, his or her account number, and the expiration date. To use a credit card a customer presents the card at the time of purchase and the salesclerk checks the card and records the purchase with it. The customer receives a receipt and will receive a bill at the end of the company's billing period. Many credit card users must pay an annual fee for the privilege of having their cards, whether they use them or not.

References:

rate- ставка, норма, тариф, цена

privilege- привилегия, преимущество

set period- назначенный период, срок

in due time- в свое время

collateral- имущество, собственность

steady- устойчивый, равномерный, постоянный, твердый

indication- указание, знак

doubts- сомнения

assume- принимать на себе, допускать

deny- отказывать

overdue- просроченный

SAVING AND INVESTING

Most people save and invest money. There is a significant difference between the two concepts. You save money when you give up the opportunity to spend it now so that it can be used later. You invest money by using it in a way that will earn additional money. You may not have much money to save or invest right now, but you probably will at some time in the future.

Reasons for Saving

There are many reasons for saving. One reason for saving is to be able to cover such unexpected expenses as a major auto repair bill or a large hospital bill. Another reason for saving is to accumulate a fund for some planned major expenditure in the future. People save for such things as a down payment on a home, the purchase of a new car, an expensive vacation trip, or a college education for their children. By saving a small amount each week or each month, it is possible to accumulate a substantial amount of money over a period of a few years.

Still another reason for saving is to build up a retirement fund. Because Social Security benefits are too small to allow most people to live comfortably on them, many people set aside a certain proportion of their income each year to build up a fund that can be used to supplement Social Security when they retire. By saving in this way, they are able to spread their spending more evenly over their entire lifetime.

INVESTMENT

Regardless of the reasons for saving, most people want to invest their savings so that they can earn additional money. As a first step in understanding investment, let us look at some of the most common investment concepts and terms used by financial experts. They include **yield, risk, capital gains, capital loss, and liquidity**.

The term **yield** refers to the return on an investment. The yield from an investment is the amount of money that the investment earns. This amount often is expressed as a percentage of the original investment. For example, if you put \$100 in a savings account for one year and receive \$6 interest at the end of the year, the yield on your investment is six percent.

Risk is the possibility that a financial investment will lose money. Risk can mean a lower yield on an investment than expected, or it can mean loss of part or all of the actual investment. There is a strong relationship between risk and yield: generally, the higher the potential yield, the higher the risk. For example, suppose you invest your money in the drilling of an oil well. If you strike oil, you may reap an enormous yield. However,

there is a high risk that you will not strike oil and that you will lose part or all of your investment.

The value of some investments, such as stocks and real estate, changes. When the value of an investment rises so that an investor is able to sell it for more money than he or she paid, the investor experiences a **capital gain**. However, if an investment must be sold for less than its original cost, the investor experiences a capital loss. For example, suppose you purchased some land five years ago for \$10,000. If you are now able to sell it for \$20,000, you have experienced a capital gain of \$10,000. On the other hand, if you must now sell it for \$5,000, you have experienced a **capital loss** of \$5,000.

The term "**liquidity**" refers to the ease with which an asset can be converted into cash quickly without loss of value in terms of money. In this case, asset refers to an investment. Investors like their investments to be liquid, but they are often faced with a dilemma. Very liquid investments usually have a low yield. Money in a passbook savings account at a bank, for example, is very liquid because it usually can be withdrawn at any time. However, it earns a relatively low interest rate, and there is no possibility for a capital gain. In contrast, an investment in real estate offers the possibility of a high yield in the form of a substantial capital gain. This investment is not very liquid, however, because it sometimes takes months, or even years, to sell real estate.

Real estate sometimes can be a good investment, but it is often a high-risk investment and one that is not very liquid. Investors often dream of buying a piece of barren land and seeing the value of the land soar as the surrounding area is developed. It may take years, however, for the value of the land to increase significantly, if it ever does. In the meantime, the investor must pay taxes on the land, and unless it can be farmed or used in some other way, the person will have no income from the investment. Furthermore, if the investor should want to turn the investment into cash, it could take months, or even years, to sell the land.

Investing in housing or other buildings is usually less risky than investing in barren land. Buying your own home can be a very good investment, and some investors experience high yields

from investments in rental properties. However, because of the liquidity problem, you must be very careful when making investments in real estate.

Savings, Investments, and You

Now that we've examined the various investment options, you should have a better understanding of the opportunities that will be available to you when you have money to invest. Right now you may think that you'll never have any money to invest, and you may not have very much for quite some time. In your early adult years, you are more likely to be borrowing money than investing it. Even borrowed money, however, can sometimes represent an investment. The money you spend for a college education, even if it is borrowed money, is an investment in your future that should increase your future earning power as well as your job security and self-satisfaction.

Furthermore, when you have completed your formal education and have a good job, you will find that with the proper management of your money, you can set aside a small amount of savings on a regular basis. When you do, you will want to put those savings to work by investing them. If you save regularly and invest your savings wisely, you'll be surprised at how much you can accumulate in a few years' time. Moreover, by saving and investing, you not only will be helping yourself, you also will be playing a vital role in the economy of your country by making funds available for those who need to borrow.

References:

the circular flow of income-круговой поток (круговорот) доходов
expenditure-расходы
obsolete-устарелый, вышедший из употребления
boom-процветать
declines-упадок, постоянное уменьшение
to borrow-занимать, заимствовать
gross earnings- валовый доход

ASSIGNMENTS:

I. Answer the questions:

1. What are the various types of loans available to consumers? Where are these loans obtained?
2. What is a consumer finance company? Why do some people use them?
3. Describe the three basic types of charge accounts.
4. What are credit cards? What costs are involved with their use?
5. Describe two concepts that are very useful in comparing the costs of different loans.
6. Describe three methods of calculating finance charges.

II. Explain in English:

capital gain, collateral, capital loss, credit rating, credit bureau, credit cards, money market account, finance charge, charge account, credit.

III. If you had \$ 10 000 to invest, how would you invest it? Give reasons for your answer.

1. Would you rather save or invest? Why?
2. Review some of the advantages and disadvantages of using credit. If you had enough money to pay for a major purchase with cash, why might you still use credit?

IV. Call or visit various commercial banks, savings and loan associations, savings banks, and credit unions in your community to find out how interest rates compare for automobile loans. Present your findings in a table.

V. Act out the following situation:

You are the young entrepreneur. You want to start a small business and have made an appointment with the Small Business Adviser to ask for financial assistance and to get a loan. You want to borrow 100 000 soms, ask about credit terms, interest, repayment.

Ask the Small Business Adviser on:
the best type of business, the best kind of loan, insurance.

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Оглавление

ПРЕДИСЛОВИЕ.....	3
<u>CHAPTER I</u>	
WHAT IS BUSINESS? TYPES OF BUSINESS.....	4
Business.....	4
Manufacturing Firms.....	5
Merchandisers.....	5
Service Enterprises.....	6
Good manners, good business.....	9
<u>CHAPTER II</u>	
JOB HUNTING.....	12
Getting a job is a job in itself.....	12
Where to look for a job?.....	14
The job interview.....	15
Getting Acquainted with the Staff.....	18
<u>CHAPTER III</u>	
BUSINESS CORRESPONDENCE	
Writing Business Letters.....	26
The Parts of a Business Letter.....	26
Sample cover letter.....	29
A Letter of Application.....	31
Contract.....	36
<u>CHAPTER IV</u>	
BUSINESS CALLS. PLANNING AND MAKING CALLS.....	40
Twelve telephone tips.....	41
<u>CHAPTER V</u>	
ECONOMY. BASIC KINDS OF ECONOMIC SYSTEM	
ADAM SMITH.....	44
What is economics about?.....	44
Basic kinds of economic system.....	45
Traditional economies.....	45
Command economies.....	46
Market economies.....	46
Mixed economies.....	47
Economy in Kyrgyzstan.....	50
<u>CHAPTER VI</u>	
BUSINESS ORGANIZATIONS.....	53

Characteristics of Business Firms.....	53
Forms of Business Organization.....	53
Individual proprietorships.....	54
Partnerships.....	56
Corporations.....	57
Other Forms of Business Organization.....	60
CHAPTER VII	
THE MARKETING CONCEPT. MARKETING.....	64
Marketing mix.....	65
CHAPTER VIII	
MONEY. ACCOUNTING. BUDGETING.....	71
Functions and types of money.....	71
What is money?.....	72
Functions of Money.....	72
Characteristics of Money.....	73
History of money.....	75
Accounts and foreign payments.....	77
Methods of payment in foreign trade.....	78
Bookkeeper.....	83
Budgeting.....	83
CHAPTER IX	
BANKS AND BANKING	
The Development of Banks and Banking.....	86
Commercial Banks.....	87
Primary Functions of Commercial Banks.....	87
Objectives of Commercial Banks.....	88
Nonbank financial institutions.....	90
Bank Teller.....	91
CHAPTER X	
TAXATION. PRINCIPLES OF TAXATION	
TAXATION.....	94
Principles of taxation.....	95
Value Added Tax (VAT).....	99
CHAPTER XI	
INTERNATIONAL TRADE.....	103
Export and Import.....	104
An import/export transaction.....	105
The most common incoterms:.....	106

<u>CHAPTER XII</u>	
CREDIT. INVESTMENT.	
CREDIT AND CREDIT RATINGS.....	111
Types and Sources of Credit.....	113
Credit Cards.....	116
Saving and investing.....	116
Investment.....	117
Savings, Investments, and You.....	119
Literature.....	121

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