

МИНИСТЕРСТВО ОБРАЗОВАНИЯ И НАУКИ РОССИЙСКОЙ
ФЕДЕРАЦИИ

ФЕДЕРАЛЬНОЕ АГЕНТСТВО ПО ОБРАЗОВАНИЮ

Государственное образовательное учреждение
высшего профессионального образования
«Оренбургский государственный университет»

Кафедра иностранных языков гуманитарных и социально-экономических
специальностей

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ХРЕСТОМАТИЙНЫЙ МАТЕРИАЛ

МЕТОДИЧЕСКИЕ УКАЗАНИЯ К УЧЕБНИКУ «АНГЛИЙСКИЙ ЯЗЫК»
ДЛЯ СТУДЕНТОВ ФДОТ

Рекомендовано к изданию Редакционно-издательским советом
государственного образовательного учреждения высшего профессионального
образования «Оренбургский государственный университет»

Оренбург 2006

УДК 802.0 (07)
ББК 81.2 Англ я7
Б 86

Рецензент
доцент И.С. Шамина

Б 86 **Бочкарева, Т.С.**
Хрестоматийный материал: методические указания к учебнику
«Английский язык» для студентов ФДОТ / Т.С. Бочкарева –
Оренбург: ГОУ ОГУ, 2006. - 23 с.

Методические указания рекомендуются для использования студентами ФДОТ и являются дополнением к учебнику «Английский язык». Цель методических указаний – научить студентов читать и понимать англоязычную оригинальную литературу по специальности.

ББК 81.2 Англ я7

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Введение

Хрестоматийный материал рекомендуется для использования студентами ФДОТ и являются дополнением к учебнику «Английский язык». Данный материал состоит из десяти уроков. В каждом уроке содержится список терминов, текст экономической направленности и вопросы на понимание прочитанного. Данный хрестоматийный материал поможет студентам лучше усвоить экономическую лексику, свободнее понимать экономические термины.

Настоящие методические указания составлены в соответствии с требованиями действующей программы по английскому языку для неязыковых специальностей высших учебных заведений.

Они предназначены для студентов ФДОТ, обучающихся по экономическим специальностям.

Методические указания должны использоваться для самостоятельной работы с аутентичными текстами и могут служить хорошим подспорьем в овладении английским языком по основному учебнику «Английский язык» для студентов ФДОТ.

Цель методических указаний – овладение английским языком как языком специальности. Методические указания решают задачу формирования умений и навыков работы с текстами экономического содержания: развитие навыков чтения, перевода и понимания.

Включенные в методические указания тексты – это отрывки из современной оригинальной английской литературы, подвергшиеся незначительной адаптации в учебных целях.

Анализируя предложенный лексический минимум, студенты должны научиться самостоятельно находить слова аналогичной тематики, так как они могут повториться в последующих текстах.

Послетекстовые вопросы могут быть использованы для контроля усвоения лексики и контроля правильности понимания содержания прочитанного текста.

1 Unit 1. Bank organization

1.1 Active Vocabulary

to determine - определить

to conduct business - вести дело

to make a profit - получать прибыль

to provide services - оказывать услуги

central bank - центральный банк

development bank - производственный банк

to increase the economic growth - увеличивать экономический рост

to raise the living standard - повышать жизненный уровень

commercial bank - коммерческий банк

to earn a profit - получать прибыль

to yield a profit - приносить прибыль (давать прибыль)

to assess - оценивать, определять

wholesale banking - операции крупных банков между собой

retail banking- операции банков с широкой клиентурой

payment - платеж, оплата

to generate a profit - породить (вызывать) прибыль

to achieve - достигать

competition - конкуренция, соревнование

to acquire - приобретать, покупать

to extend a branch network - расширять сеть филиалов

to establish correspondent relationships - устанавливать корреспондентские связи

profitable joint operations - прибыльные совместные операции

1.2 Text

The way in which a bank is organised and operates is determined by its objectives and by the type of economy in which it conducts its business. A bank may not necessarily be in business to make a profit. Central banks, for example, provide a country with a number of services, while development banks exist to increase the economic growth of a country and raise the living standard of its population. On the other hand, the aim of commercial banks is to earn profits. They therefore provide and develop services that can be sold at a price that will yield a profit.

A commercial bank which provides the same range of services year after year is less likely to be successful than one which assesses changes in the demand for its products and which tries to match products to its customers' needs. New services are constantly being introduced and developed by commercial banks, and the full-service philosophy of many banks means that they are akin to financial supermarkets, offering a wide variety of services. However, not every bank may want to offer every kind of financial service.

Many banks offer a combination of wholesale and retail banking. The former provides large-scale services to companies, government agencies and other banks. The latter mainly provides smaller-scale services to the general public. Both types of banking, however, have three essential functions, which are:

- deposits
- payments
- credits

These three functions are the basis of the services offered by banks. They make it possible for banks to generate profits and to achieve their operating aims.

Several factors have combined to make banking an international business. These include the growth of multinational companies and of international capital markets, the increased competition between the banks themselves, and important improvements in communications and transportation. The major banks of the world have established extensive international operations by acquiring banks in other countries, by extending their own branch network abroad and by establishing correspondent relationships with foreign banks so as to develop profitable joint operations. The operations of these major commercial banks are dynamic and rapidly changing, and their organization is of a global nature.

1.3 Comprehension Questions

- 1 What does a bank organization and operation depend on?
- 2 What three types of banks do you know?
- 3 Do central banks provide a country with a number of services?
- 4 What is the aim of development banks?
- 5 What is the aim of commercial banks?
- 6 What does the full-service philosophy of many banks mean?
- 7 How can you explain the difference between wholesale and retail banking?
- 8 What three essential functions have both types of banking?
- 9 Why are these functions very important for bank operation?
- 10 What factors make banking an international business?
- 11 How have the major banks of the world established extensive international operations?

2 Unit 2. Bank performance

2.1 Active Vocabulary

sophisticated accounting system - испытанная система бухгалтерского учета

double entry - двойная бухгалтерская запись (проводка)

transaction - операция, сделка

to enter - вносить, заносить

credit - кредит (приход)

debit - дебет (расход)

deposit (to deposit) - вклад (вкладывать)

to represent - представлять

asset - активы, капитал, фонды

liability - правая сторона счета (пассив)

balance sheet - балансовый отчет

profit account - счет прибылей

loss account - счет убытков

portfolio of loans - общая сумма дебиторской задолженности, портфель выданных займов

to constitute - составлять, являться

cash on hand - кассовая наличность

money in vaults - деньги в хранилище

fixed assets - недвижимость

payable - подлежащий оплате

return on investments - прибыль на инвестиции

to lend - давать займы

salary- жалованье, оклад

benefit - пенсия, пособия

statutory requirements - требования, установленные законом

to run business - вести дело

safety - надежность

liquidity- ликвидность

to owe - быть должным, задолжать

item- статья

2.2 Text

Banks necessarily use sophisticated accounting systems to record as clearly as possible what the financial situation of the bank is. Normally such a system is based on the principle of the double entry, which means that each transaction is entered twice, as a credit in one account and as a debit in another account. If we deposit \$100 with a bank, for example, the bank enters a debit for the receiver and a credit for the giver. The former represents an asset to the bank, since it is a sum of money at the bank's disposal, as well as a liability, since it will one day have to be repaid.

The balance sheet of a bank gives us a view of its financial situation at one point in time, usually 31 December of a particular year. But we do not know what has happened between two balance sheets. This information is provided by the profit and loss account for the period in question. Neither statement is exactly uniform from bank to bank, but both contain certain essential features.

The largest asset of a bank is normally its total portfolio of loans. Deposits usually constitute the largest liability. Balance sheets usually include the following items listed as assets:

- Cash on hand and due from banks-money in vaults, balances with other banks, cheques in process of collection.

- Investments - bonds, shares, etc.

- Loans - to companies, the general public, etc.

- Fixed assets - buildings, equipment, etc.

Items listed in the balance sheet as liabilities are:

- Deposits - all money owed to depositors.

- Taxes payable - national and local.

- Dividends payable - decided on, but not yet paid.

The profit and loss account records the income of a bank, and here, typically, the items in order of size are:

- interest on loans;

- return on investments;

- fees, commissions, service charges.

The granting of credit provides the largest single source of bank income. Typically, two thirds of an American commercial bank's yearly earnings result from interest on loans. Nine out of every ten dollars they lend come from depositors' funds.

The following items normally constitute the main expenses in a bank's profit and loss account, again in typical order of size:

- interest paid;

- salaries and other benefits;

- taxes.

A bank's accounting systems, then, are designed to record and present the many transactions that take place every day. Substantial reserves over and above statutory requirements are an indication to customers of the bank's strength, that it has run its business well and has retained profits in the business for future operations. Profitability indicates the effectiveness of a bank's performance and how well it has managed the resources under its control. Published figures thus provide some essential data on the liquidity, safety and income of a bank.

2.3 Comprehension Questions

1 What systems do banks use to record the financial situation of the bank?

2 What does the principle of double entry mean?

3 What is an asset of a bank?

4 What is a liability of a bank?

5 What information does the balance sheet of a bank give us?

- 6 What assets items do balance sheets include?
- 7 What liabilities items do balance sheets include?
- 8 The income of a bank is recorded in the profit and loss account, isn't it?
- 9 What items constitute the expenses in the bank's profit and loss account?
- 10 What are bank's accounting systems designed for?

3 Unit 3. Foreign exchange

3.1 Active Vocabulary

foreign exchange dealing - сделка (операция) по обмену валюты

currency unit - единица валюты

rate of exchange - курс обмена

value - цена

to pay an invoice - платить по счету (оплачивать счет)

to make a profit (to make gains) - создавать прибыль

transaction - операция, сделка

spot rate - курс по спотовой сделке

forward rate - курс по форвардной сделке (заблаговременный)

to enable - давать возможность

to protect - защищать

adverse movements - неблагоприятные изменения

to quote a rate - производить котировку курса

settlement - расчет, уплата

to deliver (delivery) - доставлять (доставка, поставка)

to fill in a dealing slip - заполнить документ по сделке (бланк)

to carry out a transaction - выполнить сделку

to detect a discrepancy - обнаруживать несоответствие

to expose to a risk - подвергать риску

to hold debts (claims) - иметь долги (требования, претензии)

maturity dates - сроки обязательств

long position - позиция на повышение

3.2 Text

Foreign exchange dealing is, as its name implies, the exchange of the currency of one country for the currency of another. The rate of exchange is the value of one unit of the foreign currency expressed in the other currency concerned.

With the growth of global trade, many companies need foreign currencies to pay producers in other countries. A British company with a supplier in Germany, for example, will probably use sterling to buy Deutschmarks from its bank in order to pay an invoice from the German company. The bank buys the Deutschmarks from another bank at a particular rate and provides them to its customer at a higher rate, thus making a profit. Similarly, a bank may make gains on buying and selling currencies on the inter-bank market. Making a profit on the transaction is the basic idea of foreign exchange dealing.

Currencies can be bought or sold in the foreign exchange market either for immediate delivery, that is at the spot rate, or for delivery later (e.g. two weeks, three months, etc.) at forward rate. The forward market is useful for companies, since if a company knows that it will need a particular foreign currency to pay a bill in four weeks' time, for example, a forward deal enables it to protect itself against future

adverse movements in the exchange rate which would have otherwise had the effect of making the foreign goods more expensive.

When dealing in foreign exchange, normally by telephone, the bank quotes both the selling and buying rate of a currency at which it is prepared to transact business. Settlement for a spot transaction is two working days later. Thus if a contract is made on Monday, the seller delivers the amount sold and receives payment on Wednesday. Similarly if the contract is made on Tuesday, value is Thursday.

Currency traded in this way is delivered to the buyer's account with a bank in the main centre, or one of the main centres, for the currency in question. In the case of sterling, for example, this is London, for Dutch guilders it is Amsterdam and Rotterdam, and for Belgian francs it is Brussels and Antwerp. The buyer decides the bank where his or her account is to be credited.

The foreign exchange dealer fills in a dealing slip containing basic information such as the date and time of the deal, the contracting party, the amount and rate agreed on, the date of settlement, and the place of delivery of the currency dealt in. As soon as a foreign exchange transaction has been carried out, both banks send a written confirmation containing the basic information mentioned above. Any discrepancies may thus be detected quickly.

A bank holding debts or claims in a foreign currency is itself exposed to an exchange risk, unless the debts and claims neutralize each other by being of equal size and by having roughly the same maturity dates. Dealers therefore aim for a balanced total position. If the amount of bank's claims in dollars, for example, is larger than the total debts in dollars, then the bank has a long position, but if the debts are larger than the claims, the bank is short in dollars. As long as the total position balances, there is no risk for the bank.

3.3 Comprehension Questions

- 1 What does foreign exchange dealing mean?
- 2 How will you explain the term "rate of exchange"?
- 3 Why do many companies need foreign currencies?
- 4 In what currency does a British company pay an invoice from the German company?
- 5 How does a bank make a profit buying and selling currencies?
- 6 What are the terms for immediate delivery of currency and its delivery later?
- 7 Why is a forward deal useful for companies? What does this deal protect a company against?
- 8 Who decides the bank where the account is to be credited?
- 9 What documents does a foreign exchange dealer fill in?
- 10 What kind of information does a dealing slip contain?
- 11 Do banks send a written confirmation containing the basic information?
- 12 What does it mean "bank has a long position"?
- 13 What do dealers aim for?

4 Unit 4. The relationship of banks and companies

4.1 Active Vocabulary

to provide services - оказывать услуги
to meet needs - удовлетворять потребности
to keep in touch - поддерживать связь
to maintain the relationship - поддерживать связь
to market new services - предоставлять на рынок новые услуги
to charge interest rate - начислять процентную ставку
margin - маржа, предел, разница
to depend on - зависеть от
assessment - оценка
to adjust - регулировать
to be negotiable - иметь право обсуждения
erratic rates - беспорядочные ставки (нестабильные)
variable borrowing facility - переменная система займа
overdraft facility - система овердрафта
specified limit - определенный предел
to grant on the account - предоставлять на счет
standby letter of credit - резервный (запасной аккредитив)
commitment - обязательство
flexible - гибкий
statement of the documents - выписка документов
custodian services - услуги по опеке управления чужими капиталами
treasure bill - казначейский вексель

4.2 Text

Banks provide a wide variety of services to companies, and a company operating internationally is likely to use several banks around the world to meet its various needs. Banks keep in touch with these customers by telephone and perhaps with regular meetings, to maintain the relationship and to market new services.

Most companies use banks at one time or another to finance their operations. As with any other type of loan, banks charge interest on corporate loans. Interest rate for loans in Britain, for example, can be charged in one of three ways:

- at a margin above the bank's base rate. Each bank decides its own rate, and then charges the company a rate of interest which is related to this. A big customer with a very good reputation may be charged the bank's base rate plus 0,5%, for example, while a smaller company might be charged the base rate plus 3%;

- at a margin above LIBOR, the margin again depending on the bank's assessment of the corporate customer;

- at a fixed rate of interest for the period of the loan.

The first two ways are variable and are adjusted periodically to reflect movement in interest rates on the market. They may also be dangerous for the bank when market rates are erratic.

A company in a business where income and expenditure are subject to constant changes needs a variable borrowing facility.

This is met most simply by an overdraft facility. The company opens an account with the bank, and an overdraft with a specified limit is granted on the account.

A standby letter of credit is a commitment under which a bank agrees to provide funds to a customer where, unlike most other forms of documentary credits, no goods are involved. The standby letter of credit is a flexible form of lending and can cover a variety of situations, in which procedures are reduced to a statement of the documents to be received before payment is made to the third party.

Many companies make a profit not only from the goods or services which they sell but also from the money that they have. Cash managers utilize funds at their disposal, buying and selling shares, treasury bills and so on, to generate profit in the form of investment income. Rather than move valuable foreign shares and securities around the world by post, a company will deposit them for safe keeping with a bank in the foreign country. A company in Sweden which buys shares on the American market, for example, will use the custodian services of a US bank. Banks naturally charge fees and/or commissions for custodian services.

4.3 Comprehension Questions

- 1 What do banks provide to companies?
- 2 Do companies working internationally use 2 or 3 banks to meet their needs?
- 3 How do banks and companies keep in touch?
- 4 Do companies sometimes use banks to finance their operations?
- 5 Banks charge interest on different loans, don't they?
- 6 In what ways can interest rates be charged?
- 7 Is there any difference in 3 ways of rate interest charging?
- 8 What companies need a variable borrowing facility?
- 9 What is an overdraft facility?
- 10 What flexible form of lending do you know?
- 11 How do companies make a profit from the money that they have?
- 12 Do companies move their securities and shares by post?
- 13 When do companies use the custodian services?
- 14 Do banks charge fees or commissions for custodian services?

5 Unit 5. Currency options

5.1 Active Vocabulary

to expose to a risk - подвергать риску
to run a risk - подвергать риску
to buy forward - покупать по форвардному курсу
to buy at the spot rate - покупать по спотовому курсу
to eliminate- исключить
adverse movement - неблагоприятное изменение
favourable movement - благоприятное изменение
to charge - начислять, назначать
to deliver - доставлять
calculated gamble - просчитанный риск
currency option - валютный опцион
purchase - покупка; (v) покупать
agreed exchanged rate - условленный курс обмен а
agreed date - условленная дата
expiration date - дата истечения срока
to exercise - использовать

5.2 Text

Companies trading internationally are exposed to considerable foreign exchange risk. If, for example, a French company knows that it will need \$2 million in three months' time to pay for imports from the USA, it can buy the dollars forward, i.e. at a rate specified now, thus eliminating the risk of an adverse movement in the exchange rate between the French franc and the US dollar. Unfortunately, buying dollars forward also eliminates the possibility of a favourable movement in exchange rates. Alternatively, the company could wait three months and then buy the dollars at the spot rate, i.e. the rate charged then for funds to be delivered two working days after the transaction. This way the company may get a better exchange rate but it also runs a risk, since the rate could be worse. Essentially, either course of action involves a calculated gamble on exchange rates.

To meet this situation, some banks developed and began to offer currency options in the early 1980s. Under the currency option, the customer pays a premium which gives them right to demand purchase or sale of a specified currency at an agreed exchange rate up to an agreed date, but no obligation to do so. After the customer pays the premium, the bank sends out confirmation of the deal. If the exchange rate in three months' time, or whenever the expiration date is, is better than the one the customer has agreed on, they do not use the option, and instead deal at the market rate when they need to. Their cost has only been the premium for the option. Alternatively, if the rate is worse than the one they have agreed upon, they exercise the option, and thus suffer no loss due to the fall in exchange rates. The customer

may exercise the option at any time up to and including the expiration date, for value spot. This, then, is the basic idea of the currency option.

5.3 Comprehension Questions

- 1 Why are companies trading internationally exposed to foreign exchange risk?
- 2 What does it mean “to buy dollars forward”?
- 3 Does this deal eliminate the possibility of a favourable movement in exchange rates?
- 4 What does it mean “to buy dollars at a spot rate”?
- 5 When did some banks begin to offer currency option?
- 6 What is the aim of the currency option?
- 7 What rights are given to the customers under the currency option?
- 8 When does the bank send out the confirmation of the deal?
- 9 When may the customer exercise the currency option?
- 10 What is the basic idea of the currency option?

6 Unit 6. Trade Finance

6.1 Active Vocabulary

overseas operations - зарубежные операции

merchandise - товар(ы)

to earn (earnings) - зарабатывать (прибыль, заработок)

letter of credit - аккредитив

to meet the terms of the contract - удовлетворять условия контракта

to fulfil the contract - выполнять контракт

revocable (irrevocable) letter of credit - отзывной (безотзывной) аккредитив

to stipulate - определять

immediate payment - немедленная оплата

to evidence the shipment of goods - подтвердить отгрузку товара

to assume - предполагать

to notify - уведомлять

issuing (opening) bank - банк, который открывает аккредитив в другом банке в пользу продавца

advising bank - банк, производящий выплату по аккредитиву

beneficiary – бенефициарий

reimbursement – возврат (возмещение расходов)

6.2 Text

The growth in multinational corporations manufacturing and trading on a worldwide basis has led to the growth in the overseas operations of major banks over the last twenty years. Banking may be said to be the one industry on which all others depend for financial services one time or another, and banks play a key role in the import and export trade in particular. In 1981 US companies exported goods with a total value of USD 234 thousand million. In the same year the American market imported merchandise worth USD 261 thousand million. Banks provided a considerable amount of money to finance this trade, and in 1980 foreign earnings accounted for 47.3 per cent of the consolidated earnings of the ten biggest US commercial banks.

Letters of credit are the most frequently used international service provided by banks for customers involved in international trade. Such a document guarantees that the seller (exporter) will be paid provided the terms of the contract are met. At the same time, it protects the buyer (importer) by guaranteeing that payment will not be made until the contract is fulfilled.

Letters of credit can be revocable or irrevocable, but the latter is most usual since it stipulates that no changes may be made without the consent of both the buyer and seller.

They may also be issued on a time or sight basis. The former calls for immediate payment against the documents evidencing the shipment of goods; the letter specifies a date by which payment must be made. The letter of credit may also be confirmed,

which means that the exporter's bank undertakes to pay the exporter for the goods once the correct documents are received.

Procedures differ according to the type of credit, but let us assume, for example, that a company in Australia wants to import goods from a company in Basle, Switzerland. As well as requiring credit, the Australian company wants to be sure that the contract will be fulfilled. The Swiss company wants to know that it will be paid for the goods.

The Australian company therefore contacts its local bank and requests, for example, an irrevocable sight letter of credit in favour of the Swiss exporter. The application will specify the documents required as proof that the shipment of goods has been made. The Australian bank notifies a bank in Switzerland of the credit, and is then known as the issuing or opening bank. The Swiss bank contracts the exporter in Basle and then known as the advising bank. The exporter, i.e. the seller, is now the beneficiary of the letter of credit, and will receive payment provided the terms of the contract are met. When the goods have been shipped, the company in Basle presents the documents to its bank, which may or may not be the advising bank, and the bank will make payment immediately. Thus it can do with confidence, since it knows that the issuing bank must make payment. Funds then flow from the issuing bank in Australia to the paying bank in Switzerland, as reimbursement for the money paid by the Swiss bank to the seller in Basle. The Australian bank then recovers this money from the account of its customer, the importer.

6.3 Comprehension Questions

1 What situation has led to the growth in the overseas operations of major banks?

2 Why do the banks play a key role in the import and export trade?

3 What is the most frequently used international service provided by banks for customers?

4 What does a letter of credit guarantee?

5 What kinds of letters of credit do you know?

6 What is the issuing or opening bank?

7 What is the advising bank?

7 Unit 7. Financial news

7.1 Active Vocabulary

to transmit news - передавать (распространять) новости
to make news - готовить новости
barrage of accessible information - поток доступной информации
to discern trends - определить тенденции
to determine - определять
interaction of supply and demand - взаимодействие спроса и предложения
to affect currency exchange rate - влиять на курс обмена валюты
to rise a demand (supply) - повысить спрос (предложение)
to increase a demand (supply) - повысить спрос (предложение)
stock market price - цена на фондовой бирже
worldwide crash - всемирный кризис (спад)
to release -(здесь) публиковать
to tend - иметь тенденцию
to exceed - превышать
to lead - приводить к чему-либо
a glut - пресыщение

7.2 Text

Modern information technology has led to news being transmitted worldwide quicker than ever before. Time differences around the world mean that financial news is being made twenty-four hours a day, and it is this barrage of readily accessible information that serves as a basis for many of the business decisions that are made concerning international banking and financing. Techniques of analysis are applied to information to determine its implications and to try to discern trends in the future.

Many prices are determined by a complex interaction of factors. With regard to currencies, it may be said that one factor governing prices is the interaction of supply and demand. Interest rates prevailing in different countries affect currency exchange rates. If interest rates rise in the UK for example, US investors may move funds to the UK to earn higher interest income. They will then sell dollars for sterling, and the demand for sterling will rise, while at the same time the supply of dollars will rise too. The dollar will therefore fall in value, while the price of sterling will rise.

Trade between countries may also affect currency rates. If, say, Japanese exports to Germany rise, and German exports to Japan remain the same, there will be an increase in the supply of Deutschmarks as Japanese exporters sell them for dollars. This will normally increase the value of the Yen in relation to Deutschmarks.

Government intervention may also affect exchange rates. If sterling is weak, for instance, the Bank of England may enter the market to buy sterling with some of its reserves of other currencies. This will reduce the supply of sterling, thereby increasing its value.

Stock market prices in a particular country are often affected by stock market prices elsewhere in the world, and markets tend to move together, as indicated by the worldwide crash in the autumn of 1987.

The share price of any one company will obviously tend to be influenced by the financial performance of the company, details of which are released at various times during the financial year.

The factor of supply and demand mentioned earlier will also tend to affect commodity prices. A bad coffee harvest in Brazil will increase the price of coffee because demand will exceed supply. The over-production of oil, on the other hand, will lead to a fall in the price of the commodity, since there will be a glut of oil available on the market.

7.3 Comprehension Questions

- 1 Why is news being transmitted at present much quicker than ever before?
- 2 What factor serves as a basis for many business decisions concerning international banking and financing?
- 3 What are many prices determined by?
- 4 Does the interaction of supply and demand govern prices?
- 5 In what way do interest rates in different countries affect currency exchange rates?
- 6 What factor is the share price of any company influenced by?
- 7 Will the factor of supply and demand affect commodity prices? Prove it.

8 Unit 8. Projects and the provision of funds

8.1 Active Vocabulary

provision of credit - выдача кредита

to borrow (borrower) - занимать (заемщик)

to raise money - занимать деньги (мобилизовать капитал)

to loan (loaner) - брать займы (заемщик)

to handle a loan - справляться с займом (контролировать)

to refer a proposal - направлять предложение, предлагать

syndicated lending - синдикатное кредитование

to share the risks - разделить риски

to grant big advances - выделять крупные ссуды

lead manager - инвестиционный банк, выступающий главой синдиката кредиторов

when due - когда подошел срок платежа

to distribute - распределять

supplier credit - кредит поставщикам

buyer credit - кредит покупателю

8.2 Text

The provision of credit is one of the primary functions of a bank. It allows the borrower to finance major projects which would have otherwise not been possible. A company building a new production plant or a country building a new dam both need to raise very large sums of money in order to get the job done. The provision of funds by banks for specific projects is thus an important part of international financing.

For practical or legal reasons, a bank may decide that a particular loan is too large to handle alone. Banks often therefore refer loan proposals to other banks, frequently their larger correspondents, and invite them to participate in the loan.

Syndicated lending therefore allows a bank to share with other banks (sometimes 100 or more from different countries) the risks involved in granting big advances. The borrower is able to obtain more than would be possible from a single bank, even though he or she deals with only one bank which organizes the participation of the other banks. The lead manager, as this bank is called, decides the rate of interest to be charged, collects payments from the borrower when due, and distributes the money to the participating banks.

International lending normally requires a clear understanding of the political and economic situation of the country in question, since granting credit naturally involves a degree of risk. Banks therefore examine exchange control regulations, balance of payments difficulties, payment records and so on before undertaking an international loan for a major project.

In Britain, the Export Credits Guarantee Department was set up in 1919 to help British exports. One of its range of services is to guarantee banks against losses resulting from loans made to the exporter (supplier credit) or to the buyer overseas

(buyer credit). Such credits are used for loans of more than two years' duration and for large contracts such as ships. In the case of a buyer credit, the ECGD lends up to 85 % of the contract price to the buyer, or a bank in the buyer's country, so that the exporter can be paid. A similar organization in the USA is the Export - Import Bank (Eximbank), a government organization set up in 1934 to aid trade between the United States and other countries.

8.3 Comprehension Questions

- 1 What function of the bank aids to finance major projects?
- 2 What is an important part of international financing?
- 3 When do banks refer loan proposals to other banks and invite them to take part in the loan?
- 4 What kind of lending allows a bank to share risks with other banks?
- 5 What is the lead manager responsible for?
- 6 Why does international lending require a clear understanding of the political and economic situation of the country in question?
- 7 What organization was set up in Britain in 1919?
- 8 What is a similar organization set up in the USA in 1934 called?

9 Unit 9. Trends of banking development

9.1 Active Vocabulary

to face - столкнуться с чем-либо

development - развитие

debt - долг

debtor - должник

to evolve - развивать, развертывать

growing demand for finance - возрастающий спрос на финансы

balance of payment difficulties - трудности платежного баланса

sharp rise - резкий подъем

to commit sum - вкладывать капитал

loan portfolio - портфелио выданных займов

world recession - мировая рецессия (спад)

to meet obligations - выполнять обязательства

to reschedule loans - перераспределить займы

repayment instalments - очередные взносы (погашения)

interest payments - уплата процентов

to threaten - угрожать

competition - конкуренция

to offer financial services - оказывать финансовые услуги

insurance company - страховая компания

application of technology - применение новых технологий

accounting records - бухгалтерские отчеты

ledger - приходно-расходная книга

to transmit (transfer) electronically - передавать электронным способом

to provide the essential data - предоставлять важные данные

computer system failure (fraud) - сбой в компьютерной системе
(мошенничество)

minute data - подробные данные

security operations - операции, обеспечивающие безопасность

to break down - выходить из строя

it is imperative - необходимо

to penetrate the system - проникнуть в систему

personnel costs - расходы на содержание персонала

strain - напряжение

9.2 Text

Banking has faced considerable external change over recent decades, and major changes have taken place in the industry itself. Developments have been rapid. One of the most important developments during the 1980s was the growth in international debt problems, a situation which had begun to evolve in the previous decade.

In addition to the growth in the financial needs of large companies, government agencies around the world also formed an area of growing demand for finance in the 1970s. International banks assisted countries with balance of payments difficulties, that is those which were importing much more than they were exporting, by lending them large sums of money, and this assistance increased after the sharp rise in oil prices in 1973, since the higher prices meant even greater balance of payments problems for some countries. Banks were at this time able to lend out more money, deposited with them by oil producing countries, to countries with payment deficits. Some leading banks committed sums which exceeded their capital and reserves, ignoring the principle of a well-spread loan portfolio.

During the 1980s, however, high interest rates and world recession prevented several countries from meeting their repayment obligations. Banks have had to reschedule loans, that is arrange for interest payments and repayment instalments to be delayed, and the debt crisis, as it has been termed, has put banking in the industrialized countries under a certain amount of strain. Some observers see the financial strength of the banks as now depending on the financial strength of the debtors. In this way, they claim, the debt problem threatens both the development of the debtor countries and the stability of the banking system of the industrialized world.

A second challenge faced by banks recently is the increasing competition from other organizations, both in terms of numbers and in the range of financial services offered. Banks are generally very closely regulated, examined, restricted and supervised, making it sometimes difficult to meet new competition from institutions operating under different regulations, such as insurance companies. Laws and regulations restraining the activities of banks and other financial organizations have been changing, and continue to change. One example in the UK is the so-called Big Bang, which in 1986 deregulated the traditional procedures for dealing in UK securities. The changes taking place in the financial services industry are not confined to any one country, however, and innovation and development are contributing to general market evolution, both nationally and internationally.

A third trend in banking during recent years has been the growth in the application of technology in the industry. Accounting records are maintained with the aid of computer systems, where ledgers were once kept by hand. Messages can now be transmitted and funds can be transferred around the world electronically in a matter of moments. Dealing rooms often use the latest technology, with electronic hardware and software providing the essential data. The information systems used may include a transaction input capability, an interface with main office systems, large high resolution colour displays, and so on, to provide the up-to-the minute data on which effective trading decisions are based.

While electronic systems reduce time and paper, they do involve certain risks, such as those of computer system failure and fraud. Security operations in both cases are therefore of vital importance to modern banks. If a system breaks down, it is imperative that information is not lost. With large sums of money being sent around the world electronically, it is also imperative that banks prevent outsiders or unauthorized users from penetrating their systems and diverting funds for their own

use. One professional survey in the UK in the mid-1980s estimated that computer fraud involving funds transfer in the UK totalled some 50 million pounds a year.

Banking services offered to the general public are also becoming increasingly automated, as banks try to reduce their costs associated with branch over-the-counter transactions, such as personnel costs.

9.3 Comprehension Questions

- 1 What was the most important development in banking industry during the 1980s?
- 2 What countries did international banks assist and why did the assistance increase in 1973?
- 3 Which principle was ignored by many banks committing sums which exceeded their capital and reserves?
- 4 What facts prevented several countries to meet their repayment obligations?
- 5 What was the result of the debt crisis for industrialized countries?
- 6 What does the financial strength of the banks depend on?
- 7 Why is it difficult for banks to compete with insurance companies?
- 8 What changes have taken place after the application of technology in the banking industry?
- 9 Why are security operations of vital importance to modern banks?
- 10 What are the advantages of banking automated services offered to the general public?

10 Unit 10. Public Accounting

10.1 Active Vocabulary

public accounting - независимая ревизорская деятельность

auditing - проведение ревизии

fairness - честность

unqualified (clean) opinion - безоговорочное (без приложения документов)

мнение

securities - ценные бумаги

securities exchange - фондовая биржа

taxation - налогообложение

tax return - налоговая декларация

acquisition - приобретение (напр., акций)

estate taxes - налоги на недвижимое имущество

inheritance taxes - налоги на наследство

expertise - опыт, знание

management consulting - консультирование по организации производства

financial forecasting - финансовое прогнозирование

merger - слияние (напр., компаний)

installation - внедрение, установка

high-tech research - исследование с помощью высоких технологий

employee - сотрудник

controller - главный бухгалтер-аналитик

to be well versed in - быть сведущим в ...

cost accounting - производственный учет

budgeting - составление сметы

compliance - соответствие

expenditures - затраты

10.2 Text

Accountants apply their expertise in three major areas - public accounting, private accounting, and not-for-profit accounting.

In public accounting, the accountant offers expert service to the general public in much the same way that a doctor serves patients and a lawyer serves clients. As a public accountant, an individual may perform one or more of the following services.

Auditing

A major portion of public accounting practice is involved with auditing. In this area a certified public accountant (CPA) examines the financial statements of companies and expresses an opinion as to fairness of presentation. A favourable opinion (called an unqualified or clean opinion) means that financial statements may be relied on by investors, creditors, and other interested parties in making decisions about the company. Audited financial statements are required for all companies whose securities are traded on national securities exchanges.

An auditing firm has many clients. An audit generally takes anywhere from a few days to several months.

Taxation

Another major area of public accounting is the field of taxation. The work performed by tax specialists includes tax advice and planning, preparing tax returns and representing clients before governmental agencies. Questions such as the following are often answered by the tax accountant:

1. How will the acquisition of a company affect the client's tax status?
2. How can estate planning minimize estate and inheritance taxes?
3. What are the tax advantages of setting up a company in Switzerland?

Management Consulting

Because public accountants have financial training and expertise, they often are asked for management advice. Financial planning and control and the development of accounting and computer systems are important areas of management consulting. Other areas are organizational design, financial forecasting and mergers and acquisitions.

Management consulting ranges from the installation of basic accounting systems to helping companies determine whether they should use the space shuttle for high-tech research.

10.3 Comprehension Questions

- 1 What is the main idea of the text?
- 2 What is meant by the words "the accountant offers expert service to the general public in much the same way that a doctor serves patients and a lawyer serves clients"?
- 3 What does clean opinion mean in auditing?
- 4 How long does an audit generally take?
- 5 What questions does the work performed by a tax specialist involve?
- 6 What are the important areas of management consulting?

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