

**ENGLISH
FOR ECONOMIC
AND FINANCE STUDIES**

**АНГЛИЙСКИЙ ЯЗЫК
В СФЕРЕ ЭКОНОМИКИ
И ФИНАНСОВ**

*Рекомендовано
Учебно-методическим объединением
по гуманитарному образованию
в качестве учебно-методического пособия
для студентов учреждений высшего образования
по специальности «финансы и кредит»*

УДК 811.111'276.6:33(075.8)
ББК 81.432.1-324я73
А64

А в т о р ы:

**А. А. Воскресенская, И. В. Кудырко,
Т. П. Кутыркина, Э. В. Рунцова,
Л. Д. Хващевская**

Р е ц е н з е н т ы:

кандидат филологических наук, доцент *Е. С. Астапкина*;
кандидат филологических наук, доцент *А. Г. Клокова*

**Английский язык в сфере экономики и финансов = English for
А64 Economic and Finance Studies : учеб.-метод. пособие / А. А. Воскресен-
ская [и др.]. – Минск : БГУ, 2023. – 103 с.
ISBN 978-985-881-393-2.**

Представлен учебно-методический материал для аудиторного и самостоятельного изучения дисциплины «Профессионально ориентированный иностранный язык (английский)». Приведены тексты, задания и упражнения, цель которых – формирование профессиональной иноязычной коммуникативной компетенции, расширение и углубление лингвистических знаний студентов.

Предназначено для студентов учреждений высшего образования, обучающихся по специальности «финансы и кредит».

**УДК 811.111'276.6:33(075.8)
ББК 81.432.1-324я73**

ISBN 978-985-881-393-2

© БГУ, 2023

CONTENTS

ПРЕДИСЛОВИЕ	5
-------------------	---

Part I. BUSINESS ADMINISTRATION

Unit 1. MANAGING PEOPLE AND BUSINESS PROCESSES	9
Vocabulary File	9
Starting Point	10
Reading	12
Grammar Workshop	23
Assessment and Critical Thinking	24
Unit 2. ACCOUNTING	26
Vocabulary File	26
Starting Point	28
Reading	30
Grammar Workshop	42
Assessment and Critical Thinking	43

Part II. THE ECONOMY OF THE 21st CENTURY

Unit 3. THE NEW ECONOMY TRENDS	47
Vocabulary File	47
Starting Point	49
Reading	50
Grammar Workshop	60
Assessment and Critical Thinking	63
Unit 4. SHARES AS EQUITY FINANCING	64
Vocabulary File	64
Starting Point	66
Reading	67
Grammar Workshop	75
Assessment and Critical Thinking	76
Unit 5. BONDS AS DEBT FINANCING	77
Vocabulary File	77
Starting Point	79
Reading	80
Grammar Workshop	88
Assessment and Critical Thinking	90

Unit 6. VENTURE CAPITAL FINANCING	91
Vocabulary File	91
Starting Point	92
Reading	94
Grammar Workshop.....	102
Assessment and Critical Thinking.....	103

ПРЕДИСЛОВИЕ

Издание представляет собой систематизированный курс английского языка для студентов экономических специальностей. Оно призвано решить две основные задачи: аналитическую и прагматическую. Первая включает в себя интеграцию современных знаний и обеспечение механизма их трансляции с помощью инновационных дидактических практик обучения, устойчивых и общезначимых для полноценного развития у студентов способности к постоянному, непрерывному самообразованию, стремления к пополнению и обновлению знаний по иностранному языку, к творческому использованию их на практике в сферах будущей профессиональной деятельности. Прагматическая задача предполагает комплексное лингвистическое обеспечение подготовки специалистов экономического профиля.

Учебный материал организован по модульному принципу и включает два раздела, состоящие из нескольких тематически связанных блоков (Unit). Языковой и речевой материал отбирался с учетом проработки всех аспектов языка и видов речевой деятельности с акцентом на наиболее вероятных в определенном тематическом контексте. Представлены следующие тематические разделы:

- Business Administration (Units: *Managing People and Business Processes; Accounting*);
- The Economy of the 21st Century (Units: *The New Economy Trends; Shares as Equity Financing; Bonds as Debt Financing; Venture Capital Financing*).

Содержание разделов строится в рамках сферы профессионального общения будущих специалистов, учитывая как отечественные реалии, так и мировые экономические тенденции.

Каждый блок (Unit) имеет унифицированную структуру и состоит из рубрик *Vocabulary File, Starting Point, Reading, Grammar Workshop, Assessment and Critical Thinking*.

В начале каждого блока даются основные понятия содержания, визуализированные в интеллектуальной карте (*Content Map*), список основных лексических единиц (*Vocabulary File*), подлежащих усвоению, и вводная часть (*Starting Point*), основная задача которой – введение в тематический дискурс и активизация речемыслительной деятельности.

Совершенствование коммуникативных навыков происходит в процессе комбинированного обучения различным видам речевой деятельности с акцентом на чтение: просмотровое, ознакомительное, изучающее, поисковое (*Reading*). Внимание уделяется рецептивно-продуктивным упражнениям, направленным на имитацию, подстановку и дифференциацию лексических единиц (*Vocabulary*). Лексические навыки формируются путем семантиза-

ции лексических единиц с выходом в продуктивное иноязычное общение (*Discussion*).

Обучение грамматике (*Grammar Workshop*) носит функциональный и коммуникативный характер, предполагает изучение грамматических структур в контексте речи. Тематически контекст основывается на профессиональной лексике. Это, бесспорно, расширяет словарный запас студентов, а также диапазон их коммуникативных возможностей.

Контроль результатов учебной деятельности и творческое осмысление изученного материала представлены перечнем вопросов и коммуникативных ситуаций проблемного характера в конце каждого блока (*Assessment and Critical Thinking*) и предполагают системную самостоятельную работу студентов.

PART I

**BUSINESS
ADMINISTRATION**



Unit 1

MANAGING PEOPLE AND BUSINESS PROCESSES



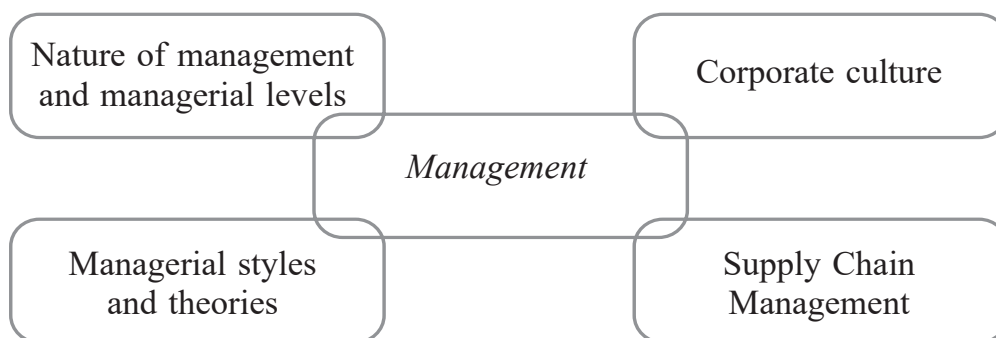
Management is, above all, a practice where art, science, and craft meet.

Henry Mintzberg

Topic for Communication. Essence of managerial tasks and tiers; the difference between management theories X and Y; the importance of corporate culture; supply chain management as business process and its goals.

Grammar Focus. Future tenses: the present continuous, the future simple, be going to.

Content Map.



➔ **Vocabulary File**

Study the list of topical vocabulary and check the pronunciation if necessary. Choose 2–3 words from the vocabulary file to speak about each element of the content map above.

accomplish <i>v</i>	выполнять, достигать
collaborative <i>adj</i>	совместный, коллективный, сотруднический
customer value	потребительская ценность
customized <i>adj</i>	изготовленные по индивидуальному заказу
department head	начальник отдела
evaluate <i>v</i>	оценивать, определять качество
first-line manager	менеджер первого звена
implement <i>v</i>	выполнять, осуществлять, обеспечивать выполнение
inputs <i>n</i>	вложения, затраты (на производство)
operative <i>n</i>	рабочий, производственный персонал
output <i>n</i>	конечная продукция, производительность
participative <i>adj</i>	коллегиальный, основанный на широком участии
perform <i>v</i>	выполнять, действовать
performance <i>n</i>	производительность, результативность, эффективность
perishable <i>adj</i>	скоропортящийся
(the) rank and file	рядовые (сотрудники)
senior management	руководство высшего звена
staff <i>n</i>	персонал, кадры, штаты
staffing <i>n</i>	кадровое обеспечение
storage <i>n</i>	1) складирование, хранение; 2) склад, хранилище
supervise <i>v</i>	надзирать, контролировать
supervisor <i>n</i>	руководитель, управленец первого звена
supply chain	цепочка поставок
supply chain management (SCM)	управление цепочками поставок
title <i>n</i>	должность, звание

➔ Starting Point

1. Pronounce the international words correctly:

'category	ex'tensive	authori'tarianism
'indicator	lo'gistics	de,centrali'zation
'minimum	o'pposing	,intui'tion
'monitoring	tech'nique	,organi'zational

2. Organize the word combinations related to the topic Managing People and Business Processes in the table below. Work with a partner and compare your answers.


Broad statements, to accomplish objectives, to use resources efficiently, to evaluate work, intended results, chief executive officer, burden of responsibility, collaborative

culture, hostile culture, decentralization of authority, performance indicators, organizational well-being, customer value, customized goods, off-season availability, inventory levels, upstream (downstream) supply chain, stock control, value creation.

Managerial levels	Management theories and culture	Managing the supply chain

3. Answer these questions.

1. What would you say is the purpose of management?
2. Have you ever worked for a good manager?
3. Why do you think people decide to become managers?
4. Do you think you have the skills to be a good manager?
5. What is the biggest mistake a manager can make?

 **4. A. You are going to watch a video clip about the concept of management and its essential elements at the following link <https://drive.google.com/file/d/1BqJCCwBWRaVlqG4Byz8bDAZziKRvRcDV/view?usp=sharing>. Before watching, check your understanding of the words and phrases in the box by matching them with their Russian equivalents:**



- | | |
|--------------------------------|-----------------------------------|
| 1) accountable (to) <i>adj</i> | a) бригадир, мастер |
| 2) stakeholder | b) экспертные кадры |
| 3) fulfilment of the goal | c) внедрение, реализация политики |
| 4) implementation of policies | d) реализация, достижение цели |
| 5) expert manpower | e) подотчетный, ответственный |
| 6) foreman | f) заинтересованная сторона |

B. Watch the video and answer these questions.

1. What topics are covered in the video?
2. How is management defined?
3. What is the concept of management?
4. What functions of management are indicated?
5. Why is management important?
6. What levels of management are described in the video?
7. What management skills are mentioned in the video?

C. Watch again and complete the following statements.

1. Management may be defined as _____.
2. The main role of the management is to apply _____.
3. Management does not frame politics, it only implements _____.

4. Planning, organizing, staffing _____.
5. No enterprise can survive without _____.
6. Managers provide _____.
7. Management helps personality development _____.
8. Top level management consists of _____.
9. The main role of supervisors is _____.

➔ Reading

Text 1. Nature of Management

5. A. Before reading the text match words with their English equivalents. Use a dictionary if necessary:

- | | |
|--|-------------------------------------|
| 1) исполнительный, руководящий | a) broad statement |
| 2) вложения, затраты (на производство) | b) intended results |
| 3) завершить работу | c) implement <i>v</i> |
| 4) достичь цели | d) to use resources efficiently |
| 5) кадровое обеспечение | e) inputs <i>n</i> |
| 6) выполнять, осуществлять;
обеспечивать выполнение | f) to achieve/reach an
objective |
| 7) заявление общего характера | g) staffing |
| 8) намеченные результаты | h) executive |
| 9) оценивать работу | i) to accomplish work |
| 10) рационально использовать ресурсы | j) rank and file/operatives |
| 11) рядовые сотрудники организации | k) to evaluate work |

B. Read the following short plan of the text below and say what ideas are going to be expressed further:

- definition of management;
- variety of resources used by most businesses;
- levels of management;
- tasks managers face;
- essence of management.

C. Skim the text to see whether your predictions in 5B were correct.

Management is a set of activities designed to achieve an organization's objectives by using its resources effectively and efficiently in a changing environment. *Effectively* means having intended results; *efficiently* means accomplishing the objectives with a minimum of resources.

Most businesses use a variety of *human, financial, physical, and informational* resources, which are usually called *inputs*. Managers function to transform these

resources into the *outputs* of the business, i. e. goods and services. In fact, managers' work can be organized within five functions. Such as planning, organizing, staffing, leading/directing, and controlling/monitoring.

Organizational members are divided into two categories: operatives and managers. *Operatives or rank and file* are people who work directly on a job or a task and have no responsibility for overseeing the work of the others.

Managers may be classified according to their level or position within the organization. Most organizations have three levels of management – senior management (or top management or upper management), middle management and low-level management.

Top managers require an extensive knowledge of management roles and skills. President (Am. E.) or chairman (Br. E), managing director (Br. E.) or chief executive officer (CEO – Am. E.), chief financial officer (CFO) are common titles at this level. Top managers are executive in nature and define the company's vision, mission and objectives.

Mid-managers are those managers who receive broad statements of strategy and policy from executives and develop specific objectives and plans. They spend a large portion of their time in planning and organizing activities. Examples of the titles of middle managers are product manager, department head, plant manager, and quality control manager.

Lower or first-line managers are those concerned with the direct production of items or delivery of services. They plan the day-to-day work of employees they supervise. Moreover, they make sure that needed resources are available and used wisely. Low-level managers often evaluate the work of their employees and solve problems that occur in their area. They spend most of their time implementing the plans of executives and mid-managers. The common titles of first-line managers are office manager, store manager, loan officer and others.

Management is not entirely scientific. It is a human skill. Business professors obviously believe that intuition and “instinct” are not enough. There are management skills that have to be learnt. Some people are clearly unable to put management techniques into practice. Others will have lots of technique, but few good ideas. Outstanding managers are rather rare.

D. Scan the text and answer these questions.

1. What is the essence of management?
2. What types of resources is a manager in control of?
3. What are five managerial functions? Comment on them.
4. What two categories are organizational members divided into? How do operatives differ from managers?
5. What are the three levels of management? What functions do managers of every level perform?

Vocabulary

6. Match the words with their equivalents:

- | | |
|------------------------------|-------------------------|
| 1) achieve <i>v</i> | a) rank and file |
| 2) objective <i>n</i> | b) execute <i>v</i> |
| 3) evaluate <i>v</i> | c) monitor <i>v</i> |
| 4) resources <i>v</i> | d) accomplish <i>v</i> |
| 5) operatives <i>n</i> | e) assess <i>v</i> |
| 6) implement <i>v</i> | f) goal <i>n</i> |
| 7) administrative <i>adj</i> | g) available |
| 8) at one's disposal | h) inputs <i>n</i> |
| 9) keep a check on | i) executive <i>adj</i> |

7. Match the words with their definitions:

- | | |
|------------------------|---|
| 1) staffing | a) to make a law, system, plan, etc. start to happen and operate (<i>put (a decision, plan, agreement, etc.) into effect</i>) |
| 2) (the) rank and file | b) the amount of something produced by a person, machine, or industry |
| 3) executive <i>n</i> | c) observe and check the progress or quality of (something) over a period of time; keep under systematic review |
| 4) output <i>n</i> | d) the ordinary members of the organization and not its leaders |
| 5) implement <i>v</i> | e) a manager at the lowest level in an organization, who deal directly with employees |
| 6) accomplish <i>v</i> | f) a person with senior managerial responsibility in a business |
| 7) mission <i>n</i> | g) the continuous process of finding, selecting evaluating and developing a working relationship with current or future employees |
| 8) monitor <i>v</i> | h) the ability to think about or plan the future with imagination or wisdom |
| 9) vision <i>n</i> | i) the main idea, the purpose and the drivers behind a company, which sends the company, its executives and employees along its way in a particular direction |
| 10) first-line manager | j) to achieve or complete successfully |

8. Fill in the gaps with a suitable derivative of the words in brackets.

1. Strategy (implement) *implementation* is the process by which an organisation translates its chosen strategy into action plans and activities.

2. Common components of management in different arenas include: selection, (supervise) _____, motivation and (evaluate) _____ of staff, scheduling and planning of workflow.

3. Most management skills are related to six fundamental functions: planning, organizing, coordinating, directing, (leader) _____, and (oversee) _____.

4. Business (efficient) _____ refers to how much a company or organization can produce as it relates to the amount of time, money and resources needed.

5. (Execute) _____ managers may also be tasked with developing new strategies or plans to help grow the business.

Discussion

9. Work in pairs and discuss these questions.

1. What is management? Is it an art, a science, an instinct or a set of skills and techniques that can be taught?

2. Management starts with planning. Good management starts with good planning. Is it true?

3. Could you enumerate the most important character traits, crucial to being a good manager?

4. Why are mission and vision important for a company? How do they differ?

5. Can you imagine a company performing successfully without management? Why?

6. Which tier of management (top managers, mid managers or first-line managers) is more important in your opinion?

Text 2. Corporate Culture and Management Theories

10. A. Before you read match up the English words/ word combinations with their Russian equivalents:

- | | |
|----------------------------------|---|
| 1) burden of responsibility | a) принятие решения с участием работников |
| 2) collaborative culture | b) децентрализация власти |
| 3) participative decision making | c) работа в команде (сыгранность) |
| 4) central pillar | d) груз ответственности |
| 5) decentralization of authority | e) потребности и устремления |
| 6) micromanagement | f) значительный вклад |
| 7) teamwork | g) культура сотрудничества (в компании) |
| 8) performance indicators | h) центральный столп (опора) |
| 9) significant contribution | i) показатели эффективности |
| 10) needs and aspirations | j) микроуправление |

B. Scan the text for the information about different management theories and their influence on a corporate culture.

Managing a group of people is a very difficult job. In “The Human Side of Enterprise” Douglas McGregor outlined two opposing theories of work and motivation. What he calls *Theory X* is the traditional approach to workers and working which assumes that people are lazy and dislike work, and that they have to be both threatened (for example, with losing their job) and rewarded. It assumes that most people are incapable of taking responsibility and have to be looked after.

Theory Y, on the contrary, assumes that people have a psychological need to work and want achievement and responsibility. Many people assume that Theory Y is more ‘progressive’ than Theory X, but later theorists argued that it makes much greater demands on both workers and managers than McGregor realized. Abraham Maslow, for example, spent a year studying a Californian company that used Theory Y, and concluded that *its demands for responsibility and achievement are excessive for many people*. He pointed out that there are always weak and vulnerable people, with little self-discipline, who need protection against the burden of responsibility. Even strong and healthy people need the security of order and direction. Managers cannot simply substitute Theory Y for Theory X.

Quite a few organizations use Theory X today. Theory X encourages *use of tight control and supervision*. It implies that employees are reluctant to organizational changes. Thus, it does not encourage innovation.

Many organizations are using Theory Y techniques. Theory Y implies that the managers should create and *encourage a work environment which provides opportunities to employees to take initiative and self-direction*. Employees should be given opportunities to contribute to organizational well-being. Theory Y encourages decentralization of authority, teamwork and participative decision making in an organization. Theory Y culture searches and discovers the ways in which an employee can make significant contributions in an organization. It harmonizes and matches employees’ needs and aspirations with organizational needs and aspirations.

Managers approach the task of directing a group in different ways based on their management style. There are various management styles based on the assumptions of both theories X and Y that managers can apply.

Managers who practice Theory X as their adopted management style have a strong inclination towards systems that favor *command and control, authoritarianism*, micromanagement, and high degrees of supervision to ensure that people do what needs to be done. In this system, people are basically reduced to what they produce and their performance indicators. It can create a *hostile culture* between employees and supervisors.

Corporate culture affects all aspects of a business, from punctuality and tone to contract terms and employee benefits. Most scholars see a company’s culture *as the*

collection of values, expectations, and practices that guide and inform the actions of all team members. Managers should keep in mind that, the culture of an organization is also one of the top indicators of employee satisfaction and one of the main reasons that almost two-thirds (65 %) of employees stay in their job.

On the other hand, managers who adopt Theory Y assumptions as the base of their managerial style shape systems where trust in people is one of the central pillars. This leads to more *collaborative culture* where decisions are shared and a greater sense of purpose is shared.

Companies that want to remain relevant and agile, delighting customers and employees, have to adopt Theory Y assumptions in their corporate culture. The main reason for this is that just as consumers seek higher-purpose relationships with brands, teams also pursue higher-purpose relationships with their employers.

Theory X-based cultures will fail to retain the best talent for the simple fact that *knowledge workers* cannot tolerate systems based on command and control, micromanagement, and a management style of the last century.

C. Work in pairs and answer these questions. The words in bold and italics can help you to catch the main points discussed in the text.

1. What is the essence of Theory X?
2. Why is Theory Y considered to be more progressive?
3. What were Abraham Maslow's conclusions about Theory Y?
4. Why do companies prefer to adopt Theory Y based management style today?
5. In what way are managers implementing Theory X characterized?
6. What is corporate culture? Why is it important?
7. What are the negative features of Theory X-based cultures?

Vocabulary

11. Fill in the gaps with the appropriate derivatives of the given words in brackets.

1. (Participate) *Participative* Management is a management style that requires the cooperation of personnel.

2. Company's corporate (govern) _____ structure is a core of company system, while (decentralize) _____ of authority and balancing is the core of the structure.

3. Questions about your career (aspire) _____ can help employers understand your (motivate) _____ other than salary and benefits.

4. In a (collaborate) _____ management environment, a team of managers or supervisors work together with their employees to ensure the success of an organization, instead of appointing management (responsible) _____ to a single individual.

5. Creating a great (organization) _____ culture requires developing and executing a plan with clear objectives.

12. Make phrases from the text by matching an item from each column. Translate them into Russian:

- | | |
|-------------------|--------------------|
| 1) strong | a) control |
| 2) traditional | b) pillar |
| 3) tight | c) workers |
| 4) hostile | d) approach |
| 5) central | e) well-being |
| 6) knowledge | f) inclination |
| 7) excessive | g) decision-making |
| 8) organizational | h) demands |
| 9) participative | i) culture |

13. Match the words with their equivalents:

- | | |
|---------------------------|--|
| 1) agile <i>adj</i> | a) replace <i>v</i> |
| 2) retain <i>v</i> | b) form <i>v</i> |
| 3) substitute <i>v</i> | c) control, overseeing <i>n</i> |
| 4) ambitions <i>n</i> | d) staff <i>n</i> , employees <i>n</i> |
| 5) personnel <i>n</i> | e) keep <i>v</i> |
| 6) excessive <i>adj</i> | f) unfriendly <i>adj</i> |
| 7) supervision <i>n</i> | g) aspirations <i>n</i> |
| 8) hostile <i>adj</i> | h) fast, quick <i>adj</i> |
| 9) shape <i>v</i> | i) supervisory <i>adj</i> |
| 10) managerial <i>adj</i> | j) limitless, abundant <i>adj</i> |

14. Match the words with their definitions:

- | | |
|--------------------------|---|
| 1) command and control | a) is a management style whereby a manager closely observes and/or controls and/or reminds the work of their subordinates or <u>employees</u> . Used in the negative connotation |
| 2) knowledge worker | b) this culture represents the set of processes designed to promote, facilitate and incorporate collaboration in the day-to-day operations of an organization |
| 3) corporate culture | c) a situation in which managers tell employees everything that they should do, rather than allowing them to decide some things for themselves |
| 4) micromanagement | d) allowing or encouraging everyone to take part in something, especially in making decisions that affect them |
| 5) collaborative culture | e) also known as <i>company culture</i> , refers to a set of beliefs and behaviors that guide how a company's management and employees interact and handle external business transactions |

- | | |
|-----------------------------|--|
| 6) decentralization | f) an employee whose job involves developing and using knowledge rather than producing goods and services |
| 7) participative <i>adj</i> | g) the transfer of control of an activity or organization to several local offices or authorities rather than one single one |

Discussion

15. Provide your arguments to the questions below.

1. If you were a manager, would you support Theory X or Theory Y?
2. In your opinion, are the demands of Theory Y for responsibility and achievement rather excessive for employees?
3. In what does effective teamwork influence a company's success? What should companies do to promote team collaboration?
4. What corporate culture is preferable for you as an employee?
5. Why can Theory X lead to a hostile culture?
6. What should companies do to retain the best employees?

Text 3. Supply Chain Management and Its Tasks

16. A. Match the list of topical vocabulary with the Russian equivalents to avoid difficulties in understanding the text:

- | | |
|----------------------------------|---|
| 1) customer value | a) сократить избыточные затраты |
| 2) supply chain management (SCM) | b) условия кредитования |
| 3) streamline <i>v</i> | c) товары, изготовленные по индивидуальному заказу |
| 4) cut excess costs | d) оптимизировать, рационализировать |
| 5) upstream <i>adj</i> | e) точно в срок, точно по графику |
| 6) downstream <i>adj</i> | f) складирование, хранение |
| 7) credit terms | g) скоропортящаяся продукция |
| 8) payment schedule | h) управление цепочками поставок |
| 9) just-in-time | i) восходящая ((цепочка поставок) от производителя к поставщикам компонентов и сырья) |
| 10) perishable products | j) потребительская ценность |
| 11) inventory (-ies) <i>n</i> | k) график платежей |
| 12) storage <i>n</i> | l) доступность в межсезонье |
| 13) customized goods | m) материально-производственные запасы |
| 14) off-season availability | n) нисходящая ((цепочка поставок) от производителя к конечному потребителю) |

B. Read and translate the text below, say what its main points are.

Supply chain management (SCM) is the centralized management of the flow of goods and services and includes all processes that transform raw materials into final products. It involves the active streamlining of a business's supply-side activities to maximize customer value and gain a competitive advantage in the marketplace.

By managing the supply chain, companies can cut excess costs and deliver products to the consumer faster and more efficiently. Supply chain management (SCM) represents an effort by suppliers to develop and implement supply chains that are as efficient and economical as possible.

Supply chains cover everything from production to product development including the information systems needed to direct these undertakings.

A *supply chain* starts with the delivery of raw materials from a supplier to a manufacturer and ends with the delivery of the finished product or service to the end consumer.

The **upstream portion** of the supply chain includes the organization's suppliers and the processes for managing relationships with them. **The downstream portion** consists of the organizations and processes for distributing and delivering products to the final customers.

Supply chain management deals with the task of managing three **key flows**: material, information and financial. *Material flow* includes the movement of goods from a supplier to a customer, as well as customer returns. *Information flow* involves transmitting orders and updating the status of delivery. *Financial flow* consists of credit terms, payments, payment schedules, etc.

Supply chain management focuses on the following activities:

Purchase and supply of materials, components and information. This means that there are important SCM decisions to be made in terms of the nature of relationships, the number of supply firms (i.e. multiple or single sourcing) and whether to source in-house or from an external supplier.

Stock control. Efficient and effective SCM is essential if *just-in-time* methods are to be employed.

Distribution strategy. Strategic decisions have to be made about the nature of distribution channels (direct or indirect, short or long, intensive or selective). These downstream activities are a key element in marketing, especially for perishable products – both physically perishable, such as strawberries, and fashion affected, such as swimwear.

Physical distribution. This includes both storage and transportation.

Every firm strives to match supply with demand in a fast manner and with the most efficient use of resources. Here are some of the *important goals* of supply chain management.

Supply chain partners work collaboratively at different levels to maximize resource productivity, construct standardized processes, remove identical efforts and minimize inventory levels.

Minimization of supply chain expenses is very essential, especially when there are economic uncertainties in companies regarding their wish to conserve capital.

Cost-efficient and cheap products are necessary, but supply chain managers need to concentrate on value creation for their customers.

Exceeding the customers' expectations on a regular basis is the best way to satisfy them.

Increased expectations of clients for higher product variety, customized goods, off-season availability of inventory and rapid fulfillment at a cost comparable to in-store offerings should be matched.

While speaking about *supply chain management* (SCM) they often use the term *logistics*. Logistics and supply chain functions can overlap. Logistics is generally concerned with strategy and coordination of flows between marketing and production (i.e. transportation and distribution). Thus it can be seen as part of the overall supply chain management. Logistics is also considered to have an intra-organizational focus while SCM is focusing on inter-organizational relations.

C. Skim the text to answer these questions.

1. What does supply chain management (SCM) involve?
2. What is the essential task of SCM?
3. What do supply chains cover?
4. What is the difference between the upstream portion of the supply chain and its downstream portion?
5. What are the three key flows, that SCM deals with?
6. What activities does SCM focus on?
7. What are the goals of supply chain management?
8. In what way do they use the term *logistics*?

Vocabulary

17. Match the words with their equivalents:

- | | |
|------------------------------|----------------------------|
| 1) cost-efficient <i>adj</i> | a) resources |
| 2) streamline <i>v</i> | b) delicate <i>adj</i> |
| 3) end consumer | c) warehouse <i>n</i> |
| 4) raw materials | d) final customer |
| 5) customized <i>adj</i> | e) economical <i>adj</i> |
| 6) perishable <i>adj</i> | f) personalized <i>adj</i> |
| 7) storage <i>n</i> | g) rationalize <i>v</i> |

18. Match the words to make common collocations. Reproduce the context with these partnerships:

- | | |
|----------------|-----------------|
| 1) perishable | a) goods |
| 2) customized | b) availability |
| 3) competitive | c) product |
| 4) off-season | d) products |
| 5) raw | e) advantage |
| 6) finished | f) materials |
| 7) end | g) offerings |
| 8) in-store | h) flow |
| 9) financial | i) consumer |

19. Match the words/word combinations related to Supply Chain Management with their definitions. Make sentences of your own to illustrate the use of these words:

- | | |
|----------------------------|---|
| 1) just-in-time <i>adj</i> | a) to the raw materials used in production as well as the goods produced that are available for sale |
| 2) customer value | b) includes all activities related to the organization's suppliers: those parties that source raw material inputs to send to the manufacturer |
| 3) inventory <i>n</i> | c) the network of all the individuals, organizations, resources, activities and technology involved in the creation and sale of a product |
| 4) upstream <i>adj</i> | d) is the customer's perception of the worth of your product or service |
| 5) downstream <i>adj</i> | e) denoting a manufacturing system in which materials or components are delivered immediately before they are required in order to minimize storage costs |
| 6) distribution channel | f) refers to activities post-manufacturing, namely distributing the product to the final customer |
| 7) supply chain | g) is a path that a product or service could take on its way to market |

Discussion

20. Discuss with your partner whether the following statements are true or false according to the information in the text.

1. A supply chain starts with the delivery of the finished product or service to the end consumer.
2. The downstream part of the supply chain consists of the organizations and processes for distributing and delivering products to the end customers.
3. Financial flow involves transmitting orders and updating the status of delivery.

4. Efficient and effective SCM is essential for just-in-time methods to be implemented.

5. Cutting supply chain expenses is recommended, especially when there are economic uncertainties in companies regarding their wish to conserve capital.

6. There are various opinions about the terms *logistics* and *supply chain management*.

➔ Grammar Workshop

The Future Tenses: the Present Continuous, the Future Simple, Be Going To

1. We use **the Present Continuous** to talk about plans or definite arrangements for the future:

We're staying in a small hotel. (we have made the arrangements)

Notice that time expressions are used or understood from the context in order to show that we are talking about the future (and not the present):

The manager is having a party just after we get back (time expression given). We're meeting four executives when we are there. (future time expression understood)

2. We use **the Future Simple** for:

○ Decisions made at the time of speaking: *My phone is ringing! I will answer it.*

○ Predictions: *Each of these trends will require all our advanced technologies, organizational skills.*

○ Promises: *I will show you how to send a fax.*

○ Threats: *I will confiscate your phone if you do not help me right now!*

○ Talking about future facts: *This new course will help you to improve your Business English skills.*

○ Offering to do something for someone: *I will prepare a presentation for you.*

○ Asking someone to do something: *Will you include transport costs in the purchase price of a product, please?*

3. We use **Be Going To** for:

○ Future plans: *I am going to the theatre tonight.*

○ Predictions for the near future based on present situations or evidence: *The price is going to be lower because you buy directly from the manufacture.*

21. A. Match the sentences and their replies below.

1. What are your predictions for 2030?

2. Are you seeing him again soon?

3. We need some more information before we make the decision.

4. Are you going to change jobs this year?

A. Good point. I'll get the systems engineer to come in right away.

B. I think things will get better.

C. Possibly, but nothing arranged yet.

D. With any luck, I will!

B. Arrange the sentences above in the following table according their functions.

Function	Sample sentence	Tense	Structure
Arrangements (e.g. in my diary)			
Plan (e.g. an ambition)			
Prediction (i.e. a future fact)			
Spontaneous intention (i.e. decided at the moment of speaking)			

22. Complete the dialogues using the correct form of will/going to.

- Did you pick up the Business Journal for me?
- Oh no, I forgot. I _____ go back for it now.
- What about having a meeting on Friday about the project?
- Good idea, I _____ ask my line manager if he is available.
- Are you both leaving already?
- Yes, we _____ to visit a client.
- Have you booked your flight yet?
- No, I think I _____ do it later once I have checked prices.
- Why have you booked the Hotel Magnifico for next week?
- We _____ launch a new product there?
- What _____ wear for the office dinner?
- I am not sure yet.
- Did you see the training course brochure?
- Yes, I _____ do the presentations skills course.
- Shall we go out for lunch?
- I am afraid Jason and I _____ attend an exhibition.
- Did you speak to Jenny?
- Whoops! I forgot. I _____ phone her now.

➔ Assessment and Critical Thinking

23. Revise the topical vocabulary and be ready to respond to sample questions for academic discussion. Discuss in pairs the questions that follow.

1. How can management be defined? Is it an art or a science?
2. What management levels exist in a company?
3. What are the typical duties of each managerial level?
4. In what way is Theory X different from Theory Y?

5. What is the role of distribution in supply chain management?
6. What are the most obvious benefits of the efficient supply chain management?
7. Why does supply chain management have to deal with the task of managing three key flows?
8. What should be the most important goals of SCM?

24. Discuss the following situations with a partner and provide your ideas and solutions.

1. Comment on the quote by George R Terry (1877–1955): “Management is a distinct process consisting of planning, organizing, actuating and controlling; utilizing in each both science and art, and followed in order to accomplish pre-determined objectives.” What would you say to support this statement?
2. Douglas McGregor is the theorist credited with developing two contrasting theories X and Y. More specifically, these theories refer to two management styles: the authoritarian (Theory X) and participative (Theory Y). Which theory do you support? Why?
3. If you were to be a chief executive officer of a certain successful company, what vision, mission and objectives would you define for your company?
4. You believe that corporate culture is more important than any management theory or style. What arguments would you provide?

Unit 2

ACCOUNTING



Study your accounting. As an entrepreneur, you should not make an excuse not to learn this vital subject.

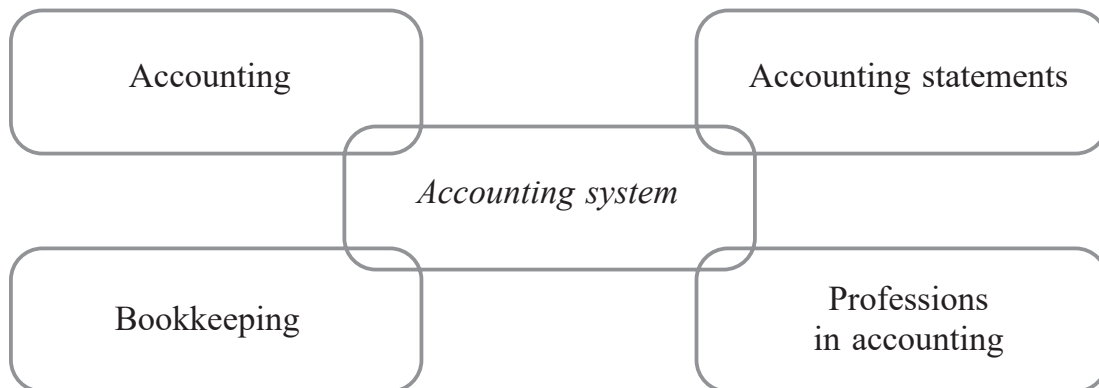
It is, after all, the language of business.

Abdul Malik Omar

Topic for Communication. Accounting and bookkeeping, accounting systems, the main types of financial statements, the accounting profession.

Grammar Focus. Verbals: gerunds and infinitives.

Content Map.



➔ Vocabulary File

Study the list of topical vocabulary and check the pronunciation if necessary. Choose 2–3 words from the vocabulary file to speak about each element of the content map above.

account(s) <i>n</i>	счет(а), отчетность
~ payable	счета кредиторов, статья пассивов, кредиторская задолженность
~ receivable	счета дебиторов, дебиторская задолженность; статья активов
profit and loss ~	счет прибыли и убытков
accountant <i>n</i>	бухгалтер
private ~	частнопрактикующий бухгалтер
certified public ~	дипломированный бухгалтер-ревизор, аудитор
accounting <i>n</i>	бухгалтерский учет
cost ~	калькуляция затрат (учет издержек экономической деятельности)
managerial ~	управленческий учет (сбор и обработка информации, полезной для текущего управления фирмой)
tax ~	налоговый учет
creative ~	«изобретательный» бухгалтерский учет (с целью уклонения от контроля над экономической деятельностью)
~ period	отчетный период
audit	аудит, аудиторская проверка
auditor <i>n</i>	аудитор, ревизор
balance <i>n</i>	баланс, сальдо
~ sheet	балансовый отчет
bookkeeping by double entry	двойная бухгалтерия
break-even	безубыточность
capital <i>n</i>	капитал
~ stock –	основной капитал
working ~	оборотный капитал, текущие активы
venture ~	венчурный капитал
depreciation <i>n</i>	1) снижение стоимости, обесценивание; 2) амортизация
double entry <i>n</i>	бухгалтерский учет методом двойной записи
entity <i>n</i>	экономический субъект
equity <i>n</i>	стоимость капитала за вычетом обязательств, чистые активы (компании)
financial statement	финансовый отчет
summary ~	краткий финансовый отчет
goodwill <i>n</i>	«гудвил», условная стоимость нематериальных активов фирмы

ledger <i>n</i>	главная бухгалтерская книга
liquidity <i>n</i>	ликвидность
overheads / overhead	непроизводительные издержки
profitability <i>n</i>	рентабельность
record <i>n</i>	1) запись, протокол; 2) грампластинка
pay-roll record	запись в платежной ведомости
travel records	записи по командировочным расходам
entertainment records	записи по представительским расходам
record book	книга записи учета бухгалтерских операций
recording <i>n</i>	регистрация, запись
retained profit	нераспределенная прибыль
revenue <i>n</i>	доход, выручка
summarize <i>v</i>	подводить итог, суммировать, резюмировать
solvency <i>n</i>	платежеспособность, кредитоспособность
transaction <i>n</i>	сделка, соглашение, операция
to conduct ~s	заключать сделки, вести переговоры
business ~s	деловые операции
financial ~s	финансовые операции
temporary ~s	временные сделки
internal ~s	внутренние хозяйственные операции
external ~s	внешние хозяйственные операции
turnover <i>n</i>	оборот, товароборот (суммарная стоимость продаж за отчетный период для отдельной компании)

➔ Starting Point

1. Pronounce the international words correctly:

'audit	con'tractual
'auditor	ex'ternal
'balance	fi'nancial
'ethical	li'quidity
'finance	mana'gerial
'record	tran'saction

2. Organise the word combinations related to the topic Accounting in the table below. Work with a partner and compare your answers.


External (internal) transactions, financial and managerial accounting, profitability and solvency of the company, operating performance, external reporting, the double-entry system of bookkeeping, tax authorities, income statement, cash flow statement,

assets and liabilities, going concern, shareholders' equity, basic accounting equation, public accounting, private accounting, technical and ethical standards, public disclosure.

Accounting system	Financial statements	Professions in accounting

3. Answer these questions.

1. Have you ever thought about the importance of accounting for business?
2. Do you know the difference between accounting and bookkeeping?
3. What are the main purposes of accounting?
4. Does accounting help managers evaluate operating performance of the firm?
5. What are the main professions in accounting?
6. Do you think accounting is a profession with the same importance as the medical or legal one?

 **4.A. You are going to watch a video clip about Accounting vs Bookkeeping at https://drive.google.com/file/d/1W-WOs5MNt7IU1XX4bcptwe3XYn_7aKL5/view?usp=sharing. Before watching, check your understanding of the words and phrases by matching them with their definitions:**



- | | |
|------------------------|--|
| 1) to keep track | a) deal |
| 2) financial report | b) money that is owed by a company |
| 3) transaction | c) a person whose job is to prepare tax |
| 4) accounts payable | d) money that is owed to a company |
| 5) accounts receivable | e) to continue to be informed or know about or something |
| 6) payroll | f) a written or spoken account of the financial situation in a company |
| 7) tax preparer | g) certified public accountant |
| 8) CPA | h) a list of those employed by a company showing how much each one earns |

B. Watch the video and discuss.

1. Who is responsible for recording transactions of a company?
2. Who performs financial reporting?
3. What are the main duties of bookkeepers/accountants?
4. What are tax preparers responsible for?
5. Who can perform all three tasks?

➔ Reading

Text 1. What is Accounting?

5. A. Before reading the text match the Russian word combinations with their English equivalents:

- | | |
|--|-------------------------------|
| 1) бюджетные организации | a) to conduct transactions |
| 2) внутренняя хозяйственная операция | b) profitability and solvency |
| 3) бухгалтерское дело / учет | c) to levy / collect taxes |
| 4) рентабельность и кредитоспособность | d) external transaction |
| 5) манипуляции с бухгалтерской отчетностью | e) creative accounting |
| 6) учет издержек производства | f) accounting |
| 7) заключать сделки | g) cost accounting |
| 8) юридический контракт | h) non-profit organisations |
| 9) внешняя хозяйственная операция | i) legal contract |
| 10) взимать налоги | j) internal transaction |

B. Read the text and focus on the main functions of the accounting system.

Accounting is the process by which the profitability and solvency of the company can be measured. Accounting is the recording, classifying, summarizing, and interpreting of financial events and transactions to provide management and other interested parties with the information they need to make better decisions. Transactions include buying and selling of goods and services, acquiring insurance, using supplies, and paying taxes.

One purpose of accounting is to help managers evaluate the financial condition and the operating performance of the firm so that they may make better decisions. Another is to report financial information to people outside the firm such as owners, lenders, and government (for tax purposes).

The accounting systems. The methods used by a business to keep records of its financial activities and to summarize these activities in periodic accounting reports comprise the accounting system that performs three functions.

The first function of an accounting system is creating information that is a systematic record of the daily business activity. It is carried out by means of recording, classifying and summarizing information. Its second function is communicating the summarized information to interested parties. The third function is interpreting the accounting information as it relates to specific business decisions.

In accounting, business activities are associated with transactions. A transaction occurs whenever the firm enters into a *legal contract* for the acquisition of means of production or the sale of goods and services. Transactions

between the firm and its markets – both its supply markets and its selling markets – are defined as *external transactions*. Transactions within the firm, consisting of the exchanges which occur between the various departments are defined as *internal transactions*.

The totality of internal transactions forms the subject matter of *management or cost accounting* which provides information for managers to use for running their company. It is the recording and controlling of all the expenditures of an enterprise in order to facilitate control of separate activities.

The totality of external transactions forms the subject matter of *financial accounting* which is used to deal with the world outside the organization. This external financial accounting reports financial conditions to stockholders, employees, banks and other financial institutions, and to the government, when required. External reporting is especially important to corporations that must send financial statements to owners, potential investors, brokers, stock exchangers, regulatory agencies, tax authorities and others.

Sometimes companies turn to *creative accounting* that comprises all available accounting procedures and tricks to disguise the true financial position of a company.

The range of those who use accounting information includes:

Individuals. People use accounting information in day-to-day affairs to manage their bank accounts, to evaluate job prospects, to make investments, and to decide whether to rent or to buy a house.

Investors and creditors. Investors provide the money that businesses need to begin operations. To decide whether to help start a new venture, potential investors evaluate what income they can reasonably expect on their investment.

Government regulatory agencies base their regulatory activity on the accounting information they receive from firms.

Tax authorities. Local, state, and federal governments levy taxes on individuals and businesses using the accounting information they present, thus *tax accounting* is used for calculating an individual's or a company's liability for tax.

Non-profit organisations such as churches, most hospitals, government agencies, and colleges, which operate for purposes other than to earn a profit – use accounting information in much the same way that profit-oriented businesses do.

The inputs to an accounting system include sales documents and other documents. The data are recorded, classified, and summarized. They are then put into summary *financial statements* such as the *income statement* and *balance sheet*.

Inputs include: accounting documents, sales documents, purchasing documents, shipping documents, payroll records, bank documents, travel records, entertainment records.

Accounting versus Bookkeeping. Bookkeeping involves the recording of economic activities. It is a mechanical process that does not demand much creativity.

Bookkeeping is part of accounting, but accounting of data, it is only a small part of the field of accounting and probably the simplest.

Accountants classify and summarize the data. They interpret the data and report them to management. They also suggest strategies for improving the financial condition and progress of the firm. Accountants are especially valuable for income tax preparation and analysis. So, accounting involves the gathering and recording of transactions and the periodic preparation of financial statements that summarize those transactions. A person might become a reasonable proficient bookkeeper in a few weeks or months, however, to become a professional accountant requires several years of study and experience.

If you were a bookkeeper, the first task you would perform is to divide all of the firm's paperwork into meaningful categories. Those categories would probably include the following:

- sales documents (sales slips, cash register receipts, and invoices);
- purchasing documents;
- shipping documents;
- payroll records;
- bank documents (checks, deposit, slips);
- business trip expenses;
- entertainment records.

So, you would have several piles of papers. You don't want the piles to get too unmanageable, that is why you must begin to record the data from the original transaction documents (the sales slips and so on) into record books. (Thus, the term bookkeeping.) These books are called journals. They are the books where accounting data are first entered.

C. Review the following sentences and mark them as true (T) or false (F). Correct the statements, which are false.

1. Accounting transactions help both managers and owners of the company.
2. The only function of an accounting system is summarizing information.
3. When a company enters into a legal contract outside it makes an external transaction.
4. The information provided by cost accounting helps company managers facilitate control of separate activities and better run their company.
5. Neither government nor corporations are interested in financial reports of a company.
6. The bookkeepers interpret the data and report them to management. They also suggest strategies for improving the financial condition and progress of the firm.
7. The first task of a bookkeeper is to divide all of the firm's paperwork into meaningful categories.

Vocabulary

6. Study the difference between the following synonyms. Then use them in the sentences that follow.

Evaluate. If you evaluate something you decide on its significance, value, or quality after carefully studying its good and bad features.

Estimate. If you estimate an amount or quality you calculate it approximately, you make judgment about it based on the available evidence.

Appreciate. If you appreciate something, for example a piece of music or good food, you recognize and understand the good qualities or features that it has and like or admire it because of them.

1. They meet monthly to discuss policy and _____ the current political situation.
2. They really _____ the peace and quiet of rural Wales.
3. The hurricane caused damage _____ at 300 mln pounds.
4. How would you _____ our chances?
5. He is the kind of individual that's very hard to _____.
6. The lawyers _____ the property at 90 thousand pounds.
7. The builder _____ the cost of repairing of roof at 600 pounds.
8. It can explain why actual costs varied from costs _____.
9. I would _____ the size of the garden at 1000 square metres.

7. Choose the right definition to the words and expressions:

- | | |
|--------------------------|---|
| 1) bookkeeping | a) transactions between the firm and its markets |
| 2) accounting | b) writing down the details of transactions (debits and credits) |
| 3) managerial accounting | c) keeping financial records, recording income and expenditure, valuing assets and liabilities, and so on |
| 4) internal transactions | d) using all available accounting procedures and tricks, to disguise the true financial position of a company |
| 5) tax authorities | e) recording and controlling of all the expenditures of an enterprise in order to facilitate control of separate activities |
| 6) tax accounting | f) inspection and evaluation of accounts by a second set of accountants |
| 7) auditing | g) transactions within a firm |
| 8) creative accounting | h) local, state, and federal governments that levy taxes on individuals and businesses |
| 9) external transactions | i) calculating an individual's or a company's liability for tax |

8. Fill in the gaps. Choose the right variant from the words in the box.

challenge • insolvent • profit • solvent
decision makers • means • accounting

1. The purpose of _____ is to provide financial information about the economic entity. 2. The _____ of creating accounting information are recording, classifying and summarizing. 3. Financial information provided by an accountant is needed by managerial _____ to help them plan the company's activities. 4. The purpose of each business is to earn _____. 5. Every economic entity should stay _____ that is to have sufficient cash to pay debts. 6. The company that is unable to meet its obligations is called _____. 7. To meet _____ of our society we need some knowledge of accounting.

Discussion

9. Work in pairs and discuss the following questions.

1. What is the definition of accounting?
2. What is accounting system?
3. What are the functions of accounting system?
4. What means are used for creating information?
5. What is the difference between external and internal transactions?
6. What is the subject matter of managerial/cost accounting?
7. What is the subject matter of financial accounting?
8. How can you define creative accounting?
9. Who are the users of accounting information? Why do they need it?
10. What is the difference between accounting and bookkeeping?

Text 2. Financial Statements

10. A. Before reading about financial statements check your understanding of some basic terminology by matching up the English word combinations with their Russian equivalents:

- | | |
|--------------------------------|--|
| 1) going concern | a) первоначальная закупочная цена |
| 2) fixed assets | b) амортизационные отчисления |
| 3) original purchase price | c) собственный капитал акционеров |
| 4) depreciation charges | d) отчет о движении денежных средств |
| 5) historical cost accounting | e) функционирующее предприятие |
| 6) replacement cost accounting | f) отчет о прибылях и убытках |
| 7) shareholders' equity | g) основные средства, фиксированные активы |

8) profit and loss account (GB) / income statement (US)	h) система учета по первоначальной стоимости
9) cash flow statement	i) система учета по стоимости замещения

B. Read the text and focus on the main types of financial statements.

In accounting, it is always assumed that a business is a going concern, i.e. that it will continue indefinitely into the future, which means that the current market value of its fixed assets is irrelevant, as they are not for sale. Consequently, the most common accounting system is *historical cost accounting*, which records assets at their original purchase price, minus accumulated depreciation charges. In times of inflation, this understates the value of appreciating assets such as land, but overstates profits as it does not record the replacement cost of plant or stock (GB) or inventory (US). The value of a business's assets under historical cost accounting – purchase price minus depreciation – is known as its net book value. Countries with persistently high inflation often prefer to use *current cost or replacement cost accounting*, which values assets (and related expenses like depreciation) at the price that would have to be paid to replace them (or to buy a more modern equivalent) today.

Company law specifies that shareholders (GB) or stockholders (US) must be given certain financial information. Companies generally include these financial statements in their annual reports.

The *balance sheet* presents a snapshot of the company's resources and claims against those resources at a specific point of time. The balance sheet shows a company's financial situation on a particular date, generally the last day of the financial year. It lists the company's assets, its liabilities, and shareholders' (stockholders') funds.

The *profit and loss account* (GB) or *income statement* (US) shows the profitability of a company over a specified period of time. A company's profit or net income is equal to its revenues and gains minus its expenses and losses. The first figure should obviously be higher than the second, i.e. there should be a profit. Part of the profit goes to the government in taxation, part is usually distributed to shareholders (stockholders) as a dividend, and part is retained by the company.

The *statement of changes in shareholders' equity* analyzes the changes from year to year in shareholders' equity.

The statement of cash flows reports the net cash (inflows minus outflows) from the three principal business activities – operating, investing and financing.

The footnotes provide more detailed information on the balance sheet and income statement.

These financial statements present the accounting information in formal reports that tell interested groups, such as managers, creditors, potential investors and government agencies, how the business is doing. These reports are prepared from accounting information obtained from the various business transactions.

Thus, transactions involving assets, liabilities and capital become the data used in the preparation of the financial statements.

The Accounting Period. Financial statements are prepared at least once a year. This is known as the accounting period. An accounting period may follow the calendar, in which case it begins on January 1 and ends on December 31 of the same year. This business then has a calendar year accounting period. Any business that has an accounting period consisting of 12 months other than a calendar year is generally known as a fiscal-year accounting period.

Organizations may prepare financial statements for periods of time that are less than the accounting period; such statements are generally known as interim statements. An interim statement is prepared for a period of time other than a fiscal or calendar year. Examples of interim statements are statements prepared for 6-month, 3-month, or even monthly periods. Regardless of the periods of time covered by the individual financial statements, the kinds of information presented by the various statements do not change.

Record keeping of companies is based on a double-entry system, due to which each transaction is recorded on the basis of its dual impact on the company's financial position. To make a complete bookkeeping record of every transaction in a journal, one should consider interrelated aspects of every transaction, and entries must be made in different accounts to keep the *ins* (receipts) and *outs* (payments) balanced.

A typical account is known to have two sides: the items on the left side are called debits, while the items on the right side are credits.

Thus, *double-entry bookkeeping* doesn't mean that the same transaction is entered twice, it means that the same amount of money is always debited to one account and credited to another account, each record having its own effect on the whole financial structure of the company. Certain accounts are increased with debits and decreased with credits, while other accounts are increased with credits and decreased with debits.

The double-entry system of bookkeeping enables every company to determine at any time the value of each item that is owned, how much of this value belongs to creditors, the total profit and how much belongs to the business clear of debt. Thus, one advantage of the double-entry system is that its information is complete enough to be used as the basis for making business decisions. Another advantage is that errors are readily detected, since the system is based on equations that must always be in balance.

C. Complete the following sentences and translate them into Russian.

1. Companies record their fixed assets at historical cost because _____.
2. Historical cost accounting usually underestimates, _____.
3. Countries with a regularly high rate of _____.
4. Company profits are usually split, _____.
5. Double-entry bookkeeping requires that _____.
6. The balance sheet shows a company's financial situation on _____.
7. A company's profit or net income is equal to _____.
8. The statement of cash flows reports _____.
9. The footnotes provide more detailed information on _____.

Vocabulary

11. Fill in the gaps, using the words given below.

investors • items • expense • position
strength • loss • year • earned • lists

The income statement shows how much the company _____ or lost during the _____.

While the balance sheet shows the financial _____ of the company by reflecting its financial _____ at a given date, the income statement may be of greater interest to _____ because it shows the result of its operating activities for the whole year. It serves as a valuable guide for future activities.

The income statement _____ revenue and _____. A comparison of these two _____ will show either net income or net _____.

longer • a firm • prepare • once
business • weekly • chosen

Accounting period is the period over which _____ prepares its income statement and at the end of which it draws up its balance sheet. Joint stock companies _____ these accounts at least _____ a year, but trading companies prepare trading accounts much more frequently, perhaps _____ to check the progress of their _____.

An accounting period for tax purposes is the period for which corporation tax liability must be calculated. An accounting period can never be _____ than 12 months but it can be less. The dates for the accounting period are _____ by the company.

12. Match the words with their definitions:

1) going concern

a) an amount in accounting that is commonly a fixed percentage of the original cost of a property and that is periodically charged off to expense or against revenue in order to compensate for the depreciation of the property

2) assets	b) a measure of value used in accounting in which the value of an asset on the balance sheet is recorded at its original cost when acquired by the company
3) liabilities	c) an accounting term for a company that has the resources needed to continue operating indefinitely until it provides evidence to the contrary
4) depreciation charges	d) the price that an entity would pay to replace an existing asset at current market prices with a similar asset
5) historical cost accounting	e) resources with economic value that an individual, corporation, or country owns or controls with the expectation that it will provide a future benefit
6) replacement cost	f) something (such as the payment of money) for which a person or business is legally responsible
7) cash flow statement	g) the value of all sales of goods and services recognized by a company in a period
8) revenue	h) one of the financial statements issued by a business, and describes the cash flows into and out of the organization

13. Fill in the gaps with the appropriate derivatives of the given words in brackets.

1. The balance in the (depreciate) _____ expense account increases over the course of an entity’s fiscal year.
2. The company may use the (replace) _____ cost to increase its valuation.
3. Accountants call the debts you record in your books as (liable) _____, and knowing how to find and record them is an important part of bookkeeping and accounting.
4. It is stated that, (profit) _____ is a (measure) _____ of efficiency – and ultimately its success or failure.

Discussion

14. Work in pairs and discuss the following questions.

1. What is the main difference between historical cost accounting and current cost or replacement cost accounting?
2. What questions do financial statements answer?

3. What documents are financial statements based on?
4. What does the balance sheet show?
5. What information does the income statement have?
6. What information is given in the statement of changes in shareholders' equity?
7. What is the idea of the accounting period?
8. What is the importance of accepted accounting standards?
9. How does the double entry system work?
10. What groups of people are interested in financial statements?

Text 3. Profession of an Accountant

15. A. Match the list of topical vocabulary with the Russian equivalents to avoid difficulties in understanding the text:

- | | |
|--------------------------------------|---|
| 1) public accountant | a) частный бухгалтер |
| 2) private accountant | b) главный финансовый директор |
| 3) government agency | c) аудитор, бухгалтер-ревизор |
| 4) certified public accountant (CPA) | d) публичное раскрытие информации |
| 5) public disclosure | e) правительственное учреждение |
| 6) invoice | f) консультирование по вопросам управления |
| 7) management consulting | g) контрактные обязательства |
| 8) contractual obligations | h) счет-фактура |
| 9) chief financial officer | i) сертифицированный аудитор, дипломированный бухгалтер высшей квалификации |

B. Read the text and focus on the following: 1) general classification of accountants and their functions; 2) ethical behaviour of accountants.

Accounting is an old profession. Records of business transactions have been prepared for centuries. However, only during the last half-century accounting has been accepted as a profession with the same importance as the medical or legal profession.

Positions in the field of accounting may be divided into several areas. Two general classifications are public accounting and private accounting.

Public accountants are those who serve the general public and collect professional fees for their work. Their work includes auditing, income tax planning and preparation, and management consulting. Public accountants are a small fraction (about 10 percent) of all accountants. Those public accountants who have met certain professional requirements are called Certified Public Accountants (CPAs).

Private accountants work for a single business, such as a local department store, the McDonald's restaurant chain, or the Eastman Kodak Company. Charitable

organizations, educational institutions, and government agencies also employ private accountants.

If you are interested in a career in accounting, consider these jobs:

A bookkeeper maintains a company's financial records. They might also receive, document and handle cash and checks from clients. They create reports based on the company's financial transactions.

An auditor uses auditing platforms to analyze a company's financials for public disclosure. They monitor claims activities and identify violations in contractual obligations.

A senior accountant is responsible for the preparation and recording of assets, revenue, expense and liability entries to the general ledger. They work with the CFO and bring attention to any issues found in the accounting records and review transactions and invoices as necessary.

A chief financial officer (CFO) executes the economic strategies of a company. They develop strategies to increase revenue while reducing costs. They support the chief executive officer and prepare financial plans and supervise the preparation of financial statements and tax documentation.

Several accounting organizations have formulated codes of ethics that govern the behaviour of their members. "*Code of Professional Conduct*" adopted by the American Institute of Certified Public Accountants reads:

- Membership in the American Institute of Certified Public Accountants is voluntary. By accepting membership, a certified public accountant assumes an obligation of self-discipline above and beyond the requirements of laws and regulations.

- In carrying out their responsibilities as professionals, members should exercise sensitive professional and moral judgments in all their activities.

- Members should accept the obligation to act in a way that will serve the public interest, honour the public trust, and demonstrate commitment to professionalism.

- A member should observe the profession's technical and ethical standards, strive continually to improve competence and the quality of services, and discharge professional responsibility to the best of the member's ability.

- To maintain and broaden public confidence, members should perform all professional responsibilities with the highest sense of integrity.

- A member should maintain objectivity and be free of conflicts of interest in discharging professional responsibilities. A member in public practice should be independent in fact and appearance when providing auditing and other attestation services.

Some business firms have also developed codes of ethics for their employees to follow. But there is something more than merely making sure you are not violating a code of ethics. Most of us sense what is right and wrong. An accountant's most valuable asset is his or her reputation.

C. Match the sentence parts to make correct statements.

1. Both profit and non-profit organizations _____.
 2. Public accountants are those who _____.
 3. To do an audit, there must be information in a _____.
 4. The final stage in the audit process is _____.
 5. The function of accounting is to provide certain types of _____.
 6. Auditing is the process of recording, classifying and summarizing economic _____.
- a) serve the general public and collect professional fees for their work;
 - b) the audit report;
 - c) quantitative information that management can use to make decisions;
 - d) verifiable form and some standards by which the auditor can evaluate the information;
 - e) events in logical manner for the purpose of providing financial information for decision-making;
 - f) deal with budgets, payrolls, rent payments, and the like.

Vocabulary

16. Match the words and word combinations with their definitions:

- | | |
|--|---|
| 1) an auditor | a) maintains a company's financial records |
| 2) a private accountant | b) works for a single company |
| 3) a certified public accountant (CPA) | c) an experienced and well-trained person who works on financial accounting and managerial accounting tasks |
| 4) a bookkeeper | d) an accountant whose services (to prepare financial documents) are available to the public |
| 5) a chief financial officer (CFO) | e) is a designation provided to licensed accounting professionals |
| 6) a public accountant | f) a person whose job is to make an official examination of financial records |
| 7) a senior accountant | g) holds the top financial position in an organization. They are responsible for forecasting the organization's financial standing based on financial and operational data and reports provided by the finance and accounting teams and advising the CEO and board on strategic direction |

Discussion

17. In groups, think about job environment, responsibilities of different types of accountants. Fill in the table below and share your ideas with the fellow students.

Types of accountants	Job environment	Responsibilities
public accountants		
private accountants		
bookkeepers		
auditors		
chief financial officers		

18. Work in pairs and discuss the following questions.

1. What are the likely areas that accountants might be engaged in?
2. What are the peculiar features of certified public accountants?
3. What career paths are available to those interested in accounting?
4. What are the job responsibilities of an auditor?
5. What does holding a post of chief financial officer involve?
6. What are the main principles included into the Accountant's Code of Professional Conduct?

➔ Grammar Workshop

Verbals: Gerunds and Infinitives

-
- Gerunds have the following uses:
 - after prepositions: e.g. *He joined us after **working** for a competitor;*
 - as a noun: e.g. ***Registering** as a seller only takes a few minutes;*
 - after certain expressions (there's no point; it's no use; it's no good; it's no worse; have difficulty; be used to) e.g. *There's **no point** bidding now. It has been sold;*
 - after certain verbs (admit, attempt, avoid, begin, consider, continue, delay, dislike, enjoy, finish, go, involve, keep, like, mention, miss, prefer, postpone, practice, propose, recommend, report, risk, start, stop, suggest);
 - e.g. *We have just finished **preparing** the new website.*
 - Infinitives have the following uses:
 - after adjectives: e.g. *The website is very easy **to use**;*
 - showing purpose: e.g. *Some people quit jobs **to become** eBay traders;*
 - after certain verbs (afford, agree, aim, arrange, decide, demand, expect, fail, hope, intend, manage, need, offer, plan, prepare, promise, refuse, train, want);
 - e.g. *Many rivals aim **to build** bigger websites;*
 - after certain verbs + object (advise, allow, ask, cause, enable, expect, help, invite, lead, permit, persuade, remind, teach, train, trust, urge, use, warn);
 - e.g. *We asked him **to present** the figures next week.*
-

19. Complete the sentences below with the verbs in the box using the correct verbal.

organize • imagine • develop
come • save • help • buy • find

1. Would you consider _____ on a demonstration with me next weekend?
2. I offered _____ them finish the project but they refused.
3. _____ new markets is our main objective for next year.
4. The department head proposed _____ a meeting for tomorrow.
5. They are very interested in _____ our new range of products.
6. I hope _____ a job in Public Relations.
7. I got them on the internet, _____ money.
8. It's hard _____ a more efficient business model than eBay's.

20. Complete the following profile of Pierre Omidyar, the founder of eBay, with appropriate gerund or infinitive forms.

The World's most successful auctioneer

Pierre Omidyar is today at the head of one of the internet's biggest success stories: eBay. Born in France, Pierre moved to the USA at the age of six when his father was given the opportunity of (1) *work*) working at John Hopkins university. During his school years in the US Pierre started (2) *write*) _____ computer programmes for six dollars an hour. (3) *Know*) _____ how important computers would become in the future, he decided (4) *apply*) _____ for a place at Tufts university. After (5) *graduate*) _____ in 1988, Pierre then worked as a software developer before (6) *create*) _____ his first start up 'Ink Development Corporation' in 1991. The company produced software that enabled computers (7) *read*) _____ instructions given by pen and not through a keyboard. Five years later he succeeded in (8) *sell*) _____ the company to Microsoft. It was until 1995 that he came up with the idea of (9) *launch*) _____ a website which would serve both a market for (10) *exchange*) _____ collectors' items and a forum where collectors could meet (11) *discuss*) _____ their passion. From hobby it soon became a full-time occupation and after (12) *rename*) _____ it eBay, the world's most open marketplace was born. Now a billionaire, Omidyar has set himself a new goal: (13) *get rid*) _____ of 99 per cent of his fortune during his lifetime by (14) *finance*) _____ non-profit-making operations around the world.

 **Assessment and Critical Thinking**

21. Revise the topical vocabulary and be ready to respond to the sample questions for academic discussion.

1. What are the functions of the accounting system?
2. What are the most important financial statements?
3. What are the essential elements of a balance sheet?

4. Explain why the profession of an accountant has been recently accepted as a profession with the same importance as the medical or legal one.
5. What skills do you think accountants need?
6. If you could choose, what position in the field of accountancy would you prefer (accountant, bookkeeper, auditor) and why?
7. What qualities does a good bookkeeper need? Would you like to work as a bookkeeper?

22. Discuss the following situations with a partner and provide your ideas and solutions.

1. You have studied the sample balance sheets of some huge companies. Share with a groupmate your opinion on the following: a) the amount and variability of assets; b) the amount and variability of liabilities; c) the importance and value of shareholder's equity.
2. Some business firms have also developed codes of ethics for their employees to follow. An accountant's most valuable asset is his or her reputation. What essential features might be included into Accountants' Code of Conduct to make it even more comprehensive. Share your ideas in class.

PART II

THE ECONOMY OF THE 21st CENTURY



Unit 3

THE NEW ECONOMY TRENDS

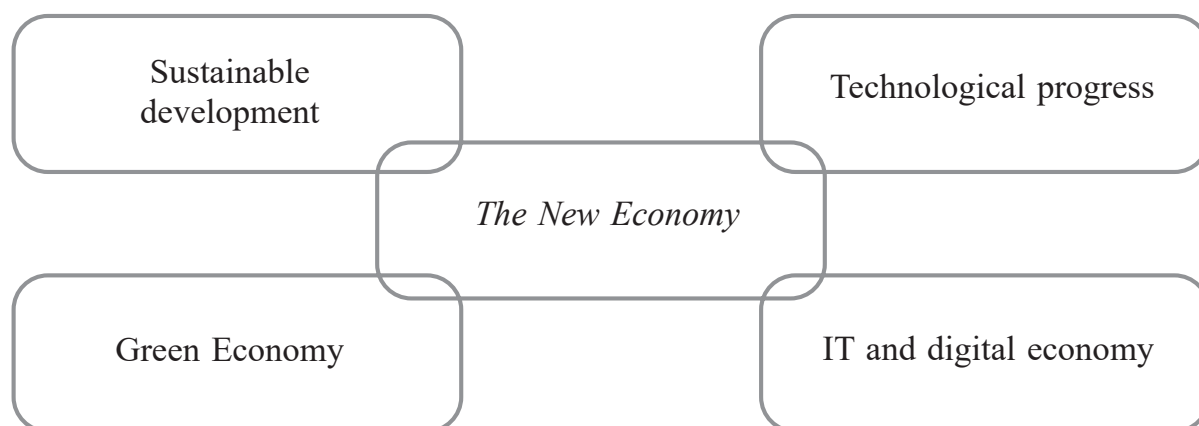


In the new economy, information, education,
and motivation are everything.
William J. Clinton

Topic for Communication. Considering elements of the new economy, green production and information technologies as a driving force of productivity the 21st century.

Grammar Focus. Modal verbs of obligation, prohibition and permission.

Content Map.



➔ Vocabulary File

Study the list of topical vocabulary and check the pronunciation if necessary. Choose 2–3 words from the vocabulary file to speak about each element of the content map above.

acquisition <i>n</i>	приобретение, покупка
biodiversity <i>n</i>	биологическое разнообразие
circular economy	экономика замкнутого цикла
continuous cycle	замкнутый цикл производства
copyright <i>n</i>	авторские права
customization <i>n</i>	модификация в соответствии с требованиями заказчика
deplete <i>v</i>	истощать, исчерпывать
depletion <i>n</i>	уменьшение, истощение (ресурсов)
disposal <i>n</i>	ликвидация, утилизация (отходов)
eco-efficiency <i>n</i>	экоэффективность природосбережения
emit <i>v</i>	испускать, выделять, извергать (пепел, дым, выбросы)
emission <i>n</i>	выделение / выброс (в атмосферу)
hazardous ~	опасное распространение / выброс
environment <i>n</i>	окружающая среда
to preserve / protect the ~	охранять окружающую среду
to pollute the ~	загрязнять окружающую среду
environmentally-friendly <i>adj</i>	экологически благоприятный
greenhouse effect	парниковый эффект
inclusive <i>adj</i>	инклюзивный, без дискриминации
inventories (<i>n; pl.</i>)	1) наличные товары; 2) материально-производственные запасы
paradigm <i>n</i>	образец, пример, экземпляр
pollute <i>v</i>	загрязнять
pollutant <i>n</i>	загрязнитель окружающей среды
pollution <i>n</i>	загрязнение
environmental ~	загрязнение окружающей среды
recycle <i>v</i>	повторно использовать, возвращать в оборот (отходы производства)
renewable resources	возобновляемые (восполнимые) природные ресурсы
smart finance / money	«умные деньги», инвестиции, которые делаются знающими инвесторами в нужное время
sustain <i>v</i>	способствовать (осуществлению чего-л.); обеспечивать
sustainability <i>n</i>	устойчивость, устойчивое развитие
sustained <i>adj</i>	длительный, стабильный
toxic substances	отравляющие / токсичные вещества
thumb drive	флешка; флеш-накопитель
waste products	отходы (производства)

➔ Starting Point

1. Pronounce the international words correctly:

'compromise	al'ternative	,ecoe'fficiency	,eco'logical
'finance	dy'namic	'	,eco'nomie
'innovative	phe'nomenon	,inno'vation	,contri'bution
'paradigm	pro'tection	,techn'logical	,nanotech'nology

2. A. Organise the word combinations related to the New Economy in the table below. Work with a partner and compare your answers.

Health care, innovative industry, transport infrastructure, intellectual property protection, ecological decision-making, micro enterprise, poverty elimination, climate change, recycling waste, equal pay for women, water pollution, a conservation of resources, local production, clean sources of energy, continuous cycle, elimination of hazardous emissions.

Social issues	Economic issues	Environmental issues

B. Choose a word combination from each column and say what can be done to improve the situation with these issues.

3. Answer these questions.

1. What ideas do you get when you hear the term “New Economy”?
2. Do you believe that governments should do more to prevent manufacturers from polluting or damaging the environment?
3. What examples of green businesses do you know?
4. Can sustainable development and green economy promote economic growth?

▶ 4. A. Before you watch a video on green economy meaning and explanation, be sure you understand the following phrases by matching with their Russian equivalents:

- | | |
|--------------------------------------|--|
| 1) ecological scarcity | a) практика экомаркировки |
| 2) to degrade the environment | b) экологический дефицит |
| 3) to externalize costs onto society | c) переложить часть своих издержек на общество |
| 4) eco-label practices | d) низкоуглеродная экономика |
| 5) equity dimensions | e) ухудшать состояние окружающей среды |
| 6) core values | f) параметры собственного капитала |
| 7) low-carbon economy | g) справедливая экономика |
| 8) fair economy | h) основополагающие ценности |

B. While watching the video at https://drive.google.com/file/d/1VSjGetx1FzP1UCM870BxZd3_JusGXS1k/view sharing complete the following statements.



The green economy is defined as an economy that aims at reducing environmental risks and 1) ____ and that aims for sustainable development without 2) _____. It is closely related with 3) _____ economics but has a more politically applied focus. To be green an economy must not only be 4) _____ but also fair. Fairness implies recognizing global and country level equity 5) _____ particularly in assuring a just transition to an economy that is 6) _____, resource efficient, and socially inclusive. A feature distinguishing it from prior economic regimes is the direct valuation of natural, capital and ecological services as having 7) _____ value.

C. Watch the video again and answer the questions.

1. What does “fair economy” imply?
2. In what way is it different from the economy on scale production?
3. What do green sticker and eco-label practices mean?
4. How can green economic growth be achieved?
5. Why is it important to promote green practices?

➔ Reading

Text 1. Economic Issues for the 21st Century

5. A. Before reading the text check your understanding of some basic terminology by matching up the following Russian words or word combinations with their English equivalents:

- | | |
|--|--|
| 1) наступление эпохи интернета | a) initial public offering (IPO) |
| 2) первоначальное публичное предложение акций | b) a junk bond |
| 3) бросовая облигация (с плохой финансовой репутацией) | c) fossil fuel |
| 4) ископаемое топливо | d) a conservation of resources |
| 5) охрана недр | e) empowering employees |
| 6) хорошо организованная защита интеллектуальной собственности | f) advent of the Internet |
| 7) права интеллектуальной собственности | g) knowledge based capital |
| 8) наукоемкий капитал | h) intellectual property rights (IPRs) |
| 9) наделение сотрудников полномочиями | i) a well-constructed IPR regime |

B. Read the text and summarize the information by selecting and reporting the main features of the New Economy.

The term *New Economy* describes aspects or sectors of an economy that are producing or intensely using innovative or new technologies. This relatively new concept applies particularly to industries where people depend more and more on computers, telecommunications and the Internet to produce, sell and distribute goods and services.

The driving force of the 21st century economy is *technological progress*, which is a key element of the new paradigm. With the advent of the Internet, the *information revolution* seems to be spreading and accelerating rather than slowing down. *Biotechnology* is on the verge of having a major economic impact. And in labs across the world, scientists are driving toward the frontiers of *nanotechnology*, with the goal of creating new devices that can transform entire industries. To insure innovation, *intellectual property protection* has become one of the main issues of the *knowledge-based industries* of the 21st century. Intellectual property rights (IPRs) are critical for spurring innovation, for stimulating the investments, and for diffusing technology and other knowledge in socially beneficial ways.

A second key element of the new paradigm is *green economics* – the recognition that *the conservation of resources* and *the reduction of waste* have become economic necessities. Today economic growth requires that we transit away from fossil fuels and squeeze waste out of our production processes. Many environmentalists and businesses consider *renewable energy* and *local production* to be necessary to economic growth and long-term environmental health.

The world needs also to rethink the role of finance in the economy – shifting from the current focus on speculation to *smart finance* that pursues productive investments. *Productive investments* put people first, address the global challenges, and have high-payoffs for improved well-being and quality of life, economic growth and sustainable development. One of the top priorities for the governments today is *to shift financial resources to innovative sectors*. Venture capital, initial public offerings, and junk bonds enable new ideas to get funded relatively easily. Growth in modern economies is increasingly driven by *investment in knowledge based capital* (KBC). Firms today tend to invest as much in KBC as they do in physical capital such as machinery, equipment and buildings.

Another key element of the new paradigm is the *organization of work places*. Productivity in the 21st century is enhanced by *empowering employees* and providing them with *good pay and decent benefits*. In this connection, *finding talent* and *developing creativity* is going to be one of the major issues for knowledge based organizations.

Other elements of the new economic development include a focus on the problem of providing *high quality care* – *health services, child care, education*, and

services for the elderly. These have become central economic activities and they need government support.

Each of these trends will require all our advanced technologies, organizational skills, and creative powers to provide economic security as a component of strong national security.

C. Scan the text to answer the questions.

1. What is the New Economy?
2. What are the key elements of the new economic paradigm?
3. What are the components of technological progress of the 21st century?
4. What is the role of green economies in the successful development of the 21st century economy?
5. What does the term “smart finance” imply in the 21st century?
6. How is the organization of workplaces viewed today?
7. What is labour productivity in the 21st century characterized by?

Vocabulary

6. Match the words with their equivalents:

- | | |
|-----------------------|--------------------------------|
| 1) license <i>n</i> | a) flourish <i>v</i> |
| 2) prosper <i>v</i> | b) paradigm <i>n</i> |
| 3) flotation <i>n</i> | c) patent <i>n</i> |
| 4) framework <i>n</i> | d) initial public offering IPO |
| 5) squeeze <i>n</i> | e) impact <i>n</i> |
| 6) influence <i>n</i> | f) empower <i>v</i> |
| 7) authorize <i>v</i> | g) reduction <i>n</i> |

7. Match the words with their definitions:

- | | |
|----------------------------------|--|
| 1) nanotechnology <i>n</i> | a) investment in intangible assets |
| 2) biotechnology <i>n</i> | b) a branch of technology dealing with the manufacture of objects with dimensions of less than 100 nanometres |
| 3) smart finance | c) a security that offers a high yield but often involves a high risk of default |
| 4) venture capital | d) funds controlled by investors who should have special knowledge of the right kinds of investments to make |
| 5) junk bond | e) an intangible asset, such as a copyright or patent |
| 6) intellectual property | f) capital that is provided for a new commercial enterprise by individuals or organizations rather than those who own the new enterprise |
| 7) knowledge based capital (KBC) | g) the technique of using microorganisms, such as bacteria, to perform chemical processing |

8. Fill in the gaps with a suitable derivative of the words in brackets.

1. The New Economy is the driving force of economic (grow) growth and productivity.
2. (Intellect) _____ property rights are increasingly critical for spurring (innovate) _____, for stimulating the investments, and for diffusing technology.
3. Genetic (engineer) _____ is very (controversy) _____.
4. The old workplace in which managers simply told (employ) _____ what to do is gone. People today most likely work in a team and share in decision making and other (manage) _____ tasks.
5. The New Economy requires all our advanced technologies, (organization) _____ skills, and (create) _____ powers to get a better environment in which bright ideas can flourish.

Discussion

9. Discuss with your partner whether the following statements are true or false according to the information in the text.

1. The new economy applies to industries where people depend more and more on computers, telecommunications and the Internet.
2. Nanotech is not an industry in itself, but an enabler across all industries
3. Today economic growth is based on the use of fossil fuels.
4. Economic growth is increasingly becoming dependent on the wide range of intangible investments, known as knowledge-based capita.
5. People in modern business prefer working in a team and sharing decision making and other management tasks.

10. Work in pairs and discuss these questions.

1. How are digital transformation and technological progress changing the economy in your region?
2. What are some examples of successful green economic projects?
3. Do innovative startups easily obtain external funding for their investment projects?
4. Do you think new economic trends provide opportunities to small businesses?
5. What are the ways to ensure economic security of a country in the modern world?

Text 2. Sustainable Development and Green Economy

11. A. Before reading about sustainable development and green economy practices check your understanding of some basic terminology by matching up the English word combinations with their Russian equivalents:

- | | |
|---|---|
| <ul style="list-style-type: none"> 1) sustainable development 2) intergenerational equity 3) social inclusion 4) environmental stewardship 5) green economy 6) greenhouse effect
 7) materials management 8) ecological damage 9) stakeholders 10) employee morale | <ul style="list-style-type: none"> a) равенство между поколениями b) социальная интеграция c) устойчивое развитие d) управление окружающей средой e) управление товарными потоками f) экологически ориентированная экономика g) экологический ущерб h) трудовая дисциплина i) заинтересованные круги (стороны) j) парниковый эффект |
|---|---|

B. While reading the text put down the basic components of sustainable development and three main stakeholders of green economy.

Sustainable development is development that satisfies the needs of the present without compromising the ability of future generations to satisfy their own needs. The three pillars of sustainable development are *economic growth*, *environmental stewardship*, and *social inclusion*. Another important concept is “intergenerational equity” which means that life and well-being of future generations must not be compromised by poor environmental management by the current generation. Besides, our activities must not compromise the social, cultural, and economic possibilities for future generations.

The Green Economy provides a macro-economic approach to sustainable economic growth. *The Green Economy* is defined as one in which value and growth are maximized across the whole economy, while natural assets are managed sustainably. It refers to growing economic activity in the green industry sector, and a shift towards cleaner industries and sectors. The main stakeholders that contribute to the development of green economy policy are the government, business and humans.

Government intervention in the existing “rules of the game” means the creation of *state regulation regime*, which encourages the development of environmental industries and technologies, the creation of the necessary infrastructure, restructuring key institutions and reforming tax policy. The government prioritizes *infrastructure projects* that are compatible with long-term green economy objectives. Among them are the projects incorporating renewable electricity into the power system and a “smart grid”, materials management facilities, etc. *Environmental tax reform* is supposed to ensure that infrastructure and innovation spending are targeted to support a green economic recovery.

Nowadays a green economy in *business* is closely associated with the term “*eco-efficiency*” which is a management philosophy that aims at minimizing ecological damage while maximizing efficiency of the firm’s production processes, such as the lesser use of energy, material, and water, more recycling, and elimination of hazardous emissions of by-products. Eco-efficiency offers a number of practical

benefits for businesses, including reduced costs, reduced risk and liability – by “designing out” the need for toxic substances; increased revenue, enhanced brand image, increased productivity and employee morale, improved environmental performance achieved by reducing toxic emissions, and increasing the recovery and reuse of “waste” material.

The circular economy which is a model of production and consumption that involves sharing, leasing, reusing, repairing and recycling existing materials and products as long as possible can help achieve green growth for industries.

Humans can also contribute to the development of green economy policy. Nowadays people do a lot to *reduce, reuse* and *recycle* as much as possible. They save water, electricity and other nature resources; more often use public transport;

if possible, buy products from local producers to reduce air pollution from transportation of goods; use the alternative sources of energy; buy reusable goods; recycle waste and everything that can be recycled. Green activists and other pressure groups are becoming increasingly influential in *determining the environmental policies* of large companies.

The government, humans and business should act together. Only a competent cooperation of these three key groups can bring the most powerful effect in protecting the environment and in formation and development of green economy and sustainable development.

C. Work in pairs and answer these questions. The words in bold and italics can help you to catch the main points discussed in the text.

1. What is sustainable development? What are the three pillars of sustainable development?
2. How can green economy be defined? What is such an economy supported and enabled by?
3. What are three main forces that influence the transition process to the Green Economy?
4. What are the examples of government regulation of green economy?
5. Why is eco-efficiency important for doing successful business? What practical benefits does it offer?
6. How can people contribute to the development of the green economy policy?

Vocabulary

12. Make phrases from the text by matching an item from each column. Translate them into Russian:

- | | | |
|---------------|--|---------------------------|
| 1) reusable | | a) cycle |
| 2) continuous | | b) industries and sectors |
| 3) cleaner | | c) regulation regime |

- | | |
|------------------|----------------|
| 4) green | d) emissions |
| 5) state | e) electricity |
| 6) renewable | f) economy |
| 7) environmental | g) substances |
| 8) hazardous | h) goods |
| 9) toxic | i) tax reform |

13. Match the words with their equivalents:

- | | |
|-------------------------|---|
| 1) encourage <i>v</i> | a) toxic / harmful / deadly <i>adj</i> |
| 2) hazardous <i>adj</i> | b) help <i>v</i> |
| 3) depletion <i>n</i> | c) expansion <i>n</i> |
| 4) restrict <i>v</i> | d) foster / facilitate / boost / stimulate <i>v</i> |
| 5) cooperation <i>n</i> | e) exhaustion <i>n</i> |
| 6) contribute <i>v</i> | f) interaction <i>n</i> |
| 7) growth <i>n</i> | g) closed-loop economy |
| 8) circular economy | h) reduce <i>v</i> |

14. Fill in the gaps with the appropriate derivatives of the given words in brackets.

1. Global warming and the (destroy) destruction of the environment are threatening _____ the planet.

2. The goal of the new sustainable (economic) _____ would be to sustain a (desire) _____ quality of (live) _____.

3. Small businesses are sources of (employ) _____ and (provide) _____ as well as (consume) _____ of goods and services that sustain the local economy.

4. Sustainable development recognizes that growth must be both (include) _____ and environmentally sound to reduce (poor) _____ and build shared prosperity for today's population and to continue to meet the needs of future generations.

5. Kyoto protocol signed in 1997 was designed to reduce (emit) _____ of greenhouse gases in the interests of controlling global warming.

Discussion

15. Provide your arguments to the questions below.

1. Why is it important for governments to encourage industries, businesses and consumers to recycle and reduce waste?

2. Is sustainable development possible in today's world in which people are becoming richer and consuming more of the Earth's natural resources?

3. Would you be able to sustain yourself?

4. Which do you think is the biggest barrier for sustainable business: high costs, lack of ideas or reluctance to change? Say why.

5. What are the examples of the infrastructure projects that follow green economy objectives?

6. What are the advantages of wind power / hydroelectric power?

7. Why is circular economy good for business?

Text 3. Informational Technology and the Economy

16. A. Match the list of topical vocabulary with the Russian equivalents to avoid difficulties in understanding the text:

- | | |
|---------------------------------|--|
| 1) networking <i>n</i> | a) искусственный интеллект |
| 2) scalable <i>adj</i> | b) материально-техническое обеспечение |
| 3) procurement <i>n</i> | c) ускорять |
| 4) customization <i>n</i> | d) облачная вычислительная среда |
| 5) cloud computing | e) сетевые технологии |
| 6) gear up | f) информационное неравенство |
| 7) dissemination of information | g) модификация в соответствии с требованиями заказчика |
| 8) artificial intelligence | h) адаптируемый, масштабируемый |
| 9) information inequity | i) распространение информации |

B. Read and translate the text below, say what its main points are.

Information technology (IT) refers to anything related to computing technology, such as networking, hardware, software, the Internet, or the people that work with these technologies. It deals with the acquisition, processing, storage and dissemination of vocal, pictorial, textual and numerical information by a microelectronics-based combination of computing and telecommunications.

Information technology has revolutionized business, making it possible to quickly determine wants and needs and to respond with desired goods and services. Let us see how IT has shifted the paradigm of the economy in a macroeconomic and microeconomic sense.

Information technology and macroeconomic changes

1. Changes in *production structure*. There is a growing demand in the service fields that require expert knowledge and information.

2. Changes in *investment structure*. Investment is made in the area of information and communications.

3. Changes in *employment structure*. There is a growing demand for experts with creativity and information technology skills.

Information technology and microeconomic changes

Changes take place in every part of the business: development of goods, technology, procurement, production, sales, distribution, and post-sale services.

In terms of the digital economy, information technology creates opportunities for specialization and cooperation between companies from different regions by reducing transaction costs, creating ease of access to foreign markets and facilitating the development of new models of electronic business.

Electronic business or e-business, may be defined as the application of information and communication technologies (ICT) in support of all the activities of business. Speaking about e-business one can't but mention **cloud computing** – the practice of using a network of remote servers hosted on the internet to store, manage, and process data. Key benefits of cloud computing:

- *cheap*: your IT provider will host services for multiple companies; sharing complex infrastructure is cost-efficient and you pay only for what you actually use;
- *quick*: cloud computing allows you to skip the hardware procurement and capital expenditure phase – it's perfect for start-ups;
- *up-to-date*: most providers constantly update their software offering, adding new features as they become available;
- *scalable*: cloud systems are built to cope with sharp increases in workload;
- *mobile*: cloud services are designed to be used from a distance, so if you have a mobile workforce, your staff will have access to most of your systems on the go.

Among disadvantages of cloud computing are lack of security and privacy, dependency on the Internet infrastructure.

Electronic commerce, commonly known as e-commerce or e-tailing is the exchange of products and services between businesses, groups and individuals and can be seen as one of the essential activities of e-business. It consists of the buying and selling of products or services over electronic systems such as the Internet and other computer networks. *E-markets* are simply defined as Web sites where buyers and sellers interact with each other and conduct transactions. The challenge for online businesses is to not be left behind by modern trends. In practice, this means paying attention to new opportunities and putting the time and resources into making the most of them.

Information technologies, such as industrial robots, artificial intelligence, and machine learning, are advancing at a rapid pace. These developments can improve the speed, quality, and cost of goods and services, but they also displace large numbers of workers which may result in high level of unemployment. Governments will need to think about information inequity, the ways of minimizing misuse of information technology and information control.

C. Skim the text and answer these questions.

1. What does information technology deal with? How has IT influenced economic and social changes in the present world?
2. What specific changes may be traced due to the shift of the economy paradigm in a macroeconomic sense?
3. What examples of microeconomic changes caused by information technology are given in the text?
4. How does information technology help the economy?
5. What is electronic business?
6. What are the advantages and weak points of cloud computing?
7. What are the common issues in e-commerce?

Vocabulary

17. Match the words with their equivalents:

- | | |
|-------------------------|-----------------------|
| 1) evolve <i>v</i> | a) avoid <i>v</i> |
| 2) paradigm <i>n</i> | b) develop gradually |
| 3) skip <i>v</i> | c) deal <i>n</i> |
| 4) commerce <i>n</i> | d) framework <i>n</i> |
| 5) dispatching | e) trade <i>n</i> |
| 6) transaction <i>n</i> | f) shipping <i>n</i> |
| 7) remote <i>adj</i> | g) entrance <i>n</i> |
| 8) access <i>n</i> | h) distant <i>adj</i> |

18. Match the words related to online shopping with their definitions. Make sentences of your own to illustrate the use of these words:

- | | |
|------------------------|--|
| 1) (shopping) cart | a) online retailer or Internet business |
| 2) cookies | b) to 1move from place to place on the internet, searching for topics of interest |
| 3) banner | c) piece of software that acts as an online seller's catalogue and ordering process |
| 4) to browse | d) small advertisement for one website displayed on their sites; by clicking on it the user is taken to the new site |
| 5) dotcom | e) the terms and details of a website's delivery policies |
| 6) pop-up ad | f) advertisement that automatically opens a new browser window and covers the window the user was intending to read |
| 7) shipping conditions | g) piece of data that can be used to recognize an online customer and personalize the website |

19. Fill in the gaps with a suitable derivative of the words in brackets.

1. Advances in information technology enforce economic and (society) _____ changes in the modern world.
2. Cyberspace is increasingly becoming the location of (choose) _____ for many (retail) _____ because online retailing – or e-tailing brings high revenues.
3. One of the challengers for e-traders is meeting the high (expect) _____ levels of e-customers who are more demanding, less forgiving and loyal.
4. The digital economy is the worldwide network of economic (active) _____, commercial transactions and professional (interact) _____ that are enabled by information and (communicate) _____ technologies (ICT).

Discussion

20. Discuss with your partner whether the following statements are true or false according to the information in the text.

1. The world is now in paradigm shift from the information age to the industrial age.
2. There is no demand in the service fields that require expert knowledge and information.
3. Cloud computing is an example of e-commerce.
4. Electronic commerce consists of the buying and selling of products or services over electronic systems such as the Internet and other computer networks.
5. The biggest challenge for an online business is to create a website.

21. Work in groups of three to discuss the following questions. Share the most interesting facts with the class.

1. Which goods and services do you buy online? Which would you never buy online?
2. Will there come a time when we will do all of our shopping online? Why (not)?
3. What are the benefits to a company doing business online?
4. Why is it important for businesses to stay innovative?
5. What skills need to be developed by countries to remain competitive in Digital Economy?
6. What are your predictions about the future of information technologies?

➔ Grammar Workshop

Modal Verbs of Obligation, Prohibition and Permission

-
1. Use **must**, **have to**, **need to** for talking about obligations (e.g. rules) and necessity. :
 - You must wear your uniform during working hours. They have to start work at three.* :
 - She needs to update her password by the end of the week.* :
-

-
- We use **must** when the speaker makes a personal decision to do something:
I must remember to change my password.
 - We use **have to** when the speaker is talking about a decision made by someone else:
I have to change my password every 12 weeks because it's company policy.
 - 2. Use **don't have to, don't need to** when there is no obligation or necessity to do something.
Employees don't have to wear an ID badge.
With flexi time, no one needs to start or end at a fixed time of day.
 - 3. Use **mustn't, can't, (be) not allowed to** for prohibition (stopping somebody from doing something).
Employees can't use the Internet during work time for personal use.
You mustn't leave the designated area.
Visitors are not allowed to enter this area of the building without a pass.
 - 4. Use **can, (be) allowed to** for talking about and asking for permission.
We can make personal calls from our workstations at lunchtimes.
You're allowed to bring your mobile phone into the lab.
Am I allowed to log in to the server from home?
 - 5. **Must** has no past form. Use **had to** instead.
They must sign in at reception. (Present)
He had to show his passport at the security desk. (Past)
 - 6. With question forms about rules, use **Do I have to _____?** or **Do I need to _____?**
 We rarely use **must** to ask about rules.
Does he have to lock up every day?
Do I need to ask for permission to leave early?
-

22. A. Work with a partner. Take turns to ask and answer questions about rules at your work place.

- Does your company provide its employees with rules about _____?
- use of internet (phones)
 - punctuality and timing
 - behavior towards colleagues
 - expenses
 - dress and appearance
 - any other areas?

B. Read two rules for employees at a company. Do you have similar rules? Which parts of the rules are different?

1. Employees **must** keep passwords secure at all times and **have to** change passwords every 12 weeks. Employees **are allowed to** choose their own password; note that it **needs to** be a strong password consisting of at least eight characters including one number and one capital letter.
2. Employees **can** access the Internet but **are not allowed to** download or upgrade software without permission. Employees **mustn't** use personal thumb drives.

C. Read two more rules for employees. Underline the correct verb in italics.

Employees 1) *are allowed to / need to* make personal phone calls from company phones in the case of an emergency. For any other reason, employees 2) *have to / can't* ask for their line managers' permission before calling. Employees 3) *don't have to / mustn't* access the Internet for personal use during working hours. However, employees 4) *can / must* use the Internet as long as it is not excessive and during lunchtime or breaks only.

D. Finish these sentences about rules and company policies so that they are true for you.

1. In my company, we have to _____.
2. We don't have to _____.
3. During working hours, we aren't allowed to _____.
4. At lunchtime and breaks, we can _____,
5. If you work here, you mustn't _____.

23. Underline the correct verbs in italics to complete the sentences. In two sentences both verbs are correct.

1. Employees *mustn't / have to* attend at least three online training days per year to receive a certificate. 2. *Can I / Am I allowed* to call my family on this phone? 3. The system is dangerous. You *mustn't / don't have to* continue using it. 4. The room over there is for having a coffee and taking a break. Anyone *can / needs to* use it. 5. You *aren't allowed to / mustn't* smoke anywhere in the office. Go outside if you need a cigarette. 6. Do we *have to / must* wait outside until the security guard arrives with the key? 7. I am in a hurry. I *needn't / mustn't* do it right now.

24. Rewrite the sentences starting with the words given. Use *must, have to, need to, be allowed to*.

1. My job is to welcome guests and answer the phone.
I have to welcome guests and answer the phone.
2. It isn't necessary to bring your laptop – we have one you can use.
You don't _____ – we have one you can use.
3. It is forbidden to take these documents out of the building.
You _____ these documents out of the building.
4. Can I use your password to log in?
Am I _____ to log in?
5. Is it the law to drive on the right or the left in this country?
Do I _____ the left in this country?

➔ Assessment and Critical Thinking

25. Revise the topical vocabulary and be ready to respond to the sample questions for academic discussion.

1. Why do intellectual property rights need special concern today?
2. In what way is the New Economy different from classical economy?
3. What examples of nanotechnological (biotechnological) production in your country can you give?
4. What happens if countries ignore issues related to sustainable development?
5. What does e-commerce mean? Is it a challenging business? Why?
6. How can government contribute to the development of green economy policy?
7. How do you see your personal contribution to the process of environmental protection?

26. Discuss the following situations with a partner and provide your ideas and solutions.

1. You own a small café. You state that your business is a part of “green economy”. Explain why and what you have to do keep up the image.
2. You participate in the sustainable development debate. Your role is to prove that local production is a part of the solution for the New Economy development. Say why.
3. Comment on the quote by Marshal McLuhan, a Canadian philosopher: “There are no passengers on spaceship Earth. We are all crew”. Say in what way you make your native land a better place to live.
4. Say how you understand the concept of the “Green Industrial revolution”. In what ways is it different from the Industrial revolution of the 20th century?
5. You are a CEO of IT business. What are you planning to do to organize a productive working environment in your company?

SHARES AS EQUITY FINANCING



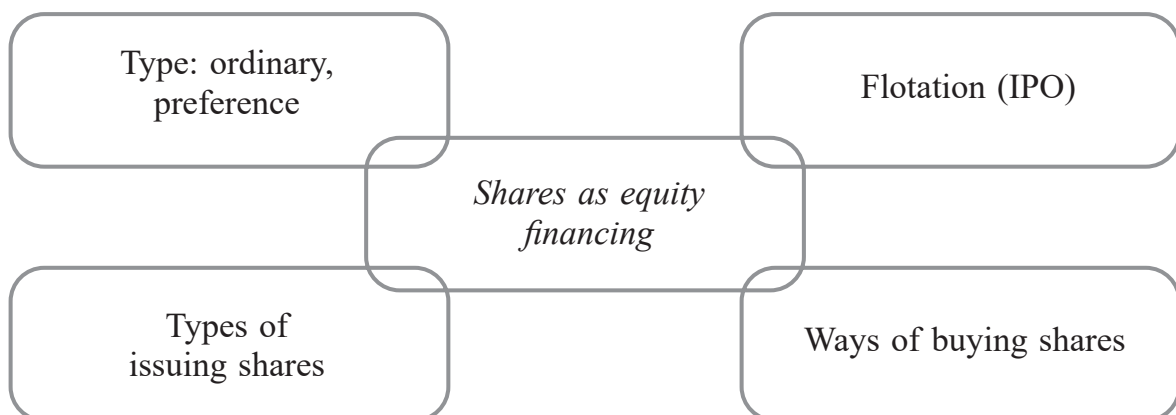
One of the funny things about the stock market is that every time one person buys, another sells, and both think they are astute.

William Feather

Topic for Communication. Considering the types of shares and the ways to acquire them.

Grammar Focus. Tense consolidation: the past simple and the present perfect.

Content Map.



➔ Vocabulary File

Study the list of topical vocabulary and check the pronunciation if necessary. Choose 2–3 words from the vocabulary file to speak about each element of the content map above.

bonus issue	бонусная эмиссия
bonus shares	бонусные акции
dividend <i>n</i>	дивиденд, доля, выплата по акциям
equity <i>n</i>	собственный (акционерный) капитал
~ financing	долевое финансирование, финансирование за счет акций
~ stake	пакет акций
investment	инвестиции
raise money for ~	привлечь деньги для инвестиций
flotation / IPO / initial public offering	первичное размещение ценных бумаг на фондовой бирже
hedging	хеджирование, страхование от потерь
issue	выпуск
scrip ~	бонусная эмиссия
rights / bonus / capitalization ~ (Br)	выпуск новых акций, предлагаемых акционерам компании по льготной цене
renounceable rights issue	акции на передачу права собственности
non- ~	акции без права передачи права собственности
mutual fund	фонд совместного инвестирования
prospectus <i>n</i>	проспект эмиссии (при выпуске акций или облигационного займа; документ с письменным предложением ценных бумаг)
quoted / listed company <i>n</i>	компания, чьи акции котируются на бирже
securities <i>n</i>	ценные бумаги
shares / stocks / stake / equities <i>n</i>	акции
ordinary ~	обычные акции
preference ~	привилегированные акции
stock dividend/stock split (AmE)	выпуск новых акций, предлагаемых акционерам компании по льготной цене
underwrite <i>v</i>	гарантировать размещение (займа, ценных бумаг)
value <i>n</i>	стоимость
par / face / nominal ~	номинальная стоимость
residual ~	остаточная стоимость, стоимость актива за вычетом амортизации

➔ Starting Point

1. Pronounce the words correctly:

'detail	,acqui'sition	de'terminate	i'nitial
'equities	,capitali'zation	re'sidual	o'ccur
'preference	cer'tificate	fi'nance (v)	per'centage
'process	,guaran'tee	,under'write	pros'pectus
'purchase	pre'ferred	invi'tation	ad'ministrative

2. Organize the word combinations related to the Equity Financing in the table that follows.

Bonus shares, flotation/IPO (initial public offering), bonus/scrip issue, ordinary equities, preference equities, rights issue, buying shares of a mutual fund, buying stocks of a quoted/listed company, stock dividend/stock split.

Types of shares	Types of issuing shares	Ways of shares acquisition

3. Answer these questions.

1. What types of shares do you know?
2. Why do companies issue shares?
3. What types of issuing shares do you know?
4. What are the ways of buying shares?
5. Do you have any friends or relatives who invested in shares?

4. A. Before you watch a video on equity financing, be sure you understand following phrases by matching with their definitions:

- | | |
|--|---|
| <ol style="list-style-type: none"> 1) a renounceable rights issue 2) a shareholder 3) assets 4) ordinary shares/
common stocks 5) preference shares/
preferred stocks 6) contributing shares | <ol style="list-style-type: none"> a) an issue of shares offered at a reduced price to people who already have shares in the company b) free offer given to existing shareholders of the company to subscribe for additional shares c) stocks sold on a public exchange; the owner of these shares is not guaranteed a dividend d) shares that have been bought, but for which the company has allowed shareholders to pay only part of the total value e) the items on a balance sheet showing the book value of property owned f) shares of a company's stock with dividends that are paid out to shareholders before common stock dividends are issued |
|--|---|

7) bonus issue

8) rights issue

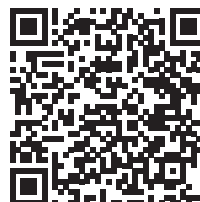
9) a non-renounceable rights issue

g) an offer issued by a corporation to shareholders to buy more shares of the company's stock at a discount. Those shares can be traded

h) the owner of a stock

i) an offer issued by a corporation to shareholders to buy more shares of the company's stock at a discount. Those shares can't be traded

B. While watching the video at https://drive.google.com/file/d/1d0hcU_J9rSWKsm-oZPUYaef_PVUHMFqw/view complete the following statements.



1. The most common types of shares is known as 1) _____.

2. An ordinary share provides the shareholder with the right to receive a share of the company's profits by way of 2) _____.

3. Ordinary shares entitle their owners to vote at a company's 3) _____.

4. Preference shares receive a 4) _____ and are owned by people who have the right to receive part of the company's profits before the holders of 5) _____.

5. 6) _____ an offer of free additional shares to existing shareholders instead of a dividend.

6. 7) _____ is an offer issued by a corporation to shareholders to buy more shares of the company's stock at a discount.

C. Watch the video again and answer the questions.

1. How can you define shares?

2. What type of financing are shares?

3. What types of issuing shares are discussed in the video?

4. How do preference shares differ from ordinary ones?

5. Is it safe to invest in stock markets?

6. What are the pros and cons of investing in stocks?

➔ Reading

Text 1. Types of Shares

5. A. Before reading about equity financing check your understanding of some basic terminology by matching up the following Russian words or word combinations with their English equivalents:

1) гарантировать размещение ценных бумаг

2) привилегированные акции

3) ценные бумаги

a) equity financing

b) residual value

c) secondary market

- | | |
|--|--|
| 4) первичное размещение акций на фондовой бирже | d) ordinary shares/ equities |
| 5) бонусная эмиссия | e) bonus issue |
| 6) вторичный рынок (рынок, на котором перепродаются ценные бумаги после их первичного выпуска) | f) rights issue |
| 7) остаточная стоимость/стоимость актива за вычетом амортизации | g) preference shares |
| 8) выпуск новых акций, предлагаемых акционерам компании по льготной цене | h) securities |
| 9) обычные акции | i) floatation/IPO |
| 10) долевое финансирование, финансирование за счет акций | j) to underwrite the issue of securities |
| 11) номинальная стоимость | k) par/face/nominal value |
| 12) пакет акций | l) an equity stake |
| 13) преобразовать компанию в открытое акционерное общество | m) to go public |
| 14) привлекать средства | n) to raise finance |

B. Read the text and draw a mind-map on the main issues of equity financing by using words highlighted in the text.

Shares are a type of equity financing. Buying a share gives its holders part of the ownership of the company usually of low par/face/nominal value, into which the capital stock of a company is divided. Ownership of shares carries the right to receive a proportion of distributed profits in the form of a dividend.

The most common type of equity is called **common stock (US) or ordinary shares (GB)**. These are shares which generally entitle their owners to vote at a company's Annual General Meeting (GB) or Annual Meeting of Stockholders (US), and to receive a part of the company's residual value if it goes into liquidation after the holders of preference shares have been paid.

Preferred stock (US) or preference shares (GB) receive a fixed dividend and are owned by people who have the right to receive part of the company's profits before the holders of ordinary shares and have their capital repaid if the company has to close.

There are some **types of issuing shares**.

The act of issuing shares for the first time is known as **floatation (GB) or IPO – initial public offering (US)**. An initial public offering (IPO) is the first time that the stock of a private company is offered to the public.

Companies wishing to raise more money for expansion can sometimes issue new shares, which are normally offered first to existing shareholders at less than their market price. This is known as **a rights issue**.

Companies sometimes also choose to capitalize part of their profit, i.e. turn it into capital, by issuing new shares to shareholders instead of paying dividends. This is known as *a bonus issue*. Other names for a bonus issue are *a scrip issue* (short for subscription certificate) and *a capitalization issue* in Great Britain, and in the US – *a stock dividend or stock split*.

There are different *ways of acquiring shares* by shareholders (GB)/stockholders (US). The most direct way is *to buy stocks of a quoted/listed company yourself*. Besides, you can profit by *buying shares of a mutual fund*, which invests in the stocks for you. You can also buy *stocks of a new company before it hits the stock exchange*. However, you usually have to have a lot of money, because these shares are sold in bulk quantities. Once they hit the stock market, their price usually goes up. However, you can't cash in for a certain period of time. By then, the stock price might have gone down below the initial price.

Shareholders can sell their shares on the secondary market. Any transactions on this market occur between investors. The market price of a share – the price quoted on the stock exchange, may differ from its nominal value. Prices on the secondary market are determined by the forces of supply and demand. By investing in shares, the risk of losing a major part of shareholders' capital exists, unless they employ hedging mechanism.

C. Scan the text to answer these questions.

1. How can you define shares?
2. What type of financing are shares?
3. What rights do shareholders have?
4. What types of issuing shares do you know? How do they differ?
5. How do preference shares differ from ordinary shares?
6. Where can potential shareholders buy and sell their shares?
7. Does the price of shares always stay the same?
8. Do shares guarantee their shareholders stable dividends? What do they depend on?

Vocabulary

6. Make phrases from the text by matching an item from each column. Translate them into Russian:

- | | |
|---------------------|--------------------|
| 1) par/face/nominal | a) issue |
| 2) bonus | b) shares/equities |
| 3) subscription | c) dividends |
| 4) ordinary | d) certificate |
| 5) quoted/listed | e) fund |
| 6) fixed | f) companies |

- | | | |
|-------------|--|--------------------|
| 7) hedging | | g) mechanism |
| 8) a mutual | | h) exchange |
| 9) stock | | i) value |
| 10) initial | | j) public offering |

7. Fill in the gaps, using the words/word combinations given in the box.

investment • stock holders
go public • stock exchange • invest

Some companies are publicly owned. The shares of public limited companies are tradable on a (1) _____. Shareholders, or (2) _____ buy the company's shares and become the owners of the company. Other companies are privately owned, and there is no open market for their shares. This can be a problem when they need to raise finance, and for that reason they may choose (3) _____, or to make their shares available on the stock exchange. Shareholders (4) _____ their money in the stock market in the hope that their (5) _____ will pay a good dividend, or, in other words, that they will make a good profit.

8. Fill in the gaps with the appropriate derivatives of the given words in brackets.

1. Securities help the economy by (to make) making it easier for those with money to find those who need (to invest) _____ capital.

2. By making trading easy and available to many investors, securities make markets more efficient. For example, the stock market makes it easy for (to invest) _____ to see which companies are doing well, and which ones are not.

3. Money can (swift) _____ go to those companies that are growing, thus rewarding (to perform) _____ and providing an incentive for further (to grow) _____.

9. Give the term using the the words for reference below:

- a) a type of equity financing;
- b) issuing new shares, which are normally offered first to existing shareholders at less than their market price;
- c) the people who have an equity stake in the company;
- d) the act of issuing shares (gb) or stocks (us) for the first time;
- e) the process through which an individual or institution takes on financial risk for a fee;
- f) a proportion of the annual profits of a limited company, paid to shareholders;
- g) issuing new shares to shareholders instead of paying dividends.

Words for reference: shares, shareholders, rights issue, bonus issue, dividend, IPO (initial public offering), underwriting.

Discussion

10. Discuss with your partner whether the following statements are true or false according to the information in the text.

1. Ownership of ordinary shares carries the right to receive fixed dividends.
2. Common stockholders have priority over preferred shareholders when it comes to dividends.
3. A rights issue is an invitation to existing shareholders to purchase additional new shares in the company at less than their market price.
4. A bonus issue, also known as a scrip issue or a capitalization issue, is an offer of free additional shares to existing shareholders instead of paying dividends.
5. There are no guarantees of profits when you buy stock. If a company doesn't do well or falls out of favor with investors, its stock can fall in price, and investors could lose money.
6. Prices on the secondary market are determined by the underwriting bank rather than the forces of supply and demand.
7. By investing in shares, the risk of losing a major part of shareholders' capital exists, even if they employ hedging mechanism.

Text 2. Flootation

11. A. Before reading about the process of converting a private company into a public company check your understanding of some basic terminology by matching up the Russian word combinations with their English equivalents:

- | | |
|---|---|
| 1) продажа, сбыт, реализация (ценных бумаг) | a) stock market/stock exchange |
| 2) взysкивать плату за что-либо | b) to raise capital |
| 3) финансовый отчет | c) flotation |
| 4) сократить потери | d) to float shares |
| 5) фондовая биржа | e) financial statement |
| 6) гарант размещения ценных бумаг | f) application form |
| 7) бланк заявки на приобретение акций | g) underwriter |
| 8) привлекать капитал | h) to charge a fee (for smth.) |
| 9) предложение с недостаточной подпиской на акции | i) original application |
| 10) предложение с избыточной подпиской на акции | j) oversubscribed (issue) |
| 11) первичная заявка/первоначальная заявка | k) undersubscribed (offer) |
| 12) компания, акции которой котируются на ведущих фондовых биржах | l) offload (securities) |
| 13) размещение на рынке (ценных бумаг) | m) to cut losses |
| 14) выпускать акции | n) a quoted company (BrE)/ listed company (AmE) with shares quoted at leading stock exchanges |

B. While reading the text put down the basic components of flotation.

Floatation, also known as “going public”, or IPO (initial public offering) is the process of converting a private company (Ltd) into a public company (plc) by issuing shares available for the public to purchase. In the result of this process which is usually underwritten by a merchant (BrE) bank/investment (AmE) bank a private company becomes a quoted (BrE)/listed (AmE) company which makes it easier to raise capital on the stock exchange.

A merchant/an investment bank leads the process of becoming public and provides advice on **the administrative aspects of the floatation**. The key role of the bank will be *to advise on the price* at which shares are to be offered for sale. Once an offer price has been decided, *a glossy prospectus* will be produced to aid the sale of the firm’s shares. The prospectus will promote shares for general public and it includes details of:

- what the firm plans to do with the money it is trying to raise;
- a fully audited financial statement of the firm’s current financial position and history;
- details of where the shares being offered to the market are coming from – they may be newly created shares or alternatively shares that are owned by existing shareholders;
- an application form, to be filled out by anyone wishing to purchase shares.

Those applying will fill out the application form, stating how many shares they wish to purchase and send off a check to cover the cost of those shares.

On the day of floatation, the results of the application process will be announced. The company will declare how many of the shares have been sold, with any unsold shares being purchased by the investment bank which performs *the function of the underwriter*. The underwriter will charge a fee, which is often set as a percentage of the sum the company hopes to raise by floating. In return, the underwriter will guarantee to buy any shares that are unsold from the original application process.

If the issue of shares has been **oversubscribed** (a situation where the applications received outstrip the number of shares available), shares will be allocated *in direct proportion* to the number applied for. Immediately the results of the issue have been publicized, trading in shares is likely to start on the market. The original issue price will be the starting price, but this may change dramatically within minutes, particularly if the share issue was under or oversubscribed. An oversubscribed issue will mean that the price will rise quickly, whilst an **undersubscribed** offer will see investors looking to offload their overpriced shares in an attempt to cut their losses.

The investment bank will continue to work with the company as an advisor and help it try to increase its share price over time.

C. Work in pairs and answer these questions. The words in bold and italics can help you to catch the main points discussed in the text.

1. Why do companies appoint financial advisors when they decide to float on the market?
2. What are the key roles of a financial advisor?
3. What is a prospectus? What information does it include?
4. What is the underwriter's responsibility if shares are not sold out in the process of flotation?
5. How does the situation with undersubscribed (oversubscribed) offer influence the price of shares?
6. Why is an undersubscribed IPO typically a negative signal?

Vocabulary

12. Match the words/word combinations with their definitions:

- | | |
|--|--|
| 1) stock market/stock exchange | a) a company whose shares are traded on the stock market |
| 2) flotation | b) an issue of securities where demand exceeds the available supply |
| 3) prospectus | c) a report provided by a company for its shareholders and investors that shows details of its financial situation, and includes documents such as the profit and loss account and balance sheet |
| 4) a financial statement | d) a legal document offering a company's shares for sale, and giving details about the company and its activities |
| 5) cost price | e) the price at which a market-maker or institution is prepared to sell securities or other assets |
| 6) an underwriter | f) any party that evaluates and assumes another party's risk for a fee |
| 7) a fee | g) an issue of securities where demand does not meet the available supply |
| 8) an oversubscribed issue of securities | h) the process by which a private company can go public by sale of its stocks to general public |
| 9) overpriced shares | i) securities that trade higher than their fair market value, i. e. the value that the company's fundamentals, such as earnings or revenues justify |
| 10) an undersubscribed issue of securities | j) an amount of money paid for a particular piece of work or for a particular right or service |

- | | |
|---|---|
| 11) a quoted company
(BrE)/listed company
(AmE) | k) a place where shares of public listed companies are traded |
| 12) offer price | l) the amount of money that was needed to make or get something: at an amount that yields no profit |

13. Fill in the gaps with the appropriate derivatives of the given words in brackets.

1. IPO is the process of converting a private company into a public company by (issue) _____ shares available for the public to purchase.
2. In the result of (float) _____ a private company becomes a quoted/listed company which makes it easier to raise capital on the stock exchange.
3. A merchant bank leads the process of becoming public and provides advice on the (administration) _____ aspects of the floatation.
4. Shareholders fill out the (apply) _____ form, stating how many shares they wish to purchase and send off a check to cover the cost of those shares.
5. The investment bank will continue to work with the company as an (advise) _____ and help it try to increase its share price over time.

Discussion

14. Discuss with your partner whether the following statements are true or false according to the information in the text.

1. A public limited company is the type of business entity whose shares cannot be traded on the stock exchange.
2. An application form states how many shares shareholders wish to sell.
3. The original issue price will be the closing price, but this may change dramatically within minutes, particularly if the share issue was under or oversubscribed.
4. An oversubscribed issue means that the price will skyrocket, while an undersubscribed offer will see investors looking to offload their overpriced shares in an attempt to cut their losses.
5. On the day of flotation the company will declare how many of the shares have been bought.
6. Unsold shares are purchased by the underwriter.
7. Each new share issue will be underwritten, if no one else wants it, usually by the shareholders offering advice to the company floating.
8. A merchant bank leads the process of becoming public and provides advice on the administrative aspects of the flotation.

➔ Grammar Workshop

Tense Consolidation: The Past Simple and the Present Perfect

1. We use the Past Simple to talk about a finished action at a definite time in the past.

Active Voice

○ *Positive Form (V2): The markets **raised** their prices at the beginning of the previous year.*

○ *Negative Form (did + V1): The markets **did not raise** their prices at the beginning of the previous year.*

○ *Interrogative form (did + V1): **Did** the markets **raise** their prices at the beginning of the previous year?*

Passive Voice: (was/were + V3)

○ *Positive Form: Prices **were raised** at the beginning of the previous year.*

○ *Negative Form: Prices **were not raised** at the beginning of the previous year.*

○ *Interrogative form: **Were** prices **raised** at the beginning of the previous year?*

2. We use the present perfect to connect the present to the past. One of its main uses is to show the relevance of a past even in the present.

Active Voice: (have/has + V3)

○ *Positive Form: The markets **have increased** in profits this year.*

○ *Negative Form: The markets **have not increased** in profits at all this year.*

○ *Interrogative form: **Have** the markets **increased** in profits this year?*

Passive Voice: (have/has + been + V3)

○ *Positive Form: Profits **have been increased** this year.*

○ *Negative Form: Profits **have not been increased** at all this year.*

○ *Interrogative form: **Have** profits **been increased** this year?*

15. Complete the following paragraphs by choosing the correct form of the verb in brackets. Use either the past simple or the present perfect.

On Monday Diano S.p.A. (report) increased profits for the year. Exports (climb) by 20 % last year but domestic sales (fall) by 5 %. Two months ago, the company (set up) new sales offices in France and Singapore. On the Milan Stock Exchange yesterday the company's share price (rise) by 300 lire. The company will declare how many of the shares (sell), with any unsold shares being purchased by the underwriter.

Last year our company (report) a small increase in profits. This year we (see) continued improvement and our turnover (rise) by 15 %. This is very good news in a difficult world market. In fact, internationally, the market (fall). Naturally, our costs (go up) and so the rise in profits is not so great. It is true that our domestic performance (be helped) by the collapse of our competitor, Capra & Pecora, which (go out of business) in January.

16. JBM is a financial service company. Here is an extract from the speech Managing Director made to shareholders at the AGM. Use the present perfect either active or passive.

“For our sector, recent times (be difficult). However, it is clear that we are not alone. The world economy (suffer) a downturn and all sectors of industry (experience) difficulties. But, this year we already (see) signs of improvement: I am sure you know that especially in Asia there (be) increased growth and this will benefit us greatly. Also, turning to insurance, we (involve) in the insurance market for only relatively short time, but it is good to see that this sector (grow) rapidly since 2021.”

Assessment and Critical Thinking

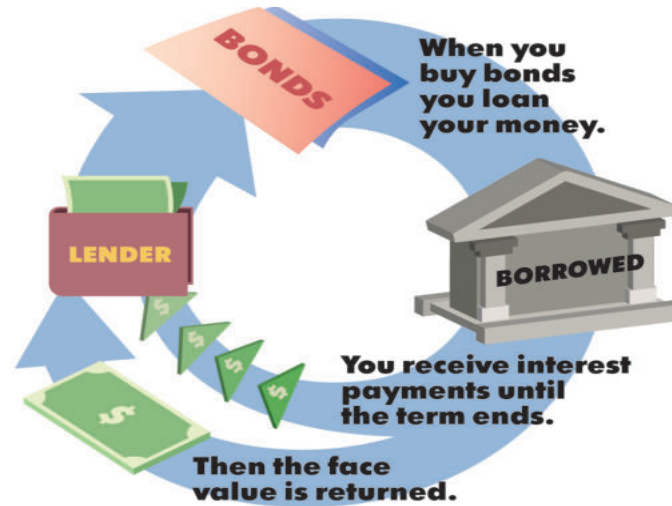
17. Revise the topical vocabulary and be ready to respond to the sample questions for academic discussion.

1. How can you define shares? What type of financing are shares?
2. What factors in your opinion might influence share prices?
3. How can you make money from a falling stock market (when prices are going down?)
4. Why might it be difficult to predict share prices fluctuations?
5. Investors tend to classify the stocks and shares available in the equity markets in different categories. What types of stocks are likely to pay more dividend in your opinion?

18. Discuss the following situations with a partner and provide your ideas and solutions.

1. You have some spare money to invest in the stock market. What economic and non-economic factors will you consider while making an investment in securities? Think of a question you would like to ask a financial adviser.
2. You are to make a report on Understanding Stock Market Investment Risks. List the risks that shareholders may face up with (consider both production risks and macroeconomic factors). Give advice how to hedge investments.

BONDS AS DEBT FINANCING



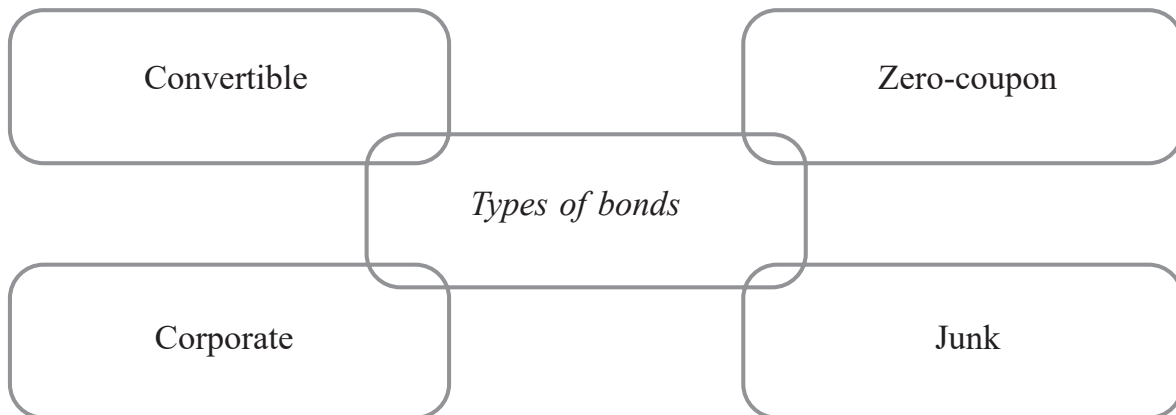
Buy stocks when you want to eat well,
and buy bonds when you want to sleep well.

Nikhilesh Kiran Yeluri

Topic for Communication. Considering bonds as a safe investment and advantages of investing in government and corporate bonds.

Grammar Focus. Modal verbs review: can, could, may, might.

Content Map.



➔ Vocabulary File

Study the list of topical vocabulary and check the pronunciation if necessary. Choose 2–3 words from the vocabulary file to speak about each element of the content map above.

an agreed-upon price	договорная цена
bid <i>n</i>	предложение цены, предлагаемая цена
to quote ~	назначать цену
bet <i>n</i>	ставка, пари
bond <i>n</i>	облигация промышленного предприятия, долговая расписка
bearer ~	облигация на предъявителя
inflation-indexed ~	облигация, индексируемая на инфляцию
~ yield	доходность облигации
convertible ~	конвертируемые облигации, которые могут быть обменены на акции
corporate ~	корпоративная облигация
~ issue date	дата эмиссии (выпуска облигации)
junk ~	бросовая облигация
government ~	государственная облигация
zero-coupon ~	облигация с нулевым купоном
to redeem ~	компенсировать, погашать облигацию
coupon <i>n</i>	номинальный процентный доход по облигации
~ rate	гарантированная процентная ставка на облигацию
“to clip ~”	«стричь купоны»
brokerage company	брокерская компания
debt financing	долговое финансирование, финансирование за счет облигаций
debt security	долговая ценная бумага
face value (<i>syn.</i> par value)	номинальная стоимость
institutional investor	институциональный инвестор, учреждение-вкладчик
insurance company	страховая компания
investment grade	инвестиционный уровень
hedge <i>v</i>	страховать от потерь
gilt-edged stock/gilts	государственные ценные бумаги
liquid <i>adj</i>	ликвидный
maturity	срок погашения платежа
bond ~ date	дата погашения облигации
~ value	стоимость погашения (облигации)
yield to ~	доход, получаемый до срока погашения (облигации)
principal <i>n</i>	сумма долга по облигациям, на которую начисляется процент
return on ~	доход на сумму долга
return of ~	возврат основного долга

probability	вероятность
recovery amount	сумма страхового возмещения
securities <i>n</i>	ценные бумаги
high yielding ~	ценные бумаги с высоким доходом
high-risk~	ценные бумаги высокой степени риска
stock (<i>syn.</i> equity)	акционерный капитал
~ market	фондовая биржа

➔ Starting Point

1. Pronounce the words correctly:

'access	'bankruptcy	ex'cess	con'vertible
'corporate	'revenue	ma'turity	de'terminate
'coupon	'surplus	'sovereign	mu'nicipal
'liquid	'volatile	vola'tility	re'ceipt

2. Group the word combinations related to the debt financing in the table that follows.

Issue date, fixed maturity date, maturity value, coupon rate, investor protection, fixed returns, yield to maturity, less volatile, tax-deductible interest, safe investments, liquid, return on principal, legal protection, periodic interest payments, regular income, inflation risk, bond yield, exchange rate risk, bankruptcy, reinvestment risk, return of principal, regular interest payments.

Features of bonds	Advantages of investing in bonds	Risks of bondholders

3. Answer these questions.

1. Have you ever invested in bonds?
2. What types of bonds do you know?
3. What are the main features of bonds?
4. Why do companies issue bonds instead of stocks?
5. What are the benefits and risks of investing in bonds?

▶ 4. A. Before you watch a video on debt financing, be sure you understand following phrases by matching with the Russian equivalents:

1) face value	a) номинальная стоимость
2) maturity date	b) заем, ссуда
3) a loan	c) срок погашения платежа
4) a coupon	d) долговая расписка

- | | |
|--------------------|---|
| 5) IOU (I owe you) | e) номинальный процентный доход по облигации |
| 6) creditworthy | f) эмитент (компания, осуществляющая выпуск ценных бумаг) |
| 7) an issuer | g) кредитоспособный |

B. While watching the video at <https://drive.google.com/file/d/1zuJ2UxZYmmLrY6wturaRmRRshKxn-gCu/view> complete the following statements.



- When companies want to 1) _____ they 2) _____.
- When you 3) _____ in a bond, you are lending your money to a 4) _____.
- Bondholders get regular interest payments, known as 5) _____.
- Investors can either hold onto the bond until the end of its life and get their money back on 6) _____.
- Prices on the open market are driven up or down by 7) _____.
- Bonds are sometimes are considered lower risk than 8) _____, but they are not risk-free.
- Bond credit ratings from agencies can help investors to decide which issuers are 9) _____.
- Bond issuers with a higher rate profile usually pay 10) _____.
- You can 11) _____ your risk by investing through a bond fund.
- Whichever route you decide to take, make sure you take 12) _____ so you make the decision that's right for you.

C. Watch the video again and answer the questions.

- What type of financing are bonds?
- Why is a bond called a fixed-income investment?
- What are the benefits of investing in bonds?
- How does bond investing work?
- What factors affect bond prices?
- What helps investors to decide which issuers are creditworthy?

➔ Reading

Text 1. Bonds

5. A. Before reading about debt financing check your understanding of some basic terminology by matching up the following Russian words or word combinations with their English equivalents:

- | | |
|--------------------------------|---------------------|
| 1) срок погашения ценных бумаг | a) tax revenue |
| 2) инвестиционный класс | b) gilt-edged stock |
| 3) налоговые поступления | c) investment grade |

4) первоклассная гарантированная ценная бумага (облигация, выпущенная британским правительством)	d) principal
5) доходность облигации	e) maturity date
6) не облагаемый налогом	f) Treasury notes
7) среднесрочные казначейские облигации	g) debt financing
8) долгосрочные казначейские облигации	h) tax deductible
9) сумма долга по облигациям, на которую начисляется процент	i) bond yield
10) доход, получаемый до срока погашения (облигации)	j) yield to maturity
11) стоимость погашения (облигации)	k) maturity value
12) долговое финансирование, финансирование за счет облигаций	l) Treasury bonds

B. Read the text and draw a mind-map on the main issues of debt financing by using words highlighted in the text.

A bond is loan from an investor to a borrower such as a company or government. The borrower uses the money to fund its operations, and the investor receives interest on the investment. The market value of a bond can change over time. If companies need more money to expand their operations, they can either issue new shares – selling them to existing shareholders or on the stock market (equity financing) – or borrow money (debt financing), usually by issuing bonds. Although bonds may not necessarily provide the biggest returns, they are considered a reliable investment tool. That’s because they are known to provide regular income. But they are also considered to be a stable and sound way to invest your money. Most bonds have **five features** when they are issued: *issue date, fixed maturity date, maturity value, coupon and yield to maturity*.

One can distinguish between corporate bonds and government bonds. Bonds issued by companies are called **corporate bonds**. Companies generally use an investment bank to issue their bonds, and to find buyers, which are often institutional investors like insurance companies, mutual funds and pension funds.

There are different types of corporate bonds.

Inflation-indexed bonds (also known as inflation-linked bonds) are bonds where the principal is indexed to inflation. They are thus designed to cut out the inflation risk of an investment.

Zero-coupon bonds are bonds bought at a price lower than its face value, with the face value repaid at the time of maturity.

Convertible bonds are bonds that the holder can convert into shares of common stock in the issuing company or cash of equal value, at an agreed-upon price.

Junk bonds are high risk, high yield bonds. Junk bonds offer a high rate of interest because they carry a higher than usual probability of default.

If tax revenue is insufficient, governments also issue **government bonds** to raise money, and these are considered to be a risk-free investment. In the US there are *Treasury notes* (with a maturity of two to ten years) and *Treasury bonds* (with a maturity of ten to 30 years), while in Britain government bonds are known as *gilt-edged stock or just gilts*.

Bondholders get their original investment or “principal” on a fixed maturity date, and receive interest payments called the “coupon” at regular intervals (six months or annually) until then. Most bonds have fixed interest rates.

There are some **advantages of investing in bonds**.

The advantages of owning bonds for investors are as follows.

1. Bonds are a debt security under which the *issuer is obliged to pay interest rate (the coupon) and or repay the principal on the maturity date.*

2. The volatility of bonds is lower than that of equities (stocks). *Thus, bonds are safer investments than stocks.*

3. *Bonds are liquid* – it is often fairly easy for an institution to sell a large quantity of bonds without affecting the price much.

4. Bondholders also enjoy a measure of *legal protection*: under the law of most countries, if a company goes bankrupt, its bondholders will often receive some money back (the recovery amount).

For companies, the advantages of debt financing are that *bond interest is tax deductible*: companies deduct their interest payments from their profits before paying tax, while dividends paid to shareholders come from already-taxed profits. But debt increases a company’s financial risk: bond interest has to be paid even in a year without any profits to deduct it from, and the principal has to be repaid when the debt matures, whereas companies are not obliged to pay dividends or repay share capital.

Bond-issuing companies are rated by private ratings companies such as Moody’s and Standard & Poor’s, and given an “**investment grade**” according to their financial situation and performance, AAA being the best, and C the worst, i. e., nearly bankrupt. Obviously, the higher the rating, the lower the interest rate at which a company can borrow. If the ratings of bonds are very low, they are known as junk bonds – both high yielding and high-risk securities. Despite their risk, investors buy junk bonds because they offer a higher interest rate.

C. Scan the text to answer these questions.

1. What type of financing are bonds? Explain what this type of financing means.
2. What types of bond issuing do you know? How do they differ?
3. What is the difference between corporate and government bonds?
4. What types of government bonds are mentioned in the text? How do they differ?
5. How do junk bonds differ from all the other types of corporate bonds?
6. What is the principal? When is it supposed to be redeemed?
7. What is a coupon?
8. By whom are bond-issuing companies rated?

Vocabulary

6. Match the words/word combinations with their definitions:

- | | |
|---------------------|--|
| 1) coupon | a) the amount of capital making up a loan |
| 2) credit rating | b) an estimation of a borrower's solvency or ability to pay debts |
| 3) gilt-edged stock | c) bonds issued by the British government |
| 4) default | d) non-payment of interest or a loan at the scheduled time |
| 5) insolvent | e) the day when a bond has to be repaid |
| 6) maturity date | f) long-term bonds issued by the American government |
| 7) principal | g) the amount of interest when a bond pays |
| 8) treasury bonds | h) medium-term (2–10 years) bonds issued by the American government |
| 9) treasury notes | i) the rate of income an investor receives from a security |
| 10) yield | j) unable to pay debts |
| 11) stock/equity | k) a security that represents the ownership of a fraction of a company |

7. Choose the correct variant.

- To have or own a share in a company is to have a _____.
a) mortgage b) bond c) stock
- A certificate of a loan to the government or a corporation that is repaid with interest or a sum at a future time is a _____.
a) mortgage b) bond c) stock
- Instruments such as stocks, bonds, mortgages giving to their legal holders' rights to money or other property are _____.
a) securities b) stock exchanges c) commodities
- Profits of a firm that are distributed or given out to its investors are called _____.
a) mortgages b) bonds c) dividends
- A type of stock in which the stockholders get dividends based on the remainder of the profits after preferred stockholders have been paid their dividends is _____.
a) stock exchange b) common stock c) bond
- An investment company that continually offers new shares and buys existing shares back at the request of the shareholder and uses its capital to invest in diversified securities of other companies is a _____.
a) stock exchange b) mortgage company c) mutual fund

7. To commit money or capital in order to gain a financial return – to put one's money into a business or project to make more money is to ____.
- a) borrow b) invest c) bankrupt
8. Which is the safest for investor?
- a) a corporate bond b) a junk bond c) a government bond
9. Which is the cheapest for a company to invest money?
- a) a bank loan b) an ordinary bond c) a convertible bond
10. Which gives the highest potential to investor?
- a) a corporate bond b) a junk bond c) a government bond

8. Give the term using the words for reference below:

- a) part ownership of the company in the form of stocks and shares;
- b) high risk, high yield bonds;
- c) funds operated by investment companies that invest people's money in various assets;
- d) the length of time for which a bond is issued (until it is repaid);
- e) the amount of interest that a bond pays;
- f) unable to pay debts;
- g) people or institutions to whom money is owed;
- h) payments by companies to their shareholders;
- i) a sum of money invested, on which interest is paid;
- j) financial assets that have value and can be bought, sold, or traded (e.g., stocks, bonds, mutual funds and shares).

Words for reference: securities, dividends, creditors/lenders, principal, coupon, maturity, junk bonds, bankrupt, mutual funds, equity.

9. Use the following words: shares (3), shareholders (2), bondholders (2), bonds (4) to complete the sentences below. More than one answer is possible.

1. ___ are a type of equity financing.
2. ___ have an equity stake in the company (i. e., they are owners).
3. ___ have a creditor stake in the company (i. e., they are lenders).
4. ___ are a type of debt financing.
5. ___ usually have a defined term, or maturity, after which they are redeemed (are paid back).
6. ___ get dividends which depend on the company's revenues.
7. ___ get fixed interest which is called a coupon.
8. ___ have much greater potential to increase in value but they are also more subject to market fluctuations.
9. ___ are bought and traded mostly by institutions like central banks, sovereign wealth funds, pension funds, insurance companies and banks.

10. ___ are mostly bought at the stock exchange.
11. ___ are issued by governments when public spending exceeds receipts from income tax, VAT, and so on (open market operations).

Discussion

10. Discuss with your partner whether the following statements are true or false according to the information in the text.

1. Companies regularly finance their activities by issuing bonds.
2. Bondholders get their money back if a company goes bankrupt.
3. Bond coupons are generally lower than share dividends.
4. For profitable companies, there are tax advantages to issuing stocks or shares rather than bonds.
5. The owners of convertibles have to change them into shares.
6. Junk bonds have a high credit rating, and a relatively low change of default.
7. Bondholders are guaranteed to get all their money back if a company goes bankrupt.
8. Some bonds do not pay interest, but are repaid at above their selling price.
9. AAA bonds are very safe investment.
10. Bonds are repaid at 100 % when they mature, unless the borrower is insolvent.

Text 2. Importance of Financial Markets for a Healthy Economy

11. A. Before reading about the importance of financial markets for economic welfare check your understanding of some basic terminology by matching up the Russian word combinations with their English equivalents:

- | | |
|--|---|
| <ol style="list-style-type: none"> 1) денежная масса, денежное обращение, валюта 2) резервная валюта 3) сбережения 4) увеличивать капитал 5) обеспечить ликвидность 6) рынок иностранной валюты 7) способствовать чему-либо 8) активы 9) иностранная валюта 10) ценные бумаги 11) обменивать 12) рынок производных финансовых инструментов | <ol style="list-style-type: none"> a) assets b) foreign exchange c) securities d) to raise capital e) to provide liquidity f) swap (for) g) foreign exchange market h) currency i) reserve currency j) savings k) facilitate l) derivative market |
|--|---|

B. While reading the text put down the basic components of financial markets, their main functions and importance.

The financial market refers to any marketplace where *the trading of securities* occurs. It plays an important role in facilitating the smooth operation of economies by allocating resources and creating liquidity for businesses and entrepreneurs. The markets make it easy for buyers and sellers to trade their financial assets. They create securities that provide a return for those who have excess funds (*investors/lenders*) and make these funds available to those who need additional money (*borrowers*).

Financial markets are made by buying and selling numerous types of financial instruments including shares, bonds, currencies, cryptocurrencies, forex markets, to name a few. They rely on informational transparency to ensure that the markets set prices that are efficient and appropriate. Financial transactions can be made between the parties over the phone or the internet.

Types of financial markets.

Stock market. This is the market where shares of the company are listed and traded after their IPO.

Bond market. This market allows companies and the government to raise money for a project or investment. Investors buy bonds from a company, which later returns the amount of bond with agreed interest.

Foreign exchange market. The forex (foreign exchange) market is the market in which participants can buy, sell, hedge, and speculate on the exchange rates between currency pairs. The forex market is the most liquid market in the world, as cash is the most liquid of assets. The forex market is made up of banks, commercial companies, central banks, investment management firms, hedge funds, and retail forex brokers and investors.

Cryptocurrency markets. The past several years have seen the introduction and rise of cryptocurrencies such as Bitcoin, decentralized digital assets that are based on blockchain technology. Today, thousands of cryptocurrency tokens are available and trade globally across a patchwork of independent online crypto exchanges. These exchanges host digital wallets for traders to swap one cryptocurrency for another, or for fiat monies such as dollars or euros.

The main *participants in financial markets.*

Firms use stock and bond markets to raise capital from investors; *speculators* look to various asset classes to make directional bets on future prices; *hedgers* use derivative markets to mitigate various risks, *brokers* often act as mediators that bring buyers and sellers together, earning a commission or fee for their services, *banks* may invest in mutual funds as a part of their fund management.

Here are some important *functions of financial markets.*

1. *They help put idle money to good use.* Without the financial markets, investors' funds would remain idle. The markets help mobilize funds and allow investors to earn returns in the process.

2. *They ensure fair pricing of financial assets.* Unregulated buying and selling of financial assets could drive prices irrationally high or send them plummeting. Thankfully, market forces ensure that the securities are priced more fairly.

3. *They give businesses easier access to capital.* Companies and businesses that list their securities in the markets find it an easier and more efficient way to raise the capital they need for their business operations or expansion.

4. *They make financial assets more liquid.* The financial markets also insure that securities and financial assets are generally liquid. Otherwise, investors would find it harder to convert their assets to cash.

The importance of financial markets.

A good financial market helps in the creation of wealth. It provides savings and investment that meet the short-term and long-term financial needs of both the household and corporate sector through efficient mobilization and allocation of surplus. Financial markets *help to allocate capital efficiently*. Moreover, they help *to reduce unemployment* as these markets create massive job opportunities. A sound economy can exist only when there is a well-developed financial market.

C. Work in pairs and answer these questions. The words in bold and italics can help you to catch the main points discussed in the text.

1. What are the main types of financial markets?
2. How can financial markets affect economic performance?
3. What are the main functions of financial markets?
4. Who are the main participants in financial markets?
5. What is the importance of financial markets in an economy?

Vocabulary

12. Match the words and word combinations with their definitions:

- | | |
|---------------------|---|
| 1) liquid assets | a) a sum of money that is expected to be paid back with interest |
| 2) loan | b) financial instrument that has monetary value and can be traded |
| 3) securities | c) the price of one currency in terms of another currency |
| 4) exchange rate | d) money set aside for future use and not spent immediately |
| 5) reserve currency | e) the amount charged by a lender of money or credit to a borrower |
| 6) savings | f) assets that can be quickly and easily converted to cash |
| 7) transaction | g) an agreement between a buyer and a seller to exchange goods, services, or financial assets |

- | | |
|------------------|--|
| 8) interest rate | h) a large amount of currency held by central banks and major financial institutions to use for international transactions |
| 9) bet | i) an amount of money that you risk on the result of an event or a competition |
| 10) hedging | j) a financial strategy used by investors to protect their investment portfolios from the risk |

13. Fill in the gaps with the appropriate derivatives of the given words in brackets.

1. Capital markets provide (liquid) liquidity to securities.
2. A good financial market helps in the (create) _____ of wealth.
3. Financial markets provide link between (save) _____ and (invest) _____ that meet the short-term and long-term financial needs.
4. Investors buy bonds from a company, which later returns the amount of bond with (agree) _____ interest.
5. Currency speculators buy and sell currencies to profit from (fluctuate) _____ in the value of those currencies.
6. The past several years have seen the (introduce) _____ and rise of cryptocurrencies.
7. The forex market is made up of banks, commercial companies, central banks, investment (manage) _____ firms, hedge funds, and retail forex brokers and investors.

 **Grammar Workshop**

Modal Verbs Review: Can, Could, May, Might

-
1. We use **may** and **might** to talk about **possibility** and **permission**.
- Present possibility:**
- e.g. I think the meeting **may/might** be over now. (**may** expresses stronger possibility than **might**).
- Future possibility to predict future events, which we are not certain about.**
- e.g. If we relocate, we **may/might** still manage to reduce overheads.
- In requests for permission:**
- e.g. **May/might** I just interrupt here? Yes, you may.
- In permission or prohibition, we use may rather than might**
- e.g. Confidential documents **may** not be photocopied without prior approval.
2. We use **can** and **could** to talk about ability, possibility, permission. **Can** expresses stronger possibility than **could**.
- e.g. We **can** start legal proceedings against ABC, if you wish. (**ability**)
- A large range of options **can/could** be identified for this company's future. (**possibility**)
-

.....
: **Note:** :

: ○ As **can of possibility** has the same meaning as **may of possibility**, we can use :

: **may** to avoid any possible ambiguity. :

: e.g. They **can** deliver on time (They are able to) :

: They **may** deliver on time (It is possible that they will) :

: ○ **Can and may** can both be used to ask for **permission**. :

: In reality, **can** likely has more use in the “**permission**” sense as it is more informal :

: and so shows up in speech more frequently than **may** does. **May** is the more formal word. :

.....
14. Rewrite the underlined parts of the following sentences to form new ones, which include *may* or *might* and a negative form if necessary. Retain the original meaning.

1. It is possible that stock levels will rise in the final quarter of the year.

2. I don't know if we have any SuperFix in stock.

3. We are considering changing to a just-in-time method of procurement.

4. It is possible that we will need to increase the quantity we hold in stock but there is a slight possibility that our present suppliers will not be able to meet our needs.

5. If the quality is not good enough it is possible that we will change our suppliers.

6. Is it okay if I check stock levels today instead of tomorrow?

7. If you check stock levels today instead of tomorrow there is a slight possibility that you will get inaccurate information for the month.

8. It is possible that we are already using that supplier.

15. Below are six questions and answers. Complete the answers using *may* or *might*. Use a negative form if appropriate.

1. Do you think this is a high-risk product?

2. Yes, it _____ damage our reputation.

3. Why do you think we need to explain the project to the press?

4. If we don't, the public misunderstand our intentions.

5. What are we going to do?

6. We'll have an open day when everyone _____ visit the factory.

7. Why do you want to explain everything about the product?

8. If we don't, we _____ get the support we want.

9. Did you tell the press they were not invited?

10. No, I said they _____ come.

11. Do you think the newspapers will write about this problem?

12. I don't know. They _____ or they _____.

16. Read the passage. Then put each example of can or could (numbered 1–7) into the correct column in the table below, depending on its use.

During the first three years of the project the Board agreed we *could* (1) increase investment in the TT5 each year by 5 %. Now we are told that we *can* (2) increase investment by only 3 %. But we need to recruit more people. Without increased technical support we *cannot* (3) compete with our rivals who, with better resources, *could* (4) find solutions within one or two years. With more support we *could* (5) have produced a prototype last year. The board say we *can* (6) do this within six months – which is very optimistic. My view is that it *could* (7) take four years.

Ability past present future	Possibility present future	Permissions past present

 **Assessment and Critical Thinking**

17. Revise the topical vocabulary and be ready to respond to the sample questions for academic discussion.

1. How does bond investing work? Why do some investors prefer buying bonds?
2. What is the difference between stocks and bonds?
3. How do you evaluate predictions of private ratings companies? Are they always realistic?
4. What particular skills and abilities do you think an asset manager needs? Do you think you have them? Would you like to do this job?
5. What are the advantages and disadvantages of bonds for companies that issue them?
6. What economic situation is the most suitable to invest in bonds?

18. Discuss the following situations with a partner and provide your ideas and solutions.

1. You are a financial advisor. Talk to your client about potential risks of investing only in bonds. Dwell on interest rate risk, reinvestment risk, default risk, inflation risk.
2. Your friend does not have background knowledge in security investments. Give him/her advice on the type of shares and bonds to make safe investment. Explain why investing in funds is the best choice for beginners.
3. You have some savings to invest in securities. What economic and non-economic factors will you consider while making your investment? What questions will you ask an investment expert?

Unit 6

VENTURE CAPITAL FINANCING

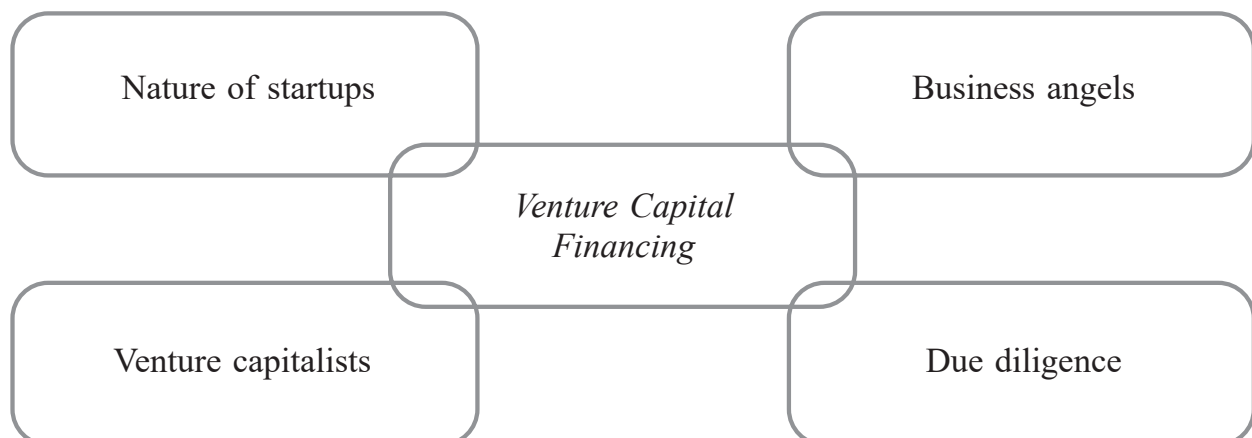


The biggest risk of all is not taking one.
Melody Hobson

Topic for Communication. Defining startups and explaining the reasons for their success; considering the essence of venture capital; analyzing the pros and cons of venture capital and business angel financing.

Grammar Focus. Modal verbs review: should, must, ought to, have to.

Content Map.



➔ Vocabulary File

Study the list of topical vocabulary and check the pronunciation if necessary. Choose 2–3 words from the vocabulary file to speak about each element of the content map above.

angel investor (<i>syn.</i> business angel)	«бизнес-ангел», инвестор, готовый вкладывать средства в компанию на начальном этапе ее функционирования
back <i>v</i>	поддерживать (финансово)
business proposition	коммерческое предложение
cash injection (<i>syn.</i> cash infusion)	вливание капитала
due diligence	прединвестиционный аудит
emerging company	развивающаяся, начинающая компания
exit plan	план вывода инвестиций
feasibility <i>n</i>	осуществимость, целесообразность
economic ~	экономическая целесообразность
financial ~	финансовая осуществимость
founding team	команда учредителей компании
institutional investor	институциональный инвестор; юридическое лицо, активно инвестирующее в акции и другие финансовые активы (страховые компании, пенсионные и паевые фонды, корпорации)
return on investment (ROI)	рентабельность инвестиций, окупаемость вложений
scalable <i>adj</i>	масштабируемый, имеющий потенциальный рост
~ business model	модель построения компании, имеющая возможности потенциального роста
seed money (<i>syn.</i> seed investment)	капитал, вложенный на самой ранней стадии проекта
stake <i>n</i>	доля участия в капитале
startup <i>n</i>	компания с короткой историей операционной деятельности, молодая компания
track record	прежние достижения (компании), результаты работы компании
venture capital	капитал, вложенный в новое предприятие, связанное с риском
viable <i>adj</i>	жизнеспособный, конкурентноспособный
economically ~	жизнеспособный в конкретных экономических условиях

➔ Starting Point

1. Pronounce the international words correctly:

'contacts	a'ssociate	ˌin.sti'tu.ti.ə.nəl	'op.ti.məl
'cont.ract	inno'vation	po'ten.ti.əl	per'spec.tive
'gene.rate	in'vestor	pro'jec.ti.ən	va'ri.ety

2. Organise the word combinations related to the topic Venture Capital Financing in the table below. Work with a partner and compare your answers.

A scalable business model, emerging companies, high growth potential, an ownership stake, to earn significant returns, experienced business executives, to get guidance, a deep industry experience, a good track record, institutional investors, financial feasibility, a competitive analysis, due diligence, a one-time injection, mentoring and guidance, seed money.

Startups	Venture capitalists	Business angels

3. Answer these questions.

1. What are the main ways that established companies raise capital? Are they efficient in your opinion?
2. If you started your own business, what would it be? How would you raise money for your company?
3. What problems would you expect to have if you started your own business?
4. What kind of business would you invest in?

▶ 4. A. You are going to watch a video clip about venture capital investing. Before watching, check your understanding of the words and phrases in the box by matching them with their definitions (1–9).

deploy *v* • seed funding • hesitant *adj* • high-rewarding *adj*
 institutional investors • buzz *n* • reshape *v*
 dough *n* • outweigh *v*

- 1) giving you a good feeling that you have done something valuable, important, etc.; giving you money or profit;
- 2) bring into effective action, to utilize;
- 3) tentative, unsure, or slow in acting or speaking;
- 4) an atmosphere of excitement and activity;
- 5) the money raised to begin developing an idea for a business or a new product;
- 6) form (something) differently or again;
- 7) a business entity which pools money to purchase securities, real property, and other investment assets or originate loans;
- 8) be heavier, greater, or more significant than;
- 9) money (informal).

B. Watch the video “If You Know Nothing about Venture Capital, Watch This First” at <https://drive.google.com/file/d/16vvAG3YbVhmyDofpF0xS2XrsV1a-oaV9/view?usp=sharing> and answer the questions that follow.



1. What is the origin of money deployed by a VC firm?
2. What business documents from a startup are required by a venture capitalist?
3. Who needs a back-up plan in “the VC game”?
4. What factors do VC firms have to consider when putting money into a startup?
5. Why do VC firms prefer investing in tech startups?
6. What investment stages are mentioned in the video?
7. When does an IPO take place?

➔ Reading

Text 1. Understanding Startups and Venture Capital

5. A. Before reading the text check your understanding of some relevant words/word combinations by matching up the following Russian equivalents with their English ones:

- | | |
|--|-------------------------|
| 1) пояснительная записка, комментарий | a) unquoted company |
| 2) рентабельность инвестиций, окупаемость вложений | b) exit plan |
| 3) прежние достижения (компании) | c) incur losses |
| 4) осуществимость | d) sales projection |
| 5) компания, чьи акции не допущены к биржевому обороту | e) financials <i>n</i> |
| 6) план вывода инвестиций | f) return on investment |
| 7) прогноз объема реализации | g) back <i>v</i> |
| 8) понести убытки | h) track record |
| 9) субсидировать, финансировать | i) executive |
| 10) ограниченный товарооборот (объем финансовых поступлений) | j) feasibility <i>n</i> |
| 11) финансовые документы | k) statement <i>n</i> |
| 12) руководитель высшего звена | l) limited revenue |

B. Scan the text for the information about the essence of startups and the nature of venture capital funding.

The term “startup” refers to a company in the first stages of operations. Startups are founded by one or more entrepreneurs who want to develop a product or service for which they believe there is demand. These companies generally start with high costs and limited revenue, which is why they look for capital from a variety of sources such as venture capitalists. According to a startup guru Steve Blank, this business entity is a “temporary organization designed to search for a repeatable and scalable business model”.

The word “*startup*” was originally coined in the early tech revolution in 1970s, referring to a new breed of small companies with astonishing growth potential. However, startup became a popular term in the 1990s and early 2000s business boom with brands like Microsoft or Apple scaling up at a faster pace than ever seen before.

Venture capital is a form of financing that provides funds to early stage, emerging companies with high growth potential, in exchange for equity or an ownership stake. Venture capitalists take the risk of investing in startup companies, with the hope that they will earn significant returns when the companies become a success. They are wealthy enough to take losses that may be incurred by investing in unproven, high-risk companies. When choosing companies to invest in, they consider the company’s growth potential, the strength of its management team, and the uniqueness of its products or services.

Venture capital allows entrepreneurs with minimal operating history and inadequate funds to secure capital to launch their business and also get guidance from experienced business executives. Entrepreneurs might have been unable to access bank financing due to the lack of experience in business and the high-risk nature of startup businesses, and venture capitalists come in as a relief.

Contrary to public opinion, VCs do not normally fund startups from the onset. Rather, they must be seeking to target firms that are at the stage where they are looking to commercialize their idea. The VC fund will buy a stake in these firms, nurture their growth and look to cash out with a substantial return on investment (ROI).

Venture capital firms typically comprise small teams with technology backgrounds (scientists, researchers) or those with business training or deep industry experience. Just as management teams compete for finance, so do venture capital firms. They raise their funds from several sources. To obtain their funds, venture capital firms could have demonstrated a good track record and the prospect of producing returns greater than can be achieved through fixed interest or quoted equity investments. Most venture capital firms raise their funds for investment from external sources, mainly institutional investors, such as pension funds and insurance companies.

It is typical for venture capital investors to identify and back unquoted companies in high technology industries such as biotechnology and IT.

The investment process, from reviewing the business plan to actually investing in a proposition, typically takes a venture capitalist between 3 and 6 months. To support an initial positive evaluation of your business proposition, the venture capitalist will want to assess the technical and financial feasibility in detail. They will assess and review management information systems; forecasting techniques and accuracy of past forecasting of the company; the latest available management accounts, including the company’s cash/debtor positions; bank facilities and leasing agreements; pensions funding; employee contracts, etc. Venture capital firms will judge a startup company by the following critical documents:

Business Summary. It is a brief statement covering the main points that includes a discussion of management, profits, strategic position, and exit plan.

Business Plan. A detailed document that outlines what you are going to do and how you are going to do it; the management team (including full resumes; business strategy); marketing plan (sales projections, distribution, market, and competition; financials) and a competitive analysis.

Due Diligence. The due diligence process serves not only as a function to better understand companies, but also to quickly screen out those that may not be successful or fit within the fund guidelines. *Due diligence* is the term used to describe what an investor does to evaluate a potential investment opportunity. For venture capitalists, this is both a very critical step and a challenging one. This is because the thorough investigation across a founding team, market, business, products, and financials involves lots of assumptions and often few reliable signals.

Marketing Material. Any document that directly or indirectly relates to the sales of your product or service.

C. Complete the following sentences and translate them into Russian.

1. Venture capital is a form of financing that _____.
2. Venture capital allows entrepreneurs with minimal operating history and inadequate funds _____.
3. The VC fund will buy a stake in these firms _____.
4. Venture capitalists take the risk of _____.
5. Venture capital firms typically comprise small teams with technology backgrounds or _____.
6. It is typical for venture capital investors _____.
7. Due diligence is the term used _____.

Vocabulary

6. Match the words with their synonyms:

- | | |
|-------------------------------|---------------------|
| 1) achievability, possibility | a) track record |
| 2) accomplishments | b) financials |
| 3) unlisted company | c) back v |
| 4) forecast | d) assess v |
| 5) ownership stake | e) feasibility |
| 6) sponsor v | f) unquoted company |
| 7) yield, profit | g) projection |
| 8) accounting statements | h) equity |
| 9) evaluate v | i) return |

7. Match the words/word combinations in the box with their definitions below:

feasibility • unlisted company • return on investment • to back
a track record • competitive analysis • due diligence • an executive
(an)institutional investor • bank facilities • scalable • a stake

- 1) a company, whose shares are not traded on a stock exchange;
- 2) the portion owned or invested in a business venture;
- 3) a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments;
- 4) the past achievements or performance of a person, organization, or product;
- 5) the state or degree of being easily or conveniently done;
- 6) a company or organization that invests money on behalf of other people. Mutual funds, pensions, and insurance companies are proper examples;
- 7) a comprehensive appraisal of a business undertaken by a prospective buyer, especially to establish its assets and liabilities and evaluate its commercial potential;
- 8) a person with senior managerial responsibility in a business;
- 9) to give financial, material, or moral support to;
- 10) used to describe a business or system that is able to grow or to be made larger;
- 11) is the process of categorizing and evaluating your competitors to understand their strengths and weaknesses in comparison to your own;
- 12) financial assistance programs offered by banks and lending institutions to help companies.

8. Fill in the gaps. Choose the right variant from the words given in the box.

cash flows • return on investment • acquisition • entrepreneurs
crowd funding • startups • exit event • angel investors • ventures

Venture capital is one source of financing for 1) _____ and is an important source of funding for startups that do not have access to other capital or the ability to generate sufficient operating 2) _____ through revenue from launch. Venture capital is offered with the expectation of generating a 3) _____, typically through an 4) _____ such as an initial public offering (IPO) or 5) _____ of the company. Smaller ventures sometimes will first rely on family funding, loans from friends, personal bank loans, or 6) _____. Larger projects or more experienced 7) _____ may turn to 8) _____ or venture capital companies that specialize in financing new 9) _____.

Discussion

9. Work in pairs and discuss the following questions.

1. What kind of information is given about startups in the text?
2. What do venture capitalists take into consideration when choosing companies to invest in?

3. Why do entrepreneurs seek the financial support of VCs?
4. When do VCs start supporting startups?
5. What are the essential features of venture capital firms?
6. How much time does the investment process take?
7. What are the critical documents that venture capital firms use to evaluate a startup?
8. What is the purpose of the due diligence procedure?

Text 2. Business Angels

10. A. Before reading the text match the Russian word combinations with their English equivalents:

- | | |
|--|---|
| <ol style="list-style-type: none"> 1) общенациональное признание 2) могущий быть предметом обсуждения 3) обыкновенные акции 4) сдвинуть «с мертвой точки» 5) денежный доход 6) способствовать развитию инноваций 7) жизнеспособность, конкурентоспособность 8) деятельность на благо общества 9) специальные знания, опыт 10) право голоса 11) лицо, занимающее аналогичный пост в другой организации | <ol style="list-style-type: none"> a) counterpart b) to foster innovation c) viability d) expertise e) negotiable f) national recognition g) equity shares, common stock h) voting right(s) i) monetary return j) to get off the ground k) community involvement |
|--|---|

B. Read the text and focus on advantages and disadvantages of obtaining capital via business angels.

There are various options of funding available for those who wish to start their new businesses. One of them is finding an angel investor.

Angel investors (or business angels) are most often individuals (friends, relations or entrepreneurs) who want to help other entrepreneurs get their businesses off the ground – and earn a high return on their investment. They provide a one-time injection of seed money or ongoing support (between \$150,000 to \$1.5 million) to the person rather than the viability of the business to carry small startup companies.

Angel investors can provide the basic capital for a new business in return for:

1. *Capital in exchange for equity shares.* Typically, the angel investor takes no more than 15–30 percent equity in their invested company.

2. *Stock options.* *Common stocks* represent a unit of ownership in which the holder has voting rights in company decisions, while preferred stockholders do not carry corporate voting privileges. With stock options, the angel investor would hold

a seat on the board and have the power to postpone the dividend payments he would receive from his stock.

3. *Assistance of associates.* An angel investor might have invited one or two of his associates to help out with regular company operations. The angel investor will make sure his invested company is performing at its optimal state.

There are some distinct advantages of business angels. They are as follows.

1. *Business angles are characterized by flexible business agreements.* Because they are investing their own money, their business deals can often be negotiable. Because of this flexibility, they are more likely to be excellent sources of capital for early-stage businesses.

2. *Angels can bring forth vast knowledge and experience to a new company.* Many angel investors were once entrepreneurs themselves and can offer desired support, expertise, and contacts in making a business grow.

3. *Angels do not require high monthly fees.*

4. *One more advantage of business angels is their community involvement.* Many angel investors choose to invest locally, which creates employment opportunities and helps stimulate economic growth by encouraging consumers to purchase their products. Many angel investors take pride in using their expertise in giving back to their community.

5. *Angels are located everywhere, practically all industries.* They invest in nearly all markets worldwide. Regardless of the market sector that an angel is involved in, what attracts an angel investor to a specific venture is the potential for a company's profitability and growth.

However, business angels cannot be considered an ideal means of funding. They also have drawbacks for an entrepreneur. Among them are the following.

1. *Can actually be deceptive.* While the majority of angel investors truly look beyond the promise of monetary return, there are a few angel investors who are greedy and motivated by money rather than in promoting the good of the firm. They are less patient with new entrepreneurs and do not provide any mentoring or guidance during a company's early stage of development.

2. *Can be costly.* In exchange for providing the needed startup capital for a new company, many angel investors often require a certain percentage of stake in a company, starting at 10 % or more, and expect a large ROI for their exit. From their perspective, this is a reasonable exchange since they are investing in very young and risky businesses that have not yet been established. In addition, angel investors may hire skilled professionals to ensure the day-to-day business operations.

3. *Do not have national recognition.* While there are well-documented directories of venture capital firms available, there is no national register for angel investors. Due to these differences, angel investors do not have the national recognition as their VC counterparts.

Angel investing has grown over the past few decades as the lure of profitability has allowed it to become a primary source of funding for many startups. This, in turn, has fostered innovation which translates into economic growth.

C. Complete the following sentences and translate them into your language.

1. Angel investors are most often individuals who want to help other entrepreneurs _____.
2. With stock options, the angel investor would _____.
3. Because angel investors are investing their own money _____.
4. Many angel investors choose to invest locally _____.
5. Regardless of the market sector that an angel is involved in, _____.
6. Business angels can be less patient with _____.
7. In exchange for providing the needed startup capital for a new company, many angel investors _____.
8. While there are well-documented directories of venture capital firms available _____.

Vocabulary

11. Match the two parts of these collocations. Translate them into Russian:

- | | |
|--------------|----------------|
| 1) voting | a) payments |
| 2) raise | b) investment |
| 3) dividend | c) support |
| 4) community | d) rights |
| 5) high-risk | e) injection |
| 6) ongoing | f) capital |
| 7) one-time | g) recognition |
| 8) monetary | h) involvement |
| 9) national | i) return |

12. Read and decide if the following refers to a venture capital firm or a business angel?

1. _____ is attracted by more equity at a lower price in the market.
2. _____ pretends to be a co-owner of the company.
3. _____ helps his friend get business off the ground.
4. _____ applies hands on approach in his practice.
5. _____ applies hands off approach in his practice.
6. _____ pools money from different sources.
7. _____ will receive modest returns.
8. _____ makes follow-on investment.

9. _____ has no national recognition.
10. _____ minimizes the risk by investing later-stage companies with a proven track record.
11. _____ has vast industry knowledge and professional investment experience.
12. _____ is seen in limited industries.

Discussion

13. Discuss with your partner whether the following statements are true or false according to the information in the text.

1. An angel investor is usually a high-net-worth individual who funds startups at the early stages, often with their own money.
2. Angel investors typically take care of pooled money from other investors and place them in a strategically managed fund.
3. Essentially, angel investors are the opposite of venture capitalists.
4. Business angels are generally considered an ideal means of funding.
5. Due to a certain flexibility, angel investors are more likely to be poor sources of capital for early-stage businesses.
6. Business angels get hefty monthly fees.
7. Many angel investors are known for their contribution to the community development.
8. The majority of angel investors are only focused on the promise of monetary return.
9. Angel investors do not have the same recognition within a country as their VC counterparts.

14. Angel investors and venture capitalists are both essential parts of the startup funding. Discuss with a partner and complete each cell of the table with 2–3 words or phrases about venture capital and business angels. Use the information from the texts and your background knowledge, browse the Internet if necessary.

Typical criteria/features	Angel investors	Venture capitalists
capital injection		
time period of investment		
stage of investment		
requirements		
advantages		
disadvantages		

➔ Grammar Workshop

Modals Verbs Review: Should, Ought to, Must, Have to

- **Should** is used for expressing advice and showing that you have to do something or are obliged (required) to do something.
e.g. You **should** talk to your supervisor if you have a problem. (*Advice*)
e.g. I **should** finish this report by Friday. (*Obligation*)
- **Must** is used to express strong obligation. Use this verb to discuss things that absolutely have to happen.
e.g. You **must** turn off the lights if you are the last person to leave the office. (*Obligation*)
- **Will** can be used to indicate a request.
e.g. **Will** you take this up to the marketing department on the 12th floor? (*Request*)
- The modal verb **would** is used to show a wish or preference. It can also be used to give advice.
e.g. I **would** rather go to work early than stay late. (*Preference*)
e.g. I **would** talk to the manager if I were you. (*Giving advice*)
- It can also be used in requests, in a way that is similar to the use of **will** but more polite.
e.g. **Would** you take this up to the marketing department on the 12th floor? (*Polite request*)
- A semi-modal verb **ought to** may have the following uses: probability, necessity, advice.
e.g. Higher oil prices **ought to** hit exports. (*Probability*)
e.g. You **ought to** get permission first. (*Necessity*)
e.g. We **ought to** increase our spending on PR. (*Advice*)
- **Note.** To express lack of obligation or necessity we might use semi-modal verbs **have to** and **need** in the negative forms.
e.g. We don't **have to** get an import licence.
e.g. We **needn't** do it now. We will do it later.

15. A trainer is giving feedback on a speaker's presentation skills. Complete the sentences with **must**, **needn't** or **mustn't**.

1. You _____ try and speak a bit louder, or people at the back won't be able to hear you.
2. You _____ prepare your talks more carefully; they still sound disorganized.
3. You _____ spend weeks and weeks on preparation, but two or three days is a good guideline.
4. You _____ move about too much when you are talking – stay still.
5. You _____ use PowerPoint if you don't want to – a good handout will be fine.
6. You _____ try and make eye contact with the audience – it makes them and you feel more relaxed.
7. You _____ read from a script – they have come to hear you speak, not read aloud.

8. You _____ go too fast – go too fast – remember that some of the audience will not be native speakers.

9. You _____ answer questions as you go along – you can ask your audience to save questions until the end.

16. The sentences below describe some company rules about the use of computers in an office. Circle the best modal verb to complete each sentence.

1. Staff *must not/can/should not* access the Internet, but only for work-related reasons. They certainly *must/must not/don't have to* do online shopping during work hours.

2. Members of staff *should/should not/don't have to* tell anyone else their password.

3. Staff *must/must not/don't have to* use the company screensaver. They can choose another one if they prefer.

4. Staff *should/must not/don't have to* bring their own floppy disks to work, in case they infect the system with a virus.

5. Staff *should/should not/don't have to* place drinks near a computer keyboard.

6. Managers *must/can/can't* monitor use of emails and the Internet but they *must not/should/don't have to* tell staff that they are going to do so. They *must/should not/don't have to* open employees' emails without a valid reason.

Assessment and Critical Thinking

17. Revise the topical vocabulary and be ready to respond to sample questions for academic discussion.

1. How are angel investors different from venture capitalists?
2. How do you know which one you should turn to when you are raising money for your startup?
3. If you were a business angel, what start-ups would you invest in? In what fields?
4. What is important when looking for finance to start up a business?
5. What are likely disadvantages of business angels' funding?

18. Discuss the following situations with a partner and provide your ideas and solutions.

1. You run a startup and a business angel (BA) is planning to invest in your project. What spheres of business will you allow him to engage in and which will you control by yourself? Share your ideas.

2. You are a representative of a venture capital fund and you are negotiating a deal with aspiring entrepreneurs. Discuss the stages of your investment.

3. Venture Capitalists (VCs) conduct in-depth research before investing in any new startup business. Come up with the list of steps you would like to take before investing in a certain startup.

Учебное издание

Воскресенская Алеся Александровна
Кудырко Ирина Владимировна
Кутыркина Татьяна Петровна и др.

**АНГЛИЙСКИЙ ЯЗЫК
В СФЕРЕ ЭКОНОМИКИ И ФИНАНСОВ**

Учебно-методическое пособие

На английском и русском языках

Ответственный за выпуск *Т. М. Турчиняк*
Художник обложки *Е. А. Черневич*
Технический редактор *В. П. Явуз*
Компьютерная верстка *Л. В. Жаборовской*

Подписано в печать 28.02.2023. Формат 60×84/8. Бумага офсетная.
Печать цифровая. Усл. печ. л. 12,09. Уч.-изд. л. 5,90. Тираж 80 экз. Заказ 57.

Белорусский государственный университет.
Свидетельство о государственной регистрации издателя, изготовителя,
распространителя печатных изданий № 1/270 от 03.04.2014.
Пр. Независимости, 4, 220030, Минск.

Республиканское унитарное предприятие
«Издательский центр Белорусского государственного университета».
Свидетельство о государственной регистрации издателя, изготовителя,
распространителя печатных изданий № 2/63 от 19.03.2014.
Ул. Красноармейская, 6, 220030, Минск.