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«English for Students of Finance»

ДЕРЖАВНА ФІСКАЛЬНА СЛУЖБА УКРАЇНИ
УНІВЕРСИТЕТ ДЕРЖАВНОЇ ФІСКАЛЬНОЇ СЛУЖБИ УКРАЇНИ

СЕРІЯ «НА ДОПОМОГУ СТУДЕНТУ УДФСУ»
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Навчальний посібник має суто практичну спрямованість і складається із 20 тематичних уроків-комплексів, запропонованих у чіткій логічній послідовності відповідно до програми курсу.

Може бути корисний студентам фінансово-економічних спеціальностей вищих закладів освіти, які прагнуть поглибити знання англійської мови за професійним спрямуванням та вдосконалити навички усного та писемного мовлення.

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ПЕРЕДМОВА

З огляду на потребу у якісній і оперативній підготовці фахівців фінансово-економічних спеціальностей навчальний посібник «English for Students of Finance» є надзвичайно актуальним. Його створення зумовлене необхідністю пошуку нових інтенсивних шляхів і засобів мовної освіти, що переходить на новий зміст і терміни навчання, що, безумовно, потребує застосування нової сучасної методики.

Навчальний посібник «English for Students of Finance» розроблений авторським колективом викладачів кафедри сучасних європейських мов Університету державної фіскальної служби України.

Мета і завдання навчального посібника «English for Students of Finance» полягають у формуванні необхідної комунікативної компетенції у сфері професійного спілкування, навичок практичного володіння іноземною мовою в різних видах мовленнєвої діяльності в обсязі тематики, що обумовлена професійними потребами; оволодінні фаховою інформацією через розуміння й аналіз оригінальних текстів з основних професійних тем; формуванні соціально-комунікативної позиції в галузі майбутньої професійної діяльності.

Навчальний посібник має суто практичну спрямованість і складається із 20 тематичних уроків-комплексів, запропонованих у чіткій логічній послідовності відповідно до програми курсу. Структура уроків уніфікована. Кожний урок містить текст з супроводжуючим тематичним словником та післятекстові завдання як лексичного, так і комунікативного характеру.

Загальній меті підпорядкована структура завдань кожного уроку-комплексу: прочитати та перекласти тематичний текст; вивчити нову лексику; виконати післятекстові лексико-граматичні вправи на відпрацювання мовленнєвих умінь та навичок, використання лексичного матеріалу, що вивчається в ситуаціях професійного спілкування; створити тематичні комунікативні ситуації, максимально наближені до реальних. Система зазначених вправ, яку автори намагалися максимально

урізноманітнити, забезпечує ефективне засвоєння студентами необхідних знань, вироблення стійких умінь та навичок усного та писемного мовлення, роботу з англомовними оригінальними джерелами. Таким чином, навчальний посібник систематизує знання студентів та закріплює їх численними вправами.

Структура навчального посібника, особливості систематизації викладеного матеріалу, актуальність тематики, сучасні методи репрезентації творчих пошуків авторів дозволяють використовувати його у навчальній роботі студентів.

Навчальним посібником можуть користуватися студенти фінансово-економічних спеціальностей вищих закладів освіти, які прагнуть поглибити знання англійської мови за професійним спрямуванням та вдосконалити навички усного та писемного мовлення. Він є частиною комплексу навчальних посібників з англійської мови для студентів фінансово-економічних спеціальностей.

UNIT 1
FINANCIAL ACTIVITY

Text A. FINANCIAL POLICY. FISCAL SPHERE

Ex.1. Study the vocabulary:

1. fiscal management	1. управління державним бюджетом
2. fiscal sphere	2. бюджетно-податкова сфера
3. notion	3. поняття
4. major guidelines	4. основні напрями
5. long-term	5. довгостроковий
6. medium-term	6. середньостроковий
7. attainment	7. досягнення
8. current	8. поточний
9. productive forces	9. виробничі сили
10. exacerbate	10. погіршувати(сь)
11. public debt	11. державний борг
12. unsustainable	12. постійний, той, що важко ліквідується
13. swollen	13. роздутий
14. fiscal policy	14. бюджетно-податкова політика
15. fiscal deficit	15. дефіцит бюджету
16. fiscal relations	16. бюджетні відносини
17. fiscal federalism	17. бюджетний федералізм
18. revenue-raising powers	18. повноваження зі збору податків
19. multilevel	19. багаторівневий
20. justify	20. виправдовувати
21. public goods	21. суспільний товар
22. refuse collection	22. збирання сміття
23. incidence	23. сфера охоплення
24. to create	24. створювати
25. to administer taxes	25. адмініструвати податки

Ex. 2 .Read and follow the text:

Financial policy is a very complex notion covering measures aimed at working out basic concepts, major guidelines, goals and objectives, as well as at creating an adequate financial mechanism and at directing financial activities of a country. Financial policy is based on strategic guidelines which set long-term and medium-term prospects for using financial resources and ensure attainment of major economic targets and solution of goals in the social sphere. At the

same time a country pursuing its financial policy sets current goals and objectives connected with mobilization and effective utilization of resources and development of productive forces.

Over the past two decades financial problems have exacerbated the world over. Public debts have reached unsustainable levels in a growing number of industrial countries. This development and its results – higher interest rates, lower investment, and slower growth in living standards – have stimulated efforts by policymakers to find solutions to swollen budget deficits.

Central to these solutions is fiscal policy. Fiscal policy is the policy adopted by a government for raising revenue to meet expenditure.

For countries that now face unsustainable fiscal deficits, financial stabilization represents a top priority.

The answer to financial stabilization lies in the effectiveness of fiscal management – the principles, institutional arrangements, information flows, and techniques that govern the budget process and define fiscal relation between levels of government.

Most western nations operate some degree of fiscal federalism, which is the system of taxation and public expenditure in which revenue-raising powers and control over expenditure are vested in various levels of government within a nation, ranging from the national government to the smallest unit of local government.

A system of multilevel finance may be justified in term of allocative efficiency on the grounds that while some public goods, such as national defense, confer benefits on the nation as a whole, the benefits of other goods, such as refuse collection, are more limited in geographical incidence. It is argued that by making decisions concerning the provision and financing of the latter type of goods at the level of local rather than national governments, the best or optimal level of provision is more likely to be achieved.

Since the onset of the reforms Ukraine has been in the process of creative a new system of taxation and rules to administer taxes and to distribute those taxes and expenditure responsibilities among levels of government.

Ex. 3. Find the equivalents:

1. complex notion	a) бюджетні відносини
2. major guidelines	b) забезпечувати досягнення
3. economic targets	c) дефіцит бюджету
4. utilization	d) бюджетний федералізм
5. public debt	e) бюджетно-податкова політика
6. fiscal deficit	f) економічні показники
7. fiscal policy	g) державний борг
8. fiscal relations	h) складне поняття
9. fiscal federalism	i) використання
10. to ensure attainment	j) основні напрями

Ex. 4. Match the equivalents:

1. multilevel	a) фінансові ресурси
2. mobilization	b) повноваження зі збору податків
3. stabilization	c) управління державним бюджетом
4. current goals	d) бюджетний процес
5. budget process	e) поточні цілі
6. unsustainable	f) середньостроковий
7. financial resources	g) багаторівневий
8. revenue-raising powers	h) мобілізація
9. medium-term	i) постійний
10. fiscal management	j) стабілізація

Ex. 5. Match the terms with their definitions:

1. Fiscal year	a) the amount by which expenditure is greater than income over a particular period;
2. Revenue	b) a plan of income and expenditure for a particular period of time.
3. Balance of Payments	c) the difference between the amount of money coming into a country from the goods and services it exports, and the amount of money going for the goods and services it imports;
4. Deficit	d) the period used by companies and governments for accounting and tax purposes;
5. Budget	e) money received from the sale of goods and services;

Ex. 6. Put the jumbled words into a correct order:

1. is based on \ Financial policy\ set \ which \ strategic guidelines \ long-term and \ medium-term \ financial resources \ prospects \ for using \.

2. have \ reached \ levels \ unsustainable \ in\ a\ growing number \ of \ industrial \ Public debts \ countries.

3. adopted \ is \ the \ policy \ by \ a \ government \ raising \ for \ revenue \ to \ meet \ Fiscal policy \ expenditure.

4. of \ multilevel \ finance \ may \ be \ justified \ in \ of \ allocative \ efficiency \ on \ the \A system \ grounds \ that \ limited \ some \ public goods \ term \ are \ more in geographical \ incidence.

5. of \ the \ reforms \ has been \ in \ creative \ Ukraine \ the process \ of \ a new system \ of \ the \ onset \ taxation \ and \ Since \ rules \ to \ administer \ taxes.

Ex. 7. Replace the Ukrainian words and phrases by suitable English equivalents in the correct form:

Financial policy is a very complex (поняття) …1… covering measures aimed at working out basic concepts, major guidelines, goals and objectives, as well as at creating an adequate financial mechanism and at directing financial activities of a country. Financial policy is based on strategic guidelines which set (довгострокові) …2… and (середньострокові) …3… prospects for using financial resources and ensure attainment of major economic targets and solution of goals in the social sphere. At the same time a country pursuing its financial policy sets (поточні цілі) …4… and objectives connected with mobilization and effective utilization of resources and development of productive forces.

Over the past two (десятиліття) …5… financial problems have exacerbated the world over. (Державні борги) …6… have reached unsustainable levels in a growing number of industrial countries. This development and its results – higher (відсоткові ставки) …7…, lower investment, and slower growth in living standards – have stimulated efforts by policymakers to find solutions to swollen (бюджетні дефіцити) …8… .

Central to these solutions is fiscal policy. Fiscal policy is the policy adopted by a government for raising (дохід)…9… to meet (витрати) …10… .

Ex. 8. Read the text again and choose the best answer:

1. Financial policy is based on strategic guidelines which set … for using financial resources and ensure attainment of major economic targets and solution of goals in the social sphere.

a) long-term and medium-term prospects;

b) long-term and short-term prospects;

c) medium-term and short-term prospects.

2. At the same time a country pursuing its financial policy sets … connected with mobilization and effective utilization of resources and development of productive forces.

a) current goals and objects;

b) current goals and objectives;

c) current goals and subjectives.

3. Fiscal policy is the policy adopted by a government for … .

a) raising revenue to exceed expenditure;

b) raising expenditure to meet revenue;

c) raising revenue to meet expenditure.

4. … includes the principles, institutional arrangements, information flows, and techniques that govern the budget process and define fiscal relation between levels of government.

a) Financial policy;

b) Fiscal management;

c) Fiscal federalism.

5. Most western nations operate some degree of …, which is the system of taxation and public expenditure in which revenue-raising powers and control over expenditure are vested in various levels of government within a nation, ranging from the national government to the smallest unit of local government.

a) financial policy;

b) fiscal management;

c) fiscal federalism.

Ex. 9. Rad the text once again and choose the missing words:

Financial policy is a very complex notion covering …1… aimed at working out basic concepts, major guidelines, goals and objectives, as well as at creating an adequate financial mechanism and at directing financial activities of a country. Financial policy is based on strategic …2… which set long-term and medium-term prospects for using financial …3… and ensure attainment of major economic targets and solution of goals in the social sphere. At the same time a country pursuing its financial policy sets …4… goals and objectives connected with mobilization and effective utilization of resources and development of productive forces.

Over the past two decades financial problems have exacerbated the world over. Public debts have reached …5… levels in a growing number of industrial countries. This development and its results – higher interest rates, lower …6…, and slower growth in living standards – have stimulated efforts by policymakers to find solutions to swollen budget deficits.

Central to these solutions is fiscal policy. Fiscal policy is the policy adopted by a government for raising revenue to meet expenditure.

For countries that now face unsustainable fiscal deficits, financial stabilization represents a top priority.

The answer to financial stabilization lies in the …7… of fiscal management – the principles, institutional arrangements, information flows, and techniques that govern the budget process and define fiscal relation between levels of government.

Most western nations operate some degree of fiscal …8…, which is the system of taxation and public expenditure in which revenue-raising powers and control over expenditure are vested in various levels of government within a nation, ranging from the national government to the smallest unit of local government.

A system of multilevel finance may be justified in term of allocative …9… on the grounds that while some public goods, such as national defense, confer benefits on the nation as a whole, the benefits of other goods, such as refuse collection, are more limited in geographical incidence. It is argued that by making decisions

concerning the provision and financing of the latter type of goods at the level of local rather than national governments, the best or optimal level of provision is more likely to be achieved.

Since the onset of the reforms Ukraine has been in the process of creative a new system of taxation and rules to …10… taxes and to distribute those taxes and expenditure responsibilities among levels of government.

Over to you

1. What does the notion «financial policy» mean?
2. Do many countries face financial problems these days? What are they?
3. Say in a few words what the main text is about. Use the following opening phrases:

The text looks at (the problem of…);

Among other things the text raises the issue of…;

The problem of…is of great importance;

One of the points to be singled out is…;

Great importance is also attached to…;

In this connection, I'd like to say…;

I find the question of…very important because…;

I think that…should be mentioned here as a very important mechanism of… The text deals with the issue of…;

It is clear from the text that…;

It further says that…;

We shouldn't forget that… .

Finally, the experts come to the conclusion that…(agree about…)

UNIT 1
FINANCIAL ACTIVITY

Text B. BUDGET MONITORING IN UKRAINE

Ex. 1. Study the vocabulary:

1.	budget monitoring	1. контроль за виконанням бюджету
2.	continuous	2. безперервний
3.	disbursement	3. видатки
4.	performance	4. виконання
5.	implementation	5. здійснення, реалізація, впровадження
6.	disclosure	6. розкриття
7.	deviation	7. відхилення
8.	provision	8. забезпечення
9.	executive agency	9. виконавчий орган
10.	to prosper	10. процвітати
11.	sustainability	11. стабільність
12.	accounting department	12. бухгалтерія
13.	to hire	13. наймати
14.	intact	14. цілісний
15.	vital	15. життєво необхідний
16.	to allocate	16. розподіляти
17.	CEO (Chief Executive Officer)	17. генеральний директор
18.	submission	18. подання документів на розгляд
19.	mandatory	19. обов’язковий

Ex. 2 . Read and follow the text:

Budget monitoring in Ukraine is a continuous process of collecting data about disbursements and its performance measures. Its result-oriented budget process uses monitoring as a tool to track program implementation and disclosure of deviations between planned and current performance measures.

Program monitoring ensures resolving of the following issues:

- Target and effective use of budget resources;
- Collection and generalization of information on budget program financing;

- Facilitation of collection of quantitative and qualitative measures, achievement of goals and objectives according to budget programs;
- Disclosure of deviations in the process of budget implementation;
- Coordination of cooperation between the program participants aimed at increased effectiveness of program implementation;
- Timely provision of information on program implementation to local governments and executive agencies.
- Monitoring in the system of budget process management may be shown as follows.

Budget monitoring is one of the valuable assets in business management and one of the strengths of large companies to prosper with higher sustainability in the market industry where they belong.

Most companies employ their own accounting department or hire prestigious accounting companies whose expertise is mainly to monitor the company's budget in relation to their expenses and income. Accounting and auditing allow large companies to monitor all financial matters involved in the operation of the company in general.

Keeping all the records intact is vital in monitoring the budget of a company. Documentation is a tangible tool by which companies could clearly identify each budget that they allocate for a specific program and operation of the company.

The CEOs of large companies exercise high accountability for budget allocations. This means that approval for every budget is undertaken only after a thorough study by identifying the program necessity and needs of the company.

The submission of a budget monitoring report is a mandatory process in large companies. The process allows the management to monitor their expenses and review whether they operate within their budget allocation.

The submission of action plan allows large companies to establish target budget for a certain period.

Ex. 3. Match the terms with their definitions:

1. CEO (Chief Executive Officer)	a) to pay out money, especially from a large sum that is available for a special purpose
2. accounting department	b) when you provide something that someone needs now or in the future
3. disbursement	c) a top-ranking corporate position, responsible for overseeing operations
4. intact	d) to make it easier for a process or activity to happen
5. disclosure	e) when you give or show something to someone in authority, for them to consider or appro
6. deviation	f) ablility to continue for a long time
7. provision	g) the staff members of a company or office who deal with *accounting*
8. sustainability	h) a noticeable difference from what is expected or acceptable
9. submission	i) a secret that someone tells people, or the act of telling this secret ve
10. facilitation	j) not broken, damaged, or spoiled

Ex. 4. Find the equivalents:

1. budget monitoring	a) здійснення, реалізація, впровадження
2. continuous	b) виконання
3. disbursement	c) процвітати
4. performance	d) безперервний
5. implementation	e)контроль за виконанням бюджету
6. disclosure	f) виконавчий орган
7. deviation	g) забезпечення
8. provision	h) відхилення
9. executive agency	i) розкриття
10. to prosper	j) видатки

Ex. 5. Find the equivalents:

1. to prosper	1. …
2. …	2. стабільність
3. accounting department	3. …
4. to hire	4. …
5. …	5. цілісний
6. …	6. життєво необхідний
7. to allocate	7. …

8. CEO (Chief Executive Officer)	8. …
9. …	9. підтвердження
10. …	10. обов’язковий

Ex. 6 . Read the part of the text again and fill in the gaps. Then read and translate:

…1 … in Ukraine is a continuous process of …2… about disbursements and its performance measures. Its result-oriented budget process uses monitoring as a tool to track program implementation and disclosure of …3… between planned and current performance measures.

Program monitoring ensures …4… of the following issues:

Target and effective use of budget resources;

Collection and generalization of information on budget program financing;

…5… of collection of quantitative and qualitative measures, achievement of goals and objectives according to budget programs;

…6… of deviations in the process of budget implementation;

Coordination of …7… between the program participants aimed at increased effectiveness of program implementation;

Timely …8… of information on program implementation to local governments and …9… . Monitoring in the system of …10… may be shown as follows.

Ex. 7. Read the part of the text again and replace the Ukrainian words and phrases by suitable English equivalents in the correct form:

Budget monitoring is one of the (цінні активи) …1… in business management and one of the strengths of large companies to (процвітати) …2… with higher sustainability in the market industry where they belong.

Most companies (наймають) …3… their own accounting department or hire prestigious accounting companies whose expertise is mainly to monitor the company’s budget in relation to their (витрати)…4… and income. Accounting and auditing allow large

companies to monitor all financial matters involved in the operation of the company in general.

Keeping all the (записи) …5… intact is vital in monitoring the budget of a company. Documentation is a tangible tool by which companies could clearly identify each budget that they allocate for a specific program and operation of the company.

The (генеральні директори) …6… of large companies exercise high accountability for budget allocations. This means that (затвердження) …7… for every budget is undertaken only after a thorough study by identifying the program necessity and needs of the company.

The (подача на розгляд) …8… of a budget monitoring report is a …9… (обов'язковий) process in large companies. The process allows the management to monitor their expenses and review whether they operate …10… (у межах) their budget allocation.

The submission of action plan allows large companies to establish target budget for a certain period.

Ex. 8. Decide whether the following sentences are true or false:

1. Budget monitoring in Ukraine helps to collect and generalize information on budget program financing.
2. Business management doesn't need budget monitoring.
3. Budget monitoring helps large companies to prosper.
4. Accounting and auditing allow large companies to monitor all financial matters involved in the operation of the company in general.
5. Documentation is an intangible tool by which companies could clearly identify each budget that they allocate.
6. The CEOs of large companies approve every budget only after a quick study.
7. The submission of a budget monitoring report is a mandatory process in large companies.
8. The submission of a budget monitoring report allows the management to monitor their expenses and review whether they operate within their budget allocation.

9. The submission of a budget allows large companies to establish target budget for a certain period.

10. Most companies employ their own accounting department or hire prestigious accounting companies whose expertise is mainly to monitor the company's budget in relation to their expenses and income.

Over to you

1. Read the text and single out the main facts. Present them in a short form. Think of the problem raised in the text, offer your solution to it.

2. Discuss the main problems of budget monitoring in Ukraine.

UNIT 2
LOCAL FINANCE AND DEVELOPMENT

Text A. FISCAL DECENTRALIZATION IS NOT MEASURING UP TO ITS CHALLENGES

Ex. 1. Study the vocabulary:

1. decentralization	1. децентралізація
2. devolution	2. передача
3. challenges	3. виклики
4. poverty.	4. бідність.
5. notably	5. зокрема
6. to materialize	6. матеріалізувати
7. insufficient	7. недостатній
8. inadequacy	8. неадекватність
9. strengthening	9. зміцнення
10. accompanied	10. супроводжується
11. disposal	11. видалення
12. facilitation	12. сприяння
13. encouraging	13. заохочення
14. subsidiary	14. субсидіювання
15. observatory	15. огляд
16. advocating	16. захищати

Ex. 2. Read and follow the text:

Great progress has been seen in decentralization processes in recent decades in terms of the devolution of power. It's placing local governments at the heart of contemporary global challenges that affect most countries, such as food, energy, environmental and financial crises, and the fight to end poverty.

However, the various studies carried out on local finances, notably the report, show that these processes are now faced with many difficulties: poorly developed fiscal systems, a lack of financial autonomy, the insufficient capacities of local governments, and the inadequacy of resources in general.

Similarly, studies conducted within the framework of the Millennium Development Goals show that the low achievement level of the MDGs remains strongly linked to the lack of funding granted by central governments to local governments and the impossibility for local governments to raise external funding, even though the skills related to basic services are largely devolved to local authorities.

Under these conditions, the improvement in living conditions for citizens is slow to materialize and the strengthening of fiscal decentralization proves to be essential in order to make decentralization credible. Indeed, there is a high risk of decentralization being perceived as an unattainable dream if the transfer of powers to local governments does not result in an improvement in the quality of life of citizens and if local elected officials do not have the financial means to allow them to assume the responsibilities entrusted to them by law.

Local finances, essential to the implementation of the various local public policies, are, in fact, at the heart of the debate on decentralization, local autonomy and applying the principle of subsidiary.

Chaired by the city of Rabat in Morocco since 2009, the Committee on Local Finance and Development (CFLD) has the mandate of encouraging the exchange of information and experience in the key areas of fiscal decentralization:

- Is the sharing of national revenue among the different levels of government carried out fairly? Is the transfer of powers actually accompanied by the corresponding resources?
- Do the methods of distributing taxes allow authorities to have sufficient revenue at their disposal, in accordance with the principle of subsidiary?
- What capacity do local governments of today have to generate their own income, access loans or create public-private partnerships?

In association with its financial and technical partners, CFLD organizes its activities around several axes: the facilitation of a network of experts in local finance, the organization of a global observatory project on local finances, and advocating for the financing of local governments and for fiscal decentralization.

Ex. 3. Mach the synonyms:

1. devolution	a) vindicate
2. challenges	b) outlook
3. poverty	c) assistant
4. notably	d) incentive
5. materialize	e) assistance
6. insufficient	f) delivery
7. inadequacy	g) escort
8. strengthening	h) fastening
9. accompanied	i) insolvency
10. disposal	j) scarce
11. facilitation	k) carry out
12. encouraging	l) particularly
13. subsidiary	m) misery
14. observatory	n) call
15. advocating	o) transfer

Ex. 4. Find the equivalents:

1. decentralization	a) виклики
2. devolution	b) недостатній
3. challenges	c) децентралізація
4. poverty	d) зокрема
5. notably	e) бідність
6. to materialize	f) зміцнення
7. insufficient	g) передача
8. inadequacy	h) супроводжується

9. strengthening	i) матеріалізувати
10. accompanied	j) неадекватність

Ex. 5. Fill in the blanks below with the most appropriate terms from the list:

a) poorly; b) in terms; c) strengthening; d) mandate of encouraging; e) local autonomy

1. Great progress has been seen in decentralization processes in recent decades … of the devolution of power

2. However, the various studies carried out on local finances, notably the report, show that these processes are now faced with many difficulties… . developed fiscal systems, a lack of financial autonomy, the insufficient capacities of local governments, and the inadequacy of resources in general.

3. Under these conditions, the improvement in living conditions for citizens is slow to materialize and the… . of fiscal decentralisation proves to be essential in order to make decentralisation credible.

4. Local finances, essential to the implementation of the various local public policies, are, in fact, at the heart of the debate on decentralization, … . and applying the principle of subsidiarity.

5. Chaired by the city of Rabat in Morocco since 2009, the Committee on Local Finance and Development (CFLD) has the … . the exchange of information and experience in the key areas of fiscal decentralization.

Ex. 6. Read the text again and fill in the gaps:

Great progress has been seen in …1 processes in recent decades in terms of the devolution of …2 . It’s placing local governments at the heart of contemporary global challenges that affect most countries, such as food, energy, environmental and financial crises, and the fight to end …3 .

However, the various studies carried out on local finances, notably the … 4, show that these processes are now faced with many difficulties: poorly developed fiscal systems, a lack of financial autonomy, the insufficient capacities of local governments, and the …5 of resources in general.

Similarly, studies conducted within the …6 of the Millennium Development Goals show that the low achievement level of the MDGs remains strongly linked to the lack of …7 granted by central governments to local governments and the impossibility for local governments to raise …8 funding, even though the skills related to basic services are largely devolved to local authorities.

Under these conditions, the improvement in living conditions for citizens is slow to …9 and the strengthening of fiscal decentralization proves to be essential in order to make decentralization credible. Indeed, there is a high risk of decentralization being perceived as an unattainable dream if the transfer of powers to local governments does not result in an …10 in the quality of life of citizens and if local elected officials do not have the financial means to allow them to assume the responsibilities entrusted to them by law.

b) power	g) funding
a) decentralization	e) inadequacy
d) report	i) materialize
c) poverty	h) external
f) framework	j) improvement

Ex. 7. Fill in the blanks below with the most appropriate terms from the list:

a) advocating; b) огляд; c) субсидований; d) encouraging; e) facilitation; f) видалення; g) супроводжується; h) зміцнення; i) inadequacy; j) insufficient

1.	1. недостатній
2.	2. неадекватність
3. strengthening	3.
4. accompanied	4.
5. disposal	5.
6.	6. сприяння
7.	7. заохочення
8. subsidiary	8.
9. observatory	9.
10.	10. захищати

Ex. 8. Read the text again and choose the best answer:

1. Has it been seen a great progress in decentralization processes in recent decades in terms of the devolution of power?

a) Yes; b) No.

2. What should you know about decentralization of contemporary global challenges?

a) You should know about decentralisation placing local governments at the heart of contemporary global challenges that affect most countries, such as food, energy, environmental and financial crises, and the fight to end poverty.

b) You should know the philosophical concepts well.

c) You should know a foreign language as well.

3. What should a person possess to acquire on local finances?

a) Are largely devolved to different systems.

b) The various studies carried out on local finances, notably the report, show that these processes are now faced with many difficulties: poorly developed fiscal systems, a lack of financial autonomy, the insufficient capacities of local governments, and the inadequacy of resources in general.

4. What can you say about living conditions for citizens?

a) The improvement doesn't have the financial means.

b) The improvement in living conditions for citizens is slow to materialize.

c) Processes are now faced with many difficulties.

5. Are there any essentials in local finances to the implementation of the various local public policies?

a) Local finances, essential to the implementation of the various local public policies, are, in fact, at the heart of the debate on decentralization, local autonomy and applying the principle of subsidiary.

b) Local finances do not result in an implementation in the quality of the various local public policies.

Over yo you

1. Act as an interpreter:

A: Tell me please about process of decentralization?

B: Так, цей процес розпочався на початку 90-х.

A: What does decentralization generally refer to?

B: Децентралізація об’єднує політичні, адміністративні та бюджетно-податкові аспекти.

A. Is decentralization a long-term gradual process?

B: У рамках відповідної правової бази існують різні компоненти, такі як політична децентралізації, адміністративна децентралізація та фіскальна децентралізація.

A: What does fiscal decentralization mean?

B: Фіскальна децентралізація, як правило, відноситься до передачі оподаткування і витрат від контролю центральних державних органів до органів державної влади на суб-національних рівнях.

A: Have local governments a considerable power to mobilize resources?

B: Звичайно, більшість країн на шляху до фіскальної децентралізації проводили правові реформи, включаючи Податковий кодекс, новий закон про бюджет і казначество.

A: Are there successful examples of fiscal decentralization?

B: Здається, немає ніякої узгодженої загальної моделі для реалізації фіскальної децентралізація.

A: Is there lack of willingness of the centre to relinquish power?

B: Так, більшість місцевих органів влади нині мають невелику частину повноважень, за які вони відповідальні.

2. You have an exam. Your question is «FISCAL DECENTRALIZATION».

UNIT 2
LOCAL FINANCE AND DEVELOPMENT

Text B. MUNICIPAL FINANCES

Ex. 1. Study the vocabulary:

1. municipal	1. муніципальний
2. urban	2. міський
3. governance	3. управління
4. sustainability	4. стійкість
5. tightening	5. жорсткість
6. constraints	6. обмеження
7. pressure	7. тиск
8. downturn	8. спад
9. sophisticated	9. складний
10. utilizing	10. використання
11. underscored	11. підкреслений
12. reconfirmed	12. підтверджений
13. shortcomings	13. недоліки
14. hidden	14. прихований
15. stakeholders	15. зацікавлені сторони
16. creditworthiness	16. кредитоспроможність
17. transparency	17. прозорість

Ex. 2. Read and follow the text:

Municipal finances are central to many new urban and local governance projects, as their strategic management plays a critical role in ensuring long-term sustainability of local services and infrastructure. However, the tightening of fiscal constraints and the pressure from the global financial and economic downturn require increasingly sophisticated responses from local governments in mobilizing and utilizing financial resources. A first outline of this training product was piloted in a municipal finances core course for World Bank staff in November 2010 that strongly underscored the demand for and reconfirmed the curriculum.

Presently, municipal budgets, in most cases, cover operating costs and recurrent expenditures, but cannot sufficiently cover capital investments. One key issue faced by local governments is how to

expand their resource base beyond transfers. Shortcomings often remain hidden, appearing in the form of missed opportunities, low financial gains or overspending for services. Stakeholders are keen to integrate new ideas/tools on expenditures management, tax base identification, local tax collection, etc. In addition, local governments have potential access to large sources of external funding, but often do not know how to tap these resources. They are keen to get support on how to program priority investments and prepare projects that can attract funding. For those local governments who are in better shape and can qualify for capital market access, preserving their creditworthiness and sound municipal borrowing practices are key challenges. In all cases, improved governance practices and enhanced accountability mechanisms (e.g., public transparency of budgets, customer service contracts for public utilities, adequate public asset management, clear monitoring of the performance of local governments) have become central to sound city government and municipal management.

This course will enhance knowledge and skills of local governments, particularly of medium and large cities, on municipal finances, including performance measurement, managing revenues and expenditures, local assets and services, and external resource mobilization. The training will focus on the perspective of local governments and will provide tools and how-to instruments to improve the management and transparency of local finances.

Ex. 3. Match the synonyms:

1. municipal	q) autonomous
2. urban	p) oppidan
3. governance	o) stewardship
4. sustainability	n) firmness
5. tightening	m) rigidity
6. constraints	l) limitation
7. pressure	k) press
8. downturn	j) decline
9. sophisticated	i) complex
10. utilizing	h) appliance
11. underscored	g) emphatic
12. reconfirmed	f) approved

13. shortcomings	e) drawback
14. hidden	d) concealed
15. stakeholders	c) concerned
16. creditworthiness	b) solvency
17. transparency	a) clarity

Ex. 4. Find the equivalents:

1. municipal	a) управління
2. urban	b) стійкість
3. governance	c) муніципальний
4. sustainability	d) міський
5. tightening	e) тиск
6.constraints	f) спад
7. pressure	g) жорсткість
8. downturn	h) обмеження
9. sophisticated	i) використання
10. utilizing	j) складний

Ex. 5. Read the text again and choose the best variant:

1. *Municipal finances are central to … .*

a) to sound city government

b) many new urban and local governance projects, as their strategic management plays a critical role in ensuring long-term sustainability of local services and infrastructure

c) make the best transparency

2. *The first outline of this training product was piloted in a municipal finances core … .*

a) to improve the management

b) course for World Bank staff in November 2010 that strongly underscored the demand for and reconfirmed the curriculum.

c) to make the best training

3. *Presently, municipal budgets, in most cases,… .*

a) cover operating costs and recurrent expenditures, but cannot sufficiently cover capital investments

b) of missed opportunities

4. One key issue faced by local governments is… .

a) improved governance practices

b) including performance measurement

c) how to expand their resource base beyond transfers.

5. For those local governments who are in better shape and can qualify for capital market access, … .

a) preserving their creditworthiness and sound municipal borrowing practices are key challenges

b) adequate public asset management

Ex. 6. Read the text again and fill in the gaps:

Municipal finances are central to many new …1 and local 2… projects, as their strategic management plays a critical role in ensuring long-term …3 of local services and infrastructure. However, the tightening of fiscal constraints and the pressure from the global financial and economic downturn require increasingly …4 responses from local governments in mobilizing and utilizing financial resources. A first outline of this training product was piloted in a municipal finances core course for World Bank staff in November 2010 that strongly underscored the demand for and… 5 the curriculum.

Presently, municipal budgets, in most cases, cover operating costs and recurrent expenditures, but cannot …6 cover capital investments. One key issue faced by local governments is how to expand their resource base beyond transfers. Shortcomings often remain…7, appearing in the form of missed opportunities, low financial gains or overspending for services. Stakeholders are keen to integrate new ideas/tools on expenditures management, tax base …8, local tax collection, etc. In addition, local governments have potential access to large sources of external funding, but often do not know how to tap these resources. They are keen to get support on how to program priority investments and prepare projects that can attract funding. For those local governments who are in better shape and can qualify for capital market access, preserving their…9 and sound municipal borrowing practices are key challenges. In all cases, improved governance practices and enhanced …10 mechanisms (e.g., public transparency of budgets, customer service contracts for public utilities, adequate public asset management, clear monitoring of the

performance of local governments) have become central to sound city government and municipal management.

a) reconfirmed	f) sufficiently
b) sophisticated	g) hidden
c) sustainability	h) identification
d) governance	i) creditworthiness
e) urban	j) accountability

Ex. 7. Fill in the blanks below with the most appropriate terms from the list:

a) downturn; b) sophisticated; c) використання; d) підкреслений; e) reconfirmed; f) shortcomings; g) hidden; h) зацікавлені сторони; i) кредитоспроможність; j) прозорість

1.	1. спад
2.	2. складний
3. utilizing	3.
4. underscored	4.
5.	5. підтверджений
6.	6. недоліки
7.	7. прихований
8. stakeholders	8.
9. creditworthiness	9.
10. transparency	10.

Ex. 8. Read the text again and choose the best answer:

1. When was a first outline of this training product piloted?

a) Notably to Latin America and Europe in 2014.

b) A first outline of this training product was piloted in a municipal finances core course for World Bank staff in November 2010.

2. Can municipal budgets cover capital investments?

a) Presently, municipal budgets, in most cases, cover operating costs and recurrent expenditures, but cannot sufficiently cover capital investments.

b) Municipal budgets can sufficiently cover capital investments.

c) It exercises their responsibilities.

3. What should you know about stakeholders?

a) Stakeholders improved governance practices.

b) Stakeholders are keen to integrate new ideas/tools on expenditures management, tax base identification, local tax collection, etc.

4. *What have become central to sound city government and municipal management?*

a) Program priority investments have become central.

b) In all cases, improved governance practices and enhanced accountability mechanisms have become central to sound city government and municipal management.

5. What it will focus on the perspective?

a) The training will focus on the perspective of local governments and will provide tools and how to improve the management and transparency of local finances.

b) It will cover operating costs.

c) Exchanging experiences and knowledge.

Over yo you

1. *Act as an interpreter:*

A: Що означає нині термін «муніципальні фінанси»?

B: As cities grow and decentralization becomes more common, local governments are assuming greater responsibility for providing and financing effective public services.

A: Які провідні держави в цьому фінансовому тренді?

B: In East Asia (excluding Japan) conservative estimates indicate that $1.2 trillion in infrastructure investments related to urbanization will be needed over the next decade.

A: І це дійсно зростаюча платоспроможність міст?

B: However, local fiscal and financial capacity rarely keeps pace with these increasing responsibilities.

A: А на що зважають муніципалітети в цьому питанні?

B: Municipalities often find that they must confront a four part agenda:

– manage available resources more efficiently and more responsively,

– advocate reforms in intergovernmental fiscal relationships so that functional responsibilities are clearly defined and revenue sources are adequate,

– mobilize new resources and increase their capacity to borrow responsibly for investments in local services, and

– seek ways of attracting private participation in the financing and delivery of local public services.

A: Є успішні факти фінансових можливостей?

B: A Municipal Finance Thematic Group, drawing participants from across the Bank, focuses on assisting local governments through consultation and advice, strategic investment programs and capacity building to respond effectively to this agenda.

2. You have an exam. Your question is «MUNICIPAL FINANCES».

UNIT 2
LOCAL FINANCE AND DEVELOPMENT

Text C. LOCAL FINANCE INITIATIVES

Ex. 1. Study the vocabulary:

1. mainstay	1. оплот
2. inclusiveness	2. вміст
3. sustainability	3. стійкість
4. emergence	4. поява
5. re-imagining	5. переосмислення
6. sustainable	6. стійкий
7. inclusive	7. включно
8. equitable	8. справедливий
9. transformative	9. перетворюючий
10. preferably	10. переважно
11. sub-national	11. наднаціональний
12. viability	12. життєздатність
13. pre-feasibility	13. попереднє
14. mitigated	14. пом’якшений
15. enhancement	15. поліпшення
16. non-recourse	16. без регресу
17. unleash	17. розв’язувати

Ex. 2. Read and follow the text:

Public-private partnerships have become a mainstay of growth and development for rich and poor countries alike. With the growing awareness that inclusiveness in public goods and services is a fundamental condition for private economic stability and sustainability, an era of social enterprise and cooperation has taken hold.

The emergence of new partners from rising economies, eager to apply the best practices of development cooperation close to home, has prompted a re-imagining of what can be achieved in developing countries using private resources to finance public projects at local and district levels.

LFI is designed to promote sustainable, inclusive and equitable growth in Least Developed Countries (LDCs) by developing local investment opportunities that can deliver transformative impact for financing by the private sector and preferably domestic capital markets. The design phase of the programme confirmed that domestic capital is not used to support small and medium-scale infrastructure development at the rural and sub-national level. Also it is not available for local economic development actors, whether they are local governments or private businesses.

Selection of projects is based on a) impact to local communities; b) potential for commercial viability; c) priority infrastructure areas e.g. energy, agro-processing, public facilities infrastructure, and other traditional and industrial small and medium size infrastructure.

The risks that are present at all stages of project development (pre-feasibility, financial structuring and closing, construction and operation) require significant capacity and experience of the developer in order to be properly managed and mitigated for investors, lenders, contractors, and other third parties. The LFI technical team provides this capacity through specific support activities (e.g., project structuring, financial evaluation and structuring, investment memorandum preparation and introduction of risk mitigation strategies) that enables projects to reach financial closure. Additional support is provided in the form of grants for technical studies, seed capital, subordinated debt, loan guarantees, credit enhancements and

options that reduce last mile transaction costs. The non-recourse project finance approach, as one example, has been deployed successfully in developed countries to access long-term private finance for infrastructure projects, yet is not widely applied for small and medium infrastructure projects in LDCs. UNCDF's use of this approach is a critical element to leverage limited public funds needed to unleash private capital to scale up local development.

Ex. 3. Match the synonyms:

1. mainstay	a) solve
2. inclusiveness	b) without recourse
3. sustainability	c) improvement
4. emergence	d) softened
5. re-imagining	e) previous
6. sustainable	f) viability
7. inclusive	g) supranational
8. equitable	h) mainly
9. transformative	j) converting
10. preferably	k) fair
11. sub-national	l) including
12. viability	m) resistant
13. pre-feasibility	n) rethink
14. mitigated	o) apearance
15. enhancement	p) stability
16. non-recourse	q) contents
17. unleash	r) bulwark

Ex. 4. Find the equivalents:

1. mainstay	a) переважно
2. inclusiveness	b) вміст
3. sustainability	c) поява
4. emergence	d) стійкість
5. re-imagining	e) включно
6. sustainable	f) переосмислення
7. inclusive	g) справедливий
8. equitable	h) стійкий
9. transformative	i) перетворюючий
10. preferably	j) оплот

Ex. 5. Read the text again and choose the best variant:

1. Public-private partnerships have become … .

a) local investment opportunities;

b) mainstay of growth and development for rich and poor countries alike;

d) always make the best accountants.

2. The design phase of the programme confirmed that … .

a) inclusiveness in public goods;

b) domestic capital is not used to support small and medium-scale infrastructure development at the rural and sub-national level.

3. Also it is not available for local economic development actors, … .

a) whether they are local governments or private businesses;

b) provides this capacity;

c) require significant capacity.

4. Additional support is provided in the form of grants … .

a) for technical studies, seed capital, subordinated debt, loan guarantees, credit enhancements and options that reduce last mile transaction costs;

b) for commercial viability;

c) for private economic stability.

5. UNCDF's use of this approach is a critical element … .

a) to leverage limited public funds needed to unleash private capital to scale up local development;

b) to be properly managed.

Ex. 6. Read the text and fill in the gaps:

Public-private partnerships have become a …1 of growth and development for rich and poor countries alike. With the growing …2 that …3 in public goods and services is a fundamental condition for private economic stability and …4, an era of social enterprise and cooperation has taken hold.

The …5 of new partners from rising economies, eager to apply the best practices of development cooperation close to home, has prompted a …6 of what can be achieved in developing countries using private resources to finance public projects at local and district levels.

LFI is designed to promote …7, inclusive and equitable growth in Least Developed Countries (LDCs) by developing local investment opportunities that can deliver …8 impact for financing by the private sector and preferably domestic capital markets. The design phase of the programme confirmed that domestic capital is not used to support small and …9 infrastructure development at the rural and …10 level. Also it is not available for local economic development actors, whether they are local governments or private businesses.

Selection of projects is based on a) impact to local communities; b) potential for commercial viability; c) priority infrastructure areas e.g. energy, agro-processing, public facilities infrastructure, and other traditional and industrial small and medium size infrastructure.

a) mainstay	f) re-imagining
b) awareness	g) sustainable
c) inclusiveness	h) transformative
d) sustainability	i) medium-scale
e) emergence	j) sub-national

Ex. 7. Fill in the blanks below with the most appropriate terms from the list:

j) equitable; i) transformative; h) переважно; g) наднаціональний; f) життєздатність; e) pre-feasibility; d) mitigated; c) поліпшення; b) non-recourse; a) unleash

1.	1. справедливий
2.	2. перетворюючий
3. preferably	3.
4. sub-national	4.
5. viability	5.
6.	6. попереднє
7.	7. пом’якшений
8. enhancement	8. поліпшення
9. non-recourse	9. без регресу
10. unleash	10. розв’язувати

Ex. 8. Read the text again and choose the best answer:

1. What have become a mainstay of growth and development for rich and poor countries alike?

a) The growing awareness.

b) Public-private partnerships have become a mainstay of growth and development for rich and poor countries alike.

c) The various international forums.

2. Is domestic capital used to support small and medium-scale infrastructure development at the rural and sub-national level?

a) The best practices of development cooperation close to home.

b) The design phase of the programme confirmed that domestic capital is not used to support small and medium-scale infrastructure development at the rural and sub-national level.

3. What risks are present at all stages of project development?

a) At all stages of project development require significant capacity and experience of the developer in order to be properly managed and mitigated for investors, lenders, contractors, and other third parties.

b) Local governments really allowed to adapt national policies.

c) Available for local economic development actors.

4. *In what forms all additional support is provided?*

a) Additional support is provided in the form of grants for technical studies, seed capital, subordinated debt, loan guarantees, credit enhancements and options that reduce last mile transaction costs.

b) It provides this capacity through specific support activities.

5. In what countries the non-recourse project finance approach has been deployed?

a) It can be achieved in developing countries using private resources.

b) The non-recourse project finance approach, as one example, has been deployed successfully in developed countries.

c) It is available for local economic development.

Over yo you

1. *Act as an interpreter:*

A: Незадовільний стан місцевих фінансів у більшості країн означає, що мета сталого розвитку для регіонів не може бути досягнута?

B: Many components of local finance mechanisms do not exist, are incomplete, or have been put into place without taking into account institutional contexts.

A: Деякі держави, схоже, не розуміють, що вони повинні створити сприятливі умови для дій місцевих органів влади.

B: Rather, the trend towards recentralization in some countries seems to have been exacerbated by the impact of the global economic and financial crisis.

A: Які перешкоди заважають фіскальній децентралізації?

B: Central governments can be convinced of the potential for growth and development of well-equipped cities.

A: Як може частина багатств бути мобілізована на потреби інвестування в міських районах?

B: The level of financial autonomy for local governments really allow to adapt national policies to the realities and needs of their regions.

A: Які механізми слід розвивати для того, щоб полегшити запозичення та державно-приватне партнерство?

B: These are all questions that the Committees on Local Finance for Development tries to answer through the various forums.

2. You have an exam. Your question is «LOCAL FINANCE INITIATIVES».

UNIT 3
FINANCIAL STATEMENT ANALYSIS

TEXT A. FINANCIAL STATEMENT ANALYSIS

Ex. 1. Study the vocabulary:

1. income statement	1. звіт про доходи
2. balance sheet	2. баланс
3. statement of cash flows	3. звіт про рух грошових потоків
4. statement of retained earnings	4. звіт про нерозподілений прибуток
5. fundamental analysis	5. фундаментальний аналіз
6. intrinsic value	6. внутрішня вартість
7. security	7. безпека, гарантія
8. industry analysis	8. галузевий аналіз
9. company analysis	9. аналіз компанії
10. stakeholders	10. зацікавлені сторони
11. evaluating risks	11. оцінки ризиків
12. creditors	12. кредитори
13. debt	13. борг
14. reviewing	14. огляд
15. decision-makers	15. особи, які приймають рішення
16. earnings power	16. заробіток

Ex. 2. Read and follow the text:

Financial statement analysis (or financial analysis) is the process of reviewing and analyzing a company's financial statements to make better economic decisions. These statements include the income statement, balance sheet, statement of cash flows, and a statement of retained earnings. Financial statement analysis is a method or process involving specific techniques for evaluating risks, performance, financial health, and future prospects of an organization.

It is used by a variety of stakeholders, such as credit and equity investors, the government, the public, and decision-makers within the organization. These stakeholders have different interests and apply a variety of different techniques to meet their needs. For example, equity investors are interested in the long-term earnings power of the organization and perhaps the sustainability and growth of dividend payments. Creditors want to ensure the interest and principal is paid on the organizations debt securities (e.g., bonds) when due.

Common methods of financial statement analysis include fundamental analysis, DuPont analysis, horizontal and vertical analysis and the use of financial ratios. Historical information combined with a series of assumptions and adjustments to the financial information may be used to project future performance. The Chartered Financial Analyst designation in available for professional financial analysts.

Benjamin Graham and David Dodd first published their influential book «Security Analysis» in 1934. A central premise of their book is that the market's pricing mechanism for financial securities such as stocks and bonds is based upon faulty and irrational analytical processes performed by many market participants. This results in the market price of a security only occasionally coinciding with the intrinsic value around which the price tends to fluctuate. Investor Warren Buffett is a well-known supporter of Graham and Dodd's philosophy.

The Graham and Dodd approach is referred to as Fundamental analysis and includes:

1) Economic analysis;
2) Industry analysis;
3) Company analysis.

The latter is the primary realm of financial statement analysis. On the basis of these three analyses the intrinsic value of the security is determined.

Horizontal analysis compares financial information over time, typically from past quarters or years. Horizontal analysis is performed by comparing financial data from a past statement, such as the income statement. When comparing this past information one will want to look for variations such as higher or lower earnings.

Vertical analysis is a proportional analysis of financial statements. Each line item listed in the financial statement is listed as the percentage of another line item. For example, on an income statement each line item will be listed as a percentage of gross sales. This technique is also referred to as normalization or common-sizing.

Ex. 3. Match the synonyms:

1. income statement	a) income
2. balance sheet	b) decision-creator
3. statement of cash flows	c) revue
4. statement of retained earnings	d) arrears
5. fundamental analysis	e) lenders
6. intrinsic value	f) risk assessment
7. security	g) concerned
8. industry analysis	h) company evaluation
9. company analysis	i) sectoral anal
10. stakeholders	j) safety
11. evaluating risks	k) inside value
12. creditors	l) basic analysis
13. debt	m) report on undistributed profits
14. reviewing	n) reporting cash
15. decision-makers	o) accounting balance
16. earnings	p) report of income

Ex. 4. Find the equivalents:

1. income statement	a) аналіз компанії
2. balance sheet	b) зацікавлені сторони
3. statement of cash flows	c) галузевий аналіз
4. statement of retained earnings	d) звіт про нерозподілений прибуток
5. fundamental analysis	e) безпека
6. intrinsic value	f) внутрішня вартість
7. security	g) фундаментальний аналіз
8. Industry analysis	h) звіт про рух грошових потоків
9. Company analysis	i) звіт про доходи
10. stakeholders	j) баланс

Ex. 5. Read to the text again and choose the best variant:

1. Financial statement analysis is… .

e) the process of reviewing and analyzing a company's financial statements to make better economic decisions.

f) performed by comparing financial data from a past statement.

2. Horizontal analysis A good accountant must be able to put down his thoughts and conclusions…

a) is a proportional analysis of financial statements;

b) is referred to as Fundamental analysis;

c) compares financial information over time, typically from past quarters or years.

3. Benjamin Graham and David Dodd first published their influential book «Security Analysis» in … .

a) 1879;

b) 1934;

c) 1944.

4. Creditors … .

a) want to ensure the interest and principal is paid on the organizations debt securities when due.

b) have different interests and apply a variety of different techniques to meet their needs.

c) include the income statement, balance sheet, statement of cash flows, and a statement of retained earnings.

5. Common methods of financial statement analysis include … .

a) Historical information;

b) fundamental analysis, DuPont analysis, horizontal and vertical analysis and the use of financial ratios;

c) 1) Economic analysis; 2) Industry analysis; and 3) Company analysis.

Ex. 6. Fill in the blanks below with the most appropriate terms from the list:

a) security; b) галузевий аналіз; c) аналіз компанії; d) stakeholders; e) evaluating risks; f) борг; g) кредитори; h) reviewing; i) заробіток; j) які приймають рішення

1.	1. безпека, гарантія
2.Industry analysis	2.
3. company analysis	3.
4.	4. зацікавлені сторони
5.	5. оцінки ризиків
6. creditors	6.
7. debt	7.
8.	8. огляд
9. decision-makers	9.
10. earnings power	10.

Ex. 7. Read the text again and fill in the gaps:

It is used by a variety of stakeholders, such as …1 and equity investors, the government, the public, and decision-makers within the organization. These …2 have different interests and apply a ...3 of different techniques to meet their needs. For example, equity …4 are interested in the long-term earnings power of the organization and perhaps the sustainability and growth of dividend payments …5 want to ensure the interest and principal is paid on the organizations debt securities (e.g., bonds) when due.

...6 methods of financial statement analysis include fundamental analysis, DuPont analysis, .

...7 and …8 analysis and the use of financial ratios. Historical information combined with a …9 of assumptions and adjustments to the financial information may be used to project future …10. The Chartered Financial Analyst designation in available for professional financial analysts.

a) common;	f) credit;
b) horizontal;	g) stakeholders;
c) vertical;	h) variety;
d) series;	i) investors;
e) performance;	j) creditors

Ex. 8. Read the text again and choose the best answer:

1. Is the financial statement analysis the process of reviewing and analyzing a company's financial statements to make better economic decisions?

a) Yes ; b) No.

2. Does these statements include the income statement, balance sheet, statement of cash flows, and a statement of retained earnings?

a) Yes; b) No.

3. Is financial statement analysis used by a variety of stakeholders, such as credit and equity investors, the government, the public, and decision-makers within the organization?

a) Yes; b) No.

4. Does creditors have different interests and apply a variety of different techniques to meet their need?

a) Yes; b) No.

5. Does stakeholders want to ensure the interest and principal is paid on the organizations debt securities when due?

a) Yes; b) No.

Over yo you

1. Act as an interpreter:

A: З чого складається аналіз фінансової звітності?

B: Financial statement analysis consists of 1) reformulating reported financial statements, 2) analysis and adjustments of measurement errors, and 3) financial ratio analysis on the basis of reformulated and adjusted financial statements.

A: На ваш погляд, які перші кроки на практиці?

B: The two first steps are often dropped in practice, meaning that financial ratios are just calculated on the basis of the reported numbers, perhaps with some adjustments.

A: Яка мета аналізу фінансової звітності компанії?

B: Financial statement analysis is the foundation for evaluating and pricing credit risk and for doing fundamental company valuation.

A: На чому ґрунтується фінансова інформація?

B: Financial statement analysis typically starts with reformulating the reported financial information.

A: Ця інформація стосується прибутків і збитків?

B: In relation to the income statement, one common reformulation is to divide reported items into recurring or normal items and non-recurring or special items.

A: Як це пов’язано з нормальними заробітками?

B: The idea is that normal earnings are more permanent and hence more relevant for prediction and valuation.

2. You have an exam. Your question is «FINANCIAL STATEMENT ANALYSIS».

UNIT 3
FINANCIAL STATEMENT ANALYSIS

Text B. FINANCIAL RATIO ANALYSIS

Ex. 1. Study the vocabulary:

1. ratios	1. коефіцієнти
2. analysis	2. аналіз
3. liquidity	3. ліквідність
4. profitability	4. рентабельність
5. activity	5. діяльність
6. leverage	6. важіль
7. competitors	7. конкуренти
8. bankruptcy	8. банкрутство
9. liabilities	9. зобов’язання
10. assets	10. активи
11. receivables	11. дебіторська заборгованість
12. essentially	12. по суті
13. breakeven	13. точка беззбитковості
14. debt-to-equity	14. борг до власного капіталу
15. respectively	15. відповідно
16. equity	16. капітал

Ex. 2. Read and follow the text:

Financial ratios are very powerful tools to perform some quick analysis of financial statements. There are four main categories of ratios: liquidity ratios, profitability ratios, activity ratios and leverage ratios. These are typically analyzed over time and across competitors in an industry.

Liquidity ratios are used to determine how quickly a company can turn its assets into cash if it experiences financial difficulties or bankruptcy. It essentially is a measure of a company’s ability to remain in business. A few common liquidity ratios are the current ratio and the liquidity index. The current ratio is current assets/current liabilities and measures how much liquidity is available to pay for liabilities. The liquidity index shows how quickly a company can turn assets into cash and is calculated by: (Trade receivables x Days to liquidate) + (Inventory x Days to liquidate) / Trade Receivables + Inventory.

Profitability ratios are ratios that demonstrate how profitable a company is. A few popular profitability ratios are the breakeven point and gross profit ratio. The breakeven point calculates how much cash a company must generate to break even with their start up costs. The gross profit ratio is equal to (revenue - the cost of goods sold)/revenue. This ratio shows a quick snapshot of expected revenue.

Activity ratios are meant to show how well management is managing the company's resources. Two common activity ratios are accounts payable turnover and accounts receivable turnover. These ratios demonstrate how long it takes for a company to pay off its accounts payable and how long it takes for a company to receive payments, respectively.

Leverage ratios depict how much a company relies upon its debt to fund operations. A very common leverage ratio used for financial statement analysis is the debt-to-equity ratio. This ratio shows the extent to which management is willing to use debt in order to fund operations. This ratio is calculated as: (Long-term debt + Short-term debt + Leases) / Equity.

Ex. 3. Match the synonyms:

1 ratios	a) neutrality
2 analysis	b) suitably
3 liquidity	c) obligation
4 profitability	d) profitability
5 activity	e) basically
6 leverage	f) score
7 competitors	g) holdings
8 bankruptcy	h) obligation
9 liabilities	i) smash
10 assets	j)rivals
11 receivables	k) prize
12 essentially	l) practice
13 breakeven	m) efficiency
14 debt-to-equity	n) fluidity
15 respectively	o) evaluation
16 equity	p) factors

Ex. 4. Find the equivalents:

1 ratios	a) зобов’язання
2 analysis	b) активи
3 liquidity	c) ліквідність
4 profitability	d) діяльність
5 activity	e) рентабельність
6 leverage	f) банкрутство
7 competitors	g) конкуренти
8 bankruptcy	h) важіль
9 liabilities	i) коефіцієнти
10 assets	j) аналіз

Ex. 5. Read the text again and choose the best variant:

1. Financial ratios are very powerful tools … .

a) to perform some quick analysis of financial statements;

b) to living conditions.

2. There are four main categories of ratios:… .

a) liquidity ratios, profitability ratios, activity ratios and leverage ratios;

b) breakeven point.

3. It essentially is a measure of a… .

a) financial statement analysis;

b) company’s ability to remain in business.

4. Profitability ratios are ratios that …

a) gross profit ratio;

b) demonstrate how profitable a company is.

5. Activity ratios are meant to show how… .

a) well management is managing the company’s resource;.

b) how long it takes for a company.

Ex .6. Read the text again and fill in the gaps:

Financial …1 are very powerful tools to perform some quick analysis of financial statements. There are four main …2 of ratios: …3 ratios, …4 ratios, …5 ratios and …6 ratios. These are typically analyzed over time and across competitors in an industry.

Liquidity ratios are used to determine how quickly a company can turn its …7 into cash if it experiences financial difficulties or

bankruptcy. It essentially is a measure of a company's ability to remain in business. A few common liquidity ratios are the current ratio and the liquidity index. The current ratio is current assets/current liabilities and measures how much liquidity is available to pay for liabilities. The …8 index shows how quickly a company can turn assets into cash and is calculated by: (Trade receivables x Days to liquidate) + (Inventory x Days to liquidate)/Trade Receivables + Inventory.

Profitability ratios are ratios that demonstrate how …9 a company is. A few popular profitability ratios are the breakeven point and gross profit ratio. The …10 point calculates how much cash a company must generate to break even with their start up costs. The gross profit ratio is equal to (revenue - the cost of goods sold)/revenue. This ratio shows a quick snapshot of expected revenue.

a) liquidity	f). breakeven
b). activity	g) profitable
c) ratios	h) liquidity
d). profitability	i) assets
e) categories	j) leverage

Ex. 7. Fill in the blanks below with the most appropriate terms from the list:

a) equity; b) competitors; c) bankruptcy; d) зобов'язання; e) по суті; f) зобов'язання; g) точка беззбитковості; h) respectively; i) дебіторська заборгованість j) respectively; k)assets; l) борг до власного капіталу

1.	1 конкуренти
2.	2. банкрутство
3. liabilities	3.
4.	4. активи
5. receivables	
6.essentially	
7.breakeven	
8. debt-to-equity	
9.	9. відповідно
10.	10. капітал

Ex. 8. Read the text again and choose the best answer:

1. What are very powerful tools to perform some quick analysis of financial statements?

b) Financial ratios are very powerful tools to perform some quick analysis of financial statements.

b) The firm's prospects.

2. What ratios are used to determine how quickly a company can turn its assets into cash?

a) Liquidity ratios are used to determine how quickly a company can turn its assets into cash if it experiences financial difficulties or bankruptcy.

b) The philosophical concepts well.

5. What does the liquidity index show?

a) The picture of the firm's performance.

b) The liquidity index shows how quickly a company can turn assets into cash and is calculated by: (Trade receivables x Days to liquidate) + (Inventory x Days to liquidate)/Trade Receivables + Inventory.

4. What does profitability ratios demonstrate?

a) The improvement of the financial means.

b) Profitability ratios are ratios that demonstrate how profitable a company is.

c) Processes which faced with many difficulties.

5. What do you know about the breakeven point?

a) The breakeven point calculates how much cash a company must generate to break even with their start up costs.

b) It essentially is a measure of a company's ability to remain in business.

Over yo you

1. *Act as an interpreter:*

A: У чому полягає порівняння фінансових показників?

B: Comparing financial ratios are merely one way of conducting financial analysis.

A: З чим стикаються фінансові коефіцієнти?

B: Financial ratios face several theoretical challenges: they say little about the firm's prospects in an absolute sense.

A: А що це означає на практиці?

B: Their insights about relative performance require reference point from other time periods or similar firms. One ratio holds little meaning.

A: Як можна визначити співвідношення?

B: As indicators, ratios can be logically interprete in at least two ways.

A: А як впливають сезонні чинники на ці показники?

B: Seasonal factors may prevent year end values from being representative.

A: Тобто значення співвідношення можуть бути не чіткі?

B: A ratio's values may be distorted as account balances change from the beginning to the end of a accounting period. Use average values for such accounts whenever possible.

A: Ви наголошуєте на облікових підходах?

B: Changes in accounting policies or choices can yield drastically different ratio values.

A: Які фактори впливу ви маєте на увазі?

B: They fail to account for exogenous factors like investor behavior that is not based upon economic fundamentals of the firm or the general economy.

2. You have an exam. Your question is «FINANCIAL RATIO ANALYSIS».

UNIT 3
FINANCIAL STATEMENT ANALYSIS

Text C. THE BASICS OF A FINANCIAL ANALYSIS REPORT

Ex. 1. Study the vocabulary:

1. investor	1. інвестор
2. cash	2. готівка
3. conversion cycle	3. цикл перетворення
4. return on equity	4. дохід на акціонерний капітал
5. metrics	5. метрика

6. to synthesize	6. синтезувати
7. forecast	7. прогноз, передбачення
8. cash flows	8. грошові потоки
9. financial analysis	9. фінансовий аналіз
10. arguably	10. спірно
11. discounted	11. зі знижкою
12. motivation	12. мотивація, стимул
13. acquisition	13. придбання
14. especially insightful	14. особливо проникливий
15. financial stocks	15. фінансові запаси
16. comparison analysis	16. порівняльний аналіз
17. to estimate	17. оцінити

Ex. 2. Read and follow the text:

The process of putting an analysis down in writing can be instrumental in making sure as many stones as possible have been turned over when researching a company. Famed investor Peter Lynch is credited with using the above phrase and is quoted as saying that «the person that turns over the most rocks wins the game. And that's always been my philosophy». Below is an overview of the major sections to consider when writing a financial analysis report on a company.

A report should start with a description of the company in order to help investors understand the business, its industry, its motivation and any edge it might have over its competitors. These factors can prove invaluable in helping to explain why a company might be a profitable investment or not. A firm's annual report, 10-K filing or quarterly 10-Q with the Securities & Exchange Commission provide ideal starting points; it is surprising how rare it is for industry experts to refer to original company filings for important details. More valuable detail can be obtained from industry trade journals, reports from key rivals and other analyst reports.

To also capture key fundamentals to describe a company, look to Michael Porter; The Porter's Five Forces model helps explain a company's place within its industry. Specifically, the factors include the threat for new entrants to enter the market, the threat for substitute products or services, the extent to which suppliers are able to influence the company and the intensity of rivalry among existing

competitors. The motivation for a bullish or bearish stance on a company is uncovered in this section. It can come at the top of a report and include parts of a company overview, but regardless of its position in an analysis should cover the key investment positives and negatives.

A fundamental analysis, which can also be its own section, can be included here and contain research on the firm's financial statements, such as sales and profit growth trends, cash flow generation strength, debt levels and overall liquidity, and how this compares to the competition. No detail is too small in this section; it can also cover efficiency ratios like the primary components in the cash conversion cycle, turnover ratios and a detailed breakdown of return on equity components, such as the DuPont identity, which will break ROE into three to five different metrics.

The most important component of analyzing past trends is to synthesize it into a forecast of the company's performance. No analyst has a crystal ball, but the best ones are able to accurately extrapolate past trends into the future, or decide which factors are the most important in defining success for a company going forward.

The most important part of any financial analysis is to come to an independent value for the stock and compare this to the market price. There are three primary valuation techniques: The first, and arguably most fundamental, technique is to estimate a company's future cash flows and discount them back to the future at an estimated discount rate. This is generally referred to as a discounted cash flow analysis. The second is called relative value where the fundamental metrics and valuation ratios (price to sales, price to earnings, P/E to growth, etc.) are compared to competitors. Another comparison analysis is to look at what other rivals have been bought out for or the price paid for an acquisition. The third and last technique is to look at book value and try to estimate what a company might be worth if broken up or liquidated. A book value analysis is especially insightful for financial stocks, for instance.

Ex. 3. Match the synonyms:

1. investor	a) to assess
2. cash	b) solvable
3. conversion cycle	c) transformation cycle
4. return on equity	d) particularly insightful
5. metrics	e) incentive
6. to synthesize	f) prediction
7. forecast	g) syncretize
8. cash flows	h)financial accounting
9. financial analysis	i) money flows
10. arguably	j) degrade
11. discounted	k) debatable
12. motivation	l) parish register
13. acquisition	m) purchase
14. especially insightful	n) capital profitability
15. financial stocks	o) ready
16. comparison analysis	p) benchmarking
17. to estimate	q) contributor

Ex. 4. Find the equivalents:

1. investor	a) спірно
2. cash	b) метрика
3. conversion cycle	c) готівка
4. return on equity	d) рентабельність власного капіталу
5. metrics	e) прогноз
6. to synthesize	f) цикл перетворення
7. forecast	g) синтезувати
8. cash flows	h) фінансовий аналіз
9. financial analysis	i) грошові потоки
10. arguably	j) інвестор

Ex. 5. Read the text again and choose the best variant:

1. *The process of putting an analysis down in writing … .*

a) can be instrumental in making sure as many stones as possible have been turned over when researching a company;

b) it is for industry experts.

2. *These factors can prove invaluable in helping… .*

a) the price paid for an acquisition;

b) to explain why a company might be a profitable investment or not.

3. *More valuable detail can be obtained … .*

a) from industry trade journals, reports from key rivals and other analyst reports;

b) last technique.

4. The Porter's Five Forces model helps… .

c) explain a company's place within its industry;

d) the fundamental metrics and valuation ratios.

5. *The most important component of analyzing past trends … .*

a) is to synthesize it into a forecast of the company's performance;

b) is called relative value.

Ex. 6. Read the text again and fill in the gaps:

The process of putting an analysis down in writing can be …1 in making sure as many stones as possible have been turned over when …2 a company. Famed investor Peter Lynch is credited with using the above phrase and is …3 as saying that «the person that turns over the most rocks wins the game. And that's always been my philosophy.» Below is an …4 of the major sections to consider when writing a financial analysis report on a company.

A report should start with a …5 of the company in order to help investors understand the business, its industry, its motivation and any …6 it might have over its competitors. These factors can prove invaluable in helping to explain why a company might be a …7 investment or not. A firm's annual report, 10-K filing or quarterly 10-Q with the Securities & Exchange Commission …8 ideal starting points; it is surprising how rare it is for industry experts to refer to original company filings for important details. More valuable detail can be obtained from industry trade journals, reports from key rivals and other analyst reports.

To also capture key …9 to describe a company, look to Michael Porter; The Porter's Five Forces model helps explain a company's place within its industry. Specifically, the factors include the threat for new entrants to enter the market, the threat for substitute products or services, the extent to which suppliers are able to influence the company and the intensity of rivalry among existing competitors.

The motivation for a …10 or bearish stance on a company is uncovered in this section. It can come at the top of a report and include parts of a company overview, but regardless of its position in an analysis should cover the key investment positives and negatives.

a) fundamentals	f) overview
b) researching	g) bullish
c) instrumental	h) description
d) edge	i) quoted
e) provide	j) profitable

Ex. 7. Fill in the blanks below with the most appropriate terms from the list:

a) оцінити; b) придбання; c) стимул; d) зі знижкою; e) arguably; f) financial analysis; g) фінансові запаси; h) especially insightful; i) cash flows; j) порівняльний аналіз

1.	1. грошові потоки
2.	2. фінансовий аналіз
3.	3. спірно
4. discounted	4.
5. motivation	5.
6. acquisition	6.
7.	7. особливо проникливий
8. financial stocks	8.
9. comparison analysis	9.
10. to estimate	10.

Ex. 8. Read the text again and choose the best answer:

1. What is specific of putting an analysis down in?

a) The process of putting an analysis down in writing can be instrumental in making sure as many stones as possible have been turned over when researching a company.

b) The firm’s prospects.

2. Should a report start with a description of the company or their business ?

a) A report should start with a description of the company in order to help investors understand the business, its industry, its motivation and any edge it might have over its competitors.

b) With a profit ratio.

3. What valuable details can be obtained from industry trade journals?

a) is very useful to depict the profit and loss.

b) More valuable detail can be obtained from industry trade journals, reports from key rivals and other analyst reports.

4.What is uncovered in this section?

a) Other's business performance.

b) The motivation for a bullish or bearish stance on a company is uncovered in this section.

5. What is the most important component of analyzing past trends?

a) Their business strategy.

b) The most important component of analyzing past trends is to synthesize it into a forecast of the company's performance.

Over yo you

1. Act as an interpreter:

A: З чим мають справу фінансові звіти?

B: Financial reports deal with umpteen numerical values due to which it's a bit tough to interpret this.

A: Як можна полегшити цю процедуру?

B: But by calculating ratios the interpretation can be made easier.

A: На ваш погляд, у чому полягає корисність співвідношення?

B: The usefulness of taking the ratio is to compare not only the past performances with the current one but also with other's business performance whatever may the figure be.

A: Ви думаєте, це має показати фінансовий стан компанії?

B: Howbeit, ratios will not be able to give exact answer but they are a useful indicator to show the company's financial condition.

A: На що вказує коефіцієнт валового прибутку?

B: The gross margin ratio is very useful to depict the profit and loss of the company.

A: А що показує чистий дохід?

B: Another useful ratio is the profit ratio which shows the net income.

A: Ви вважаєте, що ця інформація є секретною для компанії?

B: This information is highly confidential to the company and is not allowed to leak outside because it can help the competitor to change their business strategy.

A: Які строки виконання фінансового звіту?

B: Financial report is usually been made after a quarter or the completion of one year.

2. You have an exam. Your question is «THE BASICS OF A FINANCIAL ANALYSIS REPORT».

UNIT 4
BUDGET SYSTEM

Text A. FUNCTIONS OF BUDGET SYSTEM

Ex. 1. Study the vocabulary:

1. Revenue	1. дохід
2. public finance	2. державні фінанси
3. totality	3. загальна сума; уся кількість
4. expenditure	4. витрати
5. State Fund for Social Protection	5. Державний фонд соціального захисту
6. Totality	6. сукупність
7. implementation	7. виконання, реалізація
8. to raise money	8. збирати кошти
9. extra-budgetary funds	9. позабюджетні кошти
10. allocation	10. розподіл, розміщення
11. state arrangement	11. державне упорядкування
12. Scope	12. сфера, область
13. Federal employment	13. державний апарат
14. to carry out	14. доводити до кінця, виконувати
15. worldwide significance	15. світове значення

Ex. 2. Read and follow the text:

The budget system is an integral part of the system of public finance of the government, and consists of the national public budget, which includes:

a) the State budget, that includes the totality of state revenues and expenditures, necessary for the implementation of the Government's strategies and objectives.

b) local budgets, that represent the budgets of territorial-administrative units; regions, cities (municipals), communes (villages), other administrative units, instituted in accordance with the legislation;

c) the budget of the State Fund for Social Protection; and

d) extra-budgetary funds.

The budget system provides the means by which the Government decides how much money to spend and what to spend it on, and how to raise the money it has decided to spend. Once these decisions are made, the budget system ensures they are carried out. The Government uses the budget system to determine the allocation of resources among its major functions - such as ensuring the national defense, promoting commerce, and providing health care - as well as to determine the objectives and scope of individual programs, projects, and activities. While the focus of the budget system is on dollars, other resources, such as Federal employment, are also controlled through the budget system. The nature of the budget system is determined by the socioeconomic and political system of the country, whereas its organizational structure depends on the form of the administrative and state arrangement. The decisions made in the budget process affect the nation as whole, state and local governments, and every citizen. In fact, many budget decisions have worldwide significance.

Ex. 3. Read the text again and choose the best answer:

1. The budget system comprises:

a) national state budget;

b) state and public budgets;

c) national public budget.

2. Local budgets represent the budgets of:

a) only cities and communes;

b) territorial and administrative units;

c) extra-budgetary funds.

3. The budget system provides the means by which the Government decides:

a) how much money to spend and what to spend it on;

b) how to raise the money it has decided to spend;

c) both.

4. The Government uses the budget system to determine:

a) the objectives of international trade;

b) the objectives of individual programs, projects, etc.;

c) none.

5. The organizational structure of the budget system is determined by:

a) the form of the administrative arrangement ;

b) the form of the state arrangement;

c) the form of the administrative and state arrangement.

Ex. 4. Read the first part of the text again and fill in the gaps. Then read and translate:

The budget system provides the (1) ... by which the Government decides how much money to spend and what to spend it on, and how to raise the money it has decided to spend. Once these decisions are made, the budget system ensures they are (2) ... . The Government uses the budget system to determine the (3) ... among its major functions - such as ensuring the (4) ... , promoting commerce, and providing health care - as well as to (5) ... the objectives and scope of individual programs, projects, and activities. While the focus of the budget system is on dollars, other resources, such as Federal (6) ... , are also controlled through the budget system. The nature of the budget system is (7) ... by the socioeconomic and political system of the country, whereas its organizational structure depends on the form of the administrative and (8) ... . The decisions made in the budget process (9) ... the nation as whole, state and local governments, and every citizen. In fact, many budget decisions have worldwide (10) ... .

Ex. 5. Replace the word with its appropriate synonym from the text. Then read and check.

overnment, and (2) ... (comprises) of the national public budget, which includes:

a) the State budget, that includes the (3) ... (aggregate amount) of state (4) ... (profits) and (5) ... (expenses), necessary for the (6) ... (carrying out) of the Government's strategies and (7) ... (goals).

b) local budgets, that represent the budgets of territorial-administrative units; reThe budget system is an (1) ... (entire) part of the system of public finance of the ggions, cities (municipals), communes (villages), other administrative units, instituted in accordance with the (8) ... (law);

c) the budget of the State Fund for Social (9) ... (Security); and

d) extra-budgetary (10) ... (money).

Ex. 6. Read the whole text again and choose the best answer:

1. What do you mean by «Budget System»?

a) it is an integral part of the system of public finance of the government;

b) it is an important part of public finance of local government;

c) it is public finance of the government.

2. What does the budget system consist of?

a) only state budget and private budgets;

b) state revenues and expenditures;

c) none.

3. What does the State budget include?

a) the totality of state revenues and expenditures;

b) implementation of strategies and objectives;

c) none.

4. Why does the Government use the budget system?

a) to determine the allocation of resources among others;

b) to ensure the national defense, to promote commerce, and to provide health care;

c) both.

5. The decisions made in the budget process affect only state and local governments, don't they?

a) yes, they do;
b) no, they do not.

Ex. 7. Match the first part of the sentence from column A with its second part from column B:

1. The budget system is	e) includes the totality of state revenues and expenditures
2. The nature of the budget system is	b) the budget system ensures they are carried out
3. Once these decisions are made,	a) the budget system to determine the allocation of resources
4. The State budget	c) an integral part of the system of public finance of the government
5. The Government uses	d) determined by the socioeconomic and political system

Ex. 8. Make up the sentences:

1. the \ Once \ out \ budget \ system \ are \ carried \ these \ decisions \ ensures \ they \ are \ made,
2. of \ The nature \ the budget system \ by \ political \ system \ of \ the country \ the \ socioeconomic \ is \ determined \ and.
3. of \ the \ form \ on \ depends \ Organizational \ structure \ state \ arrangement \ and \ the \ administrative.
4. in \ the \ budget \ process \ the \ nation \ The \ decisions \ affect \ made \ governments, \ and \ as whole, \ every citizen \ state \ and \ local.
5. have \ significance \ In \ budget \ worldwide \ fact, \ decisions \ many.

Over to you

1. Discuss the main types and functions of budget system.

2. Work in groups of three. Take turns to tell the group about each type and function on your list. Ask one or two questions about each type and function your partners tell you about.

3. Tell the class about one type (function) that you consider the most important in budget system.

UNIT 4
BUDGET SYSTEM

Text B. FUNCTIONS OF BUDGET SYSTEM

Ex. 1 .Study the vocabulary:

1. framework	1. основа
2. stakeholder	2. акціонер
3. extended	3. продовжений
4. affordable	4. доступний
5. expansionary fiscal policy	5. політика розширення бюджетних витрат
6. gradual improvement	6. поступове покращення
7. living standards	7. рівень життя
8. budget officer	8. спеціаліст із питань бюджету; відповідальна особа за складання бюджету
9. budget document	9. бюджетний документ
10. financial report	10. фінансовий звіт
11. debt service commitments	11. погашення боргових зобов'язань
12. cash flow	12. грошовий потік
13. collective bargaining agreement	13. колективний договір
14. pending legislation	14. закони, що знаходяться на розгляді; законопроект
15. furthermore	15. крім того; більше того
16. interest rate	16. відсоткова ставка
17. balanced solutions	17. збалансовані рішення
18. budget challenges	18. бюджетні проблеми
19. cuts	19. скорочення

Ex. 2. Read and follow the text:

The state budget provides projections of government revenue and expenditure for the following year and outlines services to be delivered. The state budget provides a framework and funding for public systems and services. Indeed, the process of developing a comprehensive state budget involves the participation of numerous parties and stakeholders over an extended time period. Moreover, state budget choices affect all spheres of life – from the quality of schools and highways, to the cost of a college education, to working families' access to affordable child care and health care. The state budget

provides an expansionary fiscal policy aimed at continuation of the gradual improvement of living standards.

Actually, a local government budget is a financial plan that details the government's projected revenues and expenditures for a defined period of time. Every local government has a budget officer who, working with other local officials, develops the final budget document. In doing this, the budget officer will use information from the current and previous years, financial reports, as well as information on current revenues and expenditures, debt service commitments, cash flow, collective bargaining agreements, capital plans, and new or pending legislation. Furthermore, the budget officers will also use their knowledge of economic conditions, interest rates, and input from taxpayers and other interested groups.

Finally, state and local governments of Ukraine must find balanced solutions to budget challenges, recognizing that state employees and services have already taken big cuts and further reductions will cause the most harm – both to state residents and to the state's economic recovery.

Ex. 3. Read the text again and choose the best answer:

1. The state budget provides:

a) a framework and funding for public systems and services;

b) projections of government revenue and expenditure for the following year;

c) both.

2. An expansionary fiscal policy aimed at:

a) continuation of the gradual improvement;

b) continuation of the gradual improvement of living standards;

c) living standards of all countries.

3. A local government budget is:

a) a financial plan that details the government's projected revenues and expenditures for two years or more;

b) a financial plan that details the government's projected revenues and expenditures for a defined period of time.

4. A budget officer:

a) affects all spheres of life;

b) finds balanced solutions to budget challenges;
c) develops the final budget document.
5. Further reductions will cause:
a) debt service commitments;
b) cash flow;
c) harm to the state's economic recovery.

Ex. 4. Read the first part of the text again and fill in the gaps. Then read and translate:

The state (1) ... provides projections of government (2) ... and (3) ... for the following year and outlines services to be delivered. The state budget provides a framework and funding for public systems and services. (4) ..., the process of developing a comprehensive state budget involves the participation of numerous parties and (5) ... over an (6) ... time period. (7) ..., state budget choices affect all spheres of life – from the quality of schools and highways, to the cost of a college education, to working families' access to (8) ... child care and health care. The state budget provides an (9) ... fiscal policy aimed at continuation of the (10) ... improvement of living standards.

Ex. 5. Fill in the blanks with prepositions if necessary:

1. The state budget provides projections of government revenue and expenditure (1) ... the following year and outlines services to be delivered. 2. Indeed, the process (2) ... developing a comprehensive state budget involves the participation of numerous parties and stakeholders (3) ... an extended time period. 3. The state budget provides an expansionary fiscal policy aimed (4) ... continuation (5) ... the gradual improvement (6) ... living standards. 4. Actually, a local government budget is a financial plan that details the government's projected revenues and expenditures (7) ... a defined period of time. 5. Every local government has a budget officer who, working (8) ... other local officials, develops the final budget document. In doing this, the budget officer will use information from the current and previous years, financial reports, (9) ... well as information (10) ... current revenues and expenditures.

Ex. 6. Read the whole text again and decide if the following statements are true or false:

1. The process of developing a comprehensive state budget involves the participation of numerous parties and stakeholders over a short period of time:

a) true

b) false

2. The state budget conducts an expansionary fiscal policy the aim of which is to provide continuation of the gradual improvement of living standards:

a) true

b) false

3. When developing the final budget document, a budget officer will use information of economic conditions, interest rates, and input from taxpayers and other interested groups:

a) true

b) false

4. State and local governments of Ukraine must find solutions to legislative challenges:

a) true

b) false

5. It is also important for a budget officer to know information on current revenues and expenditures, cash flow, collective bargaining agreements, etc.

a) true

b) false

Ex. 7. Match the term from column A with its definition from column B:

1. cash flow	d) the income accruing from taxation to a government during a specified period of time, usually a year
2. stakeholders	j) a government policy for dealing with the budget (especially with taxation and borrowing)
3. framework	b) not yet decided, confirmed, or finished
4. pending	e) a structure or frame supporting or containing something
5. revenue	h) a person or organization that pays taxes or is liable to taxation

6. interest rate	i) the rate of interest payable on borrowed money
7. affordable	g) a document summarizing the financial condition or financial results of a person or an organization on any date or for any period.
8. fiscal policy	c) reasonably priced
9. financial report	f) a person or group owning a significant percentage of a company's shares
10. taxpayer	a) the movement of money into and out of a business

Over to you

1. Discuss two true and two false sentences about state and local governments of Ukraine.

2. Work in groups of three. Decide whether the sentences are true or false.

3. Tell the class two true sentences you found out.

UNIT 4
BUDGETARY SYSTEM

Text C. TYPES OF BUDGET CLASSIFICATION

Ex. 1. Study the vocabulary:

1. functional classification	1. функціональна класифікація
2. economic classification	2. економічна класифікація
3. cross-classification	3. перехресна класифікація
4. myriad	4. незліченна кількість
5. homogeneous	5. однорідний
6. inflow	6. вливання
7. domestic government	7. національний уряд
8. to permit	8. дозволяти
9. outlay	9. видатки
10. to reveal	10. виявляти
11. fine	11. штраф

Ex. 2. Read and follow the text:

A system of budget classification enables the myriad government operations and transactions to be organized into relatively homogeneous categories that facilitate the analysis of the impact, nature, and composition of revenues, expenditures, and other financing activities of government.

On the revenue, taxes are classified by the type of activity on which the tax is levied (income, sales, property and so on). Other current non-tax revenues are classified by the nature of the inflow, such as income from government property, sales proceeds, fines, and donations. Capital revenues are classified by the type of asset sold.

Grants are distinguished by whether they come from domestic or foreign governments and international institutions and whether they are for current or capital purposes.

On the expenditure, outlays are frequently classified by the responsible institution or organization. The two most useful types of classifications of government expenditures are the functional classification and the economic classification.

In functional classification, expenditures (and lending) are classified according to the main purpose or function, such as defense, education, and health. The three-level Classification of the Functions of Government published by the Statistical Office of the United Nations is commonly accepted. The value of functional classifications is that they permit analysis of trends in government expenditures even when the organizational structure of government changes.

The economic classification groups expenditures into current and capital and by whether they are required or unrequited; if required, for what kind of goods and services, and if unrequited, by the type of person or institution receiving the payment. The objective is to show the kinds of transactions through which the government performs its functions and their impact on markets, financial conditions, and the distribution of income. These transaction categories are wages and salaries, purchases of goods and services, interest on the debt, subsidies to enterprises, transfers to households and other governments, and lending.

One of the most useful ways to analyze government outlays is by means of the cross-classification by economic character and function. This classification reveals the means by which government performs its functions and the impact these activities will have on the rest of the economy.

Ex. 3. Find the equivalents:

1. economic classification	a) національний уряд
2. cross-classification	b) штраф
3. myriad	c) вливання
4. homogeneous	d) видатки
5. inflow	e) незліченна кількість
6. domestic government	f) економічна класифікація
7. to permit	g) виявляти
8. outlay	h) однорідний
9. to reveal	i) дозволяти
10. fine	j) перехресна класифікація

Ex. 4. Match the terms with their definitions:

1. budget	a) a compulsory contribution to state revenue, levied by the government on workers' income and business profits or added to the cost of some goods, services, and transactions
2. outlay	b) a large amount of money, people, or water, that moves or is transferred into a place
3. myriad	c) income, especially when of a company or organization and of a substantial nature
4. inflow	d) an amount of money spent on something
5. homogeneous	e) something, typically money, that is owed or due
6. expenditure	f) an instance of buying or selling something; a business deal
7. transaction	g) the action of spending funds
8. tax	h) an estimate of income and expenditure for a set period of time
9. revenue	i) countless or extremely great in number
10. debt	j) of the same kind; alike

Ex. 5. Match the equivalents:

1. functional classification	a) видатки
2. economic classification	b) виявляти
3. cross-classification	c) національний уряд
4. myriad	d) вливання
5. homogeneous	e) дозволяти

6. inflow	f) незліченна кількість
7. domestic government	g) перехресна класифікація
8. to permit	h) однорідний
9. outlay	i) функціональна класифікація
10. to reveal	j) економічна класифікація

Ex. 6. Fill in the gaps. Then read and translate:

A system of budget classification …1… the myriad government operations and transactions to be organized into relatively …2… categories that …3… the analysis of the impact, nature, and …4… of revenues, expenditures, and other financing activities of government.

On the revenue, taxes are classified by the type of activity on which the tax is levied (income, sales, …5… and so on). Other current non-tax revenues are classified by the nature of the …6…, such as income from government property, sales proceeds, …7…, and donations. Capital revenues are classified by the type of …8… sold.

…9… are distinguished by whether they come from domestic or foreign governments and international institutions and whether they are for …10… or capital purposes.

Ex. 7. Read the part of the text again and replace the Ukrainian words and phrases by suitable English equivalents in the correct form:

On the expenditure, (видатки) …1… are frequently classified by the responsible institution or organization. The two most useful types of classifications of government expenditures are the (функціональна класифікація) …2… and the (економічна класифікація) …3… .

In functional classification, expenditures (and lending) are classified according to the main purpose or function, such as (оборона) …4… , education, and health. The three-level Classification of the Functions of Government published by the Statistical Office of the United Nations is commonly accepted. The value of functional classifications is that they (дозволяють) …5… analysis of trends in government expenditures even when the organizational structure of government changes.

The economic classification groups expenditures into …6… (поточні) and (капітальні) …7… and by whether they are required or unrequited; if required, for what kind of goods and services, and if unrequited, by the type of person or institution receiving the (платіж) …8… . The objective is to show the kinds of (операції) …9… through which the government performs its functions and their impact on markets, financial conditions, and the (розподіл) …10… of income. These transaction categories are wages and salaries, purchases of goods and services, interest on the debt, subsidies to enterprises, transfers to households and other governments, and lending.

Ex. 8. Put the jumbled words into a correct order:

1. of \ the \ most \ ways \ to analyze \ outlays \ is \ by \ means \ of \ the \ cross-classification \ useful \ by \ One \ economic \ character \ government \ and \ function.
2. taxes \ are \ On the revenue, \ classified \ activity \ by \ the type \ of \ on \ the tax \ which \ is \ levied.
3. are \ distinguished \ Grants \ by \ whether \ come \ from \ domestic \ or \ foreign \ current \ governments \ institutions \ and \ international \ whether \ they \ and \ they \ are \ for \ or \ capital \ purposes.
4. classification \ groups \ The economic \ into \ expenditures \ capital \ current \ and.
5. expenditures \ In \ functional \ are \ classification, \ according \ to \ classified \ the \ main \ or \ purpose \ function.

Ex. 9. Read the text again and choose the best answer:

1. …, taxes are classified by the type of activity on which the tax is levied.

a) On the expenditure
b) On the revenue
c) On the income

2. Other current non-tax revenues are classified by … , such as income from government property, sales proceeds, fines, and donations.

a) the nature of the inflow

b) the nature of the outflow

c) the nature of the expenditure

3. Grants are distinguished by whether they come from … and whether they are for current or capital purposes.

a) domestic or foreign governments and international universities

b) domestic or foreign governments and international institutions

c) domestic or foreign countries and international universities

4. **…** *, outlays are frequently classified by the responsible institution or organization.*

a) On the revenue,

b) On the income,

c) On the expenditure,

5. The three-level Classification of the Functions of Government published by the Statistical Office of the United Nations is commonly accepted in … .

a) functional classification

b) economic classification

c) cross-classification

6. The … groups expenditures into current and capital and by whether they are required or unrequited.

a) functional classification

b) economic classification

c) cross-classification

7. The objective of … is to show the kinds of transactions through which the government performs its functions and their impact on markets, financial conditions, and the distribution of income.

a) functional classification

b) economic classification

c) cross-classification

8. *These transaction categories of … are wages and salaries, purchases of goods and services, interest on the debt, subsidies to enterprises, transfers to households and other governments, and* lending.

a) functional classification

b) economic classification
c) cross-classification

9. One of the most useful ways to analyze government outlays is by means of the … by economic character and function.

a) functional classification
b) economic classification
c) cross-classification

10. … reveals the means by which government performs its functions and the impact these activities will have on the rest of the economy.

a) functional classification
b) economic classification
c) cross-classification

Over to you

1. *Read the text and single out the main facts. Present them in a short form.*

2. *Read and act the dialogue***.**

EFFECTIVE FISCAL POLICY

Ukrainian: What's the essence of effective fiscal policy?

Foreigner: You are raising a difficult question. In general, fiscal policy is the policy adopted by a government for raising revenue to meet expenditure.

U.: Yes, it's common knowledge that fiscal policy is a powerful tool in the hands of governments, it is a major factor determining macroeconomic performance. Substantial evidence existsts, however, that some countries use this tool badly. As a result they have problems of internal and external balance, low growth rates and huge deficits.

F.: You are right, they do. But quite a number of governments seeking to overcome fiscal problems, work to design adequate fiscal policies. They give increasing attention to expenditure priorities and the structure of taxation.

U.: They introduce new taxes, don't they?

F.: Well, such measures are most unpopular. Governments give emphasis to raising tax elasticity, which enhances the ability of the tax system to generate increases in revenue without resort to new tax

measures or rate increases. Countries try to broaden the tax base, reduce tax exemptions, and achieve a simplified and more easily administered tax system.

U.: More often than not, however, the budget deficit remains a problem for many countries. How do countries most often reduce the burden of budget deficit?

F.: It all depends on the country's economic and financial position. In principle, the ways are only too well-known: borrowing from domestic bank and non-bank sources and borrowing from «the rest of the world», as economists say. Fiscal deficits can be rather easily reduced by countries having well-developed capital markets.

U.: True, but my feeling is that under fiscal crises, governments, first of all, cut spendings.

F.: Well, yes, some do. But governments seeking to pursue effective fiscal policy do their best to maintain the public deficit at a level consistent with other macroeconomic objectives like controlling inflation, promoting private investment and maintaining external creditworthiness. They work for most effective utilization of scarce government sector resources, for the allocation of resources to achieve growth and equity objectives.

U.: I see. Thus, tax and expenditure policy issues are central to an effective fiscal policy.

F.: Exactly. As far as I know, in Russia most of the revenue comes from four taxes. I mean the profit tax, the value-added tax (VAT), the personal income tax, and excise taxes.

U.: Yes, you are right. These taxes account for the bulk of the revenue. But in general, the system is still complicated, more than 150 taxes are collected in Russia: federal, regional and local.

F.: What about non-tax revenue, where does it come from in Russia?

U.: Mainly from privatization and sale of government securities. In spite of the efforts to improve the budget system, we still have a lot of confusion and intermingling of functions in our fiscal sphere.

F.: Streamlining of intergovernmental fiscal relations is a serious task for many governments.

3. *Sum up the content of the main dialogue. Use the following phrases:*

The dialogue is about…;

According to the dialogue…;

The experts make it clear that…(stress the point that…; draw the attention of ... to the fact that…; suggest, remind, promise);

UNIT 5
FINANCIAL MARKET

Text A. BASIS OF FINANCIAL MARKET

Ex. 1. Study the vocabulary:

1. entity	1. суб'єкт; юридична особа
2. financial securities	2. фінансові цінні папери
3. commodity	3. товар
4. fungible assets	4. взаємозамінні активи
5. counterpart	5. колега; партнер (на переговорах, за угодою)
6. borrower	6. позичальник
7. lender	7. кредитор
8. municipality	8. муніципалітет
9. short term or long term mortgage loans	9. короткострокові або довгострокові іпотечні кредити
10. expansion	10. розширення
11. revenue	11. дохід
12. spending	12. витрати
13. premium	13. премія; (ви)нагорода
14. government bonds	14. державні облігації
15. mutual funds	15. пайові інвестиційні фонди

Ex. 2. Read and follow the text:

A financial market is a market in which people and entities can trade financial securities, commodities and other fungible assets at prices that are determined by pure supply and demand principles. Markets work by placing the two counterparts, buyers and sellers, at one place so they can find each other easily, thus facilitating the deal between them.

Basis of financial markets are the borrowers and lenders. Borrowers of the financial market can be individual persons, private

companies, public corporations, government and other local authorities like municipalities. Individual persons generally take short term or long term mortgage loans from banks to buy any property. Private Companies take short term or long term loans for expansion of business or for improvement of the business infrastructure. Public Corporations like railway companies and postal services also borrow from financial market to collect required money. Government also borrows from financial market to bridge the gap between government revenue and government spending. Local authorities like municipalities sometimes borrow in their own name and sometimes government borrows in behalf of them from the financial market.

Lenders in the financial market are actually the investors. Their invested money is used to finance the requirements of borrowers. So, there are various types of investments which generate lending activities. Some of these types of investments are depositing money in savings bank account, paying premiums to Insurance Companies, investing in shares of different companies, investing in government bonds and investing in pension funds and mutual funds.

Ex. 3. Read the text again and choose the best answer:

1. A financial market is a market in which:

a) only entities can trade financial securities and commodities;

b) people and entities can buy financial securities, commodities and other fungible assets;

c) can trade financial securities, commodities and other fungible assets.

2. The prices for financial securities, commodities and other fungible assets are determined by:

a) national state principles;

b) pure supply and demand principles;

c) pure supply principles.

3. Basis of financial markets are:

a) borrowers and lenders;

b) lended and borrowed money;

c) both.

4. Individual persons generally take:

a) short term or long term mortgage loans from other individuals;

b) short term or long term mortgage loans from banks;

c) none.

5. Lenders in the financial market are:

a) borrowers;

b) lenders;

c) investors.

Ex. 4. Fill in the gaps with prepositions if necessary:

1. A financial market is a market (1) ... which people and entities can trade financial securities, commodities and other fungible assets (2) ... prices that are determined (3) ... pure supply and demand principles. 2. Markets work (4) ... placing the two counterparts, buyers and sellers, (5) ... one place so they can find each other easily, thus facilitating the deal (6) ... them. 3. Government also borrows (7) ... financial market to bridge the gap (8) ... government revenue and government spending. 4. Local authorities like municipalities sometimes borrow in their own name and sometimes government borrows (9) ... behalf (10) ... them from the financial market.

Ex. 5. Match the first part of the sentence from column A with its second part from column B:

1. When securities are issued for the first time,	b) trading of securities with less than one year of life span
2. An active secondary market is crucial for	c) life span of the securities traded in the market
3. All long-term securities issued by corporations and government	a) any securities once they are sold off in primary market
4. Money market deals with	d) they are traded in primary market
5. The classification is based on	e) are the instruments of capital market

Ex. 6. Match each term in Column A with its definition in Column B:

1. Borrower	f) financial account with a bank to where money is deposited and credited to the depositor

2. Lender	b) someone who allocates capital with the expectation of a financial return.
3. Premium	e) a place where people and entities can trade financial securities, commodities, and other fungible items of value at low transaction costs and at prices that reflect supply and demand
4. Investor	j) supplementary charge, additional charge
5. Government bond	d) someone who receives something on the promise to return it or its equivalent
6. Seller	h) amount of money that has been borrowed
7. Loan	g) the entire amount of income before any deductions are made
8. Revenue	c) someone who promotes or exchanges goods or services for money
9. Financial market	a) who lends money or gives credit in business matters
10. Bank account	i) certificate issued by a government promising to pay back with interest the money borrowed from the buyer of the certificate

Ex. 7. Read the whole text again and choose the best answer:

1. What do you mean by «a financial market»?

a) it is a market where individuals can trade financial securities, commodities and other fungible assets at prices that are not determined by pure supply and demand principles;

b) it is a market where people and entities can trade financial securities, commodities and other fungible assets at prices that are determined by pure supply and demand principles.

2. Who can be the borrowers of the financial market?

a) individuals, government and other local authorities;

b) individuals, public corporations, private companies, government and other local authorities;

c) none.

3. Why does the Government borrow from financial market?

a) to bridge the gap between government revenue and government spending;

b) to bridge the gap between government revenue and company spending;

c) none.

4. What loans do private companies take for expansion of business or for improvement of the business infrastructure?

a) short term;

b) long term loans;

c) either short term or long term.

5. What are the types of investments which generate lending activities?

a) depositing money, paying premiums, investing in shares, investing in government bonds;

b) investing in pension funds and mutual funds;

c) both.

Ex. 8. Match the words from column A with its synonyms from column B:

1. loan	g) income
2. commodities	j) different
3. price	c) bonus
4. improvement	b) growth
5. expansion	i) enhancement
6. revenue	f) regional
7. local	d) accumulate
8. various	e) value
9. premium	h) goods
10. collect	a) credit

Over to you

1. Write four sentences to describe typical characteristics of borrowers and lenders. Work in groups. Tell the group your sentences. Do you agree with your partners' sentences? Why? / Why not?

2. You are the Managing Director of Eastman Property. Your company intends to buy one of these businesses located in your country:

• a travel agency

• a shopping mall

• a business equipment store

• a cinema complex

• a sports and leisure centre.

Choose one of the businesses. Make a presentation to a group of investors (lenders)

explaining why you wish to buy the business, and what plans you have for

its future development. Use the vocabulary from exercise 1.

UNIT 5
FINANCIAL MARKET

Text B. TYPES OF FINANCIAL MARKETS

Ex. 1. Study the vocabulary:

1. primary market	1. первинний ринок
2. secondary market	2. вторинний ринок
3. life span	3. термін дії
4. money market	4. грошовий ринок; валютний ринок
5. capital market	5. ринок капіталу
6. to issue securities	6. випускати цінні папери
7. to raise capital	7. залучати капітал; мобілізовувати капітал
8. proceeds	8. доходи; надходження (від реалізації)
9. securities dealer	9. торговець цінними паперами
10. liquidity of securities	10. ліквідність цінних паперів
11. treasury bills	11. казначейські векселі
12. commercial papers	12. комерційні папери
13. preferred stock	13. привілейовані акції
14. corporate bonds	14. корпоративні облігації

Ex. 2. Read and follow the text:

Financial markets can be divided into different types. One way to classify the financial markets is to distinguish between primary market and *secondary market*. Another classification is based on life span of the securities traded in the market. They are *money market* and the *capital market*.

When securities are issued for the first time, they are traded in *primary market*. In other words, it is the market in which corporations raise new capital. All proceeds from the issue in this market go to issuing corporation. In issuing securities, the corporation could take the services of investment bankers and securities dealers. They assist issuing corporations selling securities in the market.

A secondary market is the market for already existing securities, where trading between investors to investors take place. An active secondary market is crucial for any securities once they are sold off in primary market. The existence of secondary market facilitates trading among investors to investors, thus adding to the liquidity of securities.

Money market deals with trading of securities with less than one year of life span. It is the market for borrowing and lending for relatively short period of time, usually less than one year. Government, corporations and individuals requiring short-term loan are major participants of money market. Government issues treasury bills and corporations could issue commercial papers or take loan on short-term basis for banks to satisfy their short-term need of funds.

Capital market is the market for long-term securities. All long-term securities issued by corporations and government such as common stock, preferred stock, corporate bonds, government bonds are the instruments of capital market.

Ex. 3. Read the text again and choose the best answer:

1. Financial markets can be divided into:

a) primary market and secondary market;

b) money market and the capital market;

c) both.

2. When securities are issued for the first time, they are traded in:

a) secondary market;

b) primary market;

c) primary market and money market.

3. Major participants of money market are:

a) government and individuals;

b) corporations and government;

c) government, corporations and individuals.

4. The instruments of capital market are:

a) all long-term securities issued by corporations and government;

b) individual programs, projects, etc.;

c) none.

5. … assist issuing corporations selling securities in the market:

a) government, corporations and individuals;

b) investment bankers and securities dealers;

c) bankers and dealers.

Ex. 4. Fill in the gaps with the most appropriate term from the list. Then read and translate:

issuing; securities; capital; money; secondary; liquidity; life span; primary; proceeds; dealers

Financial markets can be divided into different types. One way to classify the financial markets is to distinguish between (1) ... market and secondary market. Another classification is based on (2) ... of the (3) ... traded in the market. They are (4) ... market and the (5) ... market.

When securities are issued for the first time, they are traded in primary market. In other words, it is the market in which corporations raise new capital. All (6) ... from the issue in this market go to issuing corporation. In (7) ... securities, the corporation could take the services of investment bankers and securities (8) .... They assist issuing corporations selling securities in the market.

A (9) ... market is the market for already existing securities, where trading between investors to investors take place. An active secondary market is crucial for any securities once they are sold off in primary market. The existence of secondary market facilitates trading among investors to investors, thus adding to the (10) ... of securities.

Ex. 5. Fill in the gaps with prepositions if necessary:

1. Financial markets can be divided (1) ... different types. 2. One way to classify the financial markets is to distinguish (2) ... primary market and secondary market. 3. Another classification is based (3) ... life span of the securities traded in the market. 4. An active secondary market is crucial (4) ... any securities once they are sold off in primary market. 5. The existence of secondary market facilitates trading among investors to investors, thus adding (5) ... the liquidity of securities. 6. Money market deals (6) ... trading of securities with less than one year of life span. 7. It is the market for borrowing and

lending for relatively short period of time, usually less (7) ... one year. 8. Government, corporations and individuals requiring short-term loan are major participants (8) ... money market. 9. Government issues treasury bills and corporations could issue commercial papers or take loan (9) ... short-term basis for banks. 10. All long-term securities issued (10) ... corporations and government such as common stock, preferred stock, corporate bonds, government bonds are the instruments of capital market.

Ex. 6. Read the whole text again and decide if the following statements are true or false:

1. Secondary market is the market in which corporations raise new capital:

a) true

b) false

2. An active secondary market is crucial for any securities once they are sold off in money market:

a) true

b) false

3. Corporations and small companies could issue commercial papers or take loan on short-term basis for banks to satisfy their short-term need of funds:

a) true

b) false

4. Government, corporations and individuals are major participants of money and capital markets:

a) true

b) false

5. Common stock, preferred stock, corporate interests, government bonds are the instruments of capital market:

a) true

b) false

Ex. 7. Match the first part of the sentence from column A with its second part from column B:

1. When securities are issued for the first time,	a) life span of the securities traded in the market

2. An active secondary market is crucial for	b) are the instruments of capital market
3. All long-term securities issued by corporations and government	e) trading of securities with less than one year of life span
4. Money market deals with	d) any securities once they are sold off in primary market
5. The classification is based on	c) they are traded in primary market

Ex.8. Make up the sentences:

1. One \ way \ to \ financial \ markets \ classify \ the \ is \ to \ distinguish \ between \ primary \ market \ and \ secondary \ market.
2. life \ span \ based \ of \ on \ in \ the \ market \ traded \ is \ the \ securities \ Another \ classification.
3. securities \ When \ primary \ market \ are \ traded \ for \ the \ first \ time, \ they \ in \ are \ issued.
4. this \ market \ go \ to \ from \ corporation \ in \ the \ issue \ proceeds \ issuing \ All.
5. They \ selling \ securities \ in \ the \ market \ issuing \ assist \ corporations.
6. where \ trading \ between \ the \ market \ investors \ for \ to \ existing \ take \ place \ A secondary \ market \ is \ already \ investors \ securities,
7. once \ for \ any \ securities \ is \ crucial \ they \ An \ active \ in \ primary \ market \ are \ sold \ off \ secondary \ market.
8. one \ year \ of \ life \ span \ trading \ with \ deals \ Money \ market \ securities \ with \ less \ of \ than.
9. of \ money \ market \ major \ participants \ requiring \ Government, \ short-term \ loan \ corporations \ and \ individuals \ are.
10. for \ long-term \ the \ securities \ Capital \ market \ is \ market.

Over to you

1. Divide the class into two groups. Think about the differences between primary and secondary markets (group 1) and money and capital markets (group 2). Make notes on these differences.

Work in groups. Tell each other about the differences. Which do you think is the most important?

2. Write the list of two characteristics for each type of financial markets. Work in pairs. Take turns to read the characteristics to your partner. Do not say the type of financial market. Your partner guesses what the type is.

UNIT 5
FINANCIAL MARKET

Text C. FUNCTIONS OF FINANCIAL MARKET

Ex. 1. Study the vocabulary:

1. to perform crucial functions	1. виконувати важливі функції
2. mobilization of savings	2. мобілізація заощаджень
3. channelization	3. розподіл (напрямів)
4. impetus	4. імпульс; поштовх
5. uselessly	5. марно; непотрібно
6. transferring	6. перенесення; переміщення
7. to facilitate price discovery	7. сприяти визначенню ціни
8. goods and services	8. товари та послуги
9. proper price	9. правильна ціна
10. to provide liquidity	10. забезпечувати ліквідність
11. financial assets	11. фінансові активи
12. to reduce the cost of transactions	12. знижувати вартість угод

Ex. 2. Read and follow the text:

Financial market gives strength to economy by making finance available at the right place. Actually, there is not one financial market, but rather many markets, each dealing with a particular type of financial instrument. But all financial markets perform crucial functions. Some of the important functions of financial market are as follows:

(1) Mobilization of Savings and their Channelization into more Productive Uses: Financial market gives impetus to the savings of the people. This market takes the uselessly lying finance in the form of cash to places where it is really needed. Many financial instruments are made available for transferring finance from one side to the other

side. The investors can invest in any of these instruments according to their wish.

(2) Facilitates Price Discovery: The price of any goods or services is determined by the forces of demand and supply. Like goods and services, the investors also try to discover the price of their securities. The financial market is helpful to the investors in giving them proper price.

(*3) Provides Liquidity to Financial Assets:* This is a market where the buyers and the sellers of all the securities are available all the times. This is the reason that it provides liquidity to securities. It means that the investors can invest their money, whenever they desire, in securities through the medium of financial market. They can also convert their investment into money whenever they so desire.

(4) Reduces the Cost of Transactions: Various types of information are needed while buying and selling securities. Much time and money is spent in obtaining the same. The financial market makes available every type of information without spending any money. In this way, the financial market reduces the cost of transactions.

Ex .3. Read the text again and choose the best answer:

1. Financial market gives strength to economy by:

a) public finance available at the right place;

b) making finance available at the right place;

c) making national public budget.

2. Financial market takes the uselessly lying finance in the form of cash to:

a) only cities and communes;

b) communes where it is really needed;

c) places where it is really needed.

3. The price of any goods or services is determined by:

a) supply law;

b) demand law;

c) demand and supply.

4. Through the medium of financial market investors can invest their money in:

a) international trade;

b) securities;

c) none.

5. The financial market makes available every type of information without spending:

a) any bonds;

b) any money;

c) any securities.

6. Financial market gives impetus to:

a) the savings of the people;

b) the forces of demand and supply;

c) the cost of transactions.

Ex .4. Fill in the gaps with the most appropriate term from the list. Then read and translate:

determined; goods; proper; available; perform; savings; cash; wish; dealing; transferring

Financial market gives strength to economy by making finance (1) ... at the right place. Actually, there is not one financial market, but rather many markets, each (2) ... with a particular type of financial instrument. But all financial markets (3) ... crucial functions. Some of the important functions of financial market are as follows:

(1) Mobilization of Savings and their Channelization into more Productive Uses: Financial market gives impetus to the (4) ... of the people. This market takes the uselessly lying finance in the form of (5) ... to places where it is really needed. Many financial instruments are made available for (6) ... finance from one side to the other side. The investors can invest in any of these instruments according to their (7) ... .

(2) Facilitates Price Discovery: The price of any goods or services is (8) ... by the forces of demand and supply. Like (9) ... and services, the investors also try to discover the price of their securities. The financial market is helpful to the investors in giving them (10) **...** price.

Ex. 5. Fill in the gaps with prepositions if necessary:

1. Financial market gives strength to economy by making finance available (1) ... the right place. 2. Actually, there is not one

financial market, but rather many markets, each dealing (2) ... a particular type of financial instrument. 3. Many financial instruments are made available (3) ... transferring finance from one side (4) ... the other side. 4. The investors can invest (5) ... any of these instruments according (6) ... their wish. 5. The price of any goods or services is determined (7) ... the forces of demand and supply. 6. They can also convert their investment (8) ... money whenever they so desire. 7. The financial market is helpful (9) ... the investors in giving them proper price. 8. It means that the investors can invest their money, whenever they desire, in securities (10) ... the medium of financial market.

Ex. 6. Fill in the gaps with the most appropriate term from the list:

proper; reduces demand; savings; investors; available; convert; securities liquidity; cash; determined; selling

1. Financial market gives impetus to the (1) ... of the people.
2. This market takes the uselessly lying finance in the form of (2) ... to places where it is really needed.
3. The price of any goods or services is (3) ... by the forces of (4) ... and supply.
4. Like goods and services, the (5) ... also try to discover the price of their (6) ....
5. The financial market is helpful to the investors in giving them (7) ... price.
6. This is the reason that it provides (8) ... to securities.
7. They can also (9) ... their investment into money whenever they so desire.
8. Various types of information are needed while buying and (10) ... securities.
9. In this way, the financial market (11) ... the cost of transactions.
10. This is a market where the buyers and the sellers of all the securities are (12) ... all the times.

Ex. 7. Match the term from column A with its definition from column B:

1. liquidity	b) money or ready money
2. to facilitate	f) the possession of sufficient liquid assets to discharge current liabilities
3. to reduce	g) to make or become smaller in size, number, extent, degree, intensity, etc
4. crucial	e) to lay out (money or capital in an enterprise, especially by purchasing shares) with the expectation of profit
5. cash	h) to change or go or cause to change or go from one thing, person, or point to another
6. to transfer	d) to change or adapt the form, character, or function of; transform
7. to invest	a) to make easier
8. to convert	c) very important

Ex. 8. Make up the sentences:

1. by \ finance \ strength \ Financial \ market \ at \ the \ right \ place \ to \ available \ gives \ making \ economy.

2. instruments \ to \ the other side \ Many \ are \ made \ financial \ available \ transferring \ from \ one \ side \ finance \ for.

3. the forces \ of \ by \ The price \ goods \ or \ services \ demand \ of \ any \ supply \ and \ is \ determined.

4. can \ their \ into \ convert \ they \ so \ desire \ whenever \ also \ investment \ money \ They.

5. type \ of \ information \ available \ every \ makes \ spending \ any \ money \ The financial market \ without.

Over to you

1. Write several characteristics of different functions of financial market. Work in pairs. Take turns to say one of your characteristics. Your partner guesses the function.

2. In groups, discuss which market functions are important and why. Ask follow-up questions if possible. Use the vocabulary from exercise 1.

UNIT 6
FINANCING AND INVESTING ACTIVITIES OF BUSINESS ENTITY

TEXT A. FINANCING AND INVESTING ACTIVITIES

Ex. 1. Study the vocabulary:

1. to obtain	1. отримувати, здобувати
2. to borrow	2. позичати
3. to earn	3. заробляти
4. to purchase	4. купувати
5. annuity	5. ануїтет; щорічна виплата, встановлена угодою
6. vital	6. життєво важливий, суттєвий
7. straightforward	7. прямий, простий
8. supplier	8. постачальник
9. repayment period	9. період погашення боргу
10. retained earnings	10. нерозподілений прибуток
11. Continual	11. постійний
12. Venture	12. ризикована справа
13. appointment	13. призначення
14. profits	14. прибутки
15. cost-efficient means	15. фінансово-ефективні засоби
16. to accomplish	16. досягати
17. reasonable cost	17. поміркована ціна
18. angel investors	18. інвестор у ризикованій справі
19. equipment	19. обладнання
20. inventory	20. інвентар, товари

Ex. 2. Read and follow the text:

Financing and investing are two very different activities that serve a common purpose: to bring money into an organization. Financing is the act of obtaining money through borrowing, earnings or investment from outside sources. Investing is the act of obtaining money by building up operations or purchasing investment products such as stocks, bonds and annuities. Financing and investing activities of a business entity are vital to the long-term success of a company.

Borrowing

Borrowing money is the most straightforward way to finance a business. Borrowed money can come from a range of sources, including banks and credit unions, or family and friends. Debt financing can also be obtained through credit arrangements with suppliers, allowing companies to purchase materials or inventory on account and repay the supplier when the inventory has been sold – assuming it is sold within the repayment period.

Investor Funding

Obtaining money from investors is a more complicated form of business finance. Investment capital can come from venture capitalists or angel investors, who are likely to demand an ownership stake in the business, a good deal of managerial control and an agreement to buy back the investor's share at a premium in the future. Selling shares of stock to the public is another way to secure capital from investors, and there are often less strings attached. Stockholders vote by majority on issues such as executive appointment, whereas single investors exercise control as an individual.

Retained Earnings

Saving profits for a period of time can allow a business to raise debt-free capital with no strings attached. Saving a portion of profit in retained earnings over time can take longer than obtaining a loan or investment, however, possibly causing you to miss time-sensitive opportunities. For such goals as gradual, continual growth, however, financing through earned income can be the safest and most cost-efficient means of raising money.

Productive and Real Property

One type of business investment is the purchase of productive and real property. Productive equipment – things like machines, automobiles and technology – directly contributes to a company's ability to produce high-quality goods and services at a reasonable cost. Real property – land and buildings – are also essential to small business growth. Real property provides the space needed for employees to use productive equipment to accomplish organizational goals.

Income Investments

Purchasing investment products is fundamentally different from investing in productive and real property. Investment products such as stocks, bonds, annuities, CDs and other interest-bearing accounts can help a company to grow its wealth outside of its normal business activities. Real property can also be used to directly generate income rather than to provide space for operations. Buying real estate for the purpose of renting or selling it at a premium can be a wise investment.

Ex. 3. Read the text again and define whether the statements are true or false according to the text:

1. Financing and investing are two similar activities that serve a common purpose.
2. Financing means getting money by borrowing, earnings or investment from outside sources.
3. The simplest way to finance your business is to borrow money.
4. Debt financing can be obtained through credit arrangements with banks and credit unions, or family and friends.
5. Obtaining money from investors is more complicated than borrowing.
6. Stockholders receive only percent of the income and don't usually take part in managing the company.
7. Saving a portion of profit in retained earnings is longer in duration and you can miss good opportunities.
8. Productive equipment directly contributes to a company's ability to produce high-quality goods and services at a reasonable cost.
9. Real property is not so important for business growth.
10. Investment products such as stocks, bonds, annuities, CDs and other interest-bearing accounts help companies to obtain money besides its usual activity.

Ex. 4. Match the following verbs with their Ukrainian equivalents:

1. to earn	a) позичати
2. to repay	b) купувати

3. to purchase	c) повертати борг
4. to supply	d) досягати
5. to demand	e) орендувати
6. to accomplish	f) постачати
7. to borrow	g) заробляти
8. to obtain	h) спричиняти
9. to cause	i) отримувати
10.to rent	j) вимагати

***Ex. 5.* Find in the text words which mean the following:**

1. a person or organization that buys stocks or shares, or pays money into a bank in order to receive a profit.

(noun) _____

2. a financial gain, esp. the difference between the amount earned and the amount spent in buying, operating, or producing something.

(noun) _____

3. a thing that is borrowed, esp. a sum of money that is expected to be paid back with interest.

(noun) _____

4. to gain or be paid (money or other payment) in return for work or service.

(verb) _____

5. acquire (something) by paying for it; buy.

(verb) _____

6. a business organization that makes money by selling goods or services.

(noun) _____

7. the price paid or required for acquiring, producing, or maintaining something, usually measured in money, time, or energy.

(noun) _____

8. give or hand over (something) in exchange for money.

(verb) _____

9. something that is owed, such as money, goods, or services.

(noun) _____

10. a large sum of money which you use to start a business, or which you invest in order to make more money.

(noun) _____

Ex. 6. Fill in the gaps in the sentences with appropriate words:

a) Debt b) entity c) Investing d) Obtaining e) equipment f) Borrowing g) profits h) cost-efficient i) property j) Stockholders

1. ……. money from investors is a more complicated form of business finance.

2. ……. financing can also be obtained through credit arrangements with suppliers.

3. Saving …… for a period of time can allow a business to raise debt-free capital with no strings attached.

4. …… money is the most straightforward way to finance a business.

5. …… is the act of obtaining money by building up operations or purchasing investment products such as stocks, bonds and annuities.

6. For gradual, continual growth of the company, financing through earned income can be the safest and most …….. means of raising money.

7. Productive …… – things like machines, automobiles and technology – directly contributes to a company's ability to produce high-quality goods and services at a reasonable cost.

8. ……. vote by majority on issues such as executive appointment, whereas single investors exercise control as an individual.

9. Financing and investing activities of a business …… are vital to the long-term success of a company.

10. Real …… provides the space needed for employees to use productive equipment to accomplish organizational goals.

Ex. 7. Fill in the gaps with proposition:

of for from (2) to(3) at by on

1. Financing is the act ….. obtaining money through borrowing, earnings or investment ….. outside sources.

2. Selling shares of stock to the public is another way ….. secure capital …… investors.

3. Stockholders vote ….. majority ….. issues such as executive appointment, whereas single investors exercise control as an individual.

4. Productive equipment directly contributes …… a company's ability to produce high-quality goods and services …… a reasonable cost.

5. Real property provides the space needed ….. employees …… use productive equipment to accomplish organizational goals.

Ex. 8. Match the synonyms:

1.	to obtain	a)	value
2.	vital	b)	credit
3.	straightforward	c)	funding
4.	profit	d)	achievement
5.	to purchase	e)	contract
6.	financing	f)	simple
7.	success	g)	earning
8.	cost	h)	to gain
9.	agreement	i)	to buy
10.	loan	j)	essential

Ex. 9. Translate the sentences into English using active vocabulary:

1. Фінансування та інвестування приносить кошти організації.

a) Financing and funding get money into an organization.

b) Financing and investing bring money into an organization.

c) Funding and investing takes money into an organization.

2. Інвестування – це спосіб отримання коштів шляхом купівлі інвестиційних продуктів, таких як акції та облігації.

a) Investing is a way of obtaining money by purchasing investment products such as stocks and bonds.

b) Investing is a way of obtaining money by selling investment products such as shares and stocks.

c) Investing is a way of obtaining money by obtaining investment products such as stocks and annuities.

3. Власники компаній можуть позичати гроші в банках, кредитних спілках або друзів і членів сім’ї.

a) Company managers can lend money from banks and credit unions, or family and friends.

b) Company bosses can take money from banks and credit banks, or family and friends.

c) Company owners can borrow money from banks and credit unions, or family and friends.

4. Інвестиційний капітал можна отримати від підприємців, які ризикують, за це вони вимагатимуть частину бізнесу.

a) Investment capital can come from venture capitalists and in return they will demand an ownership stake in the business.

b) Investment money can come from risk businessmen and in return they will demand an ownership stake in the business.

c) Investment funding can come from risky capitalists and in return they will want an ownership stake in the business.

5. Збереження частини доходу може вимагати більше часу, ніж отримання позики чи інвестиції, і ви можете втратити сприятливі можливості.

a) Saving a portion of profit over time can take longer than obtaining a loan or investment and you will possibly miss good opportunities.

b) Saving a portion of income over time can take longer than giving a loan or investment and you will possibly miss good opportunities.

c) Saving a portion of gain over time can take longer than getting a loan or funding and you will possibly lose good opportunities.

6. Задля поступового та безперервного зростання, фінансування шляхом отриманого прибутку може бути найбезпечнішим та найбільш фінансово-ефективним способом збільшення капіталу.

a) For step-by-step and continual growth financing through sold income can be the safest and most financial means of raising money.

b) For gradual and uninterrupted growth financing through earned money can be the easiest and most cost-efficient means of raising money.

c) For gradual and continual growth financing through earned income can be the safest and most cost-efficient means of raising money.

7. Купівля продуктивного устаткування та нерухомості є ще одним типом бізнес-інвестицій.

a) Purchasing productive goods and property is one more type of business investment.

b) Purchasing productive equipment and real property is one more type of business investment.

c) Selling productive equipment and property is one more type of business investment.

8. Нерухомість є також важливою для зростання малого бізнесу як і продуктивне устаткування.

a) Real property is also essential to small business growth as well as productive equipment.

b) Real property is also effective to small business development as well as productive equipment.

c) Real property is also good for small business rising as well as productive equipment.

9. Інвестиційні продукти, як акції та облігації, можуть допомогти компанії збільшити капітал.

a) Investment products such as stocks and bonds can help a company to grow its money.

b) Investment such as stocks and bonds can help a company to grow its income.

c) Investment products such as stocks and bonds can help a company to grow its wealth.

10. Нерухомість можна використовувати задля збільшення доходу, а ніж для забезпечення простору для діяльності.

a) Real property can also be used to directly generate income rather than to provide space for operations.

b) Real property can also be used to directly raise income rather than to give space for operations.

c) Real property can also be used to directly get income rather than to provide room for actions.

Over to you

1. Financing and investing activities of a business entity are vital to the long-term success of a company. Discuss the main features of these activities.

2. You have an exam. Your question is «Financing and investing activities».

UNIT 6
FINANCING AND INVESTING ACTIVITIES OF BUSINESS ENTITY

Text B. FINANCING ACTIVITIES AND CASH FLOWS

Ex. 1. Study the vocabulary:

1. to acquire	набувати; здобувати
2. expansion	розширення
3. cash flows	грошові потоки
4. liabilities	зобов’язання; залучені кошти
5. owners’ equity	власний капітал
6. securities	цінні папери
7. assets	активи; капітал
8. to generate	спричиняти, генерувати
9. income	прибуток
10. contribute to	сприяти
11. dividend	дивіденд
12. reinvestment	повторне інвестування
13. retained earnings	нерозподілений прибуток
14. to decrease	зменшуватися
15. treasury shares	викуплена у акціонерів акція
16. loan	позика
17. impact	поштовх, імпульс
18. bullet	ядро
19. to subtract	віднімати
20. net cash	чисті надходження
21. stock	запас

Ex. 2. Read and follow the text:

Financing refers to the process of acquiring capital to fund a start-up, an expansion, basic operations, or whatever else the company needs the extra funds for. The financing activities cash flows section of the statement of cash flows covers these types of activities.

Most of the time, changes in liabilities (the debt a company uses to fund asset purchases) and owners' equity (the ownership purchases whose proceeds are used to fund asset purchases) impact cash, regardless of whether the company is acquiring or repaying the cash.

Thus, the following types of financing activities show up in the statement of cash flows:

Sale of securities: When a company sells another company's securities, that sale is considered an investing activity. When a company sells its own stock, the sale is considered a financing activity. The difference is that a company purchases another company's stock with the hopes that it will increase in value, while a company sells its own stock to generate income meant to finance the purchase of assets.

So when a company sells its own securities, it contributes to a positive balance of cash in the financing activities.

Dividend payments: A company that makes money instead of losing it must give the money it makes back to its stockholders either as a reinvestment in the company through retained earnings or directly as cash through dividends. Whenever a company pays out dividends, the amount of cash the company has available decreases by the total amount of dividends paid.

Purchase of treasury shares: Treasury shares are those shares in the possession of the company that the shares represent. In other words, a company purchases shares of its own stock, and those shares become treasury shares. If the company uses cash to purchase these shares, the total amount of cash the company has decreases as a result of financing operations.

Loans received: Companies often accept loans as a way of financing operations or expansion. In some cases, they receive the loan in the form of cash, which increases the total amount of cash they

have available. Accepting a cash loan, then, translates as an increase in cash from financing activities.

Loans collected: Companies must also pay back the loans they accept, an action they typically do by using cash (banks don't often accept livestock these days). So when a company gives cash to someone to repay a loan, that cash no longer belongs to the company and the company must deduct the amount from the cash flows from financing activities.

When you add up the positive values of the preceding bullets and subtract the negative ones, you get the *net cash provided by financing activities.* This value shows up at the end of the financing activities portion of the statement of cash flows.

As with the other sections of the statement of cash flows, a positive balance here means the financing operations are positively contributing to cash, while a negative balance means they're reducing the total amount of cash available.

Ex. 3. Read the text again and define whether the statements are true or false according to the text:

1. Liabilities are the ownership purchases whose proceeds are used to fund asset purchases.
2. Financing means acquiring the extra funds for start-ups, an expansion, basic operations and other things.
3. When a company sells its own shares, the sale is considered a financing activity.
4. When the company sells its own securities, it means the company is having hard times.
5. When the company makes money, it pays the dividends to stockholders or makes reinvestments.
6. Treasury shares are those from the other companies.
7. Loans are accepted to increase the amount of cash.
8. Net cash provided by financing activities is equaled to positive values of the preceding bullets minus the negative ones.
9. Companies don't have to pay back loans.
10. Positive balance means reducing the total amount of cash available.

Ex. 4. Match the following words with their Ukrainian equivalents:

1. cash flows	a) розширення
2. owners' equity	b) дивіденд
3. shares	c) позика
4. expansion	d) грошові потоки
5. net cash	e) активи
6. income	f) зобов'язання
7. assets	g) чисті надходження
8. liabilities	h) прибуток
9. dividend	i) власний капітал
10.loans	j) акції

Ex. 5. Substitute the words in italics with one word from the active vocabulary of the text:

1. *Borrowings* are usually used to fund a start-up, an expansion or basic operations.

2. Liabilities are debts and obligations of the business they represent as creditor's claim on business *holdings***.**

3. *The movement of money* from operating activities does not include long-term capital or investment costs.

4. Owners' *capital* **—** along with liabilities — can be thought of as a source of the company's assets.

5. The company or other entity issuing *the ownership of stocks or bonds* is called the issuer.

6. The amounts owed to creditors are reported on the company's balance sheet as financial *obligations*.

7. Coming up with *a distributed profit* policy is challenging for the directors and financial manager a company.

8. *To finance* its budget deficit, the government can borrow money.

9. *Earnings* tax generally is computed as the product of a tax rate times taxable income.

10. *A newly established business* companies, generally newly created, are in a phase of development and research for markets.

Ex. 6. Fill in the gaps in the sentences with appropriate words:

a) stock; b) investing; c) dividends; d) cash; e) purchases; f) operations; g) pay; h) Loans; i) flows; j) Cash flow

1. Acquiring or repaying the cash is called cash _____ .
2. Selling another company' securities is considered to be _____ activity of the company.
3. _____ are usually used by companies to finance operations or expansion.
4. When the company _____ its own stocks they are called treasury shares.
5. Companies usually receive loans in the form of _____ .
6. A positive balance means that the financing _____ are positively contributing to cash.
7. Companies must _____ back the loans they accept, an action they typically do by using cash.
8. Whenever a company pays out _____ , the amount of cash the company has available decreases by the total amount of dividends paid.
9. Company purchases another company's _____ with the hopes that it will increase in value.
10. _____ is the total amount of money being transferred into and out of a business, esp. as affecting liquidity.

Ex. 7. Fill in the gaps with proposition given in brackets (to, of (2), as, at):

1. A positive balance is the financing operations which are positively contributing …… cash.
2. A company that makes money instead …….. losing it must give it to shareholders.
3. The process …….. acquiring capital is called financing.
4. Accepting a cash loan, then, translates …….. an increase in cash from financing activities.
5. This value shows up …….. the end of the financing activities portion of the statement of cash flows.

Ex. 8. Match the synonyms :

1.	share	a)	accessible
2.	payment	b)	stockholder
3.	cash	c)	funding
4.	available	d)	stock
5.	capital	e)	buying
6.	expansion	f)	earnings
7.	purchasing	g)	money
8.	income	h)	widening
9.	shareholder	i)	render
10.	financing	j)	ready money

Ex. 9. Translate the sentences into English using active vocabulary:

1. Коли компанія потребує додаткових коштів, вона бере позику.

d) When the company needs the extra funds for something it takes out a loan.

e) When the company needs the additional money for something it accept loans.

f) When the company needs the more funds for something it receive loans.

2. Загальні доходи компанії мінус загальні зобов’язання дорівнюють чистому прибутку.

a) A company’s total cash minus total liabilities is equaled to net cash.

b) A company’s total cash minus total obligations mean net cash.

c) A company’s total money minus total liabilities is equaled to net cash.

3. Фінансова діяльність часто пов’язана з розширенням бізнесу та іншими операціями.

a) Financial work is often connected with grow of business and other operations.

b) Financial activities are often connected with expansion of business and other operations.

c) Financial activities are often dependent on rising of business and other operations.

4. Купівля акцій та облігацій вважається інвестиційною діяльністю.

a) Selling of stocks and shares is considered to be investment activity.

b) Receiving of stocks and bonds is considered to be investing activity.

c) Purchasing of stocks and bonds is considered to be investment activity.

5. Компанія, яка заробляє гроші, повертає їх акціонерам через виплату дивідендів.

a) A company that makes money takes them back to shareholders through dividends.

b) A company that makes money gives it back to shareholders through dividends.

c) A company that loses money gives them back to shareholders through dividends.

6. Компанія купує акції іншої компанії та сподівається, що ціна на них зросте.

a) A company purchases another company’s stock with the hopes that it will increase in value.

b) A company purchases another company’s liabilities with the hopes that it will raise in value.

c) A company purchases another company’s obligations with the hopes that it will increase in prize.

7. Коли компанія купує акції з власних фондів, такі акції стають зворотними акціями.

a) When a company purchases shares of its own company, those shares become treasury liabilities.

b) When a company purchases liabilities of its own stock, those shares become treasury stocks.

c) When a company purchases shares of its own stock, those shares become treasury shares.

8. Коли компанія віддає готівку, щоб виплатити комусь позику, ця готівка вже не належить компанії.

a) When a company gives cash to someone to repay a loan that cash no longer belongs to the company.

b) When a company gives money to someone to receive a loan that cash no longer belongs to the company.

c) When a company gives cash to someone to get a loan that money no longer belongs to the company.

9. Зобов’язання – це позиковий капітал, який компанія використовує для купівлі активів.

a) Liabilities are the funds that a company uses to fund actives purchases.

b) Liabilities are the debts that a company uses to fund asset purchases.

c) Liabilities are the debts that a company uses to buy asset purchases.

10. Власний капітал – це кошти, доступні для розвитку бізнесу.

a) Owners’ equity is capital used for business growth.

b) Owners’ equity is money accessible for business development.

c) Owners’ equity is capital available for business development.

Over to you

1. Why does a company need capital?

What is the difference between short-term and long-term financing?

Give the definition of financing.

Who makes financial decisions in a company?

2. Describe the main types of financing activities.

UNIT 7
ROLE AND FUNCTIONS OF THE NATIONAL BANK OF UKRAINE

Text A. BANKING IN UKRAINE

Ex. 1. Study the vocabulary:

1) to develop steadily	1) впевнено розвиватись
2) to offer services	2) пропонувати послуги
3) tight fiscal policy	3) жорстка фіскальна політика
4) to combat inflation	4) подолати інфляцію
5) settlement system	5) розрахункова система
6) to meet customers demands	6) відповідати запитам клієнтів
7) traveller's cheques	7) дорожні чеки
8) to pass the law	8) приймати закон
9) to pay a vital support	9) надавати життєво необхідну підтримку
10) currency operations	10) валютні операції

Ex. 2. Read and follow the text:

Starting from almost nil, – when even Ukraine's Central Bank was little more than a transit for funds coming from Moscow, a new Ukrainian banking system has managed to materialize in just a few short years. It has been steadily developing and growing. Our financial institutions range from credit unions to full-scale banks offering up to 30 different types of services.

The activity of these banks – most of them commercial – is overseen by the country's central bank, the National Bank of Ukraine (NBU). Although the NB is under jurisdiction of the country's legislature.

Regardless of the NB's tight fiscal policy – aimed to combat inflation – Ukrainian banks are still working at increasing their resources and capital shares, and technically improving their banking operations.

In so doing they hope to promote Ukraine's economic development, bring its banks to world standards, and enter the world banking system.

Most of the country's largest banks are already connected to the SWIFT international settlement system. As well, a number of banks,

in the effort to meet growing customers' demands have established correspondence accounts with foreign banks, and started working with credit cards and travelers' cheques. The Interbank electronic payment system was launched.

These new commercial banks have already gained experience from working in the Ukrainian and foreign financial markets. The Ukrainian Association of Banks – the largest banking association in the country – views banks, both small and large, as paying a vital supporting role in the country's transitions to a market economy.

Banking activity in Ukraine is regulated by the law «On banks and banking» passed by Ukrainian Parliament in March 1990. So far, the law has undergone four revisions, and has also been amended by Government decrees.

Currency operations are regulated by the Decree issued by the government and the instructions of the NBU.

Ex. 3. Match the two parts of the sentences:

1. A new Ukrainian system	a) is regulated by the law
2. The activity of commercial banks	b) has been steadily developing and growing
3. NBU is under jurisdiction	c) system was launched
4. The Interbank electronic payment	d) is overseen by NBU
5. Banking activity in Ukraine	e) of the country's legislature

Ex. 4. Choose the word that best completes the sentence:

1. Our financial institutions range from (credit unions / trade unions) to (full-scale banks / public companies).

2. NBU (oversees / punishes) the activity of all commercial banks of Ukraine.

3. Tight fiscal policy is aimed (to combat inflation / to transit funds).

4. The Interbank electronic payment system was (launched / forbidden).

5. The Ukrainian Association of Banks is the largest (industrial / banking) association in the country.

6. Banking activity in Ukraine is regulated by the (law / Decree issued by the government).

7. Commercial banks have already gained (experience / loss of liberty) from working in the Ukrainian and foreign financial markets.

8. NBU is under the (jurisdiction / supervision) of the country's legislature.

Ex. 5. Match the following banking terms with their definitions:

1. Banking system	a) The use of taxation and government spending to influence the economy.
2. Central bank	b) The network of institutions responsible for providing banking services.
3. Credit card	c) A cheque issued by a bank, to enable a traveller to obtain cash in a foreign currency when abroad.
4.Traveller's cheque	d) A bank that provides financial and banking services for the government of a country and its commercial banking system as well as implementing the government's monetary policy
5. Fiscal policy	e) A small plastic card issued by a bank, allowing the holder to purchase goods or services on credit

Ex. 6. Give English equivalents from the text for the following word combinations:

1. Почати з нуля
2. Під юрисдикцією
3. Світові стандарти
4. Працювати з кредитними картками
5. Кредитні спілки
6. Законодавство країни
7. Сприяти економічному розвитку
8. Банківська діяльність
9. Ринкова економіка
10. Набувати досвід

Over to you

1. You are a banker who wants to attract foreign investors. Please, tell the foreign delegation about advantages of banking system in Ukraine.

2. You have an exam. Your question is «Banks in Ukraine».

UNIT 7
ROLE AND FUNCTIONS OF THE NATIONAL BANK OF UKRAINE

Text B. NATIONAL BANK OF UKRAINE

Ex. 1. Study the vocabulary:

1) prior	1) колишній, попередній, до, перед
2) the collapse	2) крах, обвал, занепад
3) dire	3) жахливий, страшний
4) strait	4) скрутне становище, злидні
5) prolonged	5) тривалий, продовжений
6) foster	6) сприяти
7) issuing center	7) емісійний центр
8) exchange rate	8) курс обміну
9) denomination	9) номінал купюри
10) custody	10) зберігання, схов
11) interest rate	11) відсоткова ставка
12) permission	12) дозвіл

Ex. 2. Read and follow the text:

National Bank of Ukraine, the central bank of Ukraine, is located at № 9 Institutska St., in Kiev.

Prior to the collapse of the USSR, the National Bank of Ukraine was a branch of the Central Bank of the USSR. Officially, the National Bank of Ukraine acted as the Central Bank of Ukraine since early 1992. Like institutions of many newly independent nations, it faced dire financial straits during the 1990s, leading to a prolonged period of hyperinflation.

The legal status of the National Bank of Ukraine and the principles of its organization and activities are determined by the

Constitution of Ukraine and the Law of Ukraine «On the National Bank of Ukraine».

The National Bank of Ukraine is a legal entity with separated property, which is the object of the state property. Its authorized capital amounts to UAH 10 million and is the state-owned property which is in the full economic competence of the National Bank.

According to Article 99 of the Constitution of Ukraine, adopted in 1996, the main function of the country's central bank is to ensure stability of monetary unit - the Hryvnia. To carry out its main function, the National Bank shall foster the stability of the banking system and, within its competence, the price stability.

According to the Law of Ukraine «On the National Bank of Ukraine», the National Bank is the central bank of Ukraine, a specific central body of the state administration, its issuing center which pursue common state policy in money circulation, credit, strengthening of monetary unit; it coordinates functioning of the banking system in general; determines exchange rate of the monetary unit against foreign currencies. The National Bank determines a kind of bank notes, their denomination, distinctive features and their protection system. The National Bank of Ukraine ensures the accumulation and custody of the gold and currency reserves and the conduction of transactions with them and the banking metals. The National Bank of Ukraine sets up the order of determining a discount rate and other interest rates; it gives permission for commercial banks' registration and licenses banking business; determines the standard of emergency funds for commercial banks and other financial and credit institutions.

The National Bank of Ukraine has the power to initiate legislation.

The National Bank of Ukraine is governed by the Head of the National Bank of Ukraine and its directory, while its functions are coordinated by the Council of the National Bank of Ukraine. The council consists of 15 members including the Head of the National Bank as the ex-officio position. The other members of the council are appointed by an equal quota of seven members from the President of Ukraine and the Verkhovna Rada.

Ex. 3. Make up word-combinations using the words from two groups:

1. Prolonged	a) status
2. State	b) capital
3. Authorized	c) stability
4. Legal	d) period
5. Price	e) property

Ex. 4. Fill in the gaps and translate in a written form:

National Bank of Ukraine, 1 … of Ukraine, is located at № 9 Institutska St., in Kiev.

Prior to the collapse of the USSR, the National Bank of Ukraine was 2 … of the Central Bank of the USSR. Officially, the National Bank of Ukraine acted as the Central Bank of Ukraine since early 1992. Like institutions of many newly 3 … , it faced dire financial straits during the 1990s, leading to a prolonged period of 4 ….

5 … of the National Bank of Ukraine and the principles of its organization and activities are determined by the Constitution of Ukraine and the Law of Ukraine «On the National Bank of Ukraine».

Ex. 5. Decide whether the statements are true or false (T/F):

1. Officially, the National Bank of Ukraine acted as the Central Bank of Ukraine since early 1992.

2. The Law of Ukraine «On the National Bank of Ukraine» determines the legal status of the General Assembly of the UNO.

3. The main function of the country's central bank is to ensure stability of monetary unit.

4. The National Bank decreases the stability of the banking system.

5. The National Bank of Ukraine determines domestic and foreign policy of a state.

Ex. 6. Match the following terms with their definitions:

1. Institution	a) Relative social or professional position; standing
2. Nation	b) The value of one currency for the purpose of conversion to another

3. Status	c) The natural action or intended purpose of a person or thing in a specific role
4. Exchange rate	d) An organization founded for a religious, educational, professional, or social purpose
5. Function	e) A large body of people united by common descent, history, culture, or language, inhabiting a particular state or territory

Over to you

1. Situation: You are abroad. Please, exchange you money and buy some presents.

2. You have an exam. Your question is «National Bank of Ukraine».

UNIT 7
ROLE AND FUNCTIONS OF THE NATIONAL BANK OF UKRAINE

Text C. FUNCTIONS OF THE NATIONAL BANK OF UKRAINE

Ex. 1. Study the vocabulary:

1) to ensure	1) забезпечувати
2) to foster	2) сприяти
3) to pursue	3) прямувати наміченим шляхом
4) supervision	4) нагляд, контроль
5) to compile	5) накопичувати інформацію, матеріали
6) personnel	6) персонал працівників, кадри
7) an issue	7) грошова емісія

Ex. 2. Read and follow the text:

According to the Constitution of Ukraine, the main function of the National Bank is to ensure the stability of Ukraine's monetary unit. To carry this out the National Bank fosters the stability of the banking system and, within its competence, price stability.

The National Bank also carries out the following functions:

to determine and pursue the monetary policy in accordance with the General Principles of the Monetary Policy developed by the Council of the National Bank of Ukraine;

to issue the national currency of Ukraine on a monopoly basis and to organize its circulation;

to establish the rules of conducting banking transactions, accounting and reporting, protection of the information, funds and property for the banks and other financial and credit institutions;

to organize and to provide the methodological support to the system of the monetary, crediting and banking statistical information and the statistics of the balance of payments;

to determine the areas of the development of modern electronic banking technologies, to establish, co-ordinate and control the creation of electronic means of payment, payment system, banking automation and the banking information protection facilities;

to exercise the banking regulation and supervision;

to keep a Register of banks, their branch and representative offices, currency exchanges and financial and credit institutions, to license banking business and transactions, if provided for by the laws;.

to compile, analyze and forecast the balance of payments;

to represent Ukraine's interests in central banks of other states, international banks and other crediting institutions, where the cooperation takes place at the level of central banks;

to exercise the currency regulation with the competence to be defined by a special law, to determine the procedure of effecting payments in the foreign currency, to organize and exercise the currency control over the commercial banks and other credit institutions which are in possession of a National Bank's license for the transactions with currency values;

to ensure the accumulation and custody of the gold and currency reserves and the conduction of transactions with them and the banking metals;

to analyze the status of the monetary, crediting, financial, pricing and currency relations;

to organize the collection and transportation of bank notes, coins and other values;

to implement the national policy of the protection of state secrets within the system of the National Bank;

to take part in the training of personnel for Ukraine's banking system;

to exercise other functions in the monetary and crediting sphere within its competence defined by the law.

Ex. 3. Complete the sentences and choose the best variant:

1. NBU ensures the stability of Ukraine's …

a) agro-industrial complex;

b) military forces;

c) monetary unit.

2. NBU establishes the rules of conducting …

a) military services;

b) banking transactions;

c) industrial output.

3. NBU exercises the banking …

a) peaceful settlement of disputes;

b) maintaining peace and security;

c) regulation and supervision.

4. NBU keeps …

a) a Register of banks;

b) a Register of taxpayers;

c) a Register of legal entities.

5. NBU represents Ukraine's interests in …

a) the International Court of Justice;

b) the international organizations;

c) central banks of other states.

Ex. 4. Make up word-combinations using the words from two groups:

1. Monetary	a) system
2. Banking	b) currency
3. Money	c) reserves
4. Foreign	d) unit
5. Gold and currency	e) circulation

Ex. 5. Decide whether the statements are true or false (T/F):

1. The main function of the National Bank is to give permission for commercial banks registration.

2. NBU fosters the stability of the banking system of Ukraine

3. NBU issues the national currency

4. NBU coordinates and controls the creation of electronic means of payment

5. The functions of the NBU are coordinated by the President

Ex. 6. Match the following terms with their definitions:

1. A bank	a) Paper money issued by a bank
2. Bank note	b) A financial institution whose main activities are borrowing and lending money
3. Coin	c) A standard unit of value of a country's coinage
4. Monetary unit	d) Anything that functions as a medium of exchange , including coins, banknotes, cheques
5. Currency	e) A flat, typically round piece of metal with an official stamp, used as money

Over to you

1. Situation: You are a banker. Please, tell about weak points of your competitors.

2. You have an exam. Your question is «Functions of the National Bank of Ukraine».

UNIT 8
ANALYSIS OF BANKING ACTIVITY

Text A. BANKING SYSTEM

Ex. 1. Study the vocabulary:

1. to acquire funds	1. брати кошти, мобілізувати кошти
2. checkable deposits	2. банківський депозит, за яким можливі розрахунки чеками
3. NOW (Negotiable Order of Withdrawal)	3. рахунок НАУ (рахунок з наказом про вилучення коштів)
4. ultimate borrower	4. безпосередній позичальник
5. pooling of risks	5. об'єднання ризиків
6. liquidity	6. ліквідність
7. to evaluate	7. оцінювати
8. creditworthiness	8. кредитоспроможність
9. rate of return	9. норма прибутку
10. to accrue	10. накопичувати
11. Federal Deposit Insurance Corporation (FDIC)	11. Федеральна корпорація страхування депозитів
12. Custodian	12. фінансова установа, що управляє чужими капіталами
13. Entry	13. бухгалтерське проведення
14. Prudence	14. обачливість
15. ultimately	15. врешті-решт
16. to overstate	16. перебільшувати

Ex. 2. Read and follow the text:

The operations of individual banks are roughly similar throughout the world. In all countries banks are financial intermediaries in the business of earning profits.

Banks today accept checkable deposits such as a demand deposit or a NOW (Negotiable Order of Withdrawal) account as well as time deposits, and use their depositors' funds mainly to make loans and buy securities.

Banks thus operate as financial intermediaries standing between the primary lenders (depositors) and the ultimate borrowers. In this way they provide many services. One is the pooling of risks. A bank that makes many loans is spreading its risks. It is highly likely to experience losses on a few loans but most unlikely to experience

losses on all or most. Another service of banks is providing liquidity. Someone who opens a checking account in a bank can get his or her money back whenever required. The bank meanwhile can make loans with his or her deposits and others' deposits while keeping only a small fraction of such deposits as a liquid reserve. Because it has many depositors who usually want to withdraw deposits at different times a bank normally can meet the demands of those depositors who want to withdraw their deposits.

Another service that banks provide is expert judgment in making loans. Most savers cannot evaluate the creditworthiness of those who wish to borrow. Hence, instead of lending directly to the ultimate borrowers they «lend» their savings to banks by depositing them, and the banks then use those savings to make loans to the ultimate borrowers.

Banks have an incentive to take risks because risky loans have a higher rate of return. All of these higher earnings accrue to the banks. But most of the funds at risk belong to depositors. Accordingly much of the risk that banks take is borne by depositors and by the Federal Deposit Insurance Corporation (FDIC), which insures their deposits in the USA. This is one reason why banks are heavily regulated by the government. Another, perhaps even more important reason is that banks are custodians of the checkable deposits that make up most of society's circulating medium of exchange. If banks fail and there is no deposit insurance, then depositors have to reduce their expenditures. As a result sales fall and firms have to throw employees out of work.

The banking system can create more than one dollar of deposits for every dollar of reserves it has. This is possible because deposits are not physical objects but rather abstract property rights documented by entries on computer.

Ex. 3. Match the synonyms:

1. operation	a) principle
2. long-term	b) basic
3. to research	c) loan
4. to reduce	d) to run up
5. to increase	e) to improve
6. profit	f) to carry out

7. to raise	g) to decrease
8. borrowing	h) to investigate
9. to provide	i) to ensure
10. opportunity	j) possibility
11. fundamental	k) continuous
12. to conduct	l) income
13. proper	m) appropriate
14. to develop	n) to grow
15. regulation	o) action

Ex. 4. Find equivalents:

1. expert judgment	a) фінансовий ризик
2. financial intermediaries	b) Федеральна корпорація страхування депозитів
3. checkable deposits	c) безпосередній позичальник
4. competitiveness	d) бухгалтерське проведення
5. ultimate borrower	e) банківський депозит, за яким можливі розрахунки чеками
6. potential investor	f) рахунок з наказом про вилучення коштів
7. expected rate	g) очікуваний рівень
8. Negotiable Order of Withdrawal	h) потенційний інвестор
9. Federal Deposit Insurance Corporation	i) фінансові посередники
10. market conditions	j) ринкові умови
11. entry	k) конкурентоспроможність
12. profitability	l) кредитоспроможність
13. financial risk	m) експертна оцінка
14. creditworthiness	n) рентабельність
15. to reduce the expenditures	o) скоротити витрати

Ex.5. Fill in the blanks below with the most appropriate terms from the list:

a) the governmet; b) the creditworthiness;c) to withdraw; d) loans;e) liquidity; f) the ultimate borrowers; g) checkable deposits; h) an incentive;i) financial intermediaries; j) reduce theirexpenditures

1. In all countries banks are **…** in the business of earning profits.
2. Banks today accept **…** such as a demand deposit or a Negotiable Order of Withdrawal account as well as time deposits, and use their depositors' funds mainly to make loans and buy securities.

3. Banks thus operate as financial intermediaries standing between the primary lenders and **…** .

4. A bank that makes many **…** is spreading its risks.

5. Another service of banks is providing **…** .

6. A bank normally can meet the demands of those depositors who want **…** their deposits.

7. Most savers cannot evaluate **…** of those who wish to borrow.

8. Banks have **…** to take risks because risky loans have a higher rate of return.

9. Banks are heavily regulated by **…** .

10. If banks fail and there is no deposit insurance, then depositors have to **…** .

Ex .6. Read the statements and decide whether they are true or false.

1. The operations of individual banks are differentthroughout the world.

2. Banks are financial intermediaries in the business of earning profits.

3. Banks use their depositors' funds mainly to make profits.

4. A bank that makes many loans is spreading its risks.

5. Another service of banks is providing risks.

6. Someone who opens a checking account in a bank can get his or her money back whenever required.

7. The bank can make loans with his or her deposits and others' deposits while keeping a large fraction of such deposits as a liquid reserve.

8. A bank has many depositors who usually want to withdraw deposits at different times.

9. Most savers can evaluate the creditworthiness of those who wish to borrow. Banks have an incentive to take risks because risky loans have a lower rate of return.

Ex. 7. Fill in the blanks below with the most appropriate terms from the list:

a) credits; b) borrower;c) reserve; d) actual case;e) accounting; f) deposits; g) account; h) withdraws;i) require; j) seller

No physical object is created, it is all a matter of (1)**…** .Suppose someone (2)**…** $1,000 of currency in a bank. The bank (3) **…** the $1,000 to the depositor's (4**) …** and then lends most of it out. It cannot lend all of it, however. The law and prudence (5) **…** that it keeps a reserve against the deposit – say 10 percent. It therefore lends out only $900. The **(**6**) …** then buys something with this $900 and the (7) **…** deposits his or her $900 check in the bank. The bank then keeps $90 as a **(**8) **…** against this $900 deposit and lends out $810, which then becomes a deposit and so on. Ultimately all of the original $1,000 is held in reserves in one bank or another. And because reserves are 10% of deposits, total deposits will then be ten times the original deposit or 10,000. This hypothetical example overstates the **(**9**) …** – the actual «deposit multiplier» is closer to 2 than to 10 - in large part because at each stage the public (10**) …** some of its deposits in order to hold more currency.

Ex. 8. Read the text again and choose the best variants:

1. In all countries banks are _____ in the business of earning profits.

a) insurance companies;

b) financial intermediaries;

c) ultimate borrowers.

2. A bank that makes many _____is spreading its risks.

a) deposits;

b) reserves;

c) loans.

3. Someone who opens _____ in a bank can get his or her money back whenever required.

a) checkable deposits;

b) liquid reserve;

c) a checking account.

4. Most savers cannot evaluate _____ of those who wish to borrow.

a) the risk;

b) the creditworthiness;

c) medium of exchange.

5. If banks fail and there is no deposit insurance, then depositors have to reduce their _____ .

a) credits;

b) deposits;

c) expenditures.

Over to you

1. Act as an interpreter:

A: I would like to open a savings account. Is the initial deposit large?

B: Ні. Усього лише 1000 доларів.

A: Why should I maintain this amount?

B: Інакше вам доведеться платити за банківські послуги.

A.: What do computers check?

B: Наш комп'ютер підсумовує всі відповідні щоденні цифри.

A: When could I get my money?

B: Ви можете отримати свої гроші у будь-який час доби, користуючись нашими автоматами.

A: What else is required?

B: Заповніть цю форму і прибутковий ордер.

A: Is there a minimum balance required?

B: Передбачається, що ви збережете середній щоденний баланс розміром 1000 доларів.

A: What else is required?

B: Вам доведеться платити 25 центів за кожний виписаний чек і 25 центів за кожне вилучення грошей з банківського рахунку.

A: How much interest do you pay?

B: Якщо на вашому рахунку буде не менше 2500 доларів, вам належить 6,5 %.

A: I would like to open a checking account with a deposit of $1,500. Is that O.K.?

B: Усе гаразд. Ви можете замовити чекові книжки, заповніть бланк заяви і талон на депозит.

2. You have an exam. Your question is «Banking system».

UNIT 8
ANALYSIS OF BANKING ACTIVITIES

Text B. CENTRAL BANKING ACTIVITIES

Ex. 1. Study the vocabulary:

1. money supply	грошова маса, кількість грошей в обігу
2. to exert	впливати
3. lender of last resort	останній кредитор у критичній ситуації, кредитор останньої інстанції
4. to issue (coins, banknotes)	здійснювати емісію грошей
5. exchange rate	обмінний курс
6. to impose	нав'язувати, накладати
7. prudential ratio	коефіцієнт обачливості
8. capital ratio	співвідношення капіталу до активів
9. liquid ratio	співвідношення ліквідних активів банків до сумарних депозитів
10. loosely	вільно
11. expansionary policy	експансіоністська політика
12. implementation	реалізація
13. dominant influence	значний вплив

Ex. 2. Read and follow the text:

The central banking system is a major sector of any modern monetary system. It is of great importance to the fiscal policy of the national government and the functioning of the private sector. Most countries have a central bank. In some countries the central bank is independent from the government (USA, Germany), in others (UK, Japan, China) it is controlled by the government. In the former case the government will be unable to instigate expansionary policies either to boost economy in a recession or to create a boom before the next election.

A central bank is a bank which controls or polices the banking industry in a particular country, as well as carries out other specialized functions, which may be specific to that country. Because of its unique position it is usual for the central bank to be controlled by the state and not to be operated as a strictly commercial concern.

Central bank is a national institution such as the Bank of England, the US Federal Reserve System, the Bundes bank of

Germany, the Banque de France, the Bank of Japan and the National Bank of Ukraine that functions as the principal controller of the money supply and thus exerts a dominant influence on its country's economic condition. Each of the central banks differs a little from the others in the range of its activities, in its powers and techniques it can use in the nature of the relationship with government, but all of them serve both to their countries' government and to its banking system not for private customers. Central banks are responsible for the implementation of monetary policy and supervision over the banking system. They control the money supply, act as lender of last resort to commercial banks with liquidity problems.

Central bank has no contact with the general public but acts as a «banker's bank» with the authority to issue currency and to make loans, at interest rates it determines, from its holdings of the cash reserves of commercial banks. It administers foreign money exchange, controls, buys and sells reserves of gold and foreign currencies thus influencing the value of its country's currency on the international market. Generally it operates independently of its government although it often acts as a financial advisor to the administration.

To ensure the safety of the banking system central banks impose reserve requirements obliging commercial banks to deposit a certain amount of money with the central bank at zero interest. Central banks in different countries also impose different «prudential ratios» on commercial banks such as capital ratio and liquid ratio.

Most developed countries have a central bank whose functions are broadly similar to those of the Federal Reserve. The Bank of England has existed since the end of the seventeenth century. Napoleon I established the Banque de France in 1800 and the Bank of Canada began operations in 1935. The German central bank was reestablished after World War II and is loosely modeled on the Federal Reserve.

Ex. 3. Match the synonyms:

1. to provoke	a) particular
2. special	b) to instigate
3. exactly	c) loan

4. influence	d) to maintain
5. dominant	e) to ensure
6. to buy	f) series
7. range	g) to purchase
8. borrowing	h) strictly
9. to serve	i) impact
10. to provide	j) prevailing

Ex. 4. Find equivalents:

1. money supply	p) іноземна валюта
2. prudential ratio	q) грошово-кредитна політика
3. exchange rate	r) співвідношення ліквідних активів банків до сумарних депозитів
4. interest rate	s) співвідношення капіталу до активів
5. foreign currency	t) грошова маса
6. monetary policy	u) коефіцієнт обачливості
7. implementation	v) обкладати податком
8. to impose	w) реалізація
9. capital ratio	x) відсоткова ставка
10. liquid ratio	y) обмінний курс

Ex. 5. Fill in the blanks below with the most appropriate terms from the list:

b) the governmet; b) the implementation; c) commercial concern; d) the money supply; e) monetary system

1. The central banking system is a major sector of any modern **…** .

2. In some countries the central bank is independent from the government, in others it is controlled by **…** .

3. It is usual for the central bank to be controlled by the state and not to be operated as a strictly **…** .

4. Central banks are responsible for **…** of monetary policy and supervision over the banking system.

Central banks control **…** act as lender of last resort to commercial banks with liquidity problems.

Ex. 6. Replace the words in italic with synonyms from the box:

a) value; b) consistently; c) safeguard; d) purchasing; e) goal; f) concerned with; g) increasing; h) key; i) through; j) shortage; k) curbing; l) influence; m) controlling; n) deal; o) external

Monetary policy is connected to (1) _____ the value and cost of money in the economy. When prices rise, money loses its worth (2) _____ , when prices rise constantly (3) _____ people lose confidence in the currency. The main aim (4) _____ of any central bank is to protect (5**)** the currency by stabilizing prices and limiting (6) _____ inflation. The central bankcan influence the demand for money by reducing or raising (7) _____ its cost. This can be done by monitoring (8) _____ interest rates.

Monetary policy is one of the main (9) _____ elements in the management of any modern economy. The central bank can affect (10) _____ economic activity by means of (11) _____ the dealing room; by buying (12) _____ and selling bills the bank can affect the cash position of the banking system. If the bank is a lack (13**)** _____ of funds the bank can lend money to the system. In addition the bank can trade (14) _____ in the foreign exchange market toinfluence the outside (15) _____ value of the currency.

Ex. 7. Choose the best variant:

1. The central banking system is a major sector of any modern _____ .

a) private sector;

b) fiscal policy;

c) monetary system.

2. In some countries the central bank is independent from _____ .

a) the banking industry;

b) private sector;

c) the government.

3. Central banks are responsible for the _____ and supervision over the banking system.

a) money supply;

b) implementation of monetary policy;

c) currency.

4. They control _____ , act as lender of last resort to commercial banks with liquidity problems.

a) the cash reserves;

b) the money supply;

c) interest rates.

5. Central banks impose different _____ on commercial banks such as capital ratio and liquid ratio.

a) «shortages»;

b) interest rates;

c) «prudentialratios».

Ex. 8. Make up the sentences:

1. central \The\ banking\ is\ a\ major\ system\ sector\ system\ of\ modern\ any\ monetary.

2. importance\ The\ system\ banking\ is\ of\ great\ central\ to\ fiscal\ the\ policy.

3. bank\ is\ a\ controls\ A\ central\ bank\ which\ the\ banking\ in\ a\ industry\ particular\ country.

4. It\ is\ central\ usual\ for\ the\ bank\ to\ controlled\ be\ by\ the\ state.

5. banks\ responsible\ Central\ are\ for\ the\ of\ monetary\ implementation\ policy.

Over to you

1. Read and discuss the texts that follow.

a) Explain the difference between loans and overdrafts.

b) Discuss the services provided by banks.

Bank Loans and Overdrafts

There are two principal ways in which a businessman can borrow money from his bank: by means of a loan and by means of an overdraft. An overdraft is «a sum of money drawn from a bank by a customer that is more than the amount he holds in his account with the bank». Permission of the bank has to be obtained for this facility and interest is charged on the outstanding amount. When the bank makes a loan, a separate loan account is opened at he bank in the borrower’s name. The amount of the loan is debited in he loan account and credited in the customer’s current account, interest is charged on the full amount of the loan even though the borrower might not draw on the full amount immediately. Because bank funds must be kept fluid, loans are nearly

always short term, and a bank will not lend money to a customer unless it knows that the money can be repaid quickly. Normally the bank likes o have its loans repaid or its overdrafts charged, within a year.

2. Most countries have a central bank. Tell about the main functions of central bank in different countries.

3. You have an exam. Your question is «Central banking activities».

UNIT 8
ANALYSIS OF BANKING ACTIVITIES

Text C. BANKING IN THE UK

Ex. 1. Study the vocabulary:

1. issuer	емітент
2. supervisor	контролер
3. lender of last resort	останній кредитор у критичній ситуації, кредитор останньої інстанції
4. retail banks	роздрібний банк
5. clearing house	розрахункова/клірингова палата
6. overseas banks	закордонний банк
7. foreign banks	іноземний банк
8. merchant bank	торговельний банк
9. banking facilities	банківські послуги
10. consortium bank	консорціальний банк
11. bulk	основна частина
12. extensive branch networks	обширні філіальні мережі
13. bank financial intermediaries	банківські фінансові посередники
14. accepting house	акцептний банк (торговельний банк, що спеціалізується на фінансуванні зовнішньої торгівлі та операціях на фінансових ринках)
15. liabilities	зобов’язання
16. wholesale bank	оптовий банк
17. profit margin	розмір/маржа прибутку
18. base lending rate	базова ставка позичкового процента
19. to obtain	одержувати
20. overdraft	овердрафт, перевищення кредитного ліміту

Ex. 2. Read and follow the text:

The British banking system has developed over the past few hundred years to become one of the most highly specialized financial centers in the western world.

The Bank of England is the central bank in the British banking system. Its functions are as:

a) issuer of currency;

b) banker to the government;

c) banker to the banks;

d) supervisor of the banking industry;

e) lender of last resort;

f) management of gold and foreign currency reserves;

g) a means of liaising with overseas central banks and financial institutions, and

h) implementation of government monetary policy.

A useful way of analysing bank financial intermediaries (i. e. banks) in the UK is to divide them into two categories:

Primary banks are the banks which operate the payments mechanism (i. e. the money transmission service in the economy). These are often referred to as the commercial banks, retail banks, or clearing banks. Commercial banks can be divided into three groups: the London clearing banks («The Big Five»), the Scottish and Northern Ireland banks and the British overseas banks and foreign banks.

Secondary banks consist of the accepting houses (also known as merchant banks), other British banks and consortium banks. These are bankswhose liabilities consist mainly of term deposits, and so the secondary banks are not a significant part of the UK payments mechanism. In other words, they do not themselves carry out cheque clearing, nor are they members of the Committee of London Clearing Banks, although one of the retail (clearing) banks may clear cheques on their behalf.

Retail banking is the banking activity of the traditional «high street» bank, dealing with relatively small deposits and small loans to customers. Such banks have extensive branch networks and the bulk of their business is in sterling.

You should by now understand that the High Street banks are:

a) bank financial intermediaries;

b) primary banks; and

c) retail banks.

Wholesale banking involves small numbers of customers with larger deposits or requiring larger loans. Because large sums are involved, customers expect the banks to trim their profit margins and offer a cheaper, more competitive service:

a) wholesale deposits might attract higher rates of interest for depositors;

b) wholesale loans might be at a lower rate of interest, not necessarily related to the bank's base lending rate.

The banks also provide a wide range of services to customers, some of which are not strictly «banking» activities. In other words, banks do much more than banking.

Ex. 3. Fill in the blanks below with the most appropriate terms from the list:

a) responsible; b) include;c) clearing house; d) deposits; e) «clearing banks»; f) expanded; g) banking facilities; h) foreign banks; i) facilitate; j) overseas banks

The clearing banks _____ (1) Barclays, Lloyds, the Midland, National Westminster, the Trustee Savings Bank (TSB), the Co-operative Bank, Royal Bank of Scotland, Girobank and the Bank of Scotland. They are called _____ (2) due to the fact that they are _____ (3) for «clearing» cheques. In addition to these, there are several other banks which are not full members of the _____ (4) (such as Standard Chartered). The banks dominate the market in the UK, holding over 50% of sterling _____ (5) . They are particularly strong at the retail level.

Most of _____ (6) were set up in the 19th century to provide _____ (7) to their customers throughout the world but mainly in the British overseas territories. These banks _____ (8) movement of resources between London and abroad, as well as attracting deposits to London from overseas customers.

The number of _____ (9) in London and in other major cities in recent years has rapidly _____ (10). US and Japanese banks are the most numerous group of foreign banks in the UK.

Ex. 4. Read the statements and decide whether they are true or false.

1. The Bank of England is the ordinary bank in the British banking system.
2. Secondary banks are the banks which operate the payments mechanism.
3. Primary banks consist of the accepting houses, other British banks and consortium banks.
4. Retail banking is the banking activity of the traditional «high street» bank, dealing with relatively small deposits and small loans to customers.
5. Wholesale banking involves great numbers of customers with smaller deposits or requiring smaller loans.

Ex. 5. Read the text again and choose the best variants:

1. A useful way of analysing _____ in the UK is to divide them into two categories.

a) secondary banks;
b) bank financial intermediaries;
c) clearing banks.

2. _____ are often referred to as the commercial banks, retail banks, or clearing banks.

a) Secondary banks;
b) Commercial banks;
c) Primary banks.

3. _____ are bankswhose liabilities consist mainly of term deposits.

a) Commercial banks;
b) Secondary banks;
c) Primary banks.

4. The secondary banks are _____ the UK payments mechanism.

a) a significant part of;

b) not a significant part of;

c) a considerable part of.

5. _____ is the banking activity of the traditional «high street» bank, dealing with relatively small deposits and small loans to customers.

a) Retail banking**;**

b) Secondary banking;

c) Commercial banking.

Ex. 6. Match the synonyms:

1. supervisor	a) impact
2. implementation	b) loan
3. to act	c) banking services
4. influence	d) controller
5. significant	e) to involve
6. extensive	f) to ensure
7. to include	g) considerable
8. borrowing	h) fulfilment
9. to provide	i) wide
10. banking facilities	j) to operate

Ex. 7. Find equivalents:

1. lender of last resort	a) іноземний банк
2. retail banks	b) консорціальний банк
3. clearing house	c) оптовий банк
4. foreign banks	d) кредитор останньої інстанції
5. merchant bank	e) зобов’язання
6. consortium bank	f) роздрібний банк
7. bank financial intermediaries	g) акцептний банк
8. accepting house	h) банківські фінансові посередники
9. liabilities	i) торговельний банк
10. wholesale bank	j) розрахункова палата

Ex. 8. Fill in the blanks below with the most appropriate terms from the list:

a) a source; b) compete; c) to store; d) lending money; e) a payments mechanism

The main functions of the retail banks can be summarised as follows:

a) providing _____ (1) – i. e. a way in which individuals, firms and government organisations can make payments to each other. The banks are also _____ (2) from which individuals and firms can obtain notes and coin;

b) providing a place for individuals, firms and government organisations _____ (3) their wealth, e. g. in current accounts or deposit accounts. Banks _____ (4) with other financial institutions to attract the funds of individuals and firms:

c) _____ (5) in the form of loans, overdrafts or other specialised schemes.

Ex. 9. Make up the sentences:

1. The\Bank\is\of\the\central\England\bank\system\in\the\British\-banking.

6. Banks\are\operate\the\Primary\banks\which\mechanism\the\payments.

7. Banks\Secondary\consist\of\the\houses\banks\accepting\and\consortium.

8. Banking\is\activity\the\Retail\traditional\banking\of\the\«high street»\bank.

9. Provide\banks\a\The\wide\range\of\to\customers\services.

Over to you

1. The Bank of England is the central bank in the British banking system. Tell about the main functions of the central bank.

2. Read the text and single out the main facts. Present them in a short form.

3. Tell about the main types of banks in England.

4. In order to get prepared for participation in the class discussion of the questions, write a short essay on:

a) Services provided by banks.

b) Your attitude to the bank’s work.

c) Different kinds of accounts opened by banks.

d) The influence of modern technology on banking.

UNIT 9
BANK FINANCIAL ACCOUNTING

Text A. BANK FINANCIAL ACCOUNTING

Ex. 1. Study the vocabulary:

1. financial accounting	1. фінансовий облік
2. financial statement	2. фінансовий звіт
3. income statement	3. звіт про прибутки та збитки
4. balance sheet	4. баланс
5. cash flow statement	5. звіт про рух грошових коштів
6. to encapsulate	6. втілювати
7. operating performance	7. операційна діяльність
8. Generally Accepted Accounting Principles	8. загальноприйняті принципи бухгалтерського обліку
9. tax authority	9. податковий орган
10. cost principle	10. принцип вартості
11. matching principle	11. принцип відповідності
12. full disclosure	12. повнота подання звітності
13. going concern	13. концепція безперервності
14. economic entity	14. економічний суб’єкт
15. relevance	15. актуальність
16. reliability	16. надійність

Ex. 2. Read and follow the text:

Financial accounting is the process of recording, summarizing and reporting the myriad of transactions from a business, so as to provide an accurate picture of its financial position and performance. Using standardized guidelines, the transactions are recorded, summarized, and presented in a financial report or financial statement such as an income statement or a balance sheet. The primary objective of financial accounting is the preparation of financial statements – including the balance sheet, income statement and cash flow statement – that encapsulates the company’s operating performance over a particular period, and financial position at a specific point in time. These statements – which are generally prepared quarterly and annually, and in accordance with Generally Accepted Accounting Principles (GAAP, pronounced «gap») – are aimed at external parties including investors, creditors, regulators and tax authorities. GAAP is based on some basic underlying principles and concepts such as the

cost principle, matching principle, full disclosure, going concern, economic entity, conservatism, relevance, and reliability.

Financial accounting generates the following three basic bank financial statements:

1. Income statement (sometimes referred to as «results of operations» or «earnings statement» or «profit and loss [P&L] statement»)
2. Balance sheet (sometimes referred to as «statement of financial position»)
3. Cash flow (sometimes referred to as «cash flow statement»)

It is important to point out that the purpose of financial accounting is not to report the value of a company. Rather, its purpose is to provide enough information for others to assess the value of a company for themselves.

Ex. 3. Fill in the gaps. Then read and translate:

(1) **……**is the process of recording, summarizing and reporting the myriad of transactions from a business, so as to provide an accurate picture of its (2) ……. **.**Using standardized guidelines, the transactions are recorded, summarized, and presented in (3)……. or financial statement such as (4) …… or (5)…… .The primary objective of financial accounting is the preparation of financial statements – including the balance sheet, income statement and (6) …….. – that encapsulates the company's operating performance over a particular period, and financial position at a specific point in time. These statements – which are generally prepared quarterly and annually, and in accordance with (7)…… (GAAP, pronounced «gap») – are aimed at external parties including investors, creditors, regulators and (8) …….. . GAAP (9)…….. some basic underlying principles and concepts such as the cost principle, matching principle, full disclosure, going concern, (10)…….., conservatism, relevance, and reliability.

Ex. 4. Choose the best variant:

1. Financial accounting is the process of:

a) recording, summarizing and reporting the myriad of transactions from a business;

b) recording, expanding and analyzing the myriad of transactions from a company;

c) both

2. The transactions are recorded, summarized, and presented in:

a) a financial report or financial statement such as a cash assets statement or a balance sheet

b) a financial statement such as an income statement or a financial report

c) a financial report or financial statement such as an income statement or a balance sheet

3. The primary objective of financial accounting is:

a) the preparation of the balance sheet, income statement and cash flow statement

b) the preparation of financial statements

c) both

4. Capital has many names, such as:

a) cash equity, cash worth, or cash assets

b) equity, worth, or assets

c) net equity, net worth, or net assets

5. Financial statements encapsulate:

a) the company's operating performance at a specific point in time, and financial position over a particular period

b) the company's operating performance over a particular period, and financial position at a specific point in time

c) both

Ex. 5. Decide if the following statements are true or false:

1. Financial accounting is the process of recording, summarizing and reporting the myriad of transactions from a business, so as not to provide an accurate picture of its financial position and performance:

a) true

b)false

2. The secondary objective of financial accounting is the preparation of financial statements that encapsulates the company's

operating performance over a particular period, and financial position at a specific point in time:

a) true

b) false

3. The statements are aimed at internal parties including investors, creditors, regulators and tax authorities:

a) true

b) false

4. GAAP is based on some basic underlying principles and concepts such as the cost principle, matching principle, full disclosure, going concern, economic entity, conservatism, relevance, and reliability:

a) true

b) false

5. It is important to point out that the purpose of financial accounting is to report the value of a company:

a) true

b) false

Ex. 6. Fill in the blanks with prepositions if necessary:

1. Financial accounting is the process …recording, summarizing and reporting the myriad of transactions … a business, so as to provide an accurate picture of its financial position and performance. 2. Using standardized guidelines, the transactions are recorded, summarized, and presented … a financial report or financial statement such… an income statement or a balance sheet. 3. The primary objective of financial accounting is the preparation … financial statements – including the balance sheet, income statement and cash flow statement – that encapsulates the company's operating performance … a particular period, and financial position … a specific point … time. 4. These statements – which are generally prepared quarterly and annually, and in accordance … Generally Accepted Accounting Principles (GAAP, pronounced «gap») – are aimed … external parties including investors, creditors, regulators and tax authorities.

Ex. 7. Match the first part of the sentence from the column A with its second partfrom the column B:

1. Financial accounting is	a) aimed at external parties including investors, creditors, regulators and tax authorities
2. Transactions are	b) the preparation of financial statements
3. The primary objective of financial accounting is	c) recorded, summarized, and presented in a financial report or financial statement
4. These statements are	d) the process of recording, summarizing and reporting the myriad of transactions from a business
5. The purpose of financial accounting is	e) to provide enough information for others to assess the value of a company for themselves.

Ex. 8. Match the term from the column A with its definition from the column B:

1. financial accounting	a) It is one of the financial statements of a company and shows the company's revenues and expenses during a particular period
2. income statement	b) It is the field of accountancy concerned with the preparation of financial statements for decision makers, such as stockholders, suppliers, banks, employees, government agencies, owners, and other stakeholders
3. balance sheet	c) The common set of accounting principles, standards and procedures that companies use to compile their financial statements
4. cash flow statement	d) It is a financial statement that shows how changes in balance sheet accounts and income affect cash and cash equivalents
5. Generally Accepted Accounting Principles	e) It is a financial statement that lists all the bank's assets and liabilities

Over to you

1.Write the list of features and functions of financial accounting.

2.Work in groups of three. Take turns to tell the group about each feature and function on your list. Ask one or two questions about each feature and function your partners tell you about.

3. Tell the class about one feature (function) that you consider the most important in financial accounting.

UNIT 9
BANK FINANCIAL ACCOUNTING

Text B. BANK FINANCIAL ACCOUNTING

Ex. 1. Study the vocabulary:

1. assets	1. активи
2. liabilities	2. зобов'язання
3. demand deposit	3. безстроковий депозит
4. claim upon demand	4. позов на вимогу
5. equation	5. рівняння
6. net equity	6. чистий капітал
7. net worth	7. чиста вартість
8. net assets	8. чисті активи
9. stockholders' equity	9. акціонерний капітал
10. financial cushion	10. фінансова подушка безпеки
11. Federal funds market	11. ринок федеральних фондів
12. vault cash	12. запас готівкових грошей у банку
13. withdrawal	13. зняття грошей з рахунку

Ex. 2.Read and follow the text:

A balance sheet is a financial statement that lists all the bank's assets and liabilities. **Assets** are things a bank owns, while **liabilities** are things a bank owes,including most notably customer deposits. An example of an asset for a bank is cash or a loan. An example of a liability is a demand deposit. This is money that a customer has deposited, which it can claim upon demand. Accountants list assets on the left and liabilities on the right. Subsequently, accounting transactions conform to the equation:

Total Assets = Total Liabilities + Capital

On the other side of a bank's balance sheet, a bank has assets. Bank takes funds from depositors and loans these funds to borrowers who pay interest. Thus, banks earn interest from the loans becoming a vital source of income for the bank.

Liabilities are the first item on a bank's balance sheet. They are the source of funds for a bank with the most important being deposit accounts.

Bank's net worth or capital becomes the last item on the bank's balance sheet. Capital equals total assets minus total liabilities. Capital has

many names, such as net equity, net worth, or net assets. If the business is a corporation, then we call this capital – stockholders' equity.All banks organize themselves into corporations. A corporate bank's capital is the stock sold to the investors plus the bank's profit. Creditors consider capital important because it provides a financial cushion for loans and obligations. If a company bankrupts and cannot repay a loan, the creditors have the first priority of the company's assets, while the shareholders have the last priority. A positive capital ensures the bank can repay its loan obligations.

Federal funds market can be a bank asset or a liability. Each bank must hold reserves in the form of vault cash plus deposits at the Federal Reserve. The Federal Reserve sets the percentage of reserves a bank must hold because reserves help ensure banks have cash to meet depositors' withdrawals.

Ex 3.Choose the best variant:

1. A balance sheet is:

a) a framework and funding for public systems and services

b) a financial statement that lists all the bank's revenues and expenditures

c)not given

2. An example of an asset for a bank is:

a) public systems and services

b) revenues and expenditures

c)cash or a loan

3. Accounting transactions conform to the equation:

a) Total Liabilities = Capital – Total Assets

b) Total Assets = Total Liabilities + Capital

4. Capital has many names, such as:

a)cash equity, cash worth, or cash assets

b)equity, worth, or assets

c) net equity, net worth, or net assets

5. The Federal Reserve sets the percentage of reserves a bank must hold because reserves:

a) help ensure banks have cash to repay a loan

b) help ensure financial institutions have cash to meet depositors' withdrawals

c) both

Ex. 4. Fill in the gaps. Then read and translate:

(1) **…….** is a financial statement that lists all the bank's (2)…….. Assets are things a bank owns, while (3) **…….** are things a bank owes, including most notably (4)……. **.** An example of an asset for a bank is cash or a loan. An example of a liability is (5) **…….** . This is money that a customer has deposited, which it can (6) **…….** . Accountants list assets on the left and liabilities on the right. Subsequently, (7) **…….** conform to the equation:

Total Assets = Total Liabilities + Capital

On the other side of a bank's balance sheet, a bank has assets. Bank takes funds from depositors and loans these funds to borrowers (8) **……. .** Thus, banks earn interest from the loans becoming (9)……. for the bank.

Liabilities are the first item on a bank's balance sheet. They are the source of funds for a bank with the most important being (10)……..

Ex.5. Match the term from the column A with its definitionfrom the column B:

1. a balance sheet	a) The items detailed on a balance sheet, especially in relation to liabilities and capital
2. assets	b) It is also called the statement of financial condition, it is a summary of a company's assets, liabilities, and owners' equity
3. liability	c) Cash that a bank keeps in its vault for daily transactions, such as check cashing or cash withdrawals
4. capital	d) It is money that is used to generate income or make an investment
5. Federal funds market	e) It is the interbank market for overnight lending of funds on deposit in a bank's reserve account
6. vault cash	f) An obligation to pay an amount in money, goods, or services to another party
7. deposit	g) A person or company to whom one owes money
8. income	h) Cash, or assets readily convertible into cash, held aside to meet expected or unexpected demands
9. reserves	i) The amount of money or its equivalent received during a period of time in exchange for labor or services, from the sale of goods or property, or as profit from financial investments.

10. creditor	j) It is money placed in a bank account or an instance of placing money in a bank account

Ex. 6. Decide if the following statements are true or false:

1. A balance sheet is a financial statement that lists all the bank's assets and liabilities:

a) true

b)false

2. An example of an asset for a bank is deposit or a loan:

a) true

b) false

3. Accountants list assets on the right and liabilities on the left:

a) true

b) false

4. Creditors do not consider capital important because it provides a financial cushion for loans and obligations:

a) true

b) false

5. A positive capital ensures the bank can repay its loan obligations:

a) true

b) false

Ex. 7. Match the first part of the sentence from the column A with its second partfrom the column B:

1. A balance sheet is	a) cash or a loan
2. An example of a liability is	b) a demand deposit
3. An example of an asset for a bank is	c) a financial statement that lists all the bank's assets and liabilities
4. Liabilities are	d) the bank can repay its loan obligations
5.A positive capital ensures	e) the source of funds for a bank with the most important being deposit accounts

Over to you

1. Write two true and two false sentences about assets and liabilities.

2. Work in groups of three. Decide whether the sentences are true or false.

3. Tell the class two true sentences you found out.

UNIT 9
BANK FINANCIAL ACCOUNTING

Text C. BANK FINANCIAL ACCOUNTING

Ex. 1. Study the vocabulary:

1. total revenues	1. сукупний дохід
2. to subtract	2. віднімати
3. to deduct	3. відраховувати
4. profitability	4. рентабельність
5. cash in-flow	5. надходження грошових коштів
6. cash out-flow	6. відплив грошових коштів
7. resultant cash flow	7. результуючий грошовий потік
8. ashareholder	8. акціонер
9. liquidity management	9. управління ліквідністю

Ex. 2. Read and follow the text:

The income statement is one of the three financial statements - the other two are the balance sheet and cash flow statement – with which stock investors need to become familiar.The bank income statement presents the total revenues, expenses, and tax. Note that this statement begins with revenues, next it subtracts total expenses, and deducts taxes. The income statement reports a bank's profitability during a specified period of time.When an investor understands the income and expense components of the income statement, he or she can appreciate what makes a bank profitable.

Monitoring the cash flows of any business entity is one of the modern methods of financial analysis. **The cash flow statement** presents a picture of the cash flow operations. It summarizes operation activity. It follows the cash in-flow and out-flows. The cash flow statement gives information on the resultant cash flows in the asset and liability items over the course of the period analyzed and on the initial and final balance of these items in the classification according to operating, investment and financial activity. Information on cash

flows is also of interest for existing and potential shareholders and other investors, trading partners, creditors and stock exchange institutions. It is also important for financial analysts. These data can play an important role for banking supervision in analyzing the business activities of a bank.Anyone may make their own assessment of the bank's financial management, its liquidity management, what deals and in what volume the bank has made for fulfilling limits, what the creation of funds is, what the main directions of the bank's investment activities are, etc.

Ex. 3. Decide if the following statements are true or false:

1. The bank income statement does not present the total revenues, expenses, and tax:

a) true

b)false

2. The income statement reports a bank's profitability during a one-year period of time:

a) true

b) false

3. Monitoring the cash flows of any business entity is one of the contemporary methods of financial analysis:

a) true

b) false

4. The cash flow statement gives information on the resultant cash flows in the asset and liability items over the course of the period analyzed:

a) true

b) false

5. The cash flow statement can play the most important role for banking supervision in analyzing the business activities of a bank:

a) true

b) false

Ex. 4. Fill in the gaps. Then read and translate:

(1**) ……** is one of the three financial statements – the other two are the **(**2**) …….** and **(**3**) …….** – with which stock investors need

to become familiar.The bank income statement presents (4) **…….,** expenses, and tax. Note that this statement begins with revenues, next it subtracts (5) **…….. ,** and deducts taxes. The income statement (6) **…….** a (7) **…….** during a specified period of time.When an investor understands (8) **…….** of the income statement, he or she can (9) **……..** what makes a bank (10) **……. .**

Ex. 5. Fill in the blanks with prepositions if necessary (Fill In Write):

1.The income statement is one … the three financial statements - the other two are the balance sheet and cash flow statement – … which stock investors need to become familiar. 2.The income statement reports a bank's profitability … a specified period … time. 3.The cash flow statement gives information … the resultant cash flows in the asset and liability items … the course of the period analyzed and on the initial and final balance of these items in the classification … operating, investment and financial activity. 4. Information … cash flows is also … interest … existing and potential shareholders and other investors, trading partners, creditors and stock exchange institutions.

Ex. 6. Match the first part of the sentence from the column A with its second part from the column B:

1. The bank income statement presents	a) one of the three financial statements with which stock investors need to become familiar
2. The income statement reports	b) a picture of the cash flow operations.
3. Monitoring the cash flows of any business entity is	c) one of the modern methods of financial analysis
4. The cash flow statement presents	d) a bank's profitability during a specified period of time
5.The income statement is	e) the total revenues, expenses, and tax

Ex. 7. Translate the sentences:

1.The income statement is one of the three financial statements.

a) Звіт про прибутки є одним із трьох видів фінансової звітності.

b) Звіт про прибутки та збитки є одним із трьох видів фінансової звітності.

c) Звіт про збитки є одним із трьох видів фінансової звітності.

2.The bank income statement presents the total revenues, expenses, and tax.

a) Звіт про прибутки та збитки банку відображає конкретний обсяг доходів, витрат і податків.

b) Звіт про прибутки та збитки банку відображає загальний обсяг доходів, витрат і податків.

c) Звіт про прибутки та збитки компанії відображає загальний обсяг доходів, витрат і податків.

3.The income statement reports a bank's profitability during a specified period of time.

a) Звіт про прибутки та збитки відображає витрати банку протягом визначеного періоду.

b) Звіт про прибутки та збитки відображає прибутки банку протягом невизначеного періоду.

c) Звіт про прибутки та збитки відображає рентабельність діяльності банку протягом визначеного періоду.

4.Monitoring the cash flows of any business entity is one of the modern methods of financial analysis.

a) Моніторінг потоків будь-якої господарської діяльності є одним із сучасних методів фінансового аналізу.

b) Моніторінг грошових потоків будь-якого суб'єкта господарської діяльності є одним із сучасних методів фінансового аналізу.

c) Контроль фінансових та грошових потоків будь-якого суб'єкта є одним із сучасних методів фінансового аналізу.

5. Information on cash flows is also of interest for existing and potential shareholders and other investors, trading partners, creditors and stock exchange institutions.

a) Інформація про рух грошових коштів також становить інтерес для існуючих і потенційних акціонерів та інших інвесторів, торгових партнерів, кредиторів і біржових структур.

b) Інформація про рух грошових коштів також становить інтерес для акціонерів та інвесторів, кредиторів, партнерів і біржових інститутів.

c) Інформація про рух коштів також становить інтерес для потенційних акціонерів та інших інвесторів, партнерів, кредиторів та біржових інститутів.

Over to you

1. You are a financial manager who wants to attract foreign investors. Please, tell the foreign delegation about advantages of investment activities in Ukraine.

2. You have an exam. Your question is «Financial Accounting».

UNIT 10
BASICS OF TAXATION

Text A. BASICS OF TAXATION

Ex. 1. Study the vocabulary:

1. taxation	1. оподаткування
2. public finance	2. державні фінанси
3. ensure	3. гарантувати, забезпечувати
4. justice	4. справедливість
5. incidence	5. сфера дії, вплив
6. gift tax	6. податок на дарування
7. levy	7. обкладати податком
8. statecraft	8. мистецтво управління державою
9. statutory bodies	9. органи, передбачені законодавством
10. confine	10. обмежувати
11. receipts	11. дохід
12. chargeable to tax	12. підлягати оподаткуванню
13. exclude	13. виключати
14. exempt	14. звільняти
15. derive	15. отримувати
16. assessable	16. підлягати оподаткуванню
17. non- assessable	17. не підлягають оподаткуванню
18. accumulated balance	18. накопичений залишок
19. provident fund	19. накопичувальний фонд, резервний

Ex. 2. Read the text:

Taxation is not only a major means of public finance but also it plays a crucial role in ensuring a social and economic justice. The incidence of direct taxes Income-Tax, gift-tax cannot be shifted on

others and it has to be borne by the person on whom it is levied. It's a reality that to safeguard our existence and interest in the society, every one of us must pay tax according to our abilities to keep the statecraft running.

For the purpose of socio-economic stabilization, taxpayers have been classified either as corporate or non-corporate. Companies, banks, corporations and other statutory bodies have been taken as corporate and the rest e.g. individuals, firms are designated as non-corporate.

Tax is levied on income. But what is income? The term «income» is easy to understand but difficult to define in view of the complexities of tax laws. It is confined as any sort of receipts in the form of money or money's worth chargeable to tax. Otherwise, anything that comes in except those which are excluded by tax laws, are included in income. Any sort of receipts either in cash or in kinds unless exempted by Law.

Income includes any income, profits or gains, from whatever source derived, chargeable to tax.

Income may be «assessable» or «non-assessable». Non-assessable are totally ignored by tax laws pension income, receipts of accumulated balance from recognized provident fund etc. as have been declared as non-assessable income. Assessable income is again divided into taxable and non-taxable income. Taxability of a person is determined on the basis of his residential status.

Ex. 3. Choose the best variant:

1) Every one of us must … tax according to our abilities to keep the statecraft running.

a) sell;

b) render;

c) gain.

2) … have been classified either as corporate or non-corporate.

a) Taxmen;

b) Ratepayers;

c) Payers.

3) Income includes any income, profits or gains, from whatever source … chargeable to tax.

a) obtained;
b) got;
c) achieved.

4) Taxability of a person is determined on the basis of his residential …

a) rank;
b) standing;
c) position.

5) The term «income» is easy to understand but difficult to ….

a) determine;
b) imagine;
c) recall.

Ex. 4. Fill in the blanks below with the most appropriate terms from the list:

Income; define; cash; tax; receipts; laws; income; profits; source; money

Tax is levied on **(**1)… But what is income? The term «income» is easy to understand but difficult to **(**2)… in view of the complexities of tax **(**3**)…** It is confined as any sort of **(**4**)...** in the form of **(**5**)…** or money's worth chargeable to tax. Otherwise, anything that comes in except those which are excluded by **(**6**)…** laws, are included in (7)… Any sort of receipts either in (8**)…** or in kinds unless exempted by Law. Income includes any income, **(**9**)…** or gains, from whatever **(**10**)…** derived, chargeable to tax.

Ex. 5. Choose the best answer:

1. What is taxation?

a) Taxation is only a major means of public finance but also it plays a crucial role in ensuring a social and economic justice.

b) Taxation is not only a major means of public finance but also it plays a crucial role in ensuring a social and economic justice.

c) Taxation is not only a major means of public finance but also it plays a crucial role in ensuring a social justice.

2. Who are corporate taxpayers?

a) Companies, banks, corporations and other have been taken as corporate.

b) Companies, banks, corporations and other statutory bodies have been taken as corporate.

c) Companies, corporations and other statutory bodies have been taken as corporate.

3. What does income include?

a) All income, profits or gains, from whatever source derived, chargeable to tax.

b) Any income, profits or gains, from whatever source derived, chargeable to taxation.

c) Any income, profits or gains chargeable to tax.

4. What is income?

a) It is confined as all sort of receipts in the form of money.

b) It is confined as every sort of receipts in the form of money.

c) It is determined as any sort of receipts in the form of money.

5. In what way is taxability of a person is determined?

a) Taxability of a person is determined on the basis of his residential status.

b) Taxability of a person is determined on the basis of its residential status.

c) Taxability of a person is determined on the basis of this residential status.

6. How have taxpayers been classified?

a) They are classified either in corporate or non-corporate.

b) They are classified either as corporate or non-corporate.

c) They are classified either into corporate or non-corporate.

7. What kinds of income may be?

a) Income may be «assessable» either «non-assessable».

b) Income may be «assessable» and «non-assessable».

c) Income may be «assessable» or «non-assessable».

Ex. 6. Match the words from column A with the words from column B:

A	B
1. major means	а) сплачувати податки

2. income tax	b) підлягати оподаткуванню
3. pay tax	c) основні засоби
4. statutory bodies	d) накопичений залишок
5. pension income	e) соціальна справедливість
6. chargeable to tax	f) прибутковий податок
7. non- assessable	g) накопичувальний фонд
8. accumulated balance	h) органи, передбачені законодавством
9. provident fund	i) не підлягати оподаткуванню
10. social justice	j) пенсійний дохід

Ex. 7. Decide whether the statements are true or false:

1. Companies, corporations and other statutory bodies have been taken as corporate.
2. All sort of receipts either in cash or in kinds unless exempted by Law.
3. Taxability of a person is determined on the basis of his residential position.
4. The term «income» is simple to understand but difficult to define in view of the complexities of tax laws.
5. Taxation is not only a major means of public finance but also it plays a crucial role in ensuring a social and economic status.
6. Income includes any income, profits or gains, from whatever source derived, exempt from tax.
7. Assessable income can be taxable and non-taxable one.
8. Non-assessable are simply ignored by tax laws pension income.

Ex. 8. Match the words to make word partnerships from the text:

1. accumulated	a) to tax
2. statutory	b) corporate
3. provident	c) tax
4. chargeable	d) balance
5.gift	e) fund
6. non	f) bodies

Ex. 9. Make up sentences from the words:

1. is / tax/ on / levied / income.

2. crucial / justice / taxation / and / role / in /a /plays / ensuring / a / social / economic.

3. Taxable / is / assessable / income / into / divided / non-taxable / and / income.

4. in / sort of / any / receipts / exempted / in cash / either / or / kinds / unless / by Law.

5. or / «assessable» / may / income / be / «non-assessable».

Over to you

1. *Discuss these questions*

1. What do you know about corporate or non-corporate taxpayers?

2. What is a tax year?

3. What is meant by direct, and what is indirect, taxation?

2. *Ukrainian taxpayers have specific rights. Talk about your rights as a taxpayer*.

UNIT 10
BASICS OF TAXATION

TEXT B. BASICS OF TAXATION IN THE USA

Ex. 1. Study the vocabulary:

1. employee	1. робітник
2. percentage	2. відсоток
3. income tax	3. прибутковий податок
4. payroll taxes	4. податок на зарплату
5. sales taxes	5. податок з продажу
6. real estate taxes	6. податок на нерухомість
7. disburse	7. сплачувати
8. welfare	8. добробут
9. approve	9. схвалювати
10. Internal Revenue Service	10. Державна податкова служба
11. enforce	11. нав’язувати
12. tax refund	12. повернення суми податку
13. Treasury	13. казначейство, казна
14. expenses	14. витрати
15. tax law	15. податкове право

Ex. 2. Read the text:

The United States has a big budget. We have to pay for things like schools, roads, hospitals, the military, government employees, national parks, and so forth. The only way to pay for these things is for the government to get money from people and companies. People and companies pay a percentage of their income to the government. This is called the income tax.

The U.S. government collects income taxes, payroll taxes, sales taxes and real estate taxes from individuals and companies. The government disburses the money, according to its budget, to the appropriate agency to use for purposes like national defense, Social Security, education, national parks, and for government services like welfare.

Congress and the President of the United States are responsible for writing and for approving the tax laws. The Internal Revenue Service is responsible for enforcing the tax law, for collecting taxes, for processing tax returns, for issuing tax refunds, and for turning over the money collected to the US Treasury. The Treasury, in turn, is responsible for paying various government expenses. Congress and the President are also responsible for the federal budget. The budget is how much the government plans to spend on various programs and services. When the government spends more money, it must raise more money through taxes. When the government spends less money, it can afford to lower taxes.

Ex. 3. Choose the best variant:

1. The President of the United States is responsible for writing and for … the tax laws.

a) setting;
b) validating;
c) writing.

2. There's a big … in the USA

a) treasury;
b) budget;
c) company.

3. People and companies pay a percentage of their … to the government.

a) revenues;

b) perks;

c) benefit.

4. The Treasury, in turn, is responsible for paying various government ….

a) allowances;

b) grants;

c) spending.

5. The government … the money, according to its budget.

a) wastes;

b) charges;

c) saves.

Ex. 4. Fill in the blanks below with the most appropriate terms from the list:

Spends, paying, tax refunds, expenses, revenue service, federal budget, tax laws, treasury, taxes, president

Congress and the (1)… of the United States are responsible for writing and for approving the **(**2**)...** The Internal **(**3)… is responsible for enforcing the tax law, for collecting (4)…, for processing tax returns, for issuing **(**5**)…**, and for turning over the money collected to the US Treasury. The **(**6**)…,** in turn, is responsible for (7)… various government (8)… Congress and the President are also responsible for the (9)... The budget is how much the government plans to spend on various programs and services. When the government spends more money, it must raise more money through taxes. When the government (10)… less money, it can afford to lower taxes.

Ex .5. Choose the best answer:

1. What do people and companies pay to the government?

a) People and companies pay a percentage of their income to the government.

b) People and companies pay an interest rate of their income to the government.

c) People and companies pay a share of their income to the government.

2. Who collects income taxes from individuals?

a) The U.K. government collects income taxes from individuals and companies.

b) The U.S. government collects income taxes from individuals and companies.

c) The U.A.E government collects income taxes from individuals and companies.

3. Who is responsible for writing tax laws?

a) Congress and the President of the United States are responsible for writing and for approving the tax laws.

b) The President of the United States are responsible for writing and for approving the tax laws.

c) Congress of the United States are responsible for writing and for approving the tax laws.

4. How can a budget be defined?

a) The budget is how the government plans to spend on various programs and services.

b) The budget is how many the government plans to spend on various programs and services.

c) The budget is how much the government plans to spend on various programs and services.

5. What is Treasury responsible for?

a) Treasury is responsible for paying various government spending.

b) Treasury is responsible for paying various government savings.

c) Treasury is responsible for paying various government charges.

6. What are other responsibilities of the Congress and the President?

a) they are also responsible the federal budget.

b) they are also responsible for the federal budget.

c) they are also responsible for the local budget.

7. In what way does the government spend money?

a) The government disburses the money according to its earnings.

b) The government disburses the money, according to its income.

c) The government disburses the money, according to its budget.

Ex. 6. Match the words from column A with the words from column B:

A	B
1. government employees	a) урядові витрати
2. tax law	b) збирати податки
3. government expenses	c) працівники уряду
4. raise money	d) внутрішній дохід
5. federal budget	e) податок на зарплату
6. collect taxes	f) податкове право
7. Internal Revenue	g) заробляти гроші
8. responsible for	h) сплачувати відсотки
9. pay a percentage	i) бути відповідальним за
10. payroll taxes	j) державний бюджет

Ex. 7. Decide whether the statements are true or false:

1. People and companies pay an interest of their income to the government.

2. The budget is how much the government plans to spend on various goods and services.

3. The U.S. government collects income taxes, payroll taxes, sales taxes and real estate taxes from people and companies.

4. Congress and the President of the United States are responsible for writing and for approving the tax legislation.

5. The Treasury is responsible for paying various government expenditures.

6. We only to pay for things like schools, roads, hospitals, the military, government employees, national parks.

7. When the government earns less money, it can afford to lower taxes.

8. The government collects the money, according to its budget.

Ex. 8. Match the words to make word partnerships from the text:

1.government	a) law
2. internal	b) estate
3. income	c) budget
4. tax	d) employees
5. real	e) revenue
6. federal	f) tax

Ex. 9. Make up sentences from the words:

2. according /the /disburses/ government / the money/to its budget.
3. has /big /the/ United States /a budget.
4. people/and/pay/companies/of /their /government/ income/ to/ the/ a /percentage.
5. the /the /tax / Service/ responsible for /Internal Revenue/ is / enforcing /law.
6. income / called /is /tax /this/ the.

Over to you

1. Discuss these questions

a) What images spring to mind when you hear the word «tax»?

b) Do you think paying tax is a good or bad thing?

c) What would happen in your country if everyone stopped paying tax?

2. Everybody has to pay taxes to the government. Speak about the things people are taxed on.

UNIT 10
BASICS OF TAXATION

Text C. PURPOSES AND EFFECTS OF TAXATION

Ex. 1. Study the vocabulary:

1. expenditures	1. витрати
2. enforcement	2. правозастосування, примушувати
3. welfare	3. добробут
4. debt	4. борг

5. utilities	5. комунальні послуги
6. reluctant	6. неохочий
7. tax burden	7. податковий тягар
8. nobility	8. дворянство
9. disabled	9. інвалід
10. incur	10. нести (втрати)
11. compliance cost	11. відповідність вартості
12. hypothecation	12. іпотека
13. fungible	13. замінний
14. tolls	14. збори

Ex. 2. Read the text:

Money provided by taxation has been used by states and their functional equivalents throughout history to carry out many functions. Some of these include expenditures on war, the enforcement of law and public order, protection of property, economic infrastructure (roads, legal tender, enforcement of contracts, etc.), public works, social engineering, and the operation of government itself. Governments also use taxes to fund welfare and public services. A portion of taxes also go to pay off the state's debt and the interest this debt accumulates. These services can include education systems, health care systems, pensions for the elderly, unemployment benefits, and public transportation. Energy, water and waste management systems are also common public utilities. Colonial and modernizing states have also used cash taxes to draw or force reluctant subsistence producers into cash economies.

Governments use different kinds of taxes and vary the tax rates. This is done to distribute the tax burden among individuals or classes of the population involved in taxable activities, such as business, or to redistribute resources between individuals or classes in the population. Historically, the nobility were supported by taxes on the poor; modern social security systems are intended to support the poor, the disabled, or the retired by taxes on those who are still working. In addition, taxes are applied to fund foreign aid and military ventures, to influence the macroeconomic performance of the economy or to modify patterns of consumption or employment within an economy, by making some classes of transaction more or less attractive.

A nation's tax system is often a reflection of its communal values or the values of those in power. To create a system of taxation, a nation must make choices regarding the distribution of the tax burden – who will pay taxes and how much they will pay – and how the taxes collected will be spent.

All large businesses incur administrative costs in the process of delivering revenue collected from customers to the suppliers of the goods or services being purchased. Taxation is not different, the resource collected from the public through taxation is always greater than the amount which can be used by the government. The difference is called compliance cost, and includes for example the labour cost and other expenses incurred in complying with tax laws and rules.

Ex. 3. Choose the best variant:

1) Taxation is no different, the resource collected from the public through taxation is always greater than the amount which can be used …

a) by the state;
b) by the government;
c) by law.

2) Energy, water and waste management systems are also common …

a) public income;
b) public goods;
c) public utilities.

3) Money provided by taxation has been used by states and their functional equivalents throughout history to carry out many …

a) functions;
b) duties;
c) obligations.

4) Modern social security systems are intended to support …

a) the wealthy;
b) the poor;
c) the government.

5) All large businesses incur administrative costs in the process of delivering revenue collected from customers to the suppliers of the goods or services …

a) being bought;
b) being sold;
c) being accumulated.

Ex. 4. Fill in the blanks below with the most appropriate terms from the list:

Debt, property, taxation, economies, education, government, functions, services, taxes, utilities

Money provided by (1)… has been used by states and their functional equivalents throughout history to carry out many (2)... Some of these include expenditures on war, the enforcement of law and public order, protection of (3)…, economic infrastructure (roads, legal tender, enforcement of contracts, etc.), public works, social engineering, and the operation of (4)… itself. Governments also use (5)… to fund welfare and public (6)…. A portion of taxes also go to pay off the state's (7)… and the interest this debt accumulates. These services can include (8)… systems, health care systems, pensions for the elderly, unemployment benefits, and public transportation. Energy, water and waste management systems are also common public (9)…. Colonial and modernizing states have also used cash taxes to draw or force reluctant subsistence producers into cash (10)….

Ex. 5. Choose the best answer:

1. How has money provided by taxation been used?

a) by local authority and their functional equivalents throughout history to carry out many functions;

b) by governments and their functional equivalents throughout history to carry out many functions;

c) by states and their functional equivalents throughout history to carry out many functions.

2. Where do a portion of taxes go?

a) to sell the state's debt and the interest this debt accumulates;

b) to pay off the state's debt and the interest this debt accumulates;

c) to absorb the state's debt and the interest this debt accumulates.

3. What do all large businesses incur?

a) administrative costs in the process of delivering income collected from customers to the suppliers of the goods or services being purchased;

b) administrative costs in the process of delivering perks collected from customers to the suppliers of the goods being purchased;

c) administrative costs in the process of delivering revenue collected from customers to the suppliers of the goods or demands being purchased.

4. What is a nation's tax system?

a) is a reflection of its communal values or the values of those in law;

b) is often a reflection of its communal values or the values of those in power;

c) is a reflection of its utilities or the values of those in power.

5. Why do governments also use taxes?

a) to fund well-being and public services;

b) to fund public services;

c) to fund welfare and private services.

6. What utilities do we refer to common public?

a) Electric, water and management systems;

b) Energy, water and waste management systems;

c) Energy, water and supply management systems.

7. What are taxes apply to fund?

a) foreign aid and military ventures, to influence the macroeconomic performance of the economy or to modify patterns of consumption or employment within an economy, by making some classes of transaction less attractive;

b) foreign aid and military ventures, to influence the macroeconomic performance of the economy or to modify patterns of

consumption or employment within an economy, by making some classes of transaction more attractive;

c) foreign aid and military ventures, to impact the macroeconomic performance of the economy or to modify patterns of consumption or employment within an economy, by making some classes of transaction more or less attractive.

Ex. 6. Match the words from column A with the words from column B:

A	B
1. public order	a) заробляти гроші
2. education system	b) общинні цінності
3. cash economies	c) військові підприємства
4. raise money	d) громадський обов’язок
5. health care	e) податковий тягар
6. social security systems	f) товари та послуги
7. military ventures	g) грошове господарство
8. communal values	h) система освіти
9. goods or services	i) системи соціального забезпечення
10. tax burden	j) охорона здоров’я

Ex. 7. Decide whether the statements are true or false:

1. Governments also use taxes to fund well-being and public services.

2. All large businesses incur administrative costs in the process of delivering expenditures.

3. The resource collected from the state through taxation is always greater than the amount which can be used by the government.

4. The nobility were supported by taxes on the penniless.

5. The rate of taxes also go to pay off the state’s debt and the interest this debt accumulates.

6. To create a system of taxation, a nation must make choices regarding the allocation of the tax burden.

7. Energy, water and waste management systems are also usual public utilities.

Ex. 8. Match the words to make word partnerships from the text:

1. Tax	a) Activities
2. compliance	b) values
3. labour	c) cost
4. communal	d) cost
5. taxable	e) burden

Ex. 9. Make up sentences from the words:

1. A/system/ nation's /often /tax /is a/ its /communal /reflection /of power/values/or /the /of/ those /values/in.
2. pay/ a /of /taxes /also /portion /go/ to/ debt /off/ the/ state's.
3. use/vary /Governments /different /taxes/ kinds/ of/ and/ rates /the/ tax.
4. Energy,/systems/and /waste /management/ water/are/also/ public / common/utilities.
5. systems/ social/ Modern/ security /are/ to /support /intended/ the/ poor.

Over to you

1. Discuss these questions

a) Do you know what taxes are spent on in your country?

b) Would you like to move to a country where there are no taxes?

c) Would you like to be able to choose how your taxes are spent?

2. Can you explain why a worker earns 3000 but receives a paycheck for less than 3000?

UNIT 11
HISTORY OF TAXATION

Text A. HISTORY OF TAXATION

Ex. 1. Study the vocabulary:

1. authority	1. влада
2. owe	2. заборгувати
3. medieval	3. середньовічний
4. sophisticated	4. складний
5. realm	5. область
6. obligated	6. зобов’язаний
7. explicit	7. зрозумілий
8. illusory	8. ілюзорний
10. weapon	10. зброя
11. equipment	11. обладнання
12. temporary	12. тимчасовий
13. deduct	13. вираховувати

Ex. 2. Read the text:

Political authority has been used to raise capital throughout history. In many pre-monetary societies, such as the Incan empire, taxes were owed in labor. Taxation in labor was the basis of the Feudal system in medieval Europe.

In more sophisticated economies such as the Roman Empire, tax farming developed, as the central powers could not practically enforce their tax policy across a wide realm. The tax farmers were obligated to raise large sums for the government, but were allowed to keep whatever else they raised. Many Christians have understood the New Testament to support the payment of taxes, through Jesus’s words «Render unto Caesar the things that are Caesar’s».

There were certain times in the Middle Ages where the governments did not explicitly tax, since they were self-supporting, owning their own land and creating their own products. The appearance of doing without taxes was however illusory, since the government’s (usually the Crown’s) independent income sources depended on labor enforced under the feudal system, which is a tax exacted in kind.

Many taxes were originally introduced to fund wars and are still in place today, such as those raised by the American government during the American Civil War (1861–1865). Income tax was first introduced into Britain in 1798 to pay for weapons and equipment in preparation for the Napoleonic wars and into Canada in 1917 as a «temporary» tax under the Income War Tax Act to cover government expenses resulting from World War I.

The current income tax in America was set up by Theodore Roosevelt in 1913. It was called The Federal Income Tax and was deducted from incomes at rates varying from 1–7%. But, since then, the American Tax Code has been modified and new taxes have been added, especially over the World War I and II periods. Since World War II, the American Tax Code has increased in size four-fold.

Ex. 3. Choose the best variant:

1) The tax farmers were obligated to raise large sums for…

a) the government;
b) people;
c) the agriculture.

2) The current income tax in America was set up by …

a) Caesar in 1913;
b) Theodore Roosevelt in 1913;
c) John Kennedy in 1913.

3) Taxation in labor was the basis of the Feudal system in …

a) Europe;
b) medieval Europe;
c) classical Europe.

4) Since World War II, the American Tax Code has increased in size …

a) four;
b) fourth;
c) four times.

5) In many pre-monetary societies taxes were owed …

a) in labor;
b) in money;
c) in shares.

Ex. 4. Fill in the blanks below with the most appropriate terms from the list:

Christians, tax, payment, taxation, economies, labor, Europe, policy, authority, societies

Political (1)… has been used to raise capital throughout history. In many pre-monetary (2)… such as the Incan empire, taxes were owed in (3)... . (4)… in labor was the basis of the *Feudal* system in *medieval* (5)… .

In more sophisticated (6)… such as the Roman Empire, tax farming developed, as the central powers could not practically *enforce* their tax (7)… across a wide *realm***.** The (8)… *farmers* were *obligated* to raise large sums for the government, but were allowed to keep whatever else they *raised***.** Many (9)… have understood the New Testament to support the (10)… of taxes, through Jesus's words «*Render* unto *Caesar* the things that are Caesar's».

Ex. 5. Choose the best answer:

1. How were taxes owed in many pre-monetary societies?

a) in cash;
b) in labor;
c) in currency.

2. Who has set up the current income tax in the USA?

a) the president;
b) an economist;
c) the lawyer.

3. What were the tax farmers obligated to raise?

a) money for the government;
b) taxes for the government;
c) income for the government.

4. For what purposes were taxes introduced?

a) to fund enterprises;
b) to fund education;
c) to fund wars.

5. How have Christians understood the New Testament to support the payment of taxes?

a) Give unto Caesar the things that are Caesar's.

b) Pay unto Caesar the things that are Caesar's.

c) Impose unto Caesar the things that are Caesar's.

6. When was the first income tax introduced?

a) in 1789 to pay for weapons and equipment in preparation for the Civil wars;

b) in 1917 to pay for weapons and equipment in preparation for the World War I;

c) in 1798 to pay for weapons and equipment in preparation for the Napoleonic wars.

7. Did the governments explicitly tax in the Middle Ages?

a) The governments were explicitly tax, since they were self-supporting, owning their own land and creating their own products.

b) The governments did not explicitly tax, since they were self-supporting, owning their own land and creating their own products.

c) The governments not explicitly tax, since they were self-supporting, creating their own products.

Ex. 6. Decide whether the statements are true or false:

1. Political authority has been used to earn capital throughout history.
2. Income tax was first introduced into Britain in 1798 to pay for tools and equipment.
3. Taxation in labor was the basis of the Feudal system in millennium Europe.
4. The American Tax Code has decreased in size four-fold.
5. Many Christians have understood the New Testament to maintain the payment of taxes.
6. The tax farmers were obligated to raise large sums for the authority.
7. The appearance of doing without taxes was however illusory.

Ex. 7. Match the words to make word partnerships from the text:

1. government	a) tax
2. large	b) authority

3. income	c) funds
4. tax	d) income
5. political	e) sums income
6. earn	f) rate

Ex. 8. Make up sentences from the words:

1. basis/ taxation/ in/ Feudal/ labor /was /the /of /the/ system.
2. new /the /American/ Code /has/ been/ Tax/ modified/ been/ and /taxes /have/ added.
3. introduced /income / was first / into/ Britain/tax /in 1798.
4. Roosevelt/ the /current/ tax/ in /America/ income /was/ by /Theodore/ set up.
5. many /were /wars/ originally /introduced /to /taxes/ fund.

Over to you

1. *Discuss these questions*

a) Would you look for ways to avoid paying tax?

b) How do the tax rates in your country compare with those in neighbouring countries?

c) What do you think of sales / consumption tax put on the things you buy?

2. *Think about how workers in restaurants, hotels, hair salons, and similar jobs get paid. Is it important that tips be reported as income?*

UNIT 11
HISTORY OF TAXATION

Text B. HISTORY OF TAXATION IN GREAT BRITAIN

Ex. 1. Study the vocabulary:

1. assess	1. оцінювати
2. levied on	2. стягувати з
3. property	4. власність
4. substantial	5. істотний
5. customs duties	6. митні збори
6. rebellion	7. повстання
7. oppressive	8. гнітючий

8. peasant	9. селянин
9. clergy	10. духовенство
10. merchant	11. торговець
11. excise taxes	12. акцизний податок
12. essential commodities	13. товари першої необхідності
13. extract	14. виписка (із документів)
14. starve	15. голодувати
15. ban	16. заборона
16. repeal	17. скасовувати

Ex. 2. Read the text:

The first tax assessed in England was during occupation by the Roman Empire. Lady Godiva was an Anglo-Saxon woman who lived in England during the 11th century. According to legend, Lady Godiva's husband Leofric, Earl of Mercia, promised to reduce the high taxes he levied on the residents of Coventry when she agreed to ride naked through the streets of the town. When Rome fell, the Saxon kings imposed taxes, referred to as Danegeld, on land and property. The kings also imposed substantial customs duties. The 1377 Poll tax noted that the tax on the Duke of Lancaster was 520 times the tax on the common peasant. Under the earliest taxing schemes an income tax was imposed on the wealthy, office holders, and the clergy. A tax on movable property was imposed on merchants. The poor paid little or no taxes.

Charles I was ultimately charged with treason and beheaded. However, his problems with Parliament came about because of a disagreement in 1629 about the rights of taxation afforded the King and the rights of taxation afforded the Parliament. The King's Writ stated that individuals should be taxed according to status and means. Hence the idea of a progressive tax on those with the ability to pay was developed very early. Other prominent taxes imposed during this period were taxes on land and various excise taxes. To pay for the army commanded by Oliver Cromwell, Parliament, in 1643, imposed excise taxes on essential commodities (grain, meat, etc.). The taxes imposed by Parliament extracted even more funds than taxes imposed by Charles I, especially from the poor. The excise tax was very regressive, increasing the tax on the poor so much that the Smithfield

riots occurred in 1647. The riots occurred because the new taxes lowered rural laborers ability to buy wheat to the point where a family of four would starve. In addition to the excise tax, the common lands used for hunting by the peasant class were enclosed and peasant hunting was banned (hooray for Robin Hood).

A precursor to the modern income tax we know today was invented by the British in 1800 to finance their engagement in the war with Napoleon. The tax was repealed in 1816 and opponents of the tax, who thought it should only be used to finance wars, wanted all records of the tax destroyed along with its repeal.

Ex. 3. Choose the best variant:

1. Lady Godiva's husband Leofric, Earl of Mercia, promised …

a) to impose taxes on the residents of Coventry;

b) to reduce the high taxes he levied on the residents of Coventry;

c) to ban the high taxes he levied on the residents of Coventry.

2. Saxon kings imposed taxes on…

a) income;

b) land and property;

c) excise.

3. The King's Writ stated that individuals should be taxed according to …

a) income;

b) property;

c) status and mean.

4. The riots occurred because …

a) some taxes lowered rural laborers ability to buy wheat to the point where a family of five would starve;

b) the old taxes lowered rural laborers ability to buy wheat to the point where a family of four would starve;

c) the new taxes lowered rural laborers ability to buy wheat to the point where a family of four would starve.

5. A precursor to the modern income tax we know today was invented by the British …

a) in 1808 to finance their engagement in the riots with Napoleon;

b) in 1880 to finance their engagement in the war with Napoleon;

c) in 1800 to finance their engagement in the battle with Napoleon.

Ex. 4. Fill in the blanks below with the most appropriate terms from the list:

Empire, movable, legend, income, tax, levied, woman, peasant, imposed, property

The first (1)… assessed in England was during occupation by the Roman (2)... . Lady Godiva was an Anglo-Saxon (3)… who lived in England during the 11th century. According to (4)…, Lady Godiva's husband Leofric, Earl of Mercia, promised to reduce the high taxes he (5)… on the residents of Coventry when she agreed to ride naked through the streets of the town. When Rome fell, the Saxon kings (6)… taxes, referred to as Danegeld, on land and (7)… . The kings also imposed substantial customs duties. The 1377 Poll tax noted that the tax on the Duke of Lancaster was 520 times the tax on the common (8)… . Under the earliest taxing schemes an (9)… tax was imposed on the wealthy, office holders, and the clergy. A tax on (10)… property was imposed on merchants. The poor paid little or no taxes.

Ex. 5. Choose the best answer:

1. What was the excise tax like?

a) very progressive, increasing the tax on the rich so much that the Smithfield battles occurred in 1647;

b) very regressive, increasing the tax on the poor so much that the Smithfield war occurred in 1647;

c) very regressive, increasing the tax on the poor so much that the Smithfield riots occurred in 1647.

2. When was the first tax assessed in England?

a) during occupation by Anglo-Saxons;

b) during occupation by the Roman Empire;

c) during the war with Napoleon.

3. When was the precursor to the modern income tax invented?

a) in 1808 to finance their engagement in the war with Napoleon;

b) in 1880 to finance their engagement in the war with Napoleon;

c) in 1800 to finance their engagement in the war with Napoleon.

4. What kinds of taxes did Saxons impose when Rome fell?

a) income taxes;

b) excise taxes;

c) land and property taxes.

5. What did the King's Writ state?

a) that individuals should be taxed according to income;

b) that individuals should be taxed according to status and means;

c) that individuals should be taxed according to earnings.

6. Who was a subject of the income tax under the earliest taxing schemes?

a) the poor, office holders, and the clergy;

b) the peasant, office holders, and the clergy;

c) the rich, office owners, and the clergy.

7. Who was a subject of the tax on movable property?

a) tradesmen;

b) poor;

c) wealthy.

Ex. 6. Match the words from column A with the words from column B:

A	B
1. Roman Empire	a) обкладати податками
2. high taxes	b) прибутковий податок
3. impose taxes	c) Римська імперія
4. customs duties	d) акцизний збір
5. office holders	e) прогресивний податок
6. income tax	f) високі податки
7. movable property	g) податкові схеми
8. progressive tax	h) державні службовці
9. excise taxes	i) митні збори
10. taxing schemes	j) рухоме майно

Ex. 7. Decide whether the statements are true or false:

1. When Rome fell, the Saxon kings levied taxes.

a) true

b) false

2. An income tax was imposed on the affluent, office holders, and the clergy.

a) true

b) false

3. The riots occurred because the new taxes risen rural laborers ability to buy wheat.

a) true

b) false

4. Lady Godiva's husband Leofric, Earl of Mercia, pledged to reduce the high taxes he levied on the residents of Coventry.

a) true

b) false

5. The broke paid little or no taxes.

a) true

b) false

6. Other taxes were taxes on land and various excise taxes.

a) true

b) false

7. A tax on movable property was imposed on tradesman.

a) true

b) false

Ex. 8. Match the words to make word partnerships from the text:

1.	common	a)	about
2.	excise	b)	authority
3.	income	c)	laborer
4.	came	d)	lands about
5.	political	e)	tax
6.	rural	f)	tax

Ex. 9. Make up sentences from the words:

1. taxes /imposed /Parliament /commodities /excise/ on/ essential.
2. The/ customs/ also/ imposed /kings /substantial/ duties.
3. The/first/ Roman/ assessed /tax /in/ was/ during/England/occupation/ by/the/ Empire.
4. Means/stated /The King's /that /according to /be /individuals /Writ /should /taxed/ status/and.
5. A /on/ was /movable / tax /imposed on /property /merchants.

Over to you

1. Discuss these questions

b) Should poor people be exempt from paying tax (i.e. they don't have to pay)?

c) What goods or services do you think should be taxed more heavily, and which should not be taxed at all?

d) Do you think taxes will be different in the future?

2.Look at the list of public programs and services such as:

- highways
- national defense
- police and fire protection
- public schools
- bank regulation
- job training
- libraries
- air traffic controllers
- subsidized school lunches
- scientific research

Would you rather pay for each of these items with tax hryvnias or as each service is used?

UNIT 11
HISTORY OF TAXATION

Text C. HISTORY OF TAXATION IN THE USA

Ex. 1. Study the vocabulary:

1. molasses	1. меляса
2. revenue	2. дохід
3. excise tax	3. акцизний податок
4. riot	4. бунт
5. troops	5. війська
6. to quell	6. придушувати
7. convicted	7. засуджений
8. treason	8. зрада
9. insurrection	9. повстання
10. income tax	10. прибутковий податок
11. levy	11. стягувати
12. annual income	12. річний дохід
13. exigency	13. гостра необхідність

Ex. 2. Read the text:

Colonists were paying taxes under the Molasses Act which was modified in 1764 to include import duties on foreign molasses, sugar, wine and other commodities. The new act was known as the Sugar Act. Because the Sugar Act did not raise substantial revenue amounts, the Stamp Act was added in 1765. The Stamp Act imposed a direct tax on all newspapers printed in the colonies and most commercial and legal documents. In 1794 Settlers west of the Alleghenies, in opposition to Alexander Hamilton’s excise tax of 1791, started what is now known as the «Whiskey Rebellion». The excise tax was considered discriminatory and the settlers rioted against the tax collectors. President Washington eventually sent troops to quell the riots. Although two settlers were eventually convicted of treason, the President granted each a pardon.

In 1798 Congress enacted the Federal Property Tax to pay for the expansion of the Army and Navy in the event of possible war with France. In the same year, John Fries began what is referred to as the «Fries Rebellion», in opposition to the new tax. No one was injured or

killed in the insurrection and Fries was arrested for treason but eventually pardoned by President Adams in 1800. Surprisingly, Fries was the leader of a militia unit called out to suppress the «Whiskey Rebellion». The first income tax suggested in the United States was during the War of 1812. The tax was based on the British Tax Act of 1798 and applied progressive rates to income. The tax was developed in 1814 but was never imposed because the treaty of Ghent was signed in 1815 ending hostilities and the need for additional revenue.

The Tax Act of 1861 proposed that «there shall be levied, collected, and paid, upon annual income of every person residing in the U.S. whether derived from any kind of property, or from any professional trade, employment, or vocation carried on in the United States or elsewhere, or from any source whatever». The Tax Act of 1862 was passed and signed by President Lincoln in July 1, 1862. The Commissioner of Revenue stated «The people of this country have accepted it with cheerfulness, to meet a temporary exigency, and it has excited no serious complaint in its administration». This acceptance was primarily due to the need for revenue to finance the Civil War.

Ex. 3. Choose the best variant:

1) The Stamp Act imposed a direct tax on all newspapers printed in the colonies and most commercial and …

a) economic documents;

b) legal documents;

c) commercial documents.

2) The Supreme Court unanimously supported …

a) the law;

b) the document;

c) the tax.

3) The first income tax suggested in the United States was during …

a) the War of 1812;

b) the riots of 1812;

c) the battle of 1812.

4) Colonists were paying taxes under the Molasses Act which was modified in 1764 to include …

a) export duties on foreign molasses, sugar, wine and other commodities;

b) duties on foreign molasses, salt, wine and other commodities;

c) import duties on foreign molasses, sugar, wine and other items.

5) The Tax Act of 1861 proposed that «there shall be levied, collected, and paid…

a) upon monthly income of every person residing in the U.S. whether derived from any kind of property, or from any professional trade, employment, or vocation carried on in the United States or elsewhere, or from any source whatever;

b) upon annual income of every person living in the U.S. whether derived from any kind of property, or from any professional trade, employment, or vocation carried on in the United States or elsewhere, or from any source whatever;

c) upon income of every person residing in the U.S. whether derived from any kind of property, or from any professional trade, employment, or vocation carried on in the United States or elsewhere, or from any source whatever.

Ex. 4. Fill in the blanks below with the most appropriate terms from the list:

Rates, war, percent, income, property, revenue, president, progressive, tax, based

In 1798 Congress enacted the Federal (1)… **.** Tax to pay for the expansion of the Army and Navy in the event of possible (2)… with France. In the same year, John Fries began what is referred to as the «Fries Rebellion», in opposition to the new (3)... No one was injured or killed in the insurrection and Fries was arrested for treason but eventually pardoned by (4)… Adams in 1800. Surprisingly, Fries was the leader of a militia unit called out to suppress the «Whiskey Rebellion». The first (5)… tax suggested in the United States was during the War of 1812. The tax was (6)… on the British Tax Act of 1798 and applied (7)… rates to income. The (8)… were .08% on income above J60 and 10 (9)… on income above J200. The tax was

developed in 1814 but was never imposed because the treaty of Ghent was signed in 1815 ending hostilities and the need for additional (10)… .

Ex. 5. Choose the best answer:

1. Who has passed and signed the Tax Act of 1862?

a) President June 1 1826;

b) President Lincoln July 1 1862;

c) President Kennedy July 1 1826.

2. How was Molasses Act modified?

a) it included import duties on foreign molasses, sugar, wine and other products;

b) it included export duties on foreign molasses, sugar, wine and other commodities;

c) it included import payment on foreign molasses, sugar, water and other commodities.

3. What did John Fries begin?

a) «Fries War», in opposition to the new tax;

b) «Fries Rebellion», in opposition to the new tax;

c) «Fries Battle», in opposition to the new law.

4. Who did riot against the tax collectors?

a) colonists;

b) peasants;

c) settlers.

5. What did Sugar Act bring to?

a) it did not raise some profit amounts;

b) it raise substantial income amounts;

c) it did not raise substantial revenue amounts.

6. *What kind of tax did the Stamp Act impose?*

a) a direct tax on all newspapers printed in the villages and most commercial and legal documents on the peasant, office holders, and the clergy;

b) an indirect tax on all newspapers printed in the colonies and most commercial and legal;

c) a direct tax on all newspapers printed in the colonies and most commercial and judicial documents.

7. What was the first income tax suggested in the United States during the War of 1812 based on?

a) on the US Tax Act of 1798 and applied progressive rates to income;

b) on the British Tax Act of 1798 and applied progressive rates to revenue;

c) on the Washington's Tax Act of 1798 and applied progressive rates to income.

Ex. 6. Match the words from column A with the words from column B:

A	B
1. import duties	a) прибутковий податок
2. revenue amounts	b) річний дохід
3. direct tax	c) прогресивний податок
4. tax collectors	d) підписаний кимось
5. annual income	e) сума доходу
6. income tax	f) мито на імпорт
7. professional trade	g) додатковий дохід
8. progressive rates	h) прямий податок
9. signed by	i) податковий інспектор
10. additional revenue	j) якісна торгівля

Ex. 7. Decide whether the statements are true or false:

1. Colonists were paying taxes under the Molasses Act.

a) true

b) false

2. President Washington eventually sent troops to quell the riots.

a) true

b) false

3. In 1798 Congress enacted the Federal Property Tax to pay for the expansion of the Army and Navy.

a) true

b) false

4. The tax was developed in 1814 but was never imposed.

a) true

b) false

5. The Tax Act of 1862 was passed and signed by President Lincoln.

a) true

b) false

6. The new act was known as the Sugar Act.

a) true

b) false

7. The Tax Act of 1861 proposed that «there shall be levied, collected, and paid, upon annual income of every person residing in the U.S.

a) true

b) false

Ex. 8. Match the words to make word partnerships from the text:

1. Due	a) Documents
2. import	b) income
3. income	c) to
4. legal	d) tax
5. annual	e) duties
6. direct	f) tax

Ex. 9. Make up sentences from the words:

1. act /The/ new/ was/ as/ Sugar/ known/ the /Act.

2. Congress /the /expansion /Federal/ Navy /enacted/ Tax/ to /pay /for/the /Property /of /the/ Army/ and.

3. Lincoln /passed /The/ Act /Tax / was / and / by /signed/ / President / in 1862.

4. first /The /income /suggested/in /the/ War/ States/was/ during /United/ the /of /1812.

5. The /most /Stamp/ Act/ imposed /legal/ commercial /a/ direct/ printed /tax /on/ all/ tax /newspapers / in /the/ colonies/ and /and /documents.

Over to you

1. Discuss these questions

a) What changes would you like to see in your country's tax system?

b) Is tax evasion a big problem in your country?

c) Do you agree with the 10-20% tax hotels and restaurants put on bills?

2. Explain what would you do if you thought a particular tax law was unfair to you, your families, or your neighbors.

UNIT 12
TAX LAW

Text A. TAXATION

Ex. 1. Study the vocabulary:

1) taxation	1) оподаткування
2) to levy taxes	2) стягувати податки
3) direct tax	3) прямий податок
4) income tax	4) податок з прибутку
5) capital gains tax	5) податок на приріст капіталу
6) to impose tax	6) обкладати податком
7) capital transfer tax	7) податок на спадок
8) death duty	8) податок на спадок
9) inheritance tax	9) податок на спадок
10) estate tax	10) податок на спадок
11) corporation tax	11) податок на корпорації
12) national insurance	12) державне страхування
13) social security	13) соціальне страхування
14) indirect tax	14) непрямий податок
15) value-added tax	15) податок на додану вартість
16) goods and services tax	16) податок на товари та послуги
17) sales tax	17) податок із продажу
18) excise tax (duty)	18) акцизний збір
19) perks	19) пільги
20) tax haven	20) укриття від податків (держава з низькими податками)
21) tax burden	21) податковий тягар
22) tax avoidance	22) зменшення (*платником*) суми податку без порушення закону (*шляхом перерахунку*)

23) tax evasion	23) (незаконне) ухиляння від сплати податків
24) Loophole	24) лазівка

Ex. 2. Read the text paying special attention to the most important definitions:

NB! *Tax law* is an area of legal study dealing with the constitutional, common-law, statutory, tax treaty, and regulatory rules that constitute the law applicable to taxation.

Direct taxes

Governments finance most of their expenditure by *taxation.* If they spend more than they *levy* or charge in taxes, they have to borrow money.

Direct taxes are collected by the government from the income of individuals and businesses.

- Individuals pay *income tax* on their wages or salaries, and most other money they receive.
- Most countries have a *capital gains tax* on profits made from the sale of assets such as stocks and shares. This is usually *imposed* or levied at a much lower rate than income tax.
- A *capital transfer tax* (commonly called *death duty* in Britain) is usually imposed on inherited money or property. Other names for this tax are *inheritance tax or estate tax*.
- Companies pay *corporation tax* on their profits. Business profits are generally taxed twice, because after the company pays tax on its profits, the shareholders pay income tax on any dividends received from these profits.
- Companies and their employees also have to pay taxes (called *national insurance* in Britain) which the government uses to finance *social security* spending – unemployment pay, sick pay, etc.

Indirect taxes

Indirect taxes are levied on the production or sale of goods and services. They are included in the price paid by the final purchaser.

- In most European countries, companies pay **VAT** or *value-added tax***,** which is levied at each stage of production, based on the value added to the product at that stage. The whole amount is added to

the final price paid by the consumer. In Canada, Australia, New Zealand and Singapore, this tax is called *goods and services tax or GST*.

• In the USA, there are *sales taxes,* collected by retailers, levied on the retail price of goods.

• Governments also levy *excise taxes or excise duties* – additional sales taxes on commodities like tobacco products, alcoholic drinks and petrol.

• Special taxes, called *tariffs,* are often charged on goods imported from abroad.

Income tax for individuals is usually *progressive*: people with higher incomes pay a higher rate of tax (and therefore a higher percentage of their income) than people with lower incomes. Indirect taxes such as sales tax and VAT are called *proportional* taxes, imposed at a fixed rate. But indirect taxes are actually *regressive:* people with a low income pay a proportially greater part of their income than people with a high income.

Non-payment of tax

To reduce the amount of income that employees have pay, some employers give their staff advantages instead of taxable money, called *perk***s**, such as company cars and free health insurance.

Multinational companies often register their head offices in *tax havens* – small countries where income taxes for foreign companies are low, such as Liechtenstein, Monaco, the Cayman Islands, and the Bahamas.

Using legal methods to minimize your *tax burden* – the amount of tax you have to pay – is called *tax avoidance*. This often involves using *loopholes* – ways of getting around the law, because of an error or a technicality in the law itself. Using illegal methods – such as not declaring your income, or reporting it inaccurately – is called *tax evasion*, and can lead to big penalties.

Ex. 3. Match the words with their meanings:

1) social security	a) an adjective describing taxes on consumption or spending
2) progressive tax	b) money paid by the government to sick and unemployed people

3) proportional tax	c) a tax that has one rate that is the same for everybody
4) indirect	d) an adjective describing taxes on revenue or income
5) direct	e) a tax that has a higher rate for taxpayers with a higher income

Ex. 4. Are the following statements true or false? Prove your answers using the information from the text:

1. Capital gains are generally taxed at a higher rate than income.
2. The same sum of money can be taxed more than once.
3. Sales taxes can be both proportional and progressive at the same time.
4. Excise duties are extra sales taxes on selected products.
5. Many international companies have their registered headquarters in small countries where they do only a small proportion of their business.
6. Employees will generally pay less tax if their employer reduces their salary a little and provides them with a car.
7. Tax avoidance is illegal.
8. Perks and loopholes are forms of tax evasion.

Ex. 5. What are the standard names for the tax or taxes paid on the following?

1) alcoholic drinks and tobacco products

a) capital transfer tax;
b) excise taxes;
c) income tax.

2) company profits

a) corporation tax;
b) tariffs;
c) value-added tax.

3) goods bought in stores

a) estate tax;
b) VAT;
c) national insurance.

4) money received from relatives after death

a) excise duty;
b) GST;
c) estate tax.

5) salaries and wages

a) capital gains tax;
b) sales taxes;
c) income tax.

6) goods made in other countries

a) tariffs;
b) GST;
c) excise duties.

7) money made by selling stocks at a profit

a) capital gains tax;
b) sales tax;
c) inheritance tax.

Ex. 6. Complete the sentences with the missing words:

1. Governments finance most of their expenditure by _____.

2. _____ are collected by the government from the income of individuals and businesses.

3. _____ are levied on the production or sale of goods and services. They are included in the price paid by the final purchaser.

4. Using legal methods to minimize your tax burden is called _____.

5. Using illegal methods – such as not declaring your income, or reporting it inaccurately – is called _____.

Ex. 7 Match the sentence halves, then translate the sentences into Ukrainian:

1) The Law covers all sectors of the Ukrainian economy and is aimed at	a) at the rate of UAH 70.53
2) From now on all VAT invoices and VAT reports	b) to be levied until 1 January 2015
3) The no-VAT regime for the export of grains and technical cultures	c) has been extended until 31 December 2014

4) The Law imposed a new interim war tax	d) shall be submitted in electronic form and bearing electronic signatures only
5) The Law establishes the excise tax on tobacco and alcohol products	e) for extraction of natural gas, oil, iron ore and condensate
6) The Law abolishes CPT (corporate profit tax) breaks	f) for purposes of withholding and transferring of the war tax to the National Budget of Ukraine
7) Employers and/or other payers shall act as tax agents	g) for the hotel and renewable energy businesses
8) The Law increases the rate of payments for the use of subsoil *(надра)*	h) increasing revenues of the National Budget of Ukraine

Ex. 8. Rearrange the sentences to make up the text on tax news:

Tax news: «On Amendments to the Tax Code of Ukraine and Other Legal Acts of Ukraine»

4 August 2014

a) The military tax is temporary and is set to expire on January 1, 2015
b) On July 31, 2014 Verkhovna Rada of Ukraine has adopted the Draft Law «On Amendments to the Tax Code of Ukraine and Other Legal Acts of Ukraine» No4309a dated July 21, 2014
c) The Law aims to increase revenues to the State Budget of Ukraine as well as to ensure fair taxation
d) Among other provisions, a 1.5% military tax is introduced
e) The tax shall be applied to income in the form of salaries, wages, incentive and compensatory payments and any other forms of consideration paid to the payer in connection with employment or under civil law contracts
f) This Law also defines amendments on taxation of CPT and VAT and introduction of electronic VAT administrating starting as of November 1, 2014
g) The Law has come into force on August 3, 2014

Over to you

1. In Ukraine, what percentage of national income goes t the government as tax? Do you know how this compares with other countries?

2. Comment on the meaning and origin of the well-known quote «Nothing is certain but death and taxes».

3. Make a report supported with the PowerPoint presentation on «Top 10 Tax Havens in the World».

UNIT 12
TAX LAW

Text B. EXPERT VIEW: POTENTIAL IMPACT OF THE PROPOSED TAX REFORM ON BUSINESS AND INVESTMENT IN UKRAINE

Ex. 1. Study the vocabulary:

1) impact	1) вплив
2) draft law	2) проект
3) encompass	3) включати, стосуватися
4) budget revenues	4) бюджетні доходи
5) recovery of economy	5) пожвавлення економіки
6) decrease	6) зменшення, зниження
7) rates	7) ставки, тарифи
8) bill	8) законопроект
9) tax measures	9) податкові заходи
10) financial accounting	10) фінансовий облік, фінансова звітність
11) excisable products	11) продукція, яка обкладається акцизним збором
12) additional tax burden	12) додатковий податковий тягар

Ex. 2. Read the text of the newspaper article to get information that is of primary importance for you:

Expert view

Business Ukraine, September
Bryan Disher, Chairman of the Chamber Board of Directors, Managing Partner

In August, the Cabinet of Ministers published a concept paper on tax reform in Ukraine. A draft law encompassing the concept is now under public discussion.

Tax reform is more effective if it stimulates economic activity in the country and increases state budget revenues. This would attract the domestic and foreign investment needed to feed the recovery of the Ukrainian economy.

Unfortunately, the proposed decrease in the number of taxes will not have a significant impact on business. Only insignificant taxes are

cancelled, while other taxes are combined, but not codified. These combined taxes still have their separate tax bases, rates, and rules of calculation. In our view, the stated goal of simplifying tax administration was not addressed in the bill. For example, the Concept proposed several options for salary tax reform, although they are not mentioned in the draft law. Furthermore, tax decentralization is not really achieved, as regions will not be allowed to improve their investment climates through tax measures.

On a positive note, reform of corporate income tax has been achieved by the introduction of tax calculation based on financial accounting. But clear rules will be required.

The draft law also introduces two new taxes (a tax on sales of excisable products, an additional burden for retailers and manufacturers, and a commercial property tax, which affects almost all businesses). It also increases land tax and cancels a number of popular tax benefits, including the special regime for agricultural producers.

Ex. 3. Are the following statements true or false?

1. The tax reform may be considered efficient only if it facilitates economic recovery and ensures higher budget revenues.
2. Favorable tax legislation attracts domestic and foreign investment.
3. The government is going to reduce the number of taxes.
4. After the tax reform is implemented, all regions of Ukraine will be able to improve their investment climates through tax measures.
5. The tax reform is aimed at simplifying tax administration and tax decentralization.
6 .The draft provides for additional tax on sales of tobacco and alcohol products.
7. The list of tax exemptions remains unchanged.

Ex. 4. Match the following terms with their definitions:

1) draft law	a) the income level included in a budget representing the income that is expected to be achieved during that budget period

2) tax reform	b) the action or process of investing money for profit
3) budget revenue	c) an initial unsigned agreement, treaty, or piece of legislation, which is not yet in force
4) investment	d) the process of changing the way taxes are collected or managed by the government
5) decentralization	e) the dispersal of the power and duty to take decisions away from the center and towards other bodies.
6) tax benefit	f) the amount of tax suffered by an individual or organization
7) tax burden	g) a tax advantage for a particular activity
8) financial accounting	h) the branch of accounting concerned with classifying, measuring, and recording the transactions of a business

Ex.5. Complete the sentences with the missing words from the box below. Translate the following sentences into Ukrainian:

financial accounts tax reform budget revenue tax benefits investment tax burden draft law decentralization

1. The _____ provides for the revision of the consumer goods basket at least once in five years.

2. The Foundation's aim was to increase public awareness of the issue of _____ in today's Ukraine.

3. Therefore, we don't expect any significant increase in the _____ due to the higher oil price forecast.

4. The second is the low level of private sector _____ due to a weak business climate and difficult access to finance.

5. In order to promote local governance through _____ the Government has begun plans to devolve powers to the districts.

6. For example, _____ and unusual motives have led cooperatives to expand even when overall industry conditions were poor.

7. For an annual audit and confirmation of the Company's annual _____, the General Meeting of Shareholders shall annually approve the Auditor of the Company.

8. Such measures will encourage the formalization of the economy, limit tax evasion, spread the _____ more evenly and simplify the tax system.

Ex. 6. Match the words from the text with their synonyms:

1) draft law	a) alternative
2) encompass	b) influence
3) effective	c) tax exemption
4) unfortunately	d) decline
5) decrease	e) unluckily
6) option	f) unimportant
7) insignificant	g) bill
8) impact	h) include
9) goal	i) purpose
10) tax benefit	j) efficient

Ex. 7. Rearrange the sentences to make the text of the extract of the newspaper article** «Without reforms Ukraine to default in 2014»**:

a) Excise taxes for tobacco and alcohol will also rise
b) The government's solution to the looming default is to cut budget spending, raise taxes on agriculture and oil and gas companies, as well as introduce a progressive scale for income tax
c) It comes after the IMF agreed a bailout package worth up to $18 billion.
d) Kiev must impose tough reforms and austerity, otherwise even with billions of dollars of aid Ukraine will default in 2014, the coup-imposed Prime Minister Arseniy Yatsenyuk warns
e) Earlier the Ukrainian government said it needed to borrow $35 billion to avert default
f) Starting in May, gas would cost 50 percent more for households, while in July businesses will have to pay 40 percent more for what they use, Yuri Kolbushin, representative of Ukrainian gas monopoly Naftogaz, said on Thursday
g) The hike *(підняття цін, тарифів)* was required by the International Monetary Fund before it agreed to grant Ukraine between $14 billion and $18 billion in stabilization loans
h) According to Yatsenyuk, Ukrainian businesses owe some $13 billion in unpaid tax
i) There will be further price increases until 2018
j) Another point of economic pressure on Ukraine is the forthcoming raise of gas price to consumers
k) Collecting the taxes may be a challenge for the authorities

Ex. 8. Reread the extract from the article in exercise 7. Then translate the following word combinations into English :

1) запроваджувати жорсткі реформи	1)
2) попереджати	2)
3) пакет фінансової допомоги	3)
4) акцизний збір	4)
5) запобігти дефолту	5)
6) загрозливий дефолт	6)
7) стабілізаційні позики	7)
8) брати у борг	8)
9) підняття цін, тарифів	9)
10) податок на прибуток	10)
11) економічний тиск	11)

Over to you

1. Report on the current state of tax reform in Ukraine mentioning what major changes occurred and what impact they will have both on individuals and legal entities. Support your report with the PowerPoint presentation.

2. If you were offered to take part in drafting a new Tax Code of Ukraine, what provisions would you include to make the tax system of Ukraine more efficient?

UNIT 12
TAX LAW

Text C. TAX LAW: KEY TO A CLOSED BOOK

Ex. 1. Study the vocabulary:

1) Inevitably	1) неминуче
2) tax evasion	2) (*незаконне*) ухиляння від сплати податків
3) submit the annual income tax return	3) подавати щорічну податкову декларацію про доходи
4) income tax	4) податок з прибутку
5) peril	5) небезпека, ризик
6) inheritance tax	6) податок на спадок
7) gift tax	7) податок на дарування
8) corporation tax	8) податок на корпорації
9) value added tax	9) податок на додану вартість

10) ignorance	10) невідання, незнання, непоінформованість
11) succession	11) правонаступництво; успадкування
12) bequeath	12) заповісти (*особл. рухоме майно)*
13) outset	13) початок, початковий етап
14) estate	14) маєток; земельне володіння майно, статок
15) illicit earnings	15) незаконні прибутки
16) tax authorities	16) податкові органи
17) heirs	17) спадкоємці
18) indispensable	18) те, без чого неможливо обійтися
19) emerge	19) з'являтися
20) claims	20) позови

Ex. 2. Read the text of the newspaper article to get information that is of primary importance for you:

Monday, December 8, 2014 by Michael Rainer

For many people, tax law is a closed book. Expert help is frequently necessary in order to pay taxes correctly and at the same time avoid giving away too much money.

Tax law is an extremely complex, independent field of law which everyone inevitably comes into contact with. If taxes are not properly paid, this can give rise to tax evasion. That is why the expert assistance of lawyers and tax advisors versed in tax law ought to be sought out when complicated tax issues arise.

For a lot of taxpayers, submitting the annual income tax return takes care of the matter of tax. While there are a few perils that lie in wait here, many other areas of tax law are considerably more confusing, starting with inheritance tax and leading on to gift tax, corporation tax, value added tax, right through to international tax law.

Good and well-founded advice is essential, first of all, in order to keep all tax matters in order and, secondly, to avoid paying too much tax out of ignorance. This is also particularly relevant to businesses, as it is necessary when the corporate form is being chosen to take account of various issues pertaining to tax law which can have a

positive or a negative impact. The same applies to corporate restructurings, company succession, financing issues or transactions.

There are also various points that need to be observed with regard to inheriting and bequeathing. Tax-optimizing measures can save on inheritance tax. Subject to certain conditions, an occupied home, for instance, can remain completely tax free for spouses and children. Care should be taken if the estate contains untaxed illicit earnings. If these are not immediately reported to the tax authorities, the heirs render themselves guilty of tax evasion.

In cases involving cross-border transactions, one usually needs to take into account international tax law. Even if, for example, parts of a company are relocated abroad or an international legal form is chosen for the company, the relevant tax regulations have to be observed.

In order to avoid trouble with the competent tax authorities, expert advice and support from the outset are indispensable. Should a legal dispute nonetheless emerge, lawyers competent in the field of tax law can assist in enforcing and/or fending off claims.

Ex. 3. Match the words with their meanings:

1) tax return	a) a government levy (tax) imposed on individuals or entities (taxpayers) that varies with the income or profits (taxable income) of the taxpayer
2) income tax	b) a tax form that can be filed with a government body to declare liability for taxation in various countries
3) inheritance tax	c) a type of consumption tax that is placed on a product whenever value is added at a stage of production and at final sale
4) corporation tax	d) to dispose of (personal property, especially money) by last will
5) value added tax	e) a levy paid by a person who inherits money or property or a tax on the estate (money and property) of a person who has died
6) bequeath	f) a tax on the income or capital of some types of legal entities
7) heir	g) disagreement over the existence of a legal duty or right, or over the extent and kind of compensation that may be claimed by the injured party for a breach of such duty or right
8) legal dispute	h) a person who inherits some or all of the estate of another person who has died

Ex. 4. Are the following statements true or false?

1. Awareness of tax law may help you reduce your tax burden.
2. Tax evasion occurs when taxes are not paid properly.
3. A lot of areas of tax law still remain very confusing.
4. Lawyers and tax advisors may be addressed when difficult tax issues arise.
5. International tax law is applicable in cases of cross-border transactions.
6. International companies should observe the relevant tax regulations.
7. Lawyers competent in the field of tax law may help you settle legal disputes on taxes in court.

Ex. 5. Complete the sentences with the missing words from the box below. Then translate the sentences into Ukrainian:

inherited bequeathed issue inevitably taxpayers

1. «Subject to your correction, I should judge that the watch belonged to your elder brother, who _____ it from your father.»
2. He had _____ the whole of his, and what had been her, movable property to his father: the poor creature was threatened, or coaxed, into that act during her week's absence, when his uncle died.
3. The most urgent tax administration _____ in Ukraine is the VAT refund mechanism.
4. However, all these changes _____ result in a number of complicated and dangerous transitions to a new system of international relations.
5. Credit would be allowed for tax on purchases of registered _____**,** both under the national VATs for trade within countries and the CVAT for trade between countries.

Ex. 6. Match the sentence halves. Translate the sentences into Ukrainian:

1) The tax rises have driven more companies	a) and now accounts for at least a third of GDP by some measures

2) The plan is to reduce and simplify taxes across the board,	b) then the new rates will take effect January 1, 2015
3) Some 80% of budget revenues come from only four taxes	c) – VAT, personal income tax, corporate income tax and excise duties has been extended until 31 December 2014
4) A result of the fighting and general economic collapse is that the grey economy has been growing in the last year	d) decrease of rates and simplification of administering procedures are the principles for reforms
5) If the laws are passed in the autumn session,	e) and hopefully bring more businesses back into the formal economy
6) The tax is a mandatory, unconditional payment to the appropriate budget,	f) into the grey economy
7) Important novelty is a zero tax rate for a one-time declaration of assets of natural persons,	g) it will enable to legalize undeclared assets and income of Ukrainian citizens
8) Decrease of the number of taxes, amounts of tax reports and payments,	h) collected from the taxpayer in accordance with the Tax Code

Ex. 7. Insert the missing words from the box below in the text on tax news. Summarize the following piece of news in 5 sentences:

tax system tax reform tax reporting fees financial administration social contribution de-shadow fair business draft tax reform criticism

Tax news: «Yatseniuk presents tax reform**»**

4 August, 2014

The Cabinet of Ministers has proposed a plan of comprehensive changes in the _____[1]**.**

The _____[2] was presented by Prime Minister Arseniy Yatseniuk at a Cabinet meeting on Wednesday.

«There were 22 taxes, now there would be 9. There was the payment of income tax in the _____[3] we are canceling it, and now we will pay according to _____[4] statements. We will build and transform some of the taxes and _____[5] and promise to improve the _____[6] and the system of taxes and fees», he said.

With regard to a single _____[7]**,** Yatseniuk noted, the government reduces the load on the payroll three times.

«We will _____[8] salary and introduce the principle of _____[9] taxation of incomes of citizens: if you earn less – you pay less taxes, if you earn more – you pay more taxes», the head of government said.

He added that the government gives a month to discuss the tax reform with _____[10] The final _____[11] should be submitted to the parliament in the first plenary week, the prime minister concluded.

«If there is an alternative – you are welcome, if there is a better option – just show. We are willing to take any _____[12]**,** but, together with proposals», Yatseniuk said.

Ex. 8. Match the tax related word combinations in Ukrainian with their English equivalents:

1) поземельний податок	a) single tax
2) податок, включений у ціну товару	b) voted tax
3) податок із продажу вхідних квитків	c) paid back tax
4) нарахований, але не сплачений податок	d) death tax
5) податок на споживання	e) tax on land
6) податок на спадок	f) highway tax
7) податок на дарування	g) equalization tax
8) зрівнювальний податок	h) donor’s tax
9) податок на будівництво і підтримання доріг	i) accrued and unpaid tax
10) сума податку, повернена платнику податку	j) buried tax
11) податок із заробітної плати	k) consumption tax
12) податок у фонд допомоги безробітним	l) payroll tax
13) податок, прийнятий голосуванням	m) admissions tax
14) єдиний податок	n) unemployment tax

Over to you

1. Role-play the roundtable discussion to examine the issues of the new tax reform and its chances to provide economic development for Ukraine.

2. Make a survey on the most successful recent tax reforms in the world. Present your findings in the form of the PowerPoint presentation supporting it with corresponding figures, charts and diagrams.

UNIT 13
INFORMATION TECHNOLOGIES IN TAXATION AND MANAGEMENT

Text A. INFORMATION TECHNOLOGIES IN TAXATION AND MANAGEMENT

Ex. 1. Study the vocabulary:

1. advantage	1. перевага, користь, вигода
2. to aid	2. допомагати, сприяти
3. commerce	3. торгівля, комерція
4. delivery	4. доставка, постачання
5. distributor	5. дистриб'ютор, гуртовик, агент з продажу
6. effort	6. зусилля
7. to embark on	7. починати, братися за щось
8. to encompass	8. вміщувати, стосуватися проблеми тощо
9. to fall with in	9. належати, бути частиною чого-небудь
10. a great deal of	10. багато
11. host	11. безліч
12. huge	12. величезний, колосальний
13. infancy	13. початковий етап розвитку, період становлення
14. IT(information technology)	14. інформаційні технології
15. intelligence	15. інформація, дані
16. to interact	16. взаємодіяти
17. interchange	17. взаємообмін
18. ongoing	18. діючий (чинний), який відбуваєть-ся у цей час, поточний
19. primarily	19. спершу, спочатку, здебільшого
20. to put out	20. усувати
21. to result in	21. закінчуватися, бути наслідком чогось
22.retailer	22. роздрібний торговець
23. static	23. статичний, непорушний
24. to support	24. підтримувати, сприяти
25. telecommuting	25. режим дистанційної роботи працівника, телекомп'ютинг
26. transaction	26. справа, угода, операція

Ex. 2. Read and translate the text :

Information technology, as both an industry and business resource, is still in its infancy. In the 1950s, businesses embarked on the first widespread use of computers primarily as tools for recording and processing accounting transactions. Thus, IT has only really been a part of business for about the last 40 years. Nevertheless, IT is one of the most important resources in today's business environment . Business use IT to perform functions that occur in business. The popular term for doing business electronically or with the aid of technology is electronic commerce.

Electronic commerce is a modern methodology that addresses the use of information technology as an essential enabler of business. Electronic commerce supports both internal and external business function. External electronic commerce addresses the use of information technology to support how a business interacts with the marketplace and internal electronic commerce addresses the use of information technology to support internal processes, functions and operations. This definition encompasses two themes: (1) information technology in support of how a business interacts with the marketplace and (2) information technology support of internal processes, functions and operations. For business , electronic commerce means being able to electronically order products and services from other organisations, give other organisations the ability to electronically order products and services from you, move money electronically order products and services from you, move money electronically, reach customers through electronic advertising, have employees work together while in different locations, use technology to aid in designing and producing products and perform a host of other business activities using technology.

Here are some key aspects of electronic commerce-both internal and external-that offer your organisation a real competitive advantage, including the following: external electronic commerce (ordering products and services, moving money without handling it, reaching the exact customer, gathering competitive intelligence);internal electronic commerce (intranets, telecommuting).

One of the most important and widely used forms of electronic commerce is that of moving information electronically between two organisations as one organisation orders products and services from another organisation or performing transactions with other organisations through the use of electronic data interchange (EDI)-the direct computer-to-computer transfer or transactions information contained in standard business documents, such as invoices and purchase orders, in a standard format. To do this effectively, businesses must provide first-rate technologies that support the flow of information among all parties involved – these technologies are called interorganisational system. An interorganisational system (IOS) automates the flow of information between organisations to support the planning ,design, development , production and delivery of products and services. No longer you have to use paper to distribute information.

For most people, electronic commerce is about business-to-customer. That business-to-customer aspect of electronic commerce certainly dominates the Internet right now. On the Internet, you can purchase groceries, clothes, computers, automobiles, music, antiques; you can buy plane tickets, make hotel reservations and much more. On the Internet you'll find millions of sites that provide information on the world news events, local happenings and worldwide weather information forecasts.

So, electronic commerce is a great new business horizon .

Ex. 3. Read the text and choose the best ending for each sentence.

1. IT is one of the most important resources…

a) in former days of the USSR

b) to make business

c) in today's business environment

2. Electronic commerce supports…

a) internal business function

b) the external business function

3. External electronic commerce means…

a) moving money with the following handling it

b) gathering not competitive intelligence

c) reaching the exact customer, ordering products and services, moving money without handling it, gathering competitive intelligence

4. Internal electronic commerce means…

a) internet

b) only telecommuting

c) intranets and telecommuting

5. An interorganisational system (IOS) automates the flow information between organisations to support…

a) the delivery of products and services

b) the production of products and services

c) the planning, design, development, the production and delivery of products and services

Ex. 4. Read the first part of the text again and fill in the gaps.

encompasses	employees
occur	aid
infancy	interacts
transactions	ability
external	advertising

Information technology, as both an industry and business resource , is still in its [**…**[1]]. In the 1950s, businesses embarked on the first widespread use of computers primarily as tools for recording and processing accounting [**…**[2]]. Thus, IT has only really been a part of business for about the last 40 years. Nevertheless, IT is one of the most important resources in today's business environment. Business use IT to perform functions that [**…**[3]] in business. The popular term for doing business electronically or with the aid of technology is electronic commerce.

Electronic commerce is a modern methodology that addresses the use of information technology as an essential enabler of business. Electronic commerce supports both internal and […[4]] business function. That is, external electronic commerce addresses the use of information technology to support how a business interacts with the marketplace and internal electronic commerce addresses the use of information technology to support internal processes, functions and operations. This

definition[…[5]] two themes: (1) information technology in support of how a business […[6]] with the marketplace and (2) information technology support of internal processes , functions and operations. For business, electronic commerce means being able to electronically order products and services from other organisations, give other organisations the […[7]] to electronically order products and services from you , move money electronically order products and services from you, move money electronically, reach customers through electronic […[8]] , have […[9]] work together while in different locations, use technology to […[10]] in designing and producing products and perform a host of other business activities using technology.

Ex. 5. Choose the best answer .

1. What do you know about IT?

a) IT is a modern tool for recording and processing accounting transactions

b) IT is a modern tool to make business

c) IT is the most important resources in today's business environment

2. What does E-Commerce support?

a) only external business function

b) both business functions

c) only enternal business function

3. What is external E-Commerce?

a) reaching the exact customer, ordering goods and services, moving money without handling it, gathering competitive intelligence

b)ordering goods and services

4. What is internal E-Commerce?

a) intranets

b)tellecommuting and intranets

5. What is tellecommuting?

a) It's a way of using computers in business life

b) It's a use of communications technology to work in a place other than a central location

Ex. 6. Make up questions filling in the blanks bellow with the most appropriate words from the list.

g) intranet, i) competitive, b) commerce, c) tasks, h) ways, d) importance, a) businesses

1. Are the functions of electronic …?
2. Why is electronic data a change of fundamental … to any organisation today?
3. What are the … supported by the Internet?
4. Why are… setting their Web sites?
5. How does an… differ from the Internet?
6. What … of restructuring do organisations use today?
7. What is … intelligence?

Ex. 7. Replace the Ukrainian words and phrases by suitable English equivalents in the correct form.

a) flow; b) hotel reservations; c) electronic commerce; e) occur;

1. Business use IT to perform functions that (*відбуваються*) … in business. 2. (*Електронна пошта*) … is a modern methodology that addresses the use of information technology as an essential enabler of business .

3. An interorganisational system (IOS) automates the *(потік*) … of information between organisations to support the planning, design, development, production and delivery of products and services.

4. On the Internet, you can purchase groceries, clothes, computers, automobiles, music, antiques; you can buy plane tickets, make (*бронювання готелю)* … and much more.

Ex. 8. Put the jumbled words into a correct order.

1. (modern methodology, information technology, Electronic commerce, is, a, address, that, of, the use, as an, enabler, business)

2. (external, function, business, and, Electronic commerce, internal, supports, both)

3. (the, of, organisations, between, information, flow, system, automates, An interorganisational)

4. (will, millions, You, of, find, on, Internet, the, sites)

Over you

Think over and discuss the following issues

1. Do you agree or disagree with the statement: electronic commerce will substitute traditional shopping in the nearest future? Supply arguments to support your answer.

2. Do intranets greatly help companies in doing business successfully? Support your answer with arguments.

3. What resource of a management information system (information, technology or people) is the most important, do you think? Support your answer with arguments.

UNIT 14
BUSINESS STRATEGY

Ex. 1. Study the vocabulary:

1. adoption	1. прийняття
2.allocation	2. розміщення
3.conscious	3. свідомий
4. cost	4. вартість
5.to determine	5. визначати
6.discretion	6. свобода дій
7.efficiency	7. ефективність
8.to envision	8. передбачати
9.to expend	9. витрачати
10.framework	10. структура
11.to hire	11. наймати
12.to highlight	12. виділяти
13.internal	13. внутрішній
14.purpose	14. ціль
15.to require	15. вимагати

Ex. 2. Read and translate the text:

For effective activity of individuals working together in groups or teams, a manager’s basic task is to see that everybody understands the group’s purposes, objectives and the methods of attaining them. People must know what they are expected to accomplish. This is the function of planning.

Planning is a rationally demanding process; it requires that we consciously determine courses of action and base our decisions on purpose, knowledge and considered estimates.

There are four major aspects, which highlight the character of planning:

1. Its contribution to purpose and objectives. All plans should contribute to the achievement of the purpose and objectives of the enterprise.

2. Its primacy among the manager's tasks. A manager must plan to know what kinds of organisation relationships and personal qualifications are in need, along which course to lead subordinates and what kind of control to apply.

3. Its pervasiveness. Planning is a function of all managers, although the character of planning will vary with each manager's authority and with the character of the policies and plans outlined by superiors.

4. The efficiency of resulting plans. The efficiency of a plan refers to its input to the purpose and objectives, offset by costs and other factors required to formulate and run it. Plans are efficient if they attain their purpose at a rational cost.

There are various types of plans: purposes or missions, objectives or goals, strategies, policies, procedures, rules, programs, budgets.

An enterprise has its purpose or mission. In every social system, enterprises have basic functions or tasks that society assigned to them. For example, the purpose of business in general is production and distribution of goods and services, satisfying the needs and wants of the society.

Objectives and goals are symbols of not only the end of planning but also the end toward which managers aim organising, staffing, leading and controlling. While enterprise objectives are the essential plans of the firm, a department may also have its own objectives. Its goals logically contribute to the attainment of enterprise objectives.

We can define strategy as the determination of the basic long-terms objectives of an enterprise and adoption of courses of action and allocation of resources necessary to realize these goals. The purpose

of strategy is to determine and communicate through a system the major managers envision. Strategies provide a framework for guiding thinking and action.

Policies define a sphere within which a decision is to be made and ensure that it will be reliable and contribute to an objective. Policies help to decide issues before they become problem, make it unnecessary to decide issues before they become problems, make it unnecessary to analyze the same situation every time it come up and combine other plans thus permitting managers to delegate authority and still maintain control over their subordinates.

Procedures are chronological sequences of required actions. They are guides to action, rather than to thinking and they give in details the exact manner in which certain activities should be accomplished.

Rules interpret specific required actions or non actions, allowing no discretion. They are generally the simplest type of plan.

Programs are a complex of goals, policies, procedures, rules, tasks and assignments, steps to be taken, resources to be employed and other elements necessary to carry out a given course of action; they are, as a rule, supported by budgets.

A budget is a statement of expected results expressed in numerical terms. Budgets are devices of controlling. They are the basic planning instrument in numerous companies. A budget is necessary for control, but it cannot supply a sensible standard of control unless it reflects the plans.

Ex. 3. Read the text and choose the best ending for each sentence.

1. Planning is…

a) rationally financial process

b) rationally supplying process

c) rationally demanding process

2. The character of planning contains…

a) major aspects

b) one major aspects

c) major aspects

3. Planning has various types of plans…

a) budgets and programs

b) missions and programs

c) purposes, objectives or goals, strategies, policies, procedures, rules, programs and budgets

4. Strategy is…

a) the basic long-terms objectives of an enterprise

b) the main short-terms objectives of an enterprise

c) the framework for guiding thinking and action

5. Budget is a statement of…

a) unusual results

b) expected results expressed in numerical terms

c) controlling

Ex. 4. Read the first part of the text and fill in the gaps.

knowledge	highlight
achievement	base
control	authority
accomplish	objectives
relationships	offset

For effective activity of individuals working together in groups or teams, a manager's basic task is to see that everybody understands the group's purposes, [1**...**]and the methods of attaining them. People must know what they are expected to [2**...**]. This is the function of planning.

Planning is a rationally demanding process; it requires that we consciously determine courses of action and [3...] our decisions on purpose, [4...] and considered estimates.

There are four major aspects, which [5...]the character of planning:

1. Its contribution to purpose and objectives. All plans should contribute to the [6...] of the purpose and objectives of the enterprise.

2. Its primacy among the manager's tasks. A manager must plan to know what kinds of organization [7...] and personal qualifications

are in need, along which course to lead subordinates and what kind of [8... to apply.

3. Its pervasiveness. Planning is a function of all managers, although the character of planning will vary with each manager's [9...] and with the character of the policies and plans outlined by superiors.

4. The efficiency of resulting plans. The efficiency of a plan refers to its input to the purpose and objectives, [10...] by costs and other factors required to formulate and run it. Plans are efficient if they attain their purpose at a rational cost.

Ex. 5. Choose the best answer.

1. What is planning?

a) Planning is rationally demanding process

b) Planning is rationally financial process

c) Planning is rationally supplying process

2. How many aspects are in planning character?

a) one

b) four

c) three

3. Do rules interpret specific required actions in economy?

a) No, they don't

b) Yes, they do

4. What do programs mean?

a) The programs mean a complex of rules and tasks of enterprise

b) The programs mean a complex of goals, policies, procedures etc.

5. What is budjet?

a) Budjet is a statement which cannot supply a sensible standard of control

b) Budjet is a statement of expected results expressed in numerical terms

Ex. 6. Make up questions filling in the blanks bellow with the most appropriate words from the list.

g) means; i) company; c) procedures; h goals; d) nature; a) plans; e) reasons; k) task

1. What are the main … for planning?
2. What is the central … of planning?
3. What kinds of … are there?
4. What is the … of strategies and policies?
5. What are the definitions of policies and strategies, … and objectives?
6. What is the difference between rules and …?
7. Should a … have its program? Why?

Ex. 7. Replace the Ukrainian words and phrases by suitable English equivalents in the correct form.

a) framework; b)highlight; d) adoption; e) consciously;

1. Strategy is defined as the determination of the basic long-term objectives of an enterprise and **(***прийняття)* **…** of courses of actions and allocation of resources necessary to achieve these goals.
2. Planning requires that we *(свідомо*) **…** determine courses of action and base our decisions on purpose, knowledge and considered estimates.
3. Strategies furnish a *(структуру***) …** for guiding thinking and action.
4. There are four major aspects which (*висвітлюють)*… the nature of planning.

Ex. 8. Put the jumbled words into a correct order.

1. *(* process, is, Planning, a, demanding, process)
2. (There are, planning, of, which, character, four, aspects, the, which, highlight)
3. (A, budget, terms, in, numerical, is, a, of, statement, expected results, expressed)
4. (ensure, Policies, and, define, to be made, a, is, sphere, within which, a, decision)

Over you

Think over and discuss the following issues:

A. Do you have any experience of being a member of an organisation? What type of organisation is (was) it? Why, do you think, the organisation works (worked) effectively or ineffectively?

B. Have you ever tried to plan and organise any event? Supply details and stress the role that planning and organising play in any event being a success or a failure.

C. What is the organisational structure of the educational institution you are studying at? Get to know and describe the structure itself and managerial positions in it.

UNIT 15
COMPANY STRUCTURE

Ex. 1. Study the vocabulary:

1. impact	1. вплив, враження
2. to incorporate	2. об’єднуватися в єдину структуру
3. intentional	3. навмисний
4. network	4. мережа
5.observation	5. спостереження
6.obstacle	6. перешкода
7.operation	7. діяльність
8.overloaded	8. перевантажений
9.receivable	9. прийнятний
10.to relate to	10. мати стосунок до
11.room	11. місце
12.to select	12. відбирати
13.span management	13. норма керованості
14.standard	14. стандарт
15.to supervise	15. наглядати, керувати

Ex. 2. Read and translate the text:

There can be no doubt that good people and those who want to cooperate will work together most effectively if they are acquainted with the parts they are to play in any team operation and the way their

roles relate to one another. Designing and maintaining these systems of roles is the managerial function of organising.

An organisational role incorporates different objectives, which are the most important part of planning; a clear idea of the major duties or activities involved; and an understood area of discretion or authority so that the person fulfilling the role knows what he/she can do to accomplish goals.

Thus, we think of organising as the identification and classification of required activities; the grouping of activities essential to attain objectives; the assignment of each grouping to a manager with the authority necessary to supervise it; and the provision for horizontal and vertical coordination in the organisation structure.

An organisation structure should be designed to clarify who is to do what tasks and who is responsible for what results, to remove obstacles to performance caused by confusion and uncertainty of assignment and to furnish decision-making and communication networks reflecting and supporting enterprise objectives.

The word «organisation» implies a formalized intended structure of roles or positions. Many authors on management distinguish between formal and informal organisation.

Formal organisation means the intentional structure of roles in a formally organised enterprise. Formal organisation must be flexible. There should be room for discretion, for advantageous utilization of creative talents and for recognition of individual likes and capacity in the most of organisation.

Informal organisation is a network of personal and social relations not established or required by a formal organisation but arising spontaneously as people associate with one another. The informal relationship established in a group of people playing ping-pong after dinner may help in the achievement of organisational goals. It is much easier to ask for help on an organisation problem from someone you know personally.

One of the aspects of organising is the establishment of departments. A department as the term is usually used for production division, the sales unit, western/southern branch, the market research section or accounts receivable unit. While the purpose of organisation is

to make human cooperation effective, the reason for levels of organisation is limitations of the span of management. Organisation levels exist because there is a limit to the number of persons a manager can supervise effectively, even if this limit varies depending on situations.

There exist organisations with Narrow spans and Wide spans.

The principle of the span of management affirms that there is a limit to the number of subordinates a manager can effectively supervise, but the exact number will depend on the impact of underlying factors.

Ex. 3. Read the text and choose the best ending for each sentence.

1. Managerial function of organising is…

a) examination and testing of financial statements

b) giving partly information about the financial reports of a company

c) designing and maintaining the roles of the organisational system

2. Formal organisation means…

a) extential structure of roles in a non-formally organised enterprise

b) flexibility

c) flexibility and intentional structure of roles in a formally organised enterprise

3. Informal organisation is…

a) a main obstacle of personal and social relations

b) a network of personal and social relations

4. The main aspect of organising is…

a) the formation of new enterprises

b) the appearance of great deal of social groups

c) the establishment of departments

5. A wide span of management is associated with…

a) a burden of organisational levels

b) few organisational levels

c) without any level of organization

Ex. 4. Read the first part of the text and fill in the gaps.

roles	capacity
obstacles	major
goals	maintaining
flexible	doubt
objectives	assignment

There can be no […[1]] that good people and those who want to cooperate will work together most effectively if they are acquainted with the parts they are to play in any team operation and the way their […[2]] relate to one another. Designing and […[3]] these systems of roles is the managerial function of organising.

An organisational role incorporates different […[4]], which are the most important part of planning; a clear idea of the […[5]] duties or activities involved; and an understood area of discretion or authority so that the person fulfilling the role knows what he/she can do to accomplish […[6]].

Thus, we think of organising as the identification and classification of required activities; the grouping of activities essential to attain objectives; the […[7]] of each grouping to a manager with the authority necessary to supervise it; and the provision for horizontal and vertical coordination in the organisation structure.

An organisation structure should be designed to clarify who is to do what tasks and who is responsible for what results, to remove […[8]] to performance caused by confusion and uncertainty of assignment and to furnish decision-making and communication networks reflecting and supporting enterprise objectives.

The word «organisation» implies a formalised intended structure of roles or positions. Many authors on management distinguish between formal and informal organisation.

Formal organisation means the intentional structure of roles in a formally organised enterprise. Formal organisation must be […[9]]. There should be room for discretion, for advantageous- utilization of creative talents and for recognition of individual likes and […[10]] in the most formal of organisation.

Ex. 5. Choose the best answer.

1. What does organising mean?

a) It's an identification and classification of required activities

b) the grouping of activities essential to attain objectives

c) the provision for horizontal and vertical coordination in the organisation structure.

2. What are the differences between formal and informal organisations?

a) formal organisations are intentional structure of roles in a formally organised enterprise

b) informal organisation is a network of personal and social relations

c) formal organisation always must be flexible

3. What means «wide span»?

a) is the organisation with few organisational levels

b) is the organisation without any organisational level

4. What means «narrow span»?

a) is the organisation with two levels of management

b) is the organisation with many organisational levels

5. What is the main principle of the span of management?

a) to make people's work more effective

b) to make clear policies, close control

Ex. 6. Make up questions filling in the blanks bellow with the most appropriate words from the list.

g) organizing; d) span; b) terms; a) mean; e) informal; f) future; c) kinds

1. What is … intended for?
2. What plans for … do you have?
3. What … of organisation do you know?
4. What does organising ?
5. What are the differences between formal and … organisations?
6. What is the difference between the … «wide span» and «narrow span»?
7. What is the main principle of the … of management?

Ex.7. Replace the Ukrainian words and phrases by suitable English equivalents in the correct form.

a) highlight; b) bottlenecks; c) exceptional; d) network .

1. Organisation with wide span requires *(вийняткові*) **…** qualities of managers.

2. Informal organisation is a **(***мережа)* **…** of personal and social relations.

3**.** There is a tendency of overloading superiors which becomes decision **(***перешкодами)* **…** .

4. There are four major aspects which *(висвітлюють*) **…** the nature of planning.

Ex. 8. Put the jumbled words into a correct order.

1. (formally organised, the, Formal, means, organisation, structure, enterprise, a, in, roles, intentional, of).

2. (is , social relations, and, Informal, a network, organisation, of personal).

3. (enterprise, Formal, formally organised, organisation, a, means, structure of roles, the, intentional).

4. (One, of departments, of, the establishment, is, of, organising, aspects, the).

Over to you

Choose any of the dialogues offered below. Reproduce them with a partner. Change the roles. Single out the major ideas and be ready to report them to the group.

Dialogue 1

A: I am interested in problems of organizational levels. Will you be so kind as to explain this issue to me?

B: Certainly. The division of activities into departments and hierarchical organization and the creation of multiple levels are not desirable in themselves. A: What is the reason? Are levels expensive?

B: Yes, as they increase, more and more effort and money are devoted to managing because of the additional managers, the staff to assist them and the necessity of coordinating departmental activities, plus costs of facilities for the personnel.

Dialogue 2

A: I think that departmental levels complicate communication, don't they?

B: Of course, you are right. An enterprise with many levels has greater difficulty communicating its objectives, plans and policies downward through the organization structure than does a firm in which the top manager communicates directly with employees.

A: I suppose that numerous departments and levels complicate planning and controlling as well. A plan that may be definite and complete at the top level loses coordination and clarity as it is subdivided at lower levels.

Dialogue 3

A: Control becomes more difficult as levels and managers are added, doesn't it?

B: Yes, you are right. At the same time the complexities of planning and difficulties of communication make this control more important.

UNIT 16
ORGANIZATION AND FUNDING OF INNOVATIVE ACTIVITY

Text A. THE CONCEPT OF CAPITAL FOR FINANCING INNOVATIVE PROCESSES

Ex.1. Study the vocabulary:

1. long-term perspective	1. довгострокова перспектива
2. intensity of investment	2. інтенсивність інвестицій
3. implementation	3. впровадження; реалізація
4. influx of capital	4. приплив капіталу
5. inclined	5. схильний
6. expected rate	6. очікуваний рівень
7. business-related risk	7. бізнес-ризик
8.market conditions	8. ринкові умови
9.availability of capital sources	9. наявність джерел капіталу
10.profitability	10. рентабельність
11.lack of capital	11. брак капіталу
12. legal environment	12. правове середовище
13.additional provisions	13. додаткові положення

Ex. 2. Read and follow the text:

Experience gained by highly developed countries proves that innovations are driving force behind every economy, which determines the potential for growth in a long-term perspective. There is a positive relationship between the intensity of investment in research and development as well as level of economic development and competitiveness of economy.

The implementation of innovative undertakings, which enables enterprise to develop and increase its value, requires capital to finance these investments. Influx of capital into a given enterprise is possible when potential investors are inclined to believe that capital investments will produce the expected rate of return and thus accept the business-related risk.

Every enterprise seeks capital. Financial decisions play a leading and integral role in the process of management. The process of financing involves all undertakings implemented by enterprise that have generated capital and shaped the structure of the sources of financing in certain market conditions. One cannot indicate the best and universal way of financing innovative activity in enterprise. This is particularly difficult if capital that enterprise attempts to raise is to finance innovations. No particular model for financing this type of activity has been developed so far. The success of innovation is determined by the creation of proper model of funding as well as specific relationship among particular entities (administration of the state, economic regions, enterprises, supranational relations).

There are many types of financing. They are subject to various classifications based on different criteria. The literature on the subject provides a number of classifications presenting factors that may have effect on the selection of the structure of funding for innovative processes taking place in enterprise. These factors are, for instance:

- availability of capital sources – not all sources of financing are available to

particular enterprises (formal and legal requirements);

- profitability achieved by enterprise – its level determines the potential that a given entity has for accumulation;

- cost of capital rising;
- selection of taxation system for a given business activity;
- financial risk.

Lack of capital is commonly considered the main barrier to the innovativeness of enterprises in economies undergoing transformation. On the other hand, every innovative undertaking, to which capital is committed, requires proper legal environment and clear (not raising any doubts) definition of rights, obligations and relations among participants in innovative process.

Legal environment may foster or hinder the development of all investment projects. If legal regulations entail additional provisions (leading to increase in the cost of investment and greater project-related risk), investors will be very reserved in deciding to invest capital in such undertakings.

In order to conduct and develop innovative activity, one needs financial resources to which enterprises still have limited access. One of golden opportunities may be the creation of proper model for innovation funding, i.e. financial engineering that may play a fundamental role in collecting resources for such an activity in the future.

Ex. 3. Match the synonyms:

1. to gain	a) for example
2. long-term	b) basic
3. research	c) choice
4. undertakings	d) to manufacture
5. to increase	e) appropriate
6. to produce	f) enterprise
7. to raise	g) to run up
8. selection	h) investigate
9. for instance	i) to obtain
10. opportunity	j) principle
11. fundamental	k) continuous
12. to conduct	l) to improve
13. proper	m) carry out
14. to develop	n) to grow
15. regulation	o) possibility

Ex. 4. Find equivalents:

1.driving force	a) фінансовий ризик
2.long-term perspective	b) правове середовище
3.positive relationship	c) бізнес-ризик
4.competitiveness	d) особлива модель
5.influx of capital	e) рентабельність
6.potential investor	f) потенційний інвестор
7.expected rate	g) основна перешкода
8.business-related risk	h) позитивні відносини
9. leading role	i) ринкові умови
10.market conditions	j) провідна роль
11.particular model	k) конкурентоспроможність
12.profitability	l) приплив капіталу
13.financial risk	m) рушійна сила
14.main barrier	n) очікуваний рівень
15.legal environment	o) довгострокова перспектива

Ex. 5. Fill in the blanks below with the most appropriate terms from the list:

c) lack of capital; b) influx of capital; c) the implementation; d) financial decisions; e) seeks; f); g) innovations; h) particular model; i) intensity of investment; j) financial resources

1. Experience gained by highly developed countries proves that innovations are …… behind every economy.

2. There is a positive relationship between the …… in research and development as well as level of economic development and competitiveness of economy.

3. …….. of innovative undertakings, which enables enterprise to develop and increase its value, requires capital to finance these investments.

4. …….. into a given enterprise is possible when potential investors are inclined to believe that capital investments will produce the expected rate of return and thus accept the business-related risk.

5. Every enterprise ……. capital.

6. ……. play a leading and integral role in the process of management.

7. This is particularly difficult if capital that enterprise attempts to raise is to finance ……. .

8. No ……. for financing this type of activity has been developed so far.

9. …….. is commonly considered the main barrier to the innovativeness of enterprises in economies undergoing transformation.

10. In order to conduct and develop innovative activity, one needs ……. to which enterprises still have limited access.

Ex. 6. Read the statements and decide whether they are true or false.

1. Surplus of capital is commonly considered the main barrier to the innovativeness of enterprises in economies undergoing transformation.

2. Legal environment may foster or hinder the development of all investment projects.

3. The implementation of innovative undertakings, which enables enterprise to develop and increase its value, requires new ideas to finance these investments.

4. Influx of capital into a given enterprise is possible when potential investors are inclined to believe that capital investments will produce the expected rate of return and thus accept the business-related risk.

5. Every enterprise is provided for capital.

6. Financial decisions don’t play a leading and integral role in the process of management.

7. In order to conduct and develop innovative activity, one needs financial resources to which enterprises still have limited access.

8. It’s possible to indicate the best and universal way of financing innovative activity in enterprise.

9. This is particularly simple if capital that enterprise attempts to raise is to finance innovations.

10. No particular model for financing this type of activity has been developed so far.

Ex. 7. Read the text again and choose the best variants:

1. Experience gained by highly developed countries proves that innovations are _____ .

a) investments;

b) driving force;

c) universal ways.

2. There is a positive relationship between the _____ in research and development.

a) financial decisions;

b) finance innovations;

c) intensity of investment.

3. The implementation of innovative undertakings requires _____ to finance these investments.

a) surplus of capital;

b) capital;

c) limit of capital.

4. Influx of capital into a given enterprise is _____.

a) particular;

b) possible;

c) simple.

5. Every enterprise _____ capital.

a) seeks;

b) raises;

c) develops.

6. _____ play a leading and integral role in the process of management.

a) Financial decisions;

b) Creativity;

c) Innovations.

7. This is particularly difficult if capital that enterprise attempts _____ is to finance innovations.

a) to set up;

b) to raise;

c) to support;

8. No particular model for financing this type of activity has been _____ so far.

a) increased;
b) considered;
c) developed.

9. The success of innovation is determined by the creation of proper model of _____ as well as specific relationship among particular entities.

a) banking;
b) funding;
c) wise decisions.

10. Lack of capital is commonly considered the _____ to the innovativeness of enterprises in economies undergoing transformation.

a) main success;
b) important aim;
c) main barrier;

Over to you

1. Read, translate and discuss:

«Creativity is thinking up new things. Innovation is doing new things».

~ Theodore Levitt ~

Let's try to make the differences between creativity and innovation. Often we mix them up. Sometimes, they are merely seen as part of the process by which knowledge is developed and transformed into business value. This is a perfectly acceptable definition but again, like the failure to differentiate between information and knowledge, it is not very useful for practical purposes.

Indeed, a more useful approach is to view creativity as the process of generating ideas while seeing innovation as the sifting, refining and more critically – the implementation of those ideas. Creativity is about divergent thinking. Innovation is about convergent thinking. Creativity is about the generation of ideas and innovation is about putting them into action.

Creativity – coming up with new ideas - is not enough. We need innovation. This requires the application of existing knowledge and the development of appropriate new knowledge. Coming up with

new ideas is the food of Innovation. Innovation is a far tougher proposition than creativity.

2. Read and dramatize the following dialogue:

The Financial Director of Canton Computers is talking to Phil:

F. Director: Phil, I'd like you to do a check up on procedures at our Manchester branch.

Phil: Of course, Bob. What's the problem?

F. Director: Well, as you know, all branches submit a financial report every month. Manchester usually sends in their report at least a week late and they often make mistakes in it. And when we telephone them for information, nobody seems to know what's going on.

Phil: Who's the Chief Accountant?

F. Director: John Baxter. He's rarely in his office. He never returns my calls either.

Phil: What about the General Manager?

F. Director: Oh him! Joe Stanthorpe is an engineer by training and he gives John Baxter a completely free hand. He says he's more interested in making a profit than in paperwork.

Phil: Well, I'd better pay them a visit. I'm writing the report on the Milan subsidiary but I can probably clear Monday and Tuesday of next week, if it's really urgent.

F. Director: Thanks, Phil. I'm sure you can find a solution.

UNIT 16
ORGANIZATION AND FUNDING OF INNOVATIVE ACTIVITY

Text B. INNOVATIVE DECISIONS IN ORGANISATION

Ex. 1. Study the vocabulary:

1. organisational skills	1. організаційні здібності
2. business entity	2. суб'єкт підприємницької діяльності
3. innovative activity	3. інноваційна діяльність
4. strategic objectives	4. стратегічні цілі
5. competitive advantage	5. конкурентна перевага
6. aforementioned	6. вищезгаданий

7. accomplishment	7. досягнення
8. to forecast changes	8. прогнозувати зміни
9. conditions for competition	9. умови для конкуренції
10. market equilibrium	10. ринкова рівновага
11. experience	11. досвід
12. evident	12. очевидний
13. risk assessment	13. оцінка ризику
14. innovative undertaking	14. інноваційна підприємство
15. subsequent stages	15. наступні етапи

Ex. 2. Read and follow the text:

Basic organisation (enterprise) does not have sufficient knowledge, qualifications and resources that are essential for creating value together with consumers. Ways (methods) of approaching the creation of innovation and value require organisational skills that allow enterprises to provide the continuity of innovative activity. In order to manage innovation successfully and effectively, managers should constantly think about innovations, seek capital to finance them and behave in a certain way to mobilise their organisations.

Every business entity takes a number of complex actions aimed at attaining strategic objectives. These goals certainly include innovative activity that involves the creation and introduction of innovations allowing to gain competitive advantage. This activity together with the accomplishment of the aforementioned strategic objectives will contribute to market success.

Factors determining innovative decisions may have both positive and negative effect on innovative activity conducted by enterprises.

Innovative decisions are about the future. It is necessary to forecast changes that are going to occur on the market. Innovative resources are allocated in market economies mainly under the influence of market impulses. This is achieved thanks to the formation of prices of different goods and the creation of conditions for competition. The latter has to some extent effect on the level of profit as well as produces the flow of financial and real capital between various spheres. The influence of the market on innovative activity is observed when market impulses are reflected in strategic decisions made by innovative business entities (market equilibrium, prices and interrelation between them have the

character of external parameters). At the same time, it should be noticed that a number of theoretical analyses and experience gained by particular market economy countries confirm that market mechanism does not always provide innovator with correct information about future trends and certain innovative projects. This stems from the fact that market mechanism characterizes current conditions of management whereas innovative decisions refer to future needs that may alter the deadlines for economic agreements.

Taken the reasons behind innovative decisions into account, users play more

and more important role. The users are particular members of «value chain» and consumers as well as human factor (know-how, information) in relation to the so-called hard factors. Therefore, consumer (customer) preferences are major factors determining innovative decisions, which is also the case with the life cycle of products (services) on a given market. Innovator has to consider the fact that most products go through four stages in their life cycle on the market (introduction, growth, maturity and decline). Subsequent stages in the life cycle of products entail different intensity of innovative decisions.

Ex. 3. Find equivalents:

1)	sufficient knowledge	a)	успіх ринку
2)	organisational skills	b)	конкурентна перевага
3)	seek capital	c)	життєвий цикл продуктів
4)	complex actions	d)	під впливом
5)	strategic objectives	e)	прогнозувати зміни
6)	competitive advantage	f)	організаційні навички
7)	market success	g)	достатні знання
8)	to forecast changes	h)	стратегічні цілі
9)	under the influence	i)	комплексні заходи
10)	market equilibrium	j)	поточні умови
11)	interrelation	k)	взаємозв’язок
12)	external parameters	l)	наступні етапи
13)	current conditions	m)	ринкова рівновага
14)	life cycle of products	n)	шукати капітал
15)	subsequent stages	o)	зовнішні параметри

Ex. 4. Match the synonyms:

1)	essential	a)	goal
2)	successfully	b)	founder

3) constant	c) fall
4) complex	d) keep
5) aim	e) gain
6) objective	f) perfect
7) enterprise	g) various
8) different	h) company
9) profit	i) purpose
10) correct	j) increase
11) important	k) significant
12) decline	l) permanent
13) growth	m) right
14) creator	n) effectively
15) maintain	o) complicated

Ex. 5. Read the statements and decide whether they are true or false:

1. Basic organization has sufficient knowledge, qualifications and resources that are essential for creating value together with consumers.

2. Ways of approaching the creation of innovation and value require financial resources.

3. In order to manage innovation successfully and effectively, managers should think about innovations, seek capital to finance them and behave in a certain way to mobilise their organisations.

4. Every business entity takes a number of complex actions aimed at attaining strategic goals.

5. Strategic goals certainly include innovative activity that involves the limitation of innovations.

6. Factors determining innovative decisions may have only positive effect on innovative activity.

7. Innovative decisions are about the past.

8. It isn’t necessary to forecast changes that are going to occur on the market.

9. Innovative resources are allocated in market economies mainly under the influence of market impulses.

10. The influence of the market on innovative activity is observed when market impulses are reflected in strategic decisions made by innovative business entities.

11. It should be noticed that a number of theoretical analyses and experience refute that market mechanism does not always provide innovator with correct information.

12. Innovative decisions refer to future needs that may alter the deadlines for economic agreements.

13. Users don't play more and more important role.

14. The users are particular members of «value chain».

15. Subsequent stages in the life cycle of products entail different intensity of innovative decisions.

Ex. 6. Read the text again and choose the best variants:

1. In order to manage innovation successfully and effectively, managers should constantly think about _____.

a) money;

b) users;

c) innovations.

2. In order to manage innovation successfully and effectively, managers should seek _____to finance innovations.

a) a borrower;

b) capital;

c) a lender;

3. Every business entity takes a number of complex actions aimed at attaining strategic _____ .

a) commercial banks;

b) objectives;

c) consumers.

4. Strategic goals include innovative activity that involves the creation and introduction of innovations allowing to gain _____ advantage.

a) competitive;

b) necessary;

c) innovative.

5. Innovative decisions are about _____ .

a) the past;

b) the future;

c) the present.

6. It is necessary _____ changes that are going to occur on the market.

a) to confirm;

b) to include;

c) to forecast.

7. Innovative resources are allocated in market economies mainly under the influence of _____ .

a) market impulses;

b) business entities;

c) strategic goals.

8. The influence of the market on _____ is observed when market impulses are reflected in strategic decisions made by innovative business entities.

a) commercial banks;

b) consumers;

c) innovative activity.

9. _____ are particular members of «value chain» and consumers as well as human factor in relation to the so-called hard factors.

a) The markets;

b) The users;

c) The innovative projects.

10. A number of theoretical analyses and experience gained by particular market economy countries confirm that market mechanism does not always provide innovator with _____ about future trends and certain innovative projects.

a) market impulses;

b) correct information;

c) complex actions.

Over to you

1. Read, translate and discuss:

An important point to note here – to make knowledge productive – you need information. Knowing how to make a dish is

not sufficient – you need information – the list of ingredients. And to make a wise decision you need information too – the likes and tastes of the consumers of the dish. So knowledge on its own is never good enough – you need information and knowledge – and of course «doing the wrong thing well» is also not productive – you need wisdom also.

Know-why is also important. Let us suppose you are missing a key ingredient of the dish – knowing why a particular ingredient was part of the recipe might help a knowledgeable cook substitute an alternative. In fact know-why is often more important than know-how as it allows you to be creative - to fall back on principles – to re-invent your know-how.

Having said that, if you discover a new recipe, a new way to make the dish, or something related with the organisation of the preparation, then you can surely be proud of yourself: this is a culinary innovation!

2. *The Marketing Manager and the Managing Director of Xoft, a computer company, are discussing the marketing of a new program. Find the words in the conversation which fit the definitions. The first one has been done for you as an example*.

– How are you going to promote Construct-X?

• Well, first of all we'll include it in the new catalogue.

– OK. What about advertising?

• We're going to run a campaign in the press, but only in specialist publications. This is a niche product.

– Right. Are you going to do a mailing?

• Yes, just a flier to our regular customers.

– Will you offer them any kind of giveaway?

• No, but there will be a discount on orders in the first thirty days.

– Sounds good.

• Well, we'll see.

– Do you think we should focus mainly on the domestic market or go for overseas sales right at the beginning?

• I think domestic to start with. That way we don't have to worry about distribution problems until later.

– I think I agree. What about pricing?

• Well, this is a unique product, there's no real competition, so it's going to be fairly high-priced. Don't you think so?

– Well, that sounds fair. Any thoughts about the package?

• Standard – a hard case containing the discs and the manual. Technical drawings on the outside to give a precise, professional image.

– Are you going to have any *point-of-sale* displays in computer shops?

• Just a poster, using the same image as the packaging.

– Well, it all sounds very good.

• You'll find all the details in this report.

Definitions

1. a place where a product is sold – *point-of-sale;* 2. planned method and period of time _____ ; 3. deciding how much money has to be changed for something _____ ; 4. person who buys something _____ ; 5. the country where the business is situated _____ ; 6. a small advertising leaflet _____ ; 7. a thing which is given free when another item is bought _____ ; 8. picture which people have in their minds of a product or company _____ ; 9. sending by post _____ ; 10. special place in a market _____ ; 11. box or bag in which things are sold _____ ; 12. a list of a company's products _____ ; 13. a reduction on the full price _____ ; 14. to increase the sales of a new product _____ ; 15. announcing that something is for sale _____ ; 16. getting goods from the maker to the buyer _____ ; 17. companies who make similar products to yours _____ ; 18. in other countries _____ .

UNIT 16
ORGANIZATION AND FUNDING OF INNOVATIVE ACTIVITY

Text C. FINANCIAL ENGINEERING IN THE MANAGEMENT OF INNOVATIVE ACTIVITY IN ORGANISATION

Ex.1. Study the vocabulary:

1. financial engineering	1. фінансове моделювання
2. sustainable economic growth	2. стійке економічне зростання
3. proper framework	3. належна база
4. favorable legal and tax regulations	4. сприятливі правові та податкові норми
5. driving force	5. рушійна сила
6. to facilitate	6. сприяти
7. system of incentives and benefits	7. система стимулів і пільг
8. initial stage	8. початкова стадія
9. to eliminate restrictions	9. усувати обмеження
10. gap	10. діра, прогалина
11. total investment value	11. загальна вартість інвестицій
12. assessed and monitored carefully	12. ретельно оцінені і перевірені
13. assign	13. призначати
14. project life cycle	14. життєвий цикл проекту
15. project research	15. проект дослідження
16. project verification	16. підтвердження проекту
17. implementation and commercialization	17. впровадження та комерціалізація
18. tax relieves and exemptions	19. податкові пільги та звільнення

Ex. 2. Read and follow the text:

It is beyond any doubt that economy needs a model for financing innovative activity that will enable enterprises to develop dynamically. Proper model for financing, i.e. financial engineering, may stimulate the economy through investments in innovation, support enterprises with large potential for development as well as encourage to set up new and innovative firms. Such engineering can be extremely useful in supporting sustainable economic growth, creating new jobs and stimulating innovativeness. One ought to

establish a proper framework for its functioning so that it could be adopted in an optimum way. The engineering under discussion should allow to finance research as well as purchase technology, machinery and knowledge from external sources. What is more, it should be supported by favorable legal and tax regulations. Only developed in such a way, financial engineering might become a driving force behind research and innovative activity, improve the transfer of knowledge by popularizing entrepreneurial attitude and finally facilitate the access to modern technologies and services. It should be a system of incentives and benefits for newly established and innovative enterprises.

And last but not least, the engineering in question ought to reward readiness to take financial and economic risk at the initial stage of business development.

The law should eliminate restrictions resulting from the size of enterprises and remove bureaucracy that is always limiting the effectiveness and positive influence of such initiatives.

Public funds and resources ought to be invested only in the case of actual gap in funding from private sources. Public funds should be committed via the existing systems based on market mechanisms. Funding from public capital should be reduced to less than 50% of the total investment value. Project financed in such a way should be assessed and monitored carefully at every stage of its implementation.

While creating proper model for financing innovative activity conducted by enterprise, one should pay attention to the type and category to which this activity can be assigned. Every component of innovative activity needs a different structure of funding. The use of a particular form of financing depends on the stage in the development of innovative project. With regard to project life cycle, the following phases ought to be taken into consideration:

- project research;
- prototype;
- project verification;
- patent;
- implementation and commercialization.

Each stage in the development of innovative project requires a certain form of funding.

State support for new and innovative firms is particularly significant in the case of financial engineering. Apart from the creation of public venture capital fund, this support may be provided in the form of tax relieves and exemptions for enterprises undertaking research and producing innovative ideas.

There is no such thing as perfect model for financing innovative activity or the one that can be implemented in every economy without effort. The model in question must consider geopolitical position of a given country, financial system adopted by this country, economic development, the functioning of financial market and taxation system.

Ex. 3. Match the synonyms:

1.	financial engineering	a)	increase
2.	particular	b)	advantageous
3.	significant	c)	research
4.	limitation	d)	helpful
5.	stimulate	e)	regulation
6.	support	f)	effort
7.	useful	g)	restriction
8.	analysis	h)	special
9.	favorable	i)	essential
10.	principle	j)	encourage
11.	growth	k)	financing
12.	stimulus	l)	realization
13.	profit	m)	benefit
14.	implementation	n)	incentive
15.	attempt	o)	maintain

Ex. 4. Find equivalents:

1.	financial engineering	a)	підтвердження проекту
2.	innovative activity	b)	позитивний вплив
3.	to support	c)	форма фінансування
4.	to encourage	d)	стимули і пільги
5.	proper framework	e)	податкові пільги та звільнення
6.	external sources	f)	дослідження проекту
7.	driving force	g)	впровадження
8.	entrepreneurial attitude	h)	ставлення до підприємництва
9.	incentives and benefits	i)	заохочувати

10.	positive influence	j)	інноваційна діяльність
11.	implementation	k)	рушійна сила
12.	project verification	l)	фінансове моделювання
13.	form of funding	m)	підтримувати
14.	tax relieves and exemptions	n)	належна база
15.	project research	o)	зовнішні джерела

Ex. 5. Read the statements and decide whether they are true or false:

1. Economy needs a model for financing innovative activity that will stimulate enterprises to develop dynamically.
2. Proper model for financial engineering may stimulate the economy through investments in innovation, support enterprises with large potential for development as well as encourage to set up new and innovative firms.
3. The engineering under discussion should prohibit to finance research as well as purchase technology, machinery and knowledge from external sources.
4. Financial engineering should be supported by strict legal and tax regulations.
5. Financial engineering might become a driving force behind research and innovative activity, improve the transfer of knowledge by popularizing entrepreneurial attitude and finally facilitate the access to modern technologies and services.
6. Financial engineering should be a system of incentives and benefits for newly established and innovative enterprises.
7. Financial engineering ought to reward readiness to take financial and economic risk at the final stage of business development.
8. Public funds and resources ought to be invested only in the case of actual gap in funding from state sources.
9. Funding from public capital should be reduced to more than 50% of the total investment value.
10. State support for new and innovative firms is particularly significant in the case of financial engineering.

11. The law should add restrictions resulting from the size of enterprises and remove bureaucracy that is always limiting the effectiveness and positive influence of such initiatives.

12. Each stage in the development of innovative project requires a certain form of funding.

13. Every component of innovative activity needs the same structure of funding.

14. The use of a particular form of financing doesn't depend on the stage in the development of innovative project.

15. There is no such thing as perfect model for financing innovative activity or the one that can be implemented in every economy without effort.

Ex. 6. Fill in the blanks below with the most appropriate terms from the list:

a) regulations; b) large potential; c) to set up; d) economic growth; e) funding; f) state support; g) external sources; h) modern technologies; i) the initial stage; j) bureaucracy; k) a driving force; l) investments; m) transfer; n) actual gap; o) incentives and benefits

1. Financial engineering may stimulate the economy through ……. in innovation.

2. Financial engineering may support enterprises with …… for development.

3. Financial engineering may encourage ……. new and innovative firms.

4. Financial engineering can be extremely useful in supporting sustainable ……, creating new jobs and stimulating innovativeness.

5. Financial engineering should allow to finance research as well as purchase technology, machinery and knowledge from …….. .

6. Financial engineering should be supported by favorable legal and tax ……. .

7. Financial engineering might become ….. .. behind research and innovative activity.

8. Financial engineering improve the …..… of knowledge by popularizing entrepreneurial attitude.

9. Financial engineering facilitate the access to ……. and services.

10. Financial engineering should be a system of ……. for newly established and innovative enterprises.

11. Financial engineering ought to reward readiness to take financial and economic risk at …… of business development.

12. The law should eliminate restrictions resulting from the size of enterprises and remove …….. that is always limiting the effectiveness and positive influence of such initiatives.

13. Public funds and resources ought to be invested only in the case of …… in funding from private sources.

14. Every component of innovative activity needs a different structure of …….. .

15. …….. for new and innovative firms is particularly significant in the case of financial engineering.

Ex. 7. Match the antonyms:

1.	external	a.	weakness
2.	strict	b.	discourage
3.	growth	c.	loss
4.	private	d.	final
5.	benefit	e.	decline
6.	improve	f.	destroy
7.	force	g.	internal
8.	initial	h.	public
9.	encourage	i.	favorable
10.	develop	j.	degrade

Over to you

1. Prepare a job advertisement for one of the jobs below. Your advertisement must include: the salary, the age and type of person you want, and anything else you decide is important.

1. mining engineers to work in gold mines in South Africa;
2. young people to work as tour guides in South-East Asia;
3. a salesperson for a company manufacturing office equipment.

2. Speak on the topic: «Organization and Financing of Innovative Activity».

UNIT 17
PROJECT ANALYSIS

Text A. PROJECT ANALYSIS

Ex. 1. Study the vocabulary:

1) project analysis	1) проектний аналіз
2) prioritize	2) розташовувати у порядку черговості
3) asset	3) активи
4) valuation	4) оцінка; визначення вартості
5) select	5) відбирати
6) critical data	6) важливі дані
7) monitoring	7) контроль
8) invest	8) вкладати кошти
9) compliance	9) згода
10) inflow	10) вливатися
11) equipment	11) оснащення
12) undertaking	12) здійснення, реалізація
13) efficiency	13) продуктивність

Ex. 2. Read and follow the text:

Project analysis is used to evaluate the potential merits of an investment or to objectively assess the value of a business or asset. Project analysis is one of the core duties of a fundamental investor as valuations (along with cash flows) are typically the most important drivers of asset prices over the long term.

Project analysis also helps organizations to analyze, prioritize and select the right set of projects supported by financial goals, strategic goals and available funds. An iterative process will help an organization to make the right business decisions when its environment changes due to budgetary or strategy adjustments, mergers and acquisitions and competitive positioning.

Project analysis should answer the simple yet vital question: what is something worth? The analysis is then based on projections of the future.

The project analyst provides critical data support to a technical team. Research and analysis functions may include budget tracking and financial forecasting, project evaluation and monitoring,

maintaining compliance with corporate and public regulations, and performing any data analysis relevant to project tasks. Project analysts define key performance parameters and create regular variance reports to track progress.

Project analysis has been involved in a large number of varied consultancies and construction projects, as the project manager, project quantity surveyor, cost planner, construction programmer, construction claims consultant, expert witness in construction litigation and consultants reviewing the efficiency and effectiveness of government day labour forces.

Companies usually try to value any projects to determine whether they are worth undertaking. Projects are divided into two categories:

- expansion projects are projects companies invest in to expand the business's earnings;

- replacement projects are projects companies invest in to replace old assets and maintain efficiencies.

When beginning capital-budgeting analysis, it is important to determine the cash flows of a project. These cash flows can be segmented as follows:

- initial Investment Outlay – these are the costs that are needed to start the project, such as new equipment, installation, etc;

- operating Cash Flow over a Project's Life – this is the additional cash flow a new project generates;

- terminal-Year Cash Flow – this is the final cash flow, both the inflows and outflows at the end of the project's life, such as potential salvage value at the end of a machine's life.

Ex. 3. Match the words from Column A with the words from Column B:

A	**B**
1) potential merits	a) готівка від операцій
2) iterative process	b) фінансовий прогноз
3) financial forecasting	c) кінцевий рух готівки
4) expansion projects	d) первісні капіталовкладення
5) cash flow	e) проекти заміни

6) initial investment	f) простежувати розвиток
7) terminal-year cash flow	g) ліквідаційна вартість
8) operating cash flow	h) повторюваний процес
9) mergers and acquisitions	i) комплекс банківських послуг з придбання компаній
10) replacement projects	j) можливі обставини
11) salvage value	k) проекти розвитку
12) to track progress	l) рух готівки

Ex. 4. Find the equivalents:

1) Project analysis is used to evaluate	a) a technical team.
2) Project analysis also helps organizations to analyze, prioritize and select	b) what is something worth?
3) An iterative process will help an organization	c) regular variance reports to track progress.
4) Project analysis should answer the simple yet vital question	d) varied consultancies and construction projects.
5) The project analyst provides critical data support to	e) its environment changes due to budgetary or strategy adjustments, mergers and acquisitions and competitive positioning.
6) Research and analysis functions may include	f) two categories.
7) Project analysts define key performance parameters and create	g) whether they are worth undertaking.
8) Project analysis has been involved in a large number of	h) projections of the future.
9) Companies usually try to value any projects to determine	i) the potential merits of an investment or to objectively assess the value of a business or asset.
10) Projects are divided into	j) the right set of projects supported by financial goals, strategic goals and available funds.

Ex. 5. Read the statements and decide whether they are true or false:

1. Expansion projects are projects companies invest in to restrict the business's earnings.

2. Replacement projects are projects companies invest in to replace old assets and maintain efficiencies.

3. Initial Investment Outlay – these are the costs that are needed to complete the project, such as new equipment, installation, etc.

4. Operating Cash Flow over a Project's Life – this is the main cash flow a new project generates.

5. Terminal-Year Cash Flow – this is the initial cash flow, both the inflows and outflows at the end of the project's life.

6. Project analysis is based on projections of the future.

7. The project analyst provides all the data support to a technical team.

8. Project analysis has been involved in a small number of varied consultancies and construction projects.

9. Valuations are typically the most important drivers of asset prices over the long term.

10. Project analysis is used to evaluate the future merits of an investment.

Ex. 6. Read the sentences and fill in the gaps with the words from the box:

1. Valuations are typically the most important drivers of … over the long term.

2. Replacement projects are projects companies invest in to replace … and maintain efficiencies.

3. Companies usually try to value any projects to determine whether they are worth … .

4. Project analysts define key performance parameters and create … to track progress.

5. Project analysis helps organizations to analyze, prioritize and … the right set of projects supported by financial goals, strategic goals and available funds.

6. Project analysis is one of the … of a fundamental investor.

7. Project analysis is used to objectively assess the … of a business or asset.

8. Operating Cash Flow over a Project's Life – this is the additional … a new project generates.

9. An iterative process will help an organization to make the right business decisions when its environment … .

10. An organization environment changes due to budgetary or strategy adjustments, mergers and … and competitive positioning.

a) undertaking; b) cash flow; c) value; d) core duties; e) old assets; f) select; g) regular variance reports; h) acquisitions; i) changes; j) asset prices

Ex. 7. Choose the best variant:

1. Project analysis is used to evaluate … of an investment.

a) the current merits

b) the past merits

c) the potential merits

2. Project analysis is one of the core duties of … .

a) a book-keeper

b) a tax officer

c) a fundamental investor

3. Projects are divided into … categories.

a) three

b) two

c) four

4. Project analysts define key performance parameters and create regular variance reports to … .

a) track progress

b) track regress

c) strike a balance

5. Initial Investment Outlay are the costs that are needed to … the project.

a) continue

b) complete

c) start

6. The project analyst provides critical data support to … .

a) a technical team

b) a project director

c) an immediate supervisor

7. Companies usually try to … any projects to determine whether they are worth undertaking.

a) delay

b) change

c) value

8. … will help an organization to make the right business decisions when its environment changes.

a) An iterative process

b) An audit

c) A one-time process

9. Project analysis has been involved in … number of varied consultancies and construction projects.

a) a large

b) a small

c) a strict

10. When beginning capital-budgeting analysis, it is important to determine … of a project.

a) the cash flows

b) the duration

c) the legality

Ex. 8. Make up sentences from the words:

1. is / a fundamental investor / the core duties / of / project analysis / one of.

2. asset prices / over / are / drivers of valuations / the long term / the most important.

3. construction projects / a large number of / has been involved / project analysis / varied consultancies / in / and.

4. undertaking / they / usually / are worth / try / any projects / to value / to determine / whether / companies.

5. the cash flows / capital-budgeting analysis / when / to determine / it is important / of / a project / beginning.

6. categories / into / are / two / projects / divided.

7. is / and outflows / Terminal-Year Cash Flow / at the end of / the inflows / the project's life / both.

8. critical / a technical team / provides / support to / the project analyst / data.

9. projections / the project analysis / of the future / is based on.

10. projects / invest in / companies / the business's earnings / are / to expand / expansion projects.

Ex. 9. Match the beginning of the sentence with the best ending:

1) Companies usually try to value any projects	a) two categories.
2) Operating Cash Flow over a Project's Life –	b) these are the costs that are needed to start the project, such as new equipment, installation, etc.
3) Project analysis also helps organizations to analyze, prioritize and select	c) define key performance parameters and create regular variance reports to track progress.
4) Project analysis should answer the simple yet vital question:	d) to determine whether they are worth undertaking.
5) Initial Investment Outlay –	e) to replace old assets and maintain efficiencies.
6) Projects are divided into	f) projections of the future.
7) Project analysts	g) varied consultancies and construction projects.
8) Replacement projects are projects companies invest in	h) this is the additional cash flow a new project generates.
9) The project analysis is based on	i) the right set of projects supported by financial goals, strategic goals and available funds.
10) Project analysis has been involved in a large number of	j) what is something worth?

Over to you

1. Think and say: what purposes do project managers use project communication management for?

2. You have an exam. Your question is «Project Analysis».

UNIT 18
RISK MANAGEMENT

Text A. RISK MANAGEMENT

Ex. 1. Study the vocabulary:

1. IRM (Institute of Risk Management)	1. інститут ризик-менеджменту
2. consequence	2. наслідок
3. uncertain	3. невизначений, сумнівний
4. objectives	4. цілі
5. volatile	5. непостійний, нестійкий
6. to cope	6. виконувати
7. risk management	7. ризик-менеджмент
8. evaluating	8. оцінювання
9. to exploit	9. розробляти
10. opportunities	10. можливості
11. relevant	11. актуальний
12. assessment	12. оцінка
13. priority	13. пріоритет
14. rigorous approach	14. суворий підхід
15. enterprise risk management (ERM)	15. управління ризиками підприємства
16. holistic approach	16. комплексний підхід
17. framework	17. загальна схема
18. to be embedded	18. бути складовою
19. procurement	19. постачання
20. HR (human resources)	20. відділ кадрів
21. compliance	21. відповідність
22. implementation process	22. процес впровадження
23. insurance purchase	23. придбання страхового полісу
24. sustainable	24. стійкий

Ex. 2. Read and follow the text:

Risk is part of life. Avoiding all risk would result in no achievement, no progress and no reward.

IRM defines risk as «The combination of the probability of an event and its consequence. Consequences can range from positive to negative.» All organisations have objectives at strategic, tactical and operational levels - anything that makes achieving these objectives

uncertain is a risk. As our world becomes increasingly volatile and unpredictable, we must cope with greater uncertainty.

Risk management is the systematic process of understanding, evaluating and addressing these risks to maximise the chances of objectives being achieved and ensuring organisations, individuals and communities are sustainable. Risk management also exploits the opportunities uncertainty brings, allowing organisations to be aware of new possibilities. Essentially, effective risk management requires an informed understanding of relevant risks, an assessment of their relative priority and a rigorous approach to monitoring and controlling them.

To be effective, risk management must be proportionate to the size and nature of an organisation. It can range from a risk assessment for a community event up to a sizeable, integrated process for a multi-national.

Enterprise risk management (ERM) refers to an integrated or holistic approach to managing risk across an organisation, using clearly articulated frameworks and processes led from board level. Risk management should be embedded in the general management of an organisation and fully integrated with other business functions such as finance, strategy, internal control, procurement, continuity planning, HR and compliance. The degree of integration will differ between organisations depending on their culture, implementation process, ways of operating and external environment.

Specialist areas of risk management include expertise in insurance purchase, business continuity, health and safety and corporate governance to specialist skills and knowledge for, for example, the financial services or construction industries.

Ex. 3. Find the equivalents:

1. IRM (Institute of Risk Management)	a) комплексний підхід
2. consequence	b) пріоритет
3. risk management	c) страхування
4. opportunities	d) управління ризиками підприємства
5. to exploit	e) непостійний, нестійкий
6. holistic approach	f) інститут ризик-менеджменту
7. enterprise risk management	g) можливості

(ERM)	
8. insurance	h) ризик-менеджмент
9. volatile	i) розробляти
10. priority	j) наслідок

Ex. 4. Match the terms with their definitions:

1. objective	a) to develop and use minerals, forests, oil etc for business or industry
2. priority	b) to succeed in dealing with a difficult problem or situation
3. insurance	c) a process in which you make a judgment about a person or situation, or the judgment you make
4. to exploit	d) something that you are trying hard to achieve, especially in business or politics (=goal)
5. to cope	e) the thing that you think is most important and that needs attention before anything
6. HR	f) an opportunity to do something, or something that can be done or tried
7. assessment	g) an arrangement with a company in which you pay them money, especially regularly, and they pay the costs if something bad happens, for example if you become ill or your car is damaged
8. evaluation	h) a chance to do something or an occasion when it is easy for you to do something
9. opportunity	i) a judgment about how good, useful, or successful something is
10. possibility	j) the department in a company that deals with employing, training, and helping people

Ex. 5. Fill in the gaps. Then read and translate:

Risk is part of life. Avoiding all risk would result in no…1…, no progress and no reward.

…2… defines risk as «The combination of the probability of an event and its consequence. …3… can range from positive to negative». All organisations have objectives at strategic, tactical and operational levels – anything that makes achieving these objectives

…4… is a risk. As our world becomes increasingly …5… and unpredictable, we must cope with greater uncertainty.

Risk management is the systematic process of understanding, evaluating and addressing these risks to maximise the chances of …6… being achieved and ensuring organisations, individuals and communities are …7… . Risk management also exploits the …8… uncertainty brings, allowing organisations to be aware of new possibilities. Essentially, effective risk management requires an informed understanding of relevant risks, an …9… of their relative priority and a …10… approach to monitoring and controlling them.

Ex. 6. Replace the Ukrainian words and phrases by suitable English equivalents in the correct form:

To be effective, (ризик-менеджмент)…1… must be proportionate to the size and nature of an organisation. It can range from a (оцінка ризику) …2… for a community event up to a sizeable, integrated process for a multi-national.

Enterprise risk management (ERM) refers to an integrated or (комплексний)…3… approach to managing risk across an organisation, using clearly articulated (загальні схеми) …4… and processes led from board level. Risk management should be (бути складовою частиною) …5… in the general (управлінні) …6… of an organisation and fully integrated with other business functions such as finance, strategy, internal control, (постачання) …7…, continuity planning, HR and compliance. The degree of integration will differ between organisations depending on their culture, implementation process, ways of operating and external (середовище) …8….

Specialist areas of risk management include expertise in (страхування) …9… purchase, business continuity, health and safety and corporate governance to specialist (навички) …10… and knowledge for, for example, the financial services or construction industries.

Ex. 7. Choose the best answer:

1. Avoiding all risk would result in … .

a) huge amount of achievement, progress and reward.

b) no achievement, no progress and no reward.

c) achievement, but no progress and no reward.

2. … defines risk as «The combination of the probability of an event and its consequence».

a) IRM

b) ERM

c) risk management

3. Consequences can range….

a) from negative to neutral and positive

b) from neutral to negative

c) from positive to negative

4. All organisations have … at strategic, tactical and operational levels.

a) objects

b) subjectives

c) objectives

5. Risk management is the systematic process of understanding, evaluating and addressing the risks to .... the chances of objectives being achieved.

a) maximize

b) minimize

c) neutralize

6. Risk management also exploits the opportunities uncertainty brings, allowing organisations to be aware of …

a) new possibilities

b) new probabilities

c) lost probabilities

7. To be effective, risk management must … to the size and nature of an organisation.

a) be priority

b) be proportionate

c) be progressive

8. Enterprise risk management (ERM) refers to an integrated or holistic approach to managing risk across an organisation, … led from board level.

a) clearly artificial frameworks and processes

b) clearly integrated frameworks and processes

c) clearly articulated frameworks and processes

9. The degree of integration will differ between organisations depending on … .

a) their culture, integration process, ways of operating and external environment.

b) their culture, implementation process, ways of operating and external environment.

c) their culture, implementation process, ways of operating and internal environment.

10. Specialist areas of risk management include …

a) expertise in insurance purchase, business continuity, health and safety

b) expertise in insurance purchase, business evaluation, health and safety

c) expertise in insurance agencies, business continuity, health and safety

Ex. 8. Fill in the missing word:

1. All organizations have …1… at strategic, tactical and operational levels.

2. Anything that makes achieving the objectives uncertain is a …2….

3. …3… is the systematic process of understanding, evaluating and addressing the risks to …4… the chances of objectives being achieved.

4. Enterprise risk management (ERM) refers to an integrated or …5… approach to managing risk across an organization, using clearly articulated …6… and processes led from board level.

5. Risk is the combination of the probability of an event and its …7… .

6. Objective is something that you are trying hard to …8…, especially in business or politics.

7. …9… is the thing that you think is most important and that needs attention before anything else.

8. …10… department in a company deals with employing, training, and helping people.

Over to you

1. Work in pairs. Be prepared a report about an interview with the owner of a local business. Plan carefully in advance your interview. Ask the business owner questions such as:

1. What service does he/she sell?
2. What risks do you take in operating your own business?
3. What method do you use to compete with similar business for customers?
4. What training and experience should a person have before attempting to start his or her own business?
5. How much capital did he/she put in business to start it?
6. What are his/her fixed and variable costs?
7. What price does he/she charge?
8. How many hours' work does cover his/her costs?
9. How much profit does he/she make?

2. Sum up what you remember about:

a) enterprise risk management;
b) effective risk management.

UNIT 18
RISK MANAGEMENT

Text B. A PRACTICAL APPROACH TO CREATING A RISK MANAGEMENT PLAN

Ex.1 Study the vocabulary:

1. endeavor	1. зусилля
2. undertaking	2. справа
3. considerable	3. значний
4. personnel	4. персонал
5. critical	5. вирішальний, надзвичайно важливий
6. to assemble	6. збирати

7. stakeholder	7. зацікавлена сторона
8. prior	8. попередній
9. probability	9. ймовірність
10. impact	10. вплив
11. numerical values	11. чисельні значення
12. accurately	12. точно, безпомилково
13. outcome	13. результат, наслідок
14. trigger	14. пускова система
15. preventive actions	15. профілактичні заходи
16. enhancement actions	16. заходи щодо покращення
17. to bring about	17. спричиняти
18. risk resolution	18. усунення ризику
19. onset	19. початок
20. chart	20. схема, таблиця
21. risk assessment reports	21. звіти з оцінки ризиків
22. to institutionalize	22. помістити

Ex. 2 . Read and follow the text:

Project Management Institute defines a project as «an endeavor to create a product or service». A project is therefore, a large or major undertaking, especially one involving considerable money, personnel, and equipment. A solid risk management plan is critical to the success of any project.

The first step in writing the plan is to assemble all stakeholders and identify all possible project risks. This can be done from various reports, project documents, through various departments and also from prior project reports.

In Step Two, the risks that are identified have to be analyzed for their probability and impact and also translated into numerical values so as to accurately know the outcome of these risks on the cost, time and resource factors.

Then, divide the risk management planning team into subgroups and assign segments of the master risk list to each subgroup. The job of each subgroup is to identify triggers, or warning signs, for each risk on its segment of the master list.

In Step Four, the sub-teams identify and document preventive actions for the «threats» and enhancement actions for the «opportunities». This can be approached through the various

departments involved, such as Financial Risk reports, HR Risk Reports, IT Risk Reports, etc.

In Step Five, based on the collective ideas of all the departmental teams, the project manager will have to decide on a plan of action to bring about risk resolution. Identifying the most serious risks at the onset of a project saves time, cost and resources, and likewise identification of such risks also trigger the resolution plan at the earliest moment.

The last step in writing a risk management plan is assigning an owner for each risk on the master list. Using this chart, various teams and team members may be assigned responsibility for carrying out the risk resolution plans. At the end, the project manager is solely accountable to the project sponsor for all the plans and actions related to the risks and project at large.

Proper documentation, such as risk assessment reports, is important during every step of the planning process. A risk management plan should be incorporated into every project management plan. This, in turn, will save time and help institutionalize the risk management plan into the project team's culture.

Ex. 3. Find the equivalents:

1. endeavor	a) справа
2. critical	b) результат, наслідок
3. stakeholder	c) профілактичні заходи
4. impact	d) точно, безпомилково
5. risk resolution	e) схема, таблиця
6. chart	f) початок
7. outcome	g) вирішальний, надзвичайно важливий
8. accurately	h) вплив
9. undertaking	i) зусилля
10. preventive actions	j) зацікавлена сторона

Ex. 4. Match the terms with their definitions:

1. trigger	a) the effect or influence that an event, situation etc has on someone or something
2. enhancement actions	b) an important job, piece of work, or

	activity that you are responsible for
3. stakeholder	c) actions intended to stop something you do not want to happen from happening
4. impact	d) an event or situation, etc. that causes something bad to start
5. to assemble	e) the final result of a meeting, discussion, war etc - used especially when no one knows what it will be until it actually happens
6. chart	f) to cause smth to happen
7. outcome	g) to put all the parts of something together
8. to bring about	h) information that is clearly arranged in the form of a simple picture, set of figures, GRAPH etc, or a piece of paper with this information on it
9. undertaking	i) the actions of improvement
10. preventive actions	j) someone who has invested money into something, or who has some important connection with it, and therefore is affected by its success or failure

Ex. 5. Fill in the missing equivalents:

1. numerical values	1….
2. …	2. точно, безпомилково
3. …	3. результат, наслідок
4. …	4. пускова система
5. preventive actions	5. …
6. …	6. заходи щодо покращення
7. to bring about	7. …
8. …	8. усунення ризику
9. onset	9. …
10. …	10. схема, таблиця

Ex. 6. Choose the best variant:

1. Project Management Institute defines a project as …

a) an endeavor to create a product or service’
b) solid risk management plan
c) segment of the master list

2. A project is a large or major undertaking, especially one involving … .

a) consistent money, personnel, and equipment
b) considerable money, personnel, and equipment
c) considerable money, people and equipment

3. The first step in writing the plan is to assemble all stakeholders and identify …

a) some possible project risks.
b) no possible project risks.
c) all possible project risks.

4. In Step Two, the risks that are identified have to be analyzed for … .

a) their profitability and impact
b) their probability and interaction
c) their probability and impact

5. You need to divide the risk management planning team into subgroups and assign segments of … list to each subgroup.

a) the major risk list
b) the master risk list
c) the minor risk list

6. The job of each subgroup is … , or warning signs, for each risk on its segment of the master list.

a) to identify triggers
b) to ignore triggers
c) to identify tigers

7. In Step Four, the sub-teams identify and document … for the «threats.»

a) positive actions
b) enhancement actions
c) preventive actions

8. Documentation of enhancement actions can be approached through … involved, such as Financial Risk reports, HR Risk Reports, IT Risk Reports, etc.

a) the various departments
b) the various sub-groups
c) the various reports

9. Identifying the most serious risks at the onset of a project ….

a) analyzes time, cost and resources.

b) saves time, cost and resources.

c) spends time, cost and resources.

10. Proper documentation, such as …, is important during every step of the planning process.

a) risk assessment reports

b) risk assessment docs

c) risk management reports

Ex. 7. Fill in the gaps. Then read and translate:

The first step in writing the plan is to …1… all stakeholders and identify all possible project risks. This can be done from various reports, project documents, through various departments and also from prior project reports.

In Step Two, the risks that are identified have to be analyzed for their probability and impact and also translated into …2… so as to accurately know the …3… of these risks on the cost, time and resource factors.

Then, divide the risk management planning team into subgroups and …4… segments of the master risk list to each subgroup. The job of each subgroup is to identify …5…, or warning signs, for each risk on its segment of the master list.

In Step Four, the sub-teams identify and document preventive actions for the «threats» and enhancement actions for the …6… . This can be approached through the various departments involved, such as Financial Risk reports, HR Risk Reports, IT Risk Reports, etc.

In Step Five, based on the collective ideas of all the departmental teams, the project manager will have to decide on a plan of action to bring about …7… . Identifying the most serious risks at the …8… of a project saves time, cost and resources, and likewise identification of such risks also trigger the resolution plan at the earliest moment.

The last step in writing a risk management plan is assigning an owner for each risk on the master list. Using this chart, various teams and …9… may be assigned responsibility for carrying out the risk

resolution plans. At the end, the project manager is solely …10… to the project sponsor for all the plans and actions related to the risks and project at large.

Ex. 8. Decide whether the following sentences are true or false:

1. A solid risk management plan is critical to the failure of any project.
2. Assembling all stakeholders and identifying all possible project risks can be done from various reports, project documents, through various departments and also from prior project reports.
3. Identified risks have to be analyzed and translated into numerical values so as to approximately know the outcome of these risks on the cost, time and resource factors.
4. Triggers mean the same as warning signs.
5. In Step Four, the sub-teams identify and document preventive actions for the «threats».
6. In Step Four, the sub-teams identify and document enhancement actions for the «threats».
7. In Step Five, the project manager will have to decide on a plan of action to bring about risk resolution.
8. Identifying the most serious risks at the onset of a project helps to trigger the resolution plan at the earliest moment.
9. The last step in writing a risk management plan is making a chart of responsible people for each risk.
10. There is no need in a risk management plan for every project management plan.

Over to you

1. Read the elements of business plan and make up your own:

Business Plan Checklist

1. Details of the business:

Name of business

Types of business (limited company, partnership and etc.)

2. Product/service

Description

3. Market

Describe toy market.

Who are your customers?

Is your market growing, static, or decline?

Who are the main competitors?

What are the advantages of your product or service over the competition?

4. Marketing

What sort of marketing or advertisement do you intend to do?

5. Premises/ Machinery/ vehicles

Where do you intend to locate the business

What sort and size of premises will you need?

What machinery/vehicle do you require?

6. Objectives

What objectives do you have for the business?

2. Sum up what you remember about:

a. risk management plan;
b. project management plan;
c. risk resolution plan.

UNIT 18
Text C. RISK MANAGEMENT

Text C. BUSINESS ANALYSIS

Ex. 1. Study the vocabulary:

1. business case analysis (BCA)	1. аналіз бізнес-прецедентів
2. to project	2. демонструвати
3. action	3. дія
4. business benefits	4. переваги для бізнесу
5. argument	5. доказ, аргумент
6. to «make the case»	6. обґрунтувати
7. option	7. варіант
8. business case	8. економічне обґрунтування проекту
9. guidance	9. керівництво, управління
10. contingencies	10. непередбачувані обставини
11. schedule slip	11. відхилення від графіка

12.	accountability	12.	підзвітність
13.	assumptions	13.	припущення
14.	arbitrary judgments	14.	довільні рішення
15.	data (*plural*)	15.	дані

Ex. 2 . Read and follow the text:

Business case analysis (BCA) can be defined as a decision support and planning tool that projects the likely financial results and other business consequences of an action. The analysis essentially asks «What happens if we take this or that action?» The analysis answers in business terms – business costs, business benefits, and business risks.

The word case in the term signals that BCA results are often used with proposals, or arguments, to «make the case» for taking action or for choosing one decision option over another. The shorter term, business case, can be defined as a recommendation for action based on BCA results.

Business case results support decision making and business planning, but they also provide valuable guidance for managing and controlling projects, programs, or the life cycle of assets. Good case analysis, for instance, shows which critical success factors and contingencies are most important in controlling business results, measures risks and uncertainties, and provides early warning indicators when the risks of schedule slip, cost overruns, or delayed benefits threaten to rise.

Finally, good case analysis provides a strong form of accountability for decision makers and leaders who must show, either now or in the future, that the business decisions made today are good business decisions, based on currently available information and currently reasonable assumptions.

A serious case for a complex business environment requires assumptions, arbitrary judgments, and the development of new data– new information that goes beyond existing budgets and business plans. This means that two people working independently can evaluate the same proposed scenarios, use correct financial math, and still produce quite different case results. For that reason, the business case

should also communicate the methods and assumptions underlying projected results.

Ex. 3. Fill in the missing equivalents:

1. business case analysis (BCA)	1. …
2. **…**	2. відхилення від графіка
3. assumptions	3. …
4. …	4. переваги для бізнесу
5. …	5. доказ, аргумент
6. data	6. …
7. option	7. …
8. …	8. економічне обґрунтування проекту
9. …	9. керівництво, управління
10. …	10. непередбачувані обставини

Ex. 4. Match the English words with their definitions:

1. business costs	a) an opinion that you form, especially after thinking carefully about something
2. business case	b) a helpful or good effect, or something intended to help
3. business benefits	c) an explanation or set of reasons describing how a business decision will improve a business, product, etc., and how it will affect costs and profits and attract investments
4. assumptions	d) a set of reasons that show that something is true or untrue, right or wrong
5. judgments	e) the amount of money that one has to pay in order to buy, do, or produce something
6. data	f) an event or situation that might happen in the future, especially one that could cause problems
7. business plan	g) a document which explains what a company wants to do in the future, and how it plans to do it
8. contingencies	h) information or facts
9. argument	i) something that you think is true although you have no definite proof
10. accountability	j) to be responsible for the effects of your actions and willing to explain or be criticized for them

Ex. 5. Fill in the gaps. Then read and translate:

Business case analysis (BCA) can be defined as a …1… and planning tool that projects the likely financial results and other …2… of an action. The analysis essentially asks «What happens if we take this or that action?» The analysis answers in business terms—…3… , business benefits, and …4….

The word case in the term signals that BCA results are often used with proposals, or …5… , to «make the case» for taking action or for choosing one decision option over another. The shorter term, business case, can be defined as a recommendation for action based on BCA results.

Business case results support decision making and …6…, but they also provide valuable guidance for managing and controlling projects, programs, or the life cycle of assets. Good …7…, for instance, shows which critical success factors and …8… are most important in controlling business results, measures risks and uncertainties, and provides early warning indicators when the risks of schedule slip, …9…, or delayed benefits …10… to rise.

Ex. 6. Rearrange the sentences into a chronological order:

D. A serious case for a complex business environment requires assumptions, arbitrary judgments, and the development of new data–new information that goes beyond existing budgets and business plans.

A. Business case analysis (BCA) can be defined as a decision support and planning tool that projects the likely financial results and other business consequences of an action.

C. Good case analysis, for instance, shows which critical success factors and contingencies are most important in controlling business results, measures risks and uncertainties, and provides early warning indicators when the risks of schedule slip, cost overruns, or delayed benefits threaten to rise.

B. The word case in the term signals that BCA results are often used with proposals, or arguments, to «make the case» for taking action or for choosing one decision option over another.

E. For that reason, the business case should also communicate the methods and assumptions underlying projected results.

Ex. 7. Decide whether the following sentences are true or false:

1. BCA stands for business clue assets.
2. Business terms include business costs, business benefits, and business risks.
3. Business case results are often used with proposals, or arguments, to «make the case» for taking action.
4. Business case includes BCA results.
5. Good case analysis shows which critical success factors and contingencies are most important in controlling business results.
6. Good case analysis provides late warning indicators when the risks of schedule slip, cost overruns, or delayed benefits happen.
7. Good case analysis provides a strong form of accountability for decision makers.
8. Today good business decisions are based on currently available information and currently reasonable assumptions.
9. A serious case for a complex business environment requires assumptions, subjective judgments, and the revision of old data.
10. Two people working independently can produce quite different case results using the same data.

Ex. 8. Replace the Ukrainian words and phrases by suitable English equivalents in the correct form:

Business case analysis (BCA) can be defined as a decision support and planning tool that (демонструє)…1… the likely financial results and other (наслідки для бізнесу) …2…. of an action. The analysis essentially asks «What happens if we take this or that action?» The analysis answers in business terms—(витрати бізнесу)…3… business benefits, and business risks.

The word case in the term signals that BCA results are often used with proposals, or arguments, (обґрунтувати) …4… for taking action or for choosing one decision option over another. The shorter term, (економічне обґрунтування проекту) …5…, can be defined as a recommendation for action based on BCA results.

Business case results support decision making and business planning, but they also provide valuable guidance for managing and

controlling projects, programs, or the life cycle of (активів) …6… . Good case analysis, for instance, shows which critical success factors and (непередбачувані обставини) …7… are most important in controlling business results, measures risks and (невизначеності) …8…, and provides early warning indicators when the risks of schedule slip, (перевищення витрат) …9…, or delayed benefits (загрожують) …10… to rise.

Over to you

1. Do you agree or disagree with the statements below?

1) a leader should be a good teacher and communicator;
2) a leader must manage time and use it effectively;
3) a leader must have technical competence;
4) a leader must provide vision;
5) a leader must be visible and approachable;
6) a leader should be introspective;
7) a leader should be dependable;
8) a leader should be open-minded;
9) a leader should have a sense of humour.

2. Answer the following questions, work in pairs:

1. How do you see a real leader and what qualities should he/she have?

2. Do you agree with advice in the text? Which of them are acceptable for you?

3. Do you consider yourself a leader? What necessary qualities do you have in your personality for being a leader?

4.What characteristics are the most important for the leader to your mind?

3. Sum up what you remember about:

- business case analysis;
- decision making and business planning.

UNIT 19
COMPANY DEVELOPMENT

TEXT A. FACTORS DETERMINING COMPANY'S DEVELOPMENT

Ex. 1. Study the vocabulary:

1.	extension	розширення
2.	to cater	обслуговувати
3.	conscious	свідомий
4.	subconscious	підсвідомий
5.	self-conception	уявлення про себе
6.	aspiration	прагнення, сильне бажання
7.	requisite energy surplus	необхідна рушійна сила
8.	survival	виживання
9.	elevate	піднімати, поліпшувати
10.	pioneer	ініціатор, новатор
11.	essential	необхідний, дуже важливий
12.	authority	авторитет
13.	impersonal	об'єктивний, неупереджений
14.	values	цінності
15.	to convert	перетворювати
16.	hierarchy	ієрархія
17.	inherent	властивий, притаманний
18.	attitude	позиція
19.	attuning	співзвучність
20.	apparent	очевидний
21.	awareness	усвідомлення
22.	multinational	багатонаціональний

Ex. 2. Read and follow the text:

Business growth is an extension at the same level – e.g. another hotel is added to a hotel chain. Business development is movement to a higher level – e.g. a hotel chain that decides to cater specifically to the Internet traveller or one that suddenly gives priority to the needs of its employees.

Business growth is horizontal extension. Business development is vertical evolution. There are many factors that contribute to development of a company or enterprise:

- *Conscious, subconscious self-conception*. Businesses develop as a result of a self-conception that is sometimes conscious, often subconscious. A noted instance of conscious self-conception was Fred Smith's idea for establishing Federal Express.
- *Aspiration.* The development of a business is fueled by the aspiration of its people. The aspiration of the owners and leaders is a critical determinant of how far and how fast the business grows.
- *Requisite energy surplus***.** Surplus energy is an essential condition for business growth. Only in the presence of surplus capacity new activities can be supported. The same is true in business. Companies struggling for survival or to meet the minimum requirements of their customers lack the excess capacity needed to plan and initiate new activities or elevate their functioning to a higher level of organization.
- *Pioneer individual*. New modes of activity are introduced in a company by pioneering individual initiatives that are imitated and disseminated by others, diffuse through the company, and are eventually accepted and integrated with the normal functioning of the company.
- *Authority.* Authority is a fundamental principle of organization that is essential to the survival and development of companies. Corporate authority is expressed more and more through the discipline of impersonal rules, systems, coordination of activities, policies, corporate culture and values that determine the effectiveness with which surplus energy is converted by a business into productive power, rather than by top down personal exercise of authority by a management hierarchy.
- *Technology, knowledge and skills.* Social know-how in the form of technology, practical knowledge and skills determines the conversion of productive power into material results in business.
- *Productivity of resources.* The productivity of a company's resources is not subject to any inherent limits. It depends on the attitudes, information, knowledge, organization and skills creatively applied – i.e. on powers of mind.
- *Attuning to society's needs. Companies* develop by attuning themselves to the direction, trends and changing needs of the wider

society of which they are a part in each of these five major areas. This relationship is especially apparent in larger national and multinational corporations whose development is often closely tied to parallel developments in the societies in which they function.

There are also such important factors as organization of the various systems in the company as well as mental organization of information, technology and knowledge; values of the company and fulfilling potential which depends much on the company's level of awareness, aspiration, organization, values, knowledge and skills.

Ex. 3. Read the text again and define whether the statements are true or false according to the text:

1. Business growth is movement to a higher level.
2. When another shop is added to the chain, it is business growth.
3. Conscious self-conception is a very important factor in business development.
4. Only in the presence of surplus capacity new activities can be introduced.
5. The survival and development of companies is dependent on authority.
6. Top down personal exercise of authority by a management hierarchy determines the effectiveness of the company.
7. The conversion of productive power into material results in business is provided by social know-how.
8. Companies try to meet the changing needs of society.
9. Multinational corporations don't depend on developments in the societies in which they function.
10. Mental organization of information includes technology and knowledge.

Ex. 4. Match the following words with their Ukrainian equivalents:

1. pioneer	a) виживання
2. impersonal	b) виживання
3. aspiration	c) прагнення

4. inherent	d) усвідомлення
5. attitude	e) ієрархія
6. extension	f) розширення
7. survival	g) об’єктивний
8. growth	h) ініціатор
9. hierarchy	i) позиція
10. awareness	j) властивий, притаманний

Ex. 5. Substitute the words in italics with one word from the active vocabulary of the text:

1. Business development in the beginning depends mainly on *strong desire to achieve success* of its owners.
2. *Power* is a fundamental principle of organization in any enterprise.
3. *To be up* to the society’s needs is essential to the company’s growth.
4. Corporate authority is based on discipline and *objective* rules for every employee.
5. *The moral principles and beliefs* of people have been appreciated all the time.
6. New ideas usually come from *innovators***.**
7. Our thoughts can be *turned* into material things.
8. A university graduate possesses a number of professional *abilities to do something well***.**
9. *Expansion* of company is dependent on using innovative technologies.
10. *Operating in several countries* corporations are closely tied to parallel developments in the societies in which they function.

Ex. 6. Fill in the gaps in the sentences with appropriate words:

a) horizontal; b) fueled; c) accepted; d) self-conception; e) surplus; f) authority; g) survival; h) vertical; i) aspiration; j) inherent

Horizontal vertical self-conception fueled accepted authority aspiration Survival Surplus inherent

1. Business growth is an extension at ….. level.

2. Conscious ….. in business is a clear view on plans or ideas of a company.

3. The development of a business is ..… by the aspiration of its people.

4. New ideas aren't usually ….. and integrated with the normal functioning of the company.

5. Corporate ….. is derived from the statutes and regulations of organizations.

6. The ….. of the owners and leaders in short term perspective brings success.

7. ….. and development of companies is dependent on authority and productivity of resources.

8. ….. energy is an essential condition for business growth.

9. Business development is ….. evolution.

10. Initiating new activities and implementing them is ….. to pioneers.

Ex. 7. Fill in the gaps with proposition given in brackets (to (2), of (4), for, by, on):

1. There are many factors that contribute … development … a company or enterprise.

2. A noted instance … conscious self-conception was Fred Smith's idea … establishing Federal Express.

3. The development … a company is fueled … the aspiration of its owners.

4. The productivity of a company's resources is not subject … any inherent limits.

5. Success … the company depends … the attitudes, information, knowledge, organization and skills creatively applied.

Ex. 8. Match the synonyms:

1. productivity	a) buyer
2. conscious	b) finally
3. development	c) length
4. surplus	d) expansion
5. customer	e) efficiency
6. diffusion	f) excess

7. inherent	g) need
8. extension	h) progress
9. demand	i) characteristic
10. finally	j) aware

Ex. 9. Translate the sentences into English using active vocabulary:

1. Натхнення – це важлива умова росту бізнесу.

g) Creativity is an essential condition for business growth.

h) Aspiration is an essential condition for business growth.

i) Energy is an essential condition for business growth.

2. Ідеї ініціаторів наслідують та поширюють.

d) Pioneer’s ideas are imitated and disseminated by others.

e) Pioneer’s initiatives are imitated and disseminated by others.

f) Pioneer’s ideas are spread and disseminated by others.

3. Авторитет – це фундаментальний принцип організації, який є важливим для виживання та розвитку компанії.

d) Authority is a fundamental principle of organization that is essential to the survival and development of companies.

e) Authority is a fundamental principle of organization that is important to the life and success of companies.

f) Power is a main principle of organization that is essential to the survival and development of companies.

4. Розвиток бізнесу пов’язаний з продуктивністю його ресурсів.

d) The development of a business is dependent with productivity of its recourses.

e) The development of a business is connected with productivity of its sources.

f) The development of a business is connected with productivity of its recourses.

5. Корпоративний авторитет базується на об’єктивних правилах, координації діяльності, корпоративній культурі та цінностях.

d) Corporate power is based on object rules, coordination of activities, corporate culture and values.

e) Corporate authority is based on impersonal rules, coordination of activities, corporate culture and values.

f) Corporate authority is based on object rules, coordination of work, corporate culture and beliefs.

6. Компанії, які борються за виживання, повинні ініціювати та впроваджувати інноваційні технології.

d) Companies struggling for survival need to initiate and implement innovative technologies.

e) Companies struggling for survival need to plan and implement new technologies.

f) Companies defending for survival need to start and implement innovative technologies.

7. Практичні знання та навички забезпечують перетворення продуктивної сили в матеріальні результати.

d) Practical knowledges and skills determines the turning of productive power into material results.

e) Practical knowledge and skills determines the conversion of productive strength into material results.

f) Practical knowledge and skills determines the conversion of productive power into material results.

8. Нова інформація, знання та навички повинні конструктивно застосовуватися.

d) New information, knowledge and skills must be creatively applied.

e) New information, knowledges and skills must be creatively applied.

f) New information, knowledge and skills must be clearly applied.

9. Компанії розвиваються відповідно до потреб суспільства.

d) Companies develop by attuning themselves to wants of society.

e) Companies develop by attuning themselves to needs of society.

f) Companies developing by adjusting themselves for needs of society.

10. Рівень організації компанії залежить від багатьох факторів

d) The company's organizational grade depends on many things.

e) The company's organizational level connects on many factors.

f) The company's organizational level depends on many factors.

Over to you

1. *What do you understand by these terms?*

Conscious, subconscious self-conception, aspiration, requisite energy surplus, pioneer individual, authority productivity of resources, attuning to society's needs, know-how.

2. *Work in groups.* Think of a product you would like to produce and sell. It could be any kind of product, using marketing elements: Product name; Target market; Objective; Strategy; Promotion.

UNIT 19
COMPANY DEVELOPMENT

Text B. FIVE GROWTH ENGINES

Ex. 1. Study the vocabulary:

1.existence	існування
2. to cease	припиняти
3. achievement	досягнення
4.balanced and harmonious manner	збалансовано та гармонійно
5.opportunity	можливість
6.to possess	володіти
7.to deliver	доставляти
8.incorporated	включений
9.utilized	використаний
10.to harness	впрягати
11. to cover	охоплювати
12.attitude	позиція
13. budgeting	розроблення бюджету
14.cash and credit management	регулювання кредитів та готівки
15.purchasing	закупівля
16.inventory	інвентаризація

17.access	доступ
18.extent	ступінь, міра
19.performance	результати діяльності
20.uneven	неврівноважений
21.weaker	слабший
22.to leverage	використати з користю

Ex. 2. Read and follow the text:

Every business consists of five components essential for its existence, survival and growth – market, products and services (technology), organization, people, and finance. Take away any one of these components and the company ceases to function. Each of these five possesses unlimited potentials that can be tapped to transform the component into an engine to drive the growth of the company. The maximum achievement results when all five components are energized and developed in a balanced and harmonious manner. The five engines of growth for a company are:

1. MARKET: This component includes the company's relationship with existing and potential clients/customers, its knowledge of changing needs and opportunities in the market, the way it identifies and reaches its clients/customers, the quality and speed of service it provides, marketing, advertising, and the selling and management skills its possesses.

2. PRODUCT AND SERVICES (Technology): This component refers to the capacity of the company to deliver products and services. It includes the range and quality of products/services it markets, the technical knowledge and skill of sales and service staff, and the level of technology incorporated in its products/services and utilized to carry on business.

3. ORGANIZATION: This is the component that holds everything together and forms it into a living whole. Organization consists of the structures, systems, policies, procedures and activities of a business, the manner in which it exercises authority, makes decisions, communicates, coordinates and integrates its activities.

4. PEOPLE: This component covers the energies, abilities, skills, and attitudes of employees that can be harnessed for growth. People and companies grow together. Those companies that provide

maximum opportunities for their people to grow, find maximum opportunities for their own growth.

5. FINANCE: This component defines the way in which the company manages, monitors and utilizes capital resources for its growth. It includes the quality of systems and skills for accounting, budgeting and financial management, cash and credit management, control over purchasing and inventory, access to capital.

The performance of a company is determined by the extent to which it utilizes its potentials. A business achieves maximum performance when each of its five engines is fully developed, and when all five are developed in a balanced and harmonious manner. When the development of the components is uneven, the weaker components prevent full utilization of the capacities of the stronger ones. For example, a company with a good reputation in the market or excellent products will not be able to fully leverage these strengths if its people lack critical skills or its organization cannot respond quickly to growing market demand. The company is as strong as its weakest engine.

Ex. 3. Read the text again and define whether the statements are true or false according to the text:

1. Every business consists of ten components essential for its existence, survival and growth.

2. Market includes the company's relationship with existing and potential clients and knowledge of changing needs and opportunities in the market.

3. Technology refers to the capacity of the company to deliver products and services.

4. Products and services component holds everything together and forms it into a living whole.

5. Energies, abilities, skills, and attitudes of employees are a good potential for growth.

6. Budgeting and financial management belongs to organization component.

7. The performance of a company depends on well-balanced work of five components.

8. When the development of the components is uneven the weaker stops the company from development.

9. Companies with good reputation don't have problems with full utilization of the components.

10. The company is as strong as its weakest engine.

Ex. 4. Match the following verbs with their Ukrainian equivalents:

1. to cease	a) існувати
2. to possess	b) купувати
3. to deliver	c) охоплювати
4. to cover	d) доставляти
5. to leverage	e) реагувати
6. to exist	f) припиняти
7. to utilize	g) включати
8. to incorporate	h) використовувати
9. to purchase	i) володіти
10. to respond	j) використати з користю

Ex. 5. Find in the text words which mean the following:

1. a thing done successfully, typically by effort, courage, or skill.

(noun) _____

2. a time or set of circumstances that makes it possible to do something.

(noun) _____

3. a settled way of thinking or feeling about someone or something, typically one that is reflected in a person's behavior.

(noun) _____

4. the trading or selling opportunities provided by a particular group of people. (noun) _____

5. commodities, such as banking, that are mainly intangible and usually consumed concurrently with their production.

(plural form/noun) _____

6. a business organization that makes money by selling goods or services. (noun) _____

7. to make use of. (verb) _____

8. results of activity. (noun) _____
9. the process of increasing in size.
(noun) _____
10. a person who buys. (noun) _____

Ex. 6. Fill in the gaps in the sentences with appropriate words:

a) potentials, b) resources, c) skills, d) incorporated, e) deliver, f) opportunities, g) uneven, h) essential, i) needs, j) companies

1. There are five components ….. for business development.
2. Each company possesses unlimited ….. .
3. Good supervisor should possess management …… **.**
4. The capacity of the company to ….. products and services is a key component of its success.
5. Product and services component includes the level of technology ….. in its products/services and utilized to carry on business.
6. Those companies that provide maximum …… for their people to grow, find maximum opportunities for their own growth.
7. Companies should utilize capital ….. for their financial development.
8. When the development of the components is …..., the weaker components prevent full utilization of the capacities of the stronger ones.
9. Big companies respond quickly to growing market demand and changing ….. of its clients.
10. People and ….., where they work, grow together.

Ex. 7. Fill in the gaps with proposition: of, by, into, to, for, as, as, of, of

1. The performance … a company is determined … the extent to which it utilizes its potentials.
2. Organization is a component that holds everything together and forms it … a living whole.
3. Those companies that provide maximum opportunities … their people … grow, find maximum opportunities for their own growth.

4. The company is … strong … its weakest engine.

5. When the development … the components is uneven, the weaker components prevent full utilization … the capacities of the stronger ones.

Ex. 8. Match the synonyms:

1. access	a) included
2. to cease	b) obtaining
3. incorporated	c) admission
4. to possess	d) necessity
5. opportunity	e) ability
6. weak	f) degree
7. extent	g) lax
8. skill	h) chance
9. achievement	i) to stop
10. need	j) to own

Ex. 9. Translate the sentences into English using active vocabulary:

1. *Кожне підприємство володіє необмеженим потенціалом.*

a) Every company possesses unlimited potentials.

b) Every enterprise possesses unlimited potentials.

c) Every enterprise possesses short potentials.

2. *Максимального результату можна досягти тоді, коли робота добре організована.*

a) The maximum result can be achieved when the work is well-organized.

b) The maximum result can be achieved when the job is well-balanced.

c) The maximum performance can be achieved when the job is well-organized.

3. *Для компанії важливо знати потреби клієнтів та можливості ринку.*

a) It is good for the company to know the demands of clients and opportunities in the market.

b) It is essential for the company to know the needs of clients and needs in the market.

c) It is essential for the company to know the needs of clients and opportunities in the market.

4. Технічні знання і уміння та рівень технологій, застосованих для виробництва продукції, допомагають розвивати бізнес.

a) The technical knowledge and skill and the level of technology incorporated in its products helps develop business.

b) The technical skill and knowledge and the grade of technology incorporated in its products helps develop business.

c) The technical knowledge and skill and the level of technology used in its products helps develop business.

5. Організаційний компонент включає структуру, систему, політику, процес та діяльність підприємства.

a) Organization component includes the structures, systems, policies, procedures and activities of an enterprise.

b) Organization component includes the structures, systems, policy, procedures and work of an enterprise.

c) Organization piece includes the structures, systems, policies, process and activities of an enterprise.

6. Люди та компанії зростають одночасно.

a) People and companies rise together.

b) People and companies gather together.

c) People and companies grow together.

7. Здатність використовувати ресурси капіталу є важливою для зростання компанії

a) The need to utilize capital resources is important for growth of the company.

b) The ability to utilize capital resources is important for growth of the company.

c) The ability to utilize cash resources is important for growth of the company.

8. Фінансова складова включає якість системи обліку, планування бюджету та фінансовий менеджмент.

a) Financial component includes the quality of system of accounting, budgeting and financial management.

b) Financial component consists on the quality of systems of accounting, budgeting and financial management.

c) Financial component consists of the quality of systems of finance, budgeting and financial management.

9. Навіть компанії з хорошою репутацією на ринку та відмінними продуктами можуть збанкрутувати.

a) Even companies with a good opinion in the sales and excellent products can be broken.

b) Even companies with a good reputation in the market and excellent industry can be broken.

d) Even companies with a good reputation in the market and excellent products can be broken.

10. Бізнес досягає максимальних результатів діяльності тоді, коли кожен із компонентів повністю розвинений.

a) A business achieves maximum performance when each of its five components is fully developed.

b) A business achieves maximum products when each of its five components is fully developed.

c) A business gets maximum performance when each of its five engines is fully developed.

Over to you

1. Discuss the following questions:

2. What do company conflicts can arise from?
3. What conflict factors do you know?
4. Give description of communication, structural and personal factors.
5. What are the ways to handle with conflicts and which of it (them) is best of all to your mind?
6. What kind of problem do you know and its resolving?
7. Can problems fall into conflict? At what situations?
8. Have conflicts got any advantages to your mind?
9. Propose your own strategy resolving conflicts and problems.

2. Describe five engines of growth for a company.

UNIT 20
PLANNING AND CONTROLLING OF COMPANY

Text A. CONTROLLING OF AN ENTERPRISE

Ex. 1. Study the vocabulary:

1. at any rate	1. так чи інакше
2.appalling	2. приголомшливий, жахливий
3.associate	3. працівник
4.attainable	4. досяжний
5.authority	5. влада, повноваження, авторитет
6.to be esteemed	6. бути вшанованим, бути високо оціненим
7.to cease	7. припиняти
8.economic losses	8. економічні втрати
9.to eliminate	9. усувати, ліквідовувати
10.employee	10. працівник
11. to enable	11. давати змогу
12. to facilitate	12. полегшувати
13.supplier	13. постачальник
14.up-to-date	14. сучасний
15.vigorous	15. сильний, енергійний, рішучий.

Ex. 2. Read and translate the text:

The managerial function of controlling is the measurement and correction of performance in order to make sure that enterprise objectives and the plans devised to attain them are being accomplished. It is the function of every manager from president to supervisor.

Control techniques and systems are basically the same regardless of what is being controlled. The basic control process involves three steps: establishing standards; measuring performance against these standards; correcting deviations from standards and plans.

There are different kinds of standards and they should point out deviations at critical point. Standards are criteria of performance. They are selected points in a whole planning program which inform managers about every step in execution of plans. Standards should reflect various positions in an organisation structure. If performance is measured accordingly, it is easier to correct deviations. Managers know exactly where the corrective measures must be applied. Managers may correct deviations by redrawing their plans or by

modifying their goals. They may as well correct them by exercising their organising function through reassignment or clarification of duties. They may correct deviations by additional staffing, by better selection and training of subordinates or through better leading –fuller explanation of the job and more effective leadership techniques.

Managerial control is usually perceived as a simple feedback system similar to the common household thermostat. Effective control requires attention to those factors that are critical to evaluating performance against plans. Control is a feedback system.

If controls are to work, they must be specially tailored to plans and positions; to individual managers; and to the needs for efficiency and effectiveness. To be effective, controls also should be designed to point out exceptions at critical points, to be objective, to be flexible, to fit to organizational culture, to be economical and to lead to corrective action.

A variety of tools and techniques have been used in controlling. One of the older control devices is the budget. Budgeting is the formulation of plans for a given future period in numerical terms. There are several types of budgets: revenue and expense budgets; time, space, material and product budgets; capital expenditure budgets; cash budgets.

Among the traditional non-budgetary control devices there are statistical data and their analyses, special reports and analyses, the operational audit and personal observation.

The management information system is a formal system of gathering, integrating, comparing, analyzing and dispersing information internal and external to the enterprise in a timely, effective and efficient manner.

Ex. 3. Read the text and choose the best ending for each sentence.

1. The managerial function of controlling is…

a) measurement and correction of performance of the enterprise

b) correction of performance

c) measurement of performance

2. The basic control process involves…

a) establishment standards

b)correcting standards

c) measuring performance, correcting deviations and establishing

3. Standards should reflect…

a) the financial position of the enterprise

b) the assets and liabilities of the enterprise

c) various positions in an organisation structure

4. Control is…

a) a feedback system

a system of collecting revenues

a system of production goods and services

5. The main tools and technologies in controlling are…

a) personal observation

b) operation audit

c) statistical data, special reports and analyses, operational audit and personal observation

Ex. 4. Read the first part of the text and fill in the gaps.

techniques	goals
performance	clarification
various	execution
deviations	staffing
standards	measurement

The managerial function of controlling is the […[1]] and correction of performance in order to make sure that enterprise objectives and the plans devised to attain them are being accomplished. It is the function of every manager from president to supervisor.

Control […[2]] and systems are basically the same regardless of what is being controlled. The basic control process involves three steps: establishing standards; measuring […[3]] against these standards; correcting deviations from standards and plans.

There are different kinds of […[4]] and they should point out deviations at critical point. Standards are criteria of performance. They are selected points in a whole planning program which inform

managers about every step in […[5]] of plans. Standards should reflect […[6]] positions in an organisation structure. If performancies measured accordingly, it is easier to correct […[7]]. Managers know exactly where the corrective measures must be applied. Managers may correct deviations by redrawing their plans or by modifying their […[8]]. They may as well correct them by exercising their organising function through reassignment or […[9]] of duties. They may correct deviations by additional […[10]], by better selection and training of subordinates or through better leading –fuller explanation of the job and more effective leadership techniques.

Ex. 5. Choose the best answer.

1. What is the managerial function of controlling?

a) measurement of performance

b) correction of performance

c) measurement and correction of performance of the enterprise

2. What steps does the basic control process involve?

a) correcting standards

b) measuring performance, correcting deviations and establishing

c) establishment standards

3. What is control?

a) a system of collecting taxes

b) a feedback system

4. What kind of tools and techniques are used for controlling?

a) operational audit

b) statistical data, operational audit, special reports and analyses

5. What kinds of positions standards should reflect?

a) the budget of the enterprise

b) various positions in an organisation structure

Ex. 6. Make up questions filling in the blanks bellow with the most appropriate words from the list.

a) controlling, b) steps, c) standards, d) feedback, f) control, e)feed, h) techniques, g) tools, i) managers

1. What is the definition of … ?

2. What … does the basic control process involve?

3. What are … for?
4. Why is managerial control a kind of … ?
5. What does … forward … require?
6. What kind of … and … are used for controlling?
7. Do … use computers to help them conduct controlling? Why?

Ex. 7. Replace the Ukrainian words and phrases by suitable English equivalents in the correct form.

a) evaluating; b) deviations; c) lags; d) numerical terms

1. There are different kinds of standards and they should point out (*відхилення)* … at a critical point. 2. Effective control requires attention to those factors that are critical to (*оцінювання)* … performance against plans.

3. In order to overcome time (*спізнення)* … in control,it is suggested that managers utilise a feedforward control approach.

4. Budgeting is the formulation of plans for a given future period in (*цифрових термінах)* **…** .

Ex. 8. Put the jumbled words into a correct order.

1. (structure, in, an organisation, positions, should, reflect, various, Standards)

2. (controlling, of, have been used, in, a variety, tools and techniques)

3. (deviations, correct, Managers, may, by, their plans, redrawing, their goals, modifying)

4. (of performance, and, is, measurement, the, of controlling, The managerial function, correction)

Over to you

Imagine that you work in a company

A. You have a meeting with your partner. Ask him about his business. Use the following words:

up to now; up to the present; lately; recently; so far; since; not yet; for a long time; for ten years; since January.

B. You have just come back from a business trip. Tell your colleagues about it:

1. When I came to the office, ____. 2. By that time ___. 3. By two o'clock ____. 4. By Monday ____. 5. Before the meeting ____. 6. When I presented our new product _____. 7. Before he signed the document _____. 8. When I calculated the deal ____. 9. When I had a speech _____. 10. Before I left the office _____.

C. You have a plan of activities for your working day. Explain what you will you will have done by the definite time:

by 10 o'clock/to send fax and to make calls; by 11 a.m./to meet with client № 1; by noon/to communicate with client № 2; by 1 p.m./to visit client № 3; by 14 o'clock/to have dinner with client № 4; by 3 p.m./to discuss the terms of contracts with the top manager; by 16 o'clock/to prepare a new contact with corrections; by 5 p.m./to analyze the working day; by 18 o'clock/to make up a plan for the next working day; by 7 p.m./to get home and have supper.

UNIT 20
PLANNING AND CONTROLLING OF COMPANY

Text B. DIRECTING OF AN ENTERPRISE

Ex. 1. Study the vocabulary:

1. numerical terms	1. цифрові терміни
2.to occur	2. відбуватися, виникати, з'являтися
3.operational audit	3. функціональний аудит
4.to perceive	4. сприймати
5.to point out	5. вказувати, підкреслювати
6.regardless	6. незважаючи на, незалежно від
7.to rely on	7. покладатися на когось, щось
8.revenue and expense budget	8. бюджет доходів та витрат
9.to select	9. вибирати
10.similar	10. подібний
11. statistical data	11. статистичні дані
12. to suggest	12. радити, пропонувати
13.technique	13. метод, техніка виконання
14.thereby	14. таким чином, у зв'язку з цим, за допомогою цього
15.tool	15. інструмент, засіб
16. variety	16. різноманітність, варіативність

Ex .2. Read and translate the text:

Directing, the third management function, is for guiding and motivating others to work successfully for accomplishing organisation goals and objectives. The trend is to give employees as much freedom as possible to become self-managed and self-motivated. Often that means working in teams. Some up-to-date managers perform all of these tasks with the full cooperation and participation of workers. Traditional managers direct workers in activities to meet the goals and objectives of the organisation.

Directing involves giving assignments, explaining routines, clarifying policies and supplying feedback on performance. Empowering employees means allowing them to take part more fully in decision-making.

Empowerment is a total quality term that means giving employees the authority and responsibility to respond promptly to customer requests. The managers set up teams that will work together. They are less that of «a boss» and more that of a coach, assistant, counsellor and team member. Empowerment enables associates to fulfil the tasks set without the authority approval to satisfy customers' wants.

Chain of command is the other way of organising and directing a business which is formal command that defines the lines of authority from the top to the bottom of an organisation. It involves line position and staff position. Line position comprises direct chain of command and contributes directly to the achievement of the organisation's goals. Staff position facilitates or provides advice to line positions.

There is one more type of directing which is departmentalisation. It is a process of grouping jobs according to some logical arrangements. A manager should remember that people are born with intrinsic motivation and with a need for relationships with other people. They are better working in teams than alone. They are higher motivated observing the constancy of purpose and concrete results of their job. And what could give better results than logical arrangement of the job process? The notion of job design which is determination of exactly what tasks must be performed by each team to complete the work makes directing successful at any rate. Each team of associates deals with a set of tasks to be performed and they

fulfil only these tasks without paying attention to the other ones. Departmentalisation increases the level of productivity of labour and allows any business organisation to operate freely.

One more type of organising and directing business is span of control which involves the number of people who report to one manager or supervisor.

Taking into account the fact that management is the process undertaken by one or more persons to coordinate other people's activities to achieve high-quality results not attainable by just one person acting alone, a manager who guides, directs and oversees the work of his associates, should not keep employees in the dark about any changes, procedures, steps taken by a firm and must permit workers to complete tasks in logically arranged teams. Team-worker is confident, flexible and open to change. He or she is concerned with concrete job range, is free to act and if he or she needs advice, the authorities must supply it immediately.

Ex. 3. Read the text and choose the best ending for each sentence.

1. The main reasons for directing are…

a) guiding and motivating

b) measuring

c) controlling

2. The central task of directing is…

a) to control employees in their activities

b) to direct workers in their activities

c) to give employees as much freedom as possible

3. The term «empowerment» means..

a) a process of directing and controlling

b) a process of giving employees the authority and responsibility

c) a process of creating new positions

4. Chain of command is a way of…

a) creating new groups of employees

b) formation of new goods and objective at the enterprise

c) organising and directing a business

5. Departmentalization means…

a) a process of grouping employees skills

b) a process of grouping jobs according to some logical arrangements

c) a process of organising and directing

Ex. 4. Read the first part of the text and fill in the gaps.

tasks	routines
Goals	empowerment
counsellor	achievement
Way	objectives
authority	staff

Directing, the third management function, is for guiding and motivating others to work successfully for accomplishing organisation goals and […[1]]. The trend is to give employees as much freedom as possible to become self-managed and self-motivated. Often that means working in teams. Some up-to-date managers perform all of these […[2]] with the full cooperation and participation of workers. Traditional managers direct workers in activities to meet the […[3]] and objectives of the organisation.

Directing involves giving assignments, explaining […[4]], clarifying policies and supplying feedback on performance. Empowering employees means allowing them to take part more fully in decision-making.

[…[5]] is a total quality term that means giving employees the authority and responsibility to respond promptly to customer requests. The managers set up teams that will work together. They are less that of «a boss» and more that of a coach, assistant, […[6]] and team member. Empowerment enables associates to fulfil the tasks set without the […[7]] approval to satisfy customers' wants.

Chain of command is the other […[8]] of organising and directing a business which is formal command that defines the lines of authority from the top to the bottom of an organisation. It involves line position and […[9]] position. Line position comprises direct chain of command and contributes directly to the […[10]]of the organisation's goals. Staff position facilitates or provides advice to line positions.

Ex. 5. Choose the best answer.

1. What are the main reasons for directing?

a) controlling

b) guiding and motivating

c) measuring

2. What is the main task of directing?

a) giving employees as much freedom as possible

b) directing workers in their activities

c) controlling employees in their activities

3. What does empowerment mean?

a) directing and controlling

b) giving employees as much freedom as possible

4. What is chain of command?

a) organising and directing

b) formation of new goals and objectives at the enterprise

5. What is departmentalization?

a) a process of grouping jobs according to some logical arrangements

b) a process of organising and directing

Ex. 6. Make up questions filling in the blanks bellow with the most appropriate words.

1. What are the main … for directing?
2. What is the central … of directing?
3. What does … mean?
4. How can you explain the nature of … of command?
5. What is the definition of … ?

Ex. 7. Replace the Ukrainian words and phrases by suitable English equivalents in the correct form.

a) associates; b) feedback; c) natural inclination; d) adoption

1. The principle of «know how» is the most important one for (працівників) … . 2. Directing involves giving assignments, explaining routines, clarifying policies and supplying (зворотний зв’язок) … on performance.

3. It is easy to work with people, who have (природні здібності) … to their job.

4. Success in business depends on carefully defined (організації праці) … and responsibility.

Ex .8. Put the jumbled words into a correct order.

1. (is, directing, for, and, objectives, organisational goals, guiding and motivating, others ,to work)

2. (at any rate, directing, successful, the, makes, of, notion, job design)

3. (to, is, change, open, and, team-worker, confident)

4. (grouping jobs, a, of, according, Departmentalisation, process, is , to some)

Over to you

1. Work with a partner and complete the following dialogue. Act it out.

A: Good morning, Mr. White. I'd like to have a talk with you.

B: You are welcome Mr. Brown. What, in particular, is the problem?

A: I think that a lot of problems arise because the system of controlling in our company is not perfect.

B: …….

A: Yes, I thought about the use of computers which could gather, transmit and store data and real-time information.

B: Do you know the cases where companies use such systems?

A: Certainly. For example, airlines can supply information about vacant seats simply by entering a flight number, a trip segment and data into a memory system, which immediately responds with information on seat availability.

B: Ok! I see. ……

A: What about electronic cash registers in our supermarkets?

B: You mean that ……

A: You are right, Mr. White. It gives us possibility to collect real-time data that measure our performance.

B: Nice! We will have the possibility to analyze the situation and correct the deviations immediately. So, thank you, Mr. Brown. Your idea is good but it requires some calculations. Today I have a meeting with our financial director Mrs. Black and we will discuss this issue.

2. Role Play

Imagine that you are a teacher of English. During the last semester you taught your students and developed their skills in reading, writing, speaking and listening comprehension. Design a control system for measuring the progress your students make in English. Apply the feedback and feed forward concepts.

You have worked with different teachers, who tried to motivate your studying in various ways. Which teachers got you to work harder? How did they do it? What motivators did they use? Discuss your experience with your group-mates.

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