Тестові завдання з дисципліни «Іноземна мова за професійним спрямуванням»

галузь знань 07 Управління та адміністрування
спеціальність 071 Облік і оподаткування

Development of Modern English

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

The English language contains elements from many different European languages and has also borrowed words from a wide variety of other languages. It is impossible to grasp how these influences affect the language without knowing a little about the history of the British Isles.

Prior to the Roman invasion of 55 BC, the inhabitants of Britain spoke a Celtic dialect. Latin made little impression until St Augustine arrived in AD 597 to spread Christianity. Latin words are now regularly used in English, particularly in professional language. In the legal profession, Latin phrases like *inter alia* (among others) and *per se* (in itself) remain in current use.

Subsequently, the Angles, Saxons and Jutes invaded the British Isles from mainland northern Europe. The language they brought with them forms the basis of what is known as Old English. This gives us the most commonly used words in the English language (words like *god, man, land, bread, fish, beer*). A simple comparison with their modern German equivalents (*Gott, Mann, Land, Brot, Fisch, Bi*er) indicates their common origin.

The Vikings began to raid the north-east of England from Scandinavia from the 8th century onwards. At a later date, a significant number of Vikings settled in this area and made their own linguistic contribution (which can be seen, for example, in the numerous place names in the north-east of England and Scotland ending in *-by, -thorpe, -wick, -ham* and in words such as *egg, husband, law, take, knife*).

In 1066 the Normans invaded from northern France and conquered England. Words such as *court, parliament, justice, sovereign* and *marriage* come from this period.

Later, the English helped themselves to further words from French, such as *chauffeur, bourgeois* and *elite*. As the British Empire expanded, further opportunities to borrow words arose – words such as *taboo* and *pukka* came into the English language from that period.

The result of this multiplicity of linguistic influences is a rich and diverse language with a complex grammar and many synonyms. For example, a coming together of two or more people could be a *meeting* or *gathering* (Old English), *assignation* or *encounter* (Old French), a *rendezvous*, *rally* or *reunion* (French), a *caucus* (Algonquin), a *pow-wow* (Narragansett) or a *tryst* (Old French).

Matters are complicated further still by the fact that from the 17th century onwards, the process of colonisation began in earnest. Starting with Ireland and then moving outside the British Isles to North America, Australia, the West Indies, India and numerous other territories, colonial influence – and with it the English language – began to spread around the globe.

Colonial rule largely collapsed after World War II, but English in different forms and dialects persists as the national language or an important second or third language in many countries. The English spoken in one country may be quite different from that spoken in another. Because of this, it is perhaps possible to speak of "Englishes" rather than "English". Differences between the written English used in one country and another are less marked than those that exist between the types of spoken English used, but there are significant variations, in particular between British and American English [14, p. 3–4].

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) representing
b) summarized
c) legitimate
d) accountants
e) means
f) interdependence
g) established
h) international
i) recognized
j) grew

The organization of the accountancy profession dates to January 1853 when eight (1) in Edinburgh, Scotland met for the purpose of seeking recognition of their as a separate and distinct profession. Their discussion of their professional situation resulted in the of the Institute of Chartered Accountants of Edinburgh. Since that time numerous professional accountancy organizations have been (2) the world. The process is going on. The initial membership of the International Federation of Accountants (IFAC) was 63 organizations (3) 49 countries, but within a decade they (4) to 105 organizations from 79 countries. The establishment of the IFAC (5) the need for international coordination of the objectives of Sessional accountancy organizations and (6) of achieving those objectives. Accountancy is an (7) profession. Under the conditions of global (8) of countries through trade, commerce, and cross order investments, the of the IFAC is becoming more important. The size and principles of accountancy vary. Some organizations comprise accountants working in commerce, industry, and government organizations, as well as in public practice (auditing). They consist solely of members in public practice. The main of the accountancy profession may be (9) as follows: to protect the public by ensuring the observance by its members the highest professional and ethical conduct; to promote and increase the knowledge, skills, and proficiency of members of the organization and students; to preserve the professional independence in capacities they may be serving; to maintain the (10) rights of its.

Factors That Make English Difficult to Master

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

It is said of chess that the game takes a day to learn, and a lifetime to master. In similar vein, English is reputed to be an easy beginner's language but it is nevertheless very hard to achieve native-level fluency. Why is this? There are probably four main factors that make English difficult to master: lack of clear rules of grammar, extensive vocabulary, the use of phrasal verbs and idioms in Business English.

Lack of clear rules of grammar. We have seen that English is a product of various different linguistic traditions. One of the most exasperating results of this is a confusing system of grammar, which is due to the rules of one linguistic tradition being forced to compromise with those of another. Of course, English does have grammatical rules, but they are complex and sometimes inconsistent. Furthermore, a great deal of English phrasal construction is purely idiomatic and therefore difficult to explain by reference to grammatical rules (see point three below). The way in which prepositions are used is an obvious but baffling example of this problem.

Extensive vocabulary. There are many different ways of saying the same thing in English. Again, this is because English draws upon different linguistic traditions. For example, if you wanted to say that something was legally permissible, you could use the Old Norse (Scandinavian)-derived word, *lawful*. Alternatively, you could use the Latin-derived word, *legitimate*. Or, if you wanted a more emotive word, you could use the Old English word, *right*. To take another example, when talking about employment do you say *calling, career, profession, employment, job, work, occupation* or *vocation*?

The use of phrasal verbs in Business English. For example, you *put down* a deposit, and you *enter into* a contract. These combinations must be learned individually because they involve using a verb with a preposition or adverb or both; and, as noted in point one above, prepositions do not always follow clear grammatical rules.

The use of idioms. Idioms are groups of words whose combined meaning is different from the meanings of the individual words. For example, the expression *over the moon* means "happy". Idioms are frequent in ordinary English – they are a distinctive element of the way native English speakers use the language. They are found less often in Business English, but exist in some jargon. For example, the expression *on all fours* is used to refer to a case in which the issues correspond exactly to the issues present in a previous case [14, p. 5–6].

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) accounting
b) bookkeeping
c) dependent
d) external
e) financial
f) internal
g) leads
h) processes
i) responsible
j) satisfy

Accounting information about specific entities helps (1) the needs of all the interested parties. The diversity of interested parties (2) to a logical division in the discipline of accounting: financial accounting and managerial accounting. Financial accounting is concerned with (3) reporting of information to parties outside the firm. In contrast, managerial accounting is primarily concerned with providing information for (4) management.

Bookkeeping is the day-to-day recording of transactions. Financial accounting includes (5), and preparing financial statements for shareholders and creditors. Their ability to understand and have confidence in reports is directly (6) upon standardization of the principles and practices that are used to prepare the reports. Without such standardization, reports of different companies could be hard to understand and even harder to compare organized (7) to bring consistency and structure to financial reporting. In the United States, a private sector group called the Financial Accounting Standards Board is primarily (8) for developing the rules that form the foundation of (9) reporting. With the increase in global trade, the International Accounting Standards Board has been steadily gaining prominence as a global (10) rule setter.

Improving Business Language Skills

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

If you want to work abroad, you need more than just a basic knowledge of the language. You need to communicate effectively in a professional context, understand the culture and etiquette, adapt to different situations and challenges. Developing your business language skills can help you achieve career goals, expand your network and impress your clients and colleagues. Here are some of the most effective ways to do it.

Learning a language is a long-term process that requires motivation and discipline. To keep yourself on track, you need to *set realistic and specific goals* that match your level, needs, and interests. For example, you can aim to learn 10 new words a day, write a short email in the target language, or watch a video related to your industry. You can also use a self-assessment tool, such as the Common European Framework of Reference for Languages (CEFR), to measure your progress and identify your strengths and weaknesses.

One of the best ways to improve your business language skills is to *immerse yourself in the language* as much as possible. This means exposing yourself to authentic and relevant materials, such as podcasts, articles, blogs, reports, and presentations, that reflect the vocabulary, grammar, and style of the language in a professional context. You can also use online platforms, such as LinkedIn, Twitter, or Quora, to follow and interact with experts, influencers, and peers in your field. This will help you learn from their insights, opinions, and feedback, as well as expand your network and visibility.

Another effective way to develop your business language skills is to *practice with native speakers* who can help you with your pronunciation, intonation, and fluency. You can find language partners online, such as on italki, Tandem, or HelloTalk, or offline, such as in language exchange groups, meetups, or events. You can also hire a professional tutor or coach who can tailor the lessons to your needs and goals, and provide you with constructive feedback and guidance. The more you practice, the more confident and competent you will become.

Language is not only about words and grammar, but also about culture and etiquette. To communicate effectively in a business setting, you need to understand the norms, values, and expectations of the people you are dealing with. For example, you need to know how to greet, introduce, address, and thank someone, how to make small talk, how to negotiate, and how to avoid misunderstandings or conflicts. You can *learn the culture and etiquette* of the target language by reading books, watching movies, listening to podcasts, or asking native speakers.

Finally, one of the most effective ways to develop your business language skills is to *review and reflect* on what you have learned and how you have performed. You can use tools, such as flashcards, notebooks, or apps, to review the vocabulary, grammar, and phrases you have learned, and to reinforce your memory and retention. You can also use tools, such as voice recorders, cameras, or journals, to record, analyze, and evaluate your speaking and writing skills, and to identify your mistakes, challenges, and areas for improvement [9].

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) appropriate
b) ledger
c) profit
d) keep
e) statement
f) clerical
g) pertaining
h) money
i) activities
j) affairs

Book-keeping is the branch of knowledge which tells us how to (1) a record of business transactions. It is often routine and (2) in nature. It is important to note that only those transactions related to business which can be expressed in terms of (3) are recorded. The activities of book-keeping include recording in the journal, posting to the (4) and balancing of accounts. Book-keeping does not present a clear financial picture of the state of (5) of a business. When one has to make a judgment regarding the financial position of the firm, the information contained in these books of accounts has to be analyzed and interpreted. It is with the purpose of giving such information that accounting came into being.

Accounting is considered as a system which collects and processes financial information of a business. This information is reported to the users to enable them to make (6) decisions. When a businessman starts his business (7), he records the day-today transactions in the Journal. From the journal the transactions move further to the ledger where accounts are written up. Here, the combined effect of debit and credit (8) to each account is arrived at in the form of balances. To prove the accuracy of the work done, these balances are transferred to a (9) called trial balance. Preparation of trading and (10) and loss account is the next step. The balancing of profit and loss account gives the net result of the business transactions.

Forms of Business Ownership

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

Business is a commercial enterprise performing all those functions that govern the production, distribution, and sale of goods and services for the benefit of the buyer and the profit of the seller. Since the beginning of the era of economic progress old ways of running business have been modified, and new forms of business organization have been introduced. This has enabled various branches of industry to adapt to changing conditions and to function more easily, efficiently and profitably, sole proprietorship, partnership, and corporation being the main three forms of business ownership.

A sole proprietorship is a business owned by one person, in which all the profits belong to the owner, the latter being fully responsible for the success and the failure of the business. Unless an activity is specifically prohibited by law, no field of business is closed to an owner. Although advantages for the small business exist in this form, certain drawbacks make it undesirable for larger concerns. In the first place, the single owner is seldom able to invest as much capital as can be obtained by a partnership or a corporation. If single owners are able to invest large amounts of capital, they ran great risk of losing it all because they are personally liable for all the debts of their businesses. It is due to unlimited liability that all the personal assets of the owner, including his home and car, can be sold to settle the debts of the business. Unless the owner has much personal wealth, the business may have difficulty borrowing money in critical times. A sole proprietorship may also have difficulty hiring and keeping good employees, because the business will dissolve when the owner retires or dies.

A partnership is an association of two or more persons who have agreed to combine their financial assets, labour, property, and other resources as well as their abilities and who carry on a business jointly for the purpose of profit. The agreement the partners usually sign to form an association is known as a partnership contract and may include general policies, distribution of profits, responsibilities.

Like the sole proprietorship, the partnership is easy to establish, and its profits are not subjected to federal corporation taxes. Financing is generally easier to obtain because the personal assets of the group are usually larger and the chances of success are higher. The major disadvantage of the partnership is unlimited liability of each partner for the debts of the business; that is complete financial responsibility for losses. Furthermore, partners who wish to retire may find it difficult to recover their investments without dissolving the partnership and ending the business.

A business corporation is an organization created by law that allows people to associate together for the purpose of making profit. Corporations are also known as joint-stock companies because they are jointly owned by different persons who receive shares of stock in exchange for an investment of money in the company. Shares represent fractions of the company's assets such as cash, equipment, real estate, manufactured goods, etc.

Though the corporation is more difficult and expensive to organize than other business forms, it has a number of advantages. First, investors can limit their personal liability to the amount of money they have invested, thus, if the corporation goes bankrupt, they can lose no more than they have put in.

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) deficit
b) add
c) appliance
d) balance
e) consumer
f) tangible
g) unprofitable
h) merchandise
i) loaded
j) payments

Just like any business, a country has to keep track of its inflow and outflow of goods, services, and (1). At the end of any given period, each country has to look at its "bottom line" and (2) up its international trade and investments in one way or another. The narrowest measure of a country's trade, the (3) trade balance, looks only at "visible" goods such as video recorders, wine, and motorcycles. Trade in visible goods is commonly referred to as the trade (4) even though it includes only those (5) goods that can actually be (6) on a ship, airplane, or whatever other means of transport to move goods from one country to another. The current account is a better measure of trade, because it includes a country's exports and imports of services, in addition to its visible trade. It may not be obvious, but many countries make a lot of money exporting "invisibles" such as banking, accounting, and tourism. A tourist abroad, for example, "buys" hotel and restaurant services in the same way as a (7) at home would buy an imported (8). Movies and banking services have to be paid for just like bags of rice. The current account tells us which countries have been profitable traders, running a current account surplus with money in the bank at the end of the year, and which countries have been (9) traders, having imported more than they've exported, running a current account (10), or spending more than they've earned.

Assets and Liabilities

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

Difference between assets and liabilities reveals itself in the following: assets give you future financial benefit, and on the other hand, liabilities will give you a future obligation. The proportion of assets to liabilities should always be higher. The difference between assets and liabilities is your equity in the company. We classify these assets and liabilities into different parts. This classification of assets and liabilities helps in arranging assets and liabilities in a proper manner in the balance sheet.

Assets are classified into such categories: fixed assets, current assets, liquid assets, wasting assets, intangible assets, fictitious assets.

Fixed assets are those assets which are not to be sold by the firm and to be used for a long period of time, such types of assets are also known as long-term assets. For example, land and building, plant and machinery, vehicles, equipment, patents, trademarks etc., are examples of fixed assets.

Currents assets are those assets which can be converted into cash easily from the market, generally within a year. For example, cash in hand, cash at bank, trade receivables, inventory, etc.

Liquid assets are those which are already in the form of cash or can easily be convertible into cash and have a negligible effect on the price available in the market. For example, marketable securities, government bonds, certificates of deposits etc.

Wasting assets are the assets that have a useful life and as we use it depreciate with the time and after some time or years, it becomes useless. For example, natural resources such as gas, timber, coal. The value of these assets goes down as we take out the contents.

And when we take out these completely, it will become useless.

Intangible assets are the assets which cannot be seen or touched. These are not necessarily useless. For example, goodwill, patents, copyrights, etc.

The assets which are valueless but are shown in the financial statements or the expenses which are treated as assets are known as fictitious assets. For example, preliminary expenses which incur at the time of establishment of the company.

We can classify the liabilities into four categories: long-term, fixed, current and contingent liabilities. Long-term liabilities are those which exists for one or more than one year, for example, a long-term loan from the bank. Liabilities which are paid at the time of termination of the business are known as fixed liabilities, for example, proprietor's capital. Current liabilities or short-term liabilities are those which are to be settled within a year (trade payables, creditors, outstanding expenses). As for contingent liabilities, they are liabilities which are not actual liabilities but these can become the actual liability and it depends on the happening of certain events.

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) limited
b) investors
c) ownership
d) initial
e) enterprise
f) liability
g) reflect
h) required
i) shareholders
j) bankrupt

The heart of capitalism is private (1), and a limited liability company allows people to own almost anything – from skyscrapers to television stations - without risking their professional assets should the company go (2). An individual, like Henry Ford, might want to begin a small (3) and personally retain total responsibility and liability, but once it starts to grow, a partnership or a "company" – such as Ford Motor Company – would need to be formed. The key factor in owning any company is the guarantee called limited (4): the owners of a company never have to pay more than they have invested in the company. Their liabilities are (5). When a company goes bankrupt, the owners can never be (6) to pay its unpaid bills. The worst that can happen to investors in a limited liability company is losing their (7) investment if the company rails. By limiting the downside risk for (8), companies are able to attract equity (9) and raise large amounts of funds called equity capital through sales of shares rather than by borrowing money at potentially high interest rates.

The names of companies around the world (10) this guarantee or limited liability. The abbreviations "GmbH" in Germany, "Inc" in the United States, or "Ltd". in most other English-speaking countries indicate that the firm is a limited liability company and investors have nothing more to lose than the money invested in their shares.

Bookkeeping as a Part of the Accounting Cycle

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

For efficient management of any company, a person requires accurate and extensive data concerning payments and receipts, liabilities and assets, depreciation of assets and other information about company status. This information can be obtained from different records, additional funds. Time should also be invested in bookkeeping and accounting system. On the whole, bookkeeping and accounting can be defined as identifying, measuring, recording economic data about business. Bookkeeping is considered as the preliminary phase and part of accounting.

The job of a bookkeeper reveals itself in ensuring the record-keeping aspect of accounting and for providing the information to which accounting principles are applied in the preparation of financial statements. Bookkeeping makes available basic accounting data by systematic recording day-to-day financial information. Such financial information covers income from the sale of products and services, expenses of business operations (the cost of sold goods or services) and overhead expenses (salaries, wages, a rent).

Accounting principles regulate financial events and transactions which are recorded in the bookkeeper's books. The main function of accounting is analysis and interpretation of these records. The numerous financial statements introduced by accountants provide managers with sources for future financial planning and control. They impact the government and investors – other interested parties – equipping them with relevant information about the enterprise.

Full cycle accounting can be broken down into several steps. Depending on how you do your accounting, you may be able to modify or skip some of the steps. Many steps in the accounting cycle are meant for accrual accounting. The double-entry accounting system allows you to cross reference entries for accuracy. If you use accrual accounting, you can follow all the steps in the accounting cycle.

If you use a single-entry accounting system (cash-basis), you can still use the accounting cycle. You will begin the accounting period on a certain date, record entries, and close your books at the end of the period. You do not need to follow the steps that require you to check entries for debits and credits.

There are usually eight steps in accounting cycle processes. However, you can add or subtract certain steps when necessary. Use the steps that help you stay organized and maintain accurate records. The following accounting cycle steps can help you keep financial records.

1. Identify transactions

First, separate your business transactions from all of the transactions you made. You only want to include transactions related to your company in your financial records. For example, you won't record your grocery bill as a business expense in your books.

Use source documents to identify business transactions, such as receipts and invoices. Save these kinds of financial documents to support your records. As you identify business transactions, decide which account they fall under.

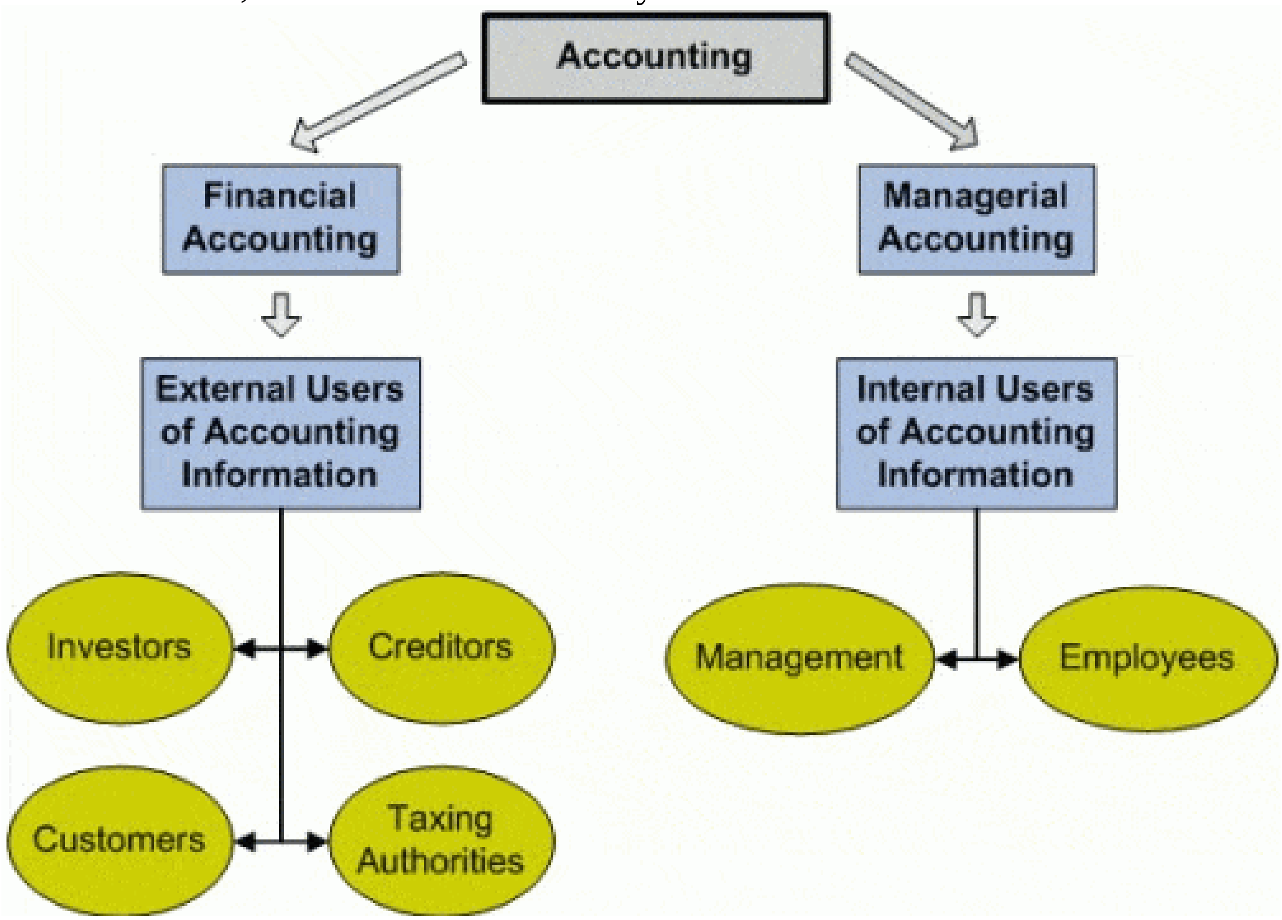

Fig. 1. Subjects of the Accounting Process

2. Record transactions in your journal

The journal is where you initially record business transactions. It is a running list of financial activities, like a checkbook. Track transactions in your journal chronologically as they happen.

Record two entries for each transaction if you use double-entry bookkeeping, Enter a debit for one account and a credit for another. The debit and credit should be equal.

3. Post entries to the general ledger

The general ledger is also known as the book of final entry. General ledger entries are changes made to each account in your books. Using your journal, organize transactions into different accounts. For example, if a customer paid for a product with cash, enter the transaction under the cash account in your books.

4. Unadjusted trial balance

For your books to be accurate, the debit and credit entries must be equal. Use an unadjusted trial balance to test if your debits and credits match.

Make a note of each account balance. Add all the debit balances together and all the credit balances together. If the two totals are not the same, you might have an error in your books. Or, you might need to make adjusting entries.

5. Adjusting entries

At the end of an accounting period, you might have incurred expenses but not paid for them yet. And, you might have earned income but not collected it yet. Use adjusting entries to recognize transactions that have occurred but not been recorded.

For example, you earned interest on a bank account balance. You have not recorded the interest in your books, but it appears on your bank statement. Use an adjusted entry to recognize the interest in your books.

6. Adjusted trial balance

Do an adjusted trial balance after making adjusting entries and before creating financial statements. This step tests to see if the debits and credits match after making adjusting entries.

7. Create financial statements

Once your accounts are up-to-date, create statements. The following are common financial statements for small business: Income statements compare your profits and losses for the period. Balance sheets determine progress by detailing assets, liabilities, and equity. Cash flow statements show money coming into and out of the business. Use your financial statements to measure performance, make improvements, and set goals. You can also use statements to talk with lenders and negotiate terms with vendors.

8. Close your books

The final step in the accounting cycle is to close your accounting books. Closing your books wraps up financial activities for the period. Do tasks like updating accounts payable, reconciling accounts, reviewing your petty cash fund, and counting inventory.

When you close your books, you should get your accounting set up for the next period. Decide which processes are moving your business forward. Create a calendar for completing future tasks. File any financial documents from the last period and get rid of old documents that are no longer useful.

This accounting cycle can help you keep your books organized. Use this flow chart of the accounting cycle as a reference for completing your books.

Record keeping is based on a double-entry system. This means that each transaction is recorded on the basis of its dual influence on the enterprise's financial position. The bookkeeping record of each transaction has to be made in a journal. An accountant should consider interrelated aspects of the transaction, and entries have to be made in different accounts to keep receipts (incomes) and payments (outs) balanced [4].

A typical account has two sides: on the left side we place the items called debits, while the items on the right side are known as credits.

Consequently, in double-entry bookkeeping, as we see, the same transaction is not entered twice, it only denotes that the same amount of money is debited to one account and credited to another account, each record having its own influence on the whole financial structure of the enterprise. Some accounts are decreased with credits and increased with debits, while other accounts are decreased with debits and increased with credits.

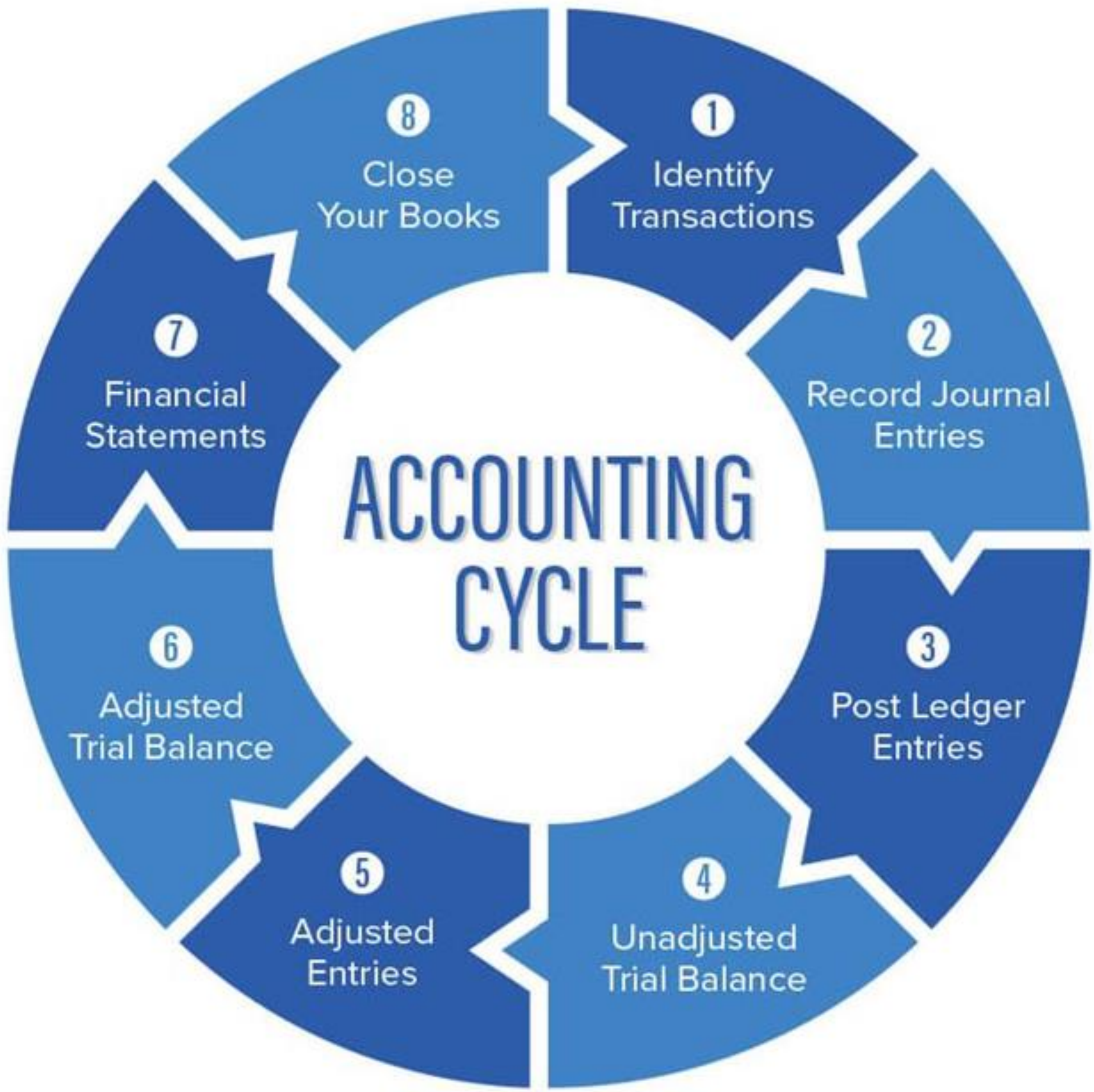

Fig. 2. Accounting Cycle

In the second step the amounts from the different journals are monthly transferred to the enterprise's general ledger. This procedure is called posting. Posting data to the ledgers is followed by listing the balances of all accounts and calculating whether the sum of all the debit balances agrees with the sum of all credit balances. After this procedure, as a rule at the end of the fiscal year, drawing up of a trial balance takes place. The record-keeping accuracy can be checked by making a trial balance. If the trial balance is prepared in a proper way, the bookkeeping portion of the accounting cycle will be successfully completed.

The double-entry system of bookkeeping helps each business to determine the value of every owned item at any time, how much of this value belongs to creditors, the total profit and how much belongs to the business clear of debt. Therefore, the primary advantage of the double-entry system is that its data are complete enough to be used for making right business decisions. Another benefit is that faults are easily detected, as the system is based on equations which always must be in balance.

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) account
b) checks
c) corresponds
d) double-entry
e) invoices
f) ledger
g) lodgments
h) posting
i) software
j) summary

In the normal course of business, a document is produced each time a transaction occurs. Sales and purchases usually have (1) or receipts. Deposit slips are produced when (2) are made to a bank account. (3) are written to pay money out of the account. Bookkeeping first involves recording the details of all of these source documents into multi-column journals. For example, all credit sales are recorded in the sales journal; all cash payments are recorded in the cash payments journal. Each column in a journal normally (4) to an account. Most individuals who balance their check-book each month are using such a system, and most personal-finance (5) follows this approach. After a certain period, typically a month, each column in each journal is totaled to give a (6) for that period. Using the rules of (7), these journal summaries are then transferred to their respective accounts in the (8), or account book. For example, the entries in the Sales Journal are taken and a debit entry is made in each customer's account (showing that the customer now owes us money), and a credit entry might be made in the account for "Sale of class 2 widgets" (showing that this activity has generated revenue for us). This process of transferring summaries or individual transactions to the ledger is called (9). Once the posting process is complete, accounts kept using the “T” format undergo balancing, which is simply a process to arrive at the balance of the (10).

Economic Growth

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

Every country worries about economic growth. In Liechtenstein, Switzerland, Norway, Luxembourg, Iceland, Qatar, Denmark, Ireland, Singapore, Sweden, Australia, Netherlands, Austria, Finland, Germany, Belgium, Canada, the United Arab Emirates, Israel, New Zealand, France, the UK, Japan, Italy and other high-income countries, the question is whether economic growth continues to provide the same remarkable gains in our standard of living as it did during the 20th century.

Approximately 2,6 billion people are scraping by on incomes that average less than $2 per day. Significant improvements in the standard of living are possible. One of the bright examples is South Korea. After the War in the late 1950s South Korea was one of the poorest countries in the world. Most South Koreans were employed in peasant agriculture. Angus Maddison, a British economist, researched the world economy on the bases of measurement of GDP and population. In 1990 South Korea's GDP per capita international dollars was $854 per year. Since the 1960s to the early twenty-first century the South Korean economy grew fast. Actually over 4 decades, GDP per capita increased by more than 6% per year.

Today the World Bank has confirmed that South Korea's GDP exceeds $30000 in nominal terms, placing it firmly among high-income countries like the United Kingdom, Japan and Spain. Measured by total GDP of $1.71 trillion in 2023, South Korea is the 12th largest world economy. For a nation of 51 million people, this transformation is very impressive.

In the late nineteenth century a remarkable process has taken place – Japan, South Korea and China showed the potential to catch up the world's leading economies. Such extensive process of economic growth was facilitated by the Industrial Revolution, which improved employee productivity, trade conditions, the development of market institutions and governance.

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) property
b) creditors
c) liabilities
d) claims
e) placed
f) entrepreneur's
g) buildings
h) necessary
i) shareholders
j) snapshot

If a simple coconut juice stand on a Samoan island beach were treated as a company, its balance sheet would consist of the following: its assets would be made up of the coconuts and the materials (1) to make and sell juice plus any cash on hand. If anything had been borrowed to set up the operation, these debts would have to be listed as (2). Whatever was left over after subtracting the debts from the assets would become the budding young (3) stockholder's equity.

All of the assets and liabilities of a company – even one as small as a coconut stand in the South Pacific-can be added up to see what the company owes and what it owns. A balance sheet is this summary, a (4) of a company's position at a given point in time.

A balance sheet is made up of two lists, (5) side by side. On the left the company lists everything it owns, such as cash and "fixed assets" called (6), plant, and equipment, which include everything from (7) and trucks to tools, pencils, and copy machines. This list is labeled assets. On the other side, the company lists its liabilities, consisting of all (8) to the company's assets, from creditors and from the company's owners. The lists end up being exactly equal-whatever assets are not claimed by the company's (9) belong to the owners. When the company`s (10) sit down to see what they really own, they look at the lists on both sides of the balance sheet.

Labour Productivity and Economic Convergence

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

Productivity is the value of goods or services produced per hour or per worker. So, we can measure productivity as the level of GDP per hour or GDP per worker. The USA experienced a productivity slowdown in 1973–1989. Since then, notwithstanding the existing global recession the United States' productivity has rebounded. Still economists are not sure if the current growth in productivity will be sustained.

The economy's rate of wages and long-term growth tells us much about the rate of productivity growth. For decades, slight alterations of percentage points in the annual rate cause a tremendous difference in GDP per capita. The aggregate production function defines how such inputs as technology, human and physical capitals influence the output measured as GDP per capita. Compound growth and compound interest rates behave similarly as productivity rates and seemingly insignificant changes in percentage points have immense impacts on income over time.

Capital deepening refers to a rise in the quantity of capital per worker. Human capital reveals itself in the form of skills or higher education, while physical capital refers such assets as building, equipment, machinery, vehicles. Technology includes innovative methods of production, scientific inventions, advanced forms of management and administration. In a free market economy to create a healthy climate for growth in GDP per capita there is a need in improving human capital, physical capital and technology.

Economic convergence is the hypothesis that poorer economies' per capita incomes will tend to grow at faster rates than richer economies.

Convergence happens when nations increase investment in human and physical capital with the purpose of growing GDP. In a low-income economy the effect of new investment on human and physical capital results in gaining new skills or equipment. Higher income countries, as a rule, have diminishing returns to their investments consequently they must constantly develop innovative technologies. At the same time, it is worth mentioning that lots of high-income countries have built economic institutions which provide a healthy climate for introducing technological innovations.

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) change
b) goes
c) high
d) low
e) merchants
f) regressive
g) revenue
h) tax
i) taxation
j) total

A proportional tax is one that imposes the same percentage rate of (1) on everyone, no matter what their income. Even when income (2) up, the per cent of total income paid in taxes does not (3). A progressive tax is one that imposes a higher percentage rate of taxation of people with (4) incomes than on those with (5) incomes. A (6) tax is one that imposes a higher percentage rate of taxation on low incomes than on high incomes. For example, a person with a yearly income of $10,000 may spend $3,000 on food, clothing and medicine, while a person with a yearly income of $100,000 may spend $20,000 on the same essentials. If the state sales (7), which is a regressive tax, were 4 per cent, the person with the lower income would pay a lesser amount in dollars but a higher percentage of (8) income.

A sales tax is a general tax levied on consumer purchases of nearly all products. It is added to the final price paid by the consumer. For the most part, sales taxes are collected by individual (9) at the time of the sale and are turned over weekly or monthly to the proper government agency. Most states allow merchants to keep a small portion of what they collect to compensate for their time and book-keeping costs. The sales tax generally is a very effective means of getting (10) for states and cities.

Gross Domestic Product

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

The first step toward understanding macroeconomics is to measure the size of a country's overall economy by its gross domestic product (GDP), which is the value of all final goods and services produced in a current year. The measurement of GDP involves counting up the production of millions of various goods and services – watches, smart phones, laptops, cars, buses, trains, aircrafts, music downloads, steel, apples, peaches, plums, roses, university educations, and all other new goods and services produced in the given year – and summing them into a total dollar value. This task is straightforward: take the quantity of everything produced, multiply it by the price at which each product sold, and add up the total.

In 2020 the US GDP totaled $19.48 trillion (24,08% of the world GDP) with the growth 2,27% and reached $59,939 per Capita.

Every market transaction which enters into GDP has to encompass both a buyer and a seller. We can measure the GDP of an economy either by the total dollar value of what is produced, or by the total dollar value of what is purchased in the economy.

Thus, the size of a nation's economy is commonly expressed as its gross domestic product, which measures the value of the output of all goods and services produced within the country in a year. GDP is measured by taking the quantities of all goods and services produced, multiplying them by their prices, and summing the total. Since GDP measures what is bought and sold in the economy, it can be measured either by the sum of what is purchased in the economy or what is produced.

We can divide demand into investment, consumption, government, imports and exports. In turn, the produced things fall into durable and nondurable goods, services, inventories, structures. To avoid double counting, GDP counts only final output of goods and services, not the production of intermediate goods or the value of labour in the chain of production.

The nominal value of an economic statistic is the commonly announced value. The real value is the value after adjusting for changes in inflation. To convert nominal economic data from several different years into real, inflation adjusted data, the starting point is to choose a base year arbitrarily and then use a price index to convert the measurements so that they are measured in the money prevailing in the base year.

Over the long term the US real GDP have increased dramatically. At the same time, GDP has not enlarged the same amount each year. The speeding up and slowing down of GDP growth represents the business cycle. When GDP declines significantly, a recession occurs. A longer and deeper decline is a depression. Recessions begin at the peak of the business cycle and end at the trough.

In order to compare different nations' GDPs, we need to convert their currencies to a common currency. One of the ways to do that is with the exchange rate, which is the price of one nation's currency in terms of another. Once GDPs are expressed in common currency, we can compare each country's GDP per capita by dividing GDP by population. Nations with large populations have large GDPs, but GDP alone can be a misleading indicator of the nation's wealth. A better measure is GDP per capita.

GDP is an indicator of a society's standard of living, but it is only a rough indicator. GDP does not directly take account of leisure, environmental quality, levels of health and education, activities conducted outside the market, changes in inequality of income, increases in variety, increases in technology, or the (positive or negative) value that society may place on certain types of output [16, p. 115–116].

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) accounted
b) line
c) relevant
d) annual
e) rules
f) implying
g) reflected
h) worth
i) judge
j) based

The price of a company's shares is based on two things: what the company is (1) and what it can provide in earnings in the years to come. A company's earnings, like a fruit tree's (2) production of apples or oranges, is usually (3) for at the end of each year of activity. A company's share price is (4) on its earnings, usually in the form of a ratio, called the price / earning (p/e) ratio. When a company's earnings rise, its share prices usually rises, keeping its p/e ratio in (5) with other companies within its industry. A company with a price /earnings ratio of 10/1, for example, has a share price that is ten times the amount the company earns per year, (6) that the stock would pay for itself in ten years' time. The problem in comparing p/e ratios from country to country is that each country has its own accounting (7): earnings may be understated in one country and overstated in another. It is hard to (8) a company's value when the measuring sticks are not the same. Instead of asking, "Is the price too high?", it may be (9) to ask, "Are the reported earnings too low". In Japan, different accounting rules allow many Japanese companies to report fewer earnings then would be accounted for the European or North American standards. For example, many of the Japanese holdings of other companies are not included in their reported earnings. The 5 percent stake that Mitsubishi Trust may hold in Kirin Breweries would be (10) in its price per share, but not in its earnings statement. Japanese price/earnings ratios, therefore, often look high by Western standards.

The Role of the Market in Our Life

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

Markets bring together buyers and sellers of goods and services. In some cases, such as a local fruit stall, buyers and sellers meet physically. In other cases, such as the stock market, business can be transacted over the telephone and computer.

A market is a shorthand expression for the process by which households' decisions about consumption of alternative goods, firms' decisions about what and how to produce, and workers' decisions about how much and for whom to work are all reconciled by adjustment of prices.

Prices of goods and of resources, such as labour, machinery and land, adjust to ensure that scarce resources are used to produce those goods and services that society demands.

Much of economics is devoted to the study of how markets and prices enable society to solve the problems of what, how, and for whom to produce. Suppose you buy a hamburger for your lunch. What does this have to do with markets and prices? You chose the cafe because it was fast, convenient and cheap. Given your desire to eat, and your limited resources, the low hamburger price told you that this was a good way to satisfy your appetite. You probably prefer steak but that is more expensive. The price of steak is high enough to ensure that society answers the "for whom" question about lunchtime steaks in favour of someone else.

Now think about the seller's viewpoint. The cafe owner is in the business because, given the price of hamburger meat, the rent and the wages that must be paid, it is still possible to sell hamburgers at a profit. If rents were higher, it might be more profitable to sell hamburgers in a cheaper area or to switch to luxury lunches for rich executives on expense accounts. The student behind the counter is working there because it is a suitable part-time job which pays a bit of money. If the wage were much lower, it would hardly be worth working at all. Conversely, the job is unskilled and there are plenty of students looking for such work, so owners of cafes do not have to offer very high wages.

Prices are guiding your decision to buy a hamburger, the owner's decision to sell hamburgers, and the student's decision to take the job. Society allocates resources – meat, buildings and labour – into hamburger production through the price system.

If nobody liked hamburgers, the owner could not sell enough at a price that covered the cost of running the cafe and society would devote no resources to hamburger production. People's desire to eat hamburgers guides resources into hamburger production. However, if cattle contracted a disease, thereby reducing the economy's ability to produce meat products, competition to purchase more scarce supplies of beef would bid up the price of beef, hamburger producers would be forced to raise prices, and consumers would buy more cheese sandwiches for lunch. Adjustments in prices would encourage society to reallocate resources to reflect the increased scarcity of cattle.

There were several markets involved in your purchase of a hamburger. You and the cafe owner were part of the market for lunches. The student behind the counter was part of the local labour market. The cafe owner was part of the local wholesale meat market and the local market for rented buildings. These descriptions of markets are not very precise. Were you part of the market for lunches, the market for prepared food, or the market for sandwiches to which you would have turned if hamburgers had been more expensive? That is why we have adopted a very general definition of markets which emphasizes that they are arrangements through which prices influence the allocation of scarce resources.

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) summed
b) recording
c) economic
d) profit
e) development
f) divided
g) extent
h) assets
i) calculation
j) transactions

The accounting system in any given country is one of the key elements of the (1) system. It is determined to a significant (2) by the level and direction of the economic system's (3). The most important theoretical concept of the Anglo-American accounting may be (4) up as follows: the subject of accounting is the (5) of the financial results of an economic entity's business activity.

Accounting is used to describe the (6) entered into by all kinds of organizations. Accounting can be (7) into three phases: capture, processing and communication of financial information. The first phase, the process of capturing financial information and (8) it, is called book-keeping. Accounting, in the true sense of the word, extends far beyond the actual making of records. It includes their analysis and interpretation, it shows the relationship between the financial results and events which have created them.

Accounting can show the managers or owners of a business whether or not the business is operating at a (9), whether or not the business will be able to meet its commitments as they fall due. Accounting is based on the accounting equation, which states that a firm's (10) must equal its liabilities plus its owners' equity. Assets and liabilities, profits or losses are listed in financial statements. The two main types of financial statements are the balance sheet and the income statement (profit and loss account).

Markets and Monopolies

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

Whenever people who are willing to sell a commodity contact people who are willing to buy it, a market for that commodity is created. Buyers and sellers may meet in person, or they may communicate in some other way: by letter, by telephone or through their agents. In a perfect market, communications are easy, buyers and sellers are numerous and competition is completely free. However, there are no really perfect markets, and each commodity market is the subject to special conditions. It can be said however that the price ruling in a market indicates the point where supply and demand meet.

Although in a perfect market competition is unrestricted and sellers are numerous, free competition and large numbers of sellers are not always available in the real world. In some markets there may only be one seller or a very limited number of sellers. Such situation is called a “monopoly”, and may arise from a variety of different causes.

State planning and central control of the economy often mean that a state government has the monopoly of important goods and services. Some countries have state monopolies in basic commodities like steel and transport, while other countries have monopolies in such comparatively unimportant commodities as matches. Most national authorities monopolize the postal services within their borders. A different kind of monopoly arises when a country, through geographical and geological circumstances, has control over major natural resources or important services, as for example with Canadian nickel and the Egyptian ownership of the Suez Canal. Such monopolies can be called natural monopolies. They are very different from legal monopolies, where the law of a country permits certain producers, authors and inventors a full monopoly over the sale of their own products.

These three types of monopoly are distinct from the sole trading opportunities which take place because certain companies have obtained complete control over particular commodities. This action is often called “cornering the market” and is illegal in many countries. In the USA anti-trust laws operate to restrict such activities, while in Britain the Monopolies Commission examines all special arrangements and mergers which might lead to undesirable monopolies.

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) charged	f) payable
b) corresponding	g) receivable
c) customers	h) separately
d) general	i) transferred
e) liabilities	j) values

Journals are recorded in the (1) journal daybook. A journal is a formal and chronological record of financial transactions before their (2) are accounted for in the general ledger as debits and credits.

A ledger is a record of accounts. These accounts are recorded (3), showing their beginning/ending balance. A journal lists financial transactions in chronological order, without showing their balance but showing how much is going to be (4) in each account. A ledger takes each financial transaction from the journal and records it into the (5) account for every transaction listed. The ledger also sums up the total of every account, which is (6) into the balance sheet and the income statement. There are three different kinds of ledgers that deal with book-keeping:

Sales ledger, which deals mostly with the accounts (7) account. This ledger consists of the records of the financial transactions made by (8) to the business.

Purchase ledger is the record of the purchasing transactions a company does; it goes hand in hand with the Accounts (9) account.

General ledger, representing the original five, main accounts: assets, (10), equity, income, and expenses.

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) allocates
b) inventory
c) ledger
d) payable
e) requires
f) similar
g) small
h) software
i) used
j) uses

Two common bookkeeping systems (1) by businesses and other organizations are the single-entry bookkeeping system and the double-entry bookkeeping system. Single-entry bookkeeping (2) only income and expense accounts, recorded primarily in a revenue and expense journal. Single-entry bookkeeping is adequate for many (3) businesses. Double-entry bookkeeping (4) posting each transaction twice, using debits and credits.

The primary bookkeeping record in single-entry bookkeeping is the cash book, which is (5) to a checking account (UK: cheque account, current account) register, but (6) the income and expenses to various income and expense accounts. Separate account records are maintained for petty cash, accounts (7) and receivable, and other relevant transactions such as (8) and travel expenses. These days, single-entry bookkeeping can be done with DIY bookkeeping (9) to speed up manual calculations.

A double-entry bookkeeping system is a set of rules for recording financial information in a financial accounting system in which every transaction or event changes at least two different nominal (10) accounts.

National Income Accounting

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

Gross domestic product measures the output produced by factors of production located in the domestic economy regardless of who owns these factors. GDP measures the value of output produced within the economy. Most of this output will be produced by domestic factors of production but there are some exceptions. Suppose Datsun or Peugeot builds a car factory in the UK. They employ UK workers and use machines made in the UK. Their output is part of GDP for the UK. However, the company's profits are owned by shareholders in Japan or France. Hence the value of the factory's output cannot be expected to be the same as the value of incomes earned by UK households. Initially we shall simply suppose that we are discussing a country with no links with the rest of the world. Shortly, we shall introduce the rest of the world and show that it is precisely the issue of how to treat payments of profits and other income to foreigners that explains why we have to distinguish GDP from the concept of GNP, which we introduced earlier. When an economy has no transactions with the rest of the world we say that it is a closed economy.

We start by recognizing that transactions do not take place exclusively between a single firm and a single household. Firms hire labour services from households, but they buy raw materials and machinery from other firms. If we include the value of the output of cars in GDP we do not want also to include the value of the steel sold to the car producer which is already in the value of the car.

To avoid double counting, we use the concept of value added. Value added is the increase in the value of goods as a result of the production process. Value added is calculated by deducting from the value of the firm's output the cost of the input goods that were used up in the act of producing that output.

Closely related to the concept of value added is the distinction between final goods and intermediate goods.

Final goods are goods purchased by the ultimate user. They are either consumer goods purchased by households or capital goods such as machinery which are purchased by firms. Intermediate goods are partly finished goods which form inputs to another firm's production process and are used up in that process.

Thus, ice cream is a final good but steel is an intermediate good which some other firm uses as an input to its production process. In classifying capital goods as final goods we suppose they are not used up in subsequent production, we suppose that they do not depreciate or wear out.

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) accountancy
b) accounting
c) artificially
d) current
e) errors
f) external
g) government
h) internal
i) statements
j) stocks

Auditing means examining a company's systems of control and the accuracy or exactness of its records, looking for (1) or possible fraud: where the company may have deliberately given false information. An (2) audit is carried out by a company's own accountants. An (3) audit is done by auditors who are not employees of the company. The external audit examines the truth and fairness of financial (4). It tries to prevent what is called 'creative accounting', which means recording transactions and values in a way that produces a false result - usually an (5) high profit. There is always more than one way of presenting accounts. The accounts of British companies have to give a true and fair view of their financial situation. This means that the financial statements must give a correct and reasonable picture of the company's (6) condition.

In most continental European countries, and in Japan, there are laws relating to (7), established by the government. In the US, companies whose (8) are traded on public stock exchanges have to follow rules set by the Securities and Exchange Commission (SEC), a (9) agency. In Britain the rules, which are called standards, have been established by independent organizations such as the Accounting Standards Board (ASB), and by the (10) profession itself.

Revenues, Costs and Profits

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

Revenue is the amount of money a firm earns by selling goods and services in a certain period of time. The costs are the expenses incurred in producing these goods and services during the period. Profits are defined as the excess of revenues over costs. Thus we can assume:

Profits = Revenues – Cost.

Although these ideas are quite simple, in practice the calculation of revenues, costs and profits for a large business is complicated. Otherwise we would not need so many accountants.

People do not always pay their bills immediately. From an economic viewpoint, the right definition of revenues and costs relates to the activities carried out during the year whether or not payments have yet been made. This distinction between economic revenues and costs and actual receipts and payments raises the important concept of cash flow.

A firm’s cash flow is the net amount of money actually received during the period. Profitable firms may still have a poor cash flow, for example when customers are slow to pay their bills.

Part of the problem of running a business is that cash flow at the beginning is bound to be slow. Set up costs must be incurred before revenues start to flow in. That is why firms need financial capital to start the business. If the business prospers, revenues will build up and eventually there will be a healthy cash inflow.

Physical capital is the machinery, equipment, and buildings used in production. Rent-a-Person owns little physical capital. Instead, it rents office space, typewriters, and desks. In practice, businesses frequently buy physical capital. Economists use “capital” to denote goods not entirely used up in the production process during the period. Buildings and lorries are capital because they can be used again in the next year. Electricity is not a capital good because it is used up entirely during the period. Economists also use the terms “durable goods” or “physical assets” to describe capital goods.

Depreciation is the loss in value resulting from the use of machinery during the period. The cost during the period of using a capital good is the depreciation or loss of value of that good, not its purchase price.

The existence of depreciation again leads to a difference between economic profits and cash flow. When a capital good is first purchased i there is a large cash outflow, much larger than the depreciation cost of using the good during the first year. Profits may be high but cash flow low. However, in subsequent years the firms make no further cash outlay, having already paid for the capital goods, but must still calculate depreciation as an economic cost since the resale value of goods is reduced still further. Cash flow will now be higher than economic profit.

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) accounting
b) business
c) involves
d) ledgers
e) performed
f) purchases
g) receipts
h) supplier's
i) transactions
j) trials

Bookkeeping is the recording of financial transactions, and is part of the process of (1) in business. Transactions include purchases, sales, (2), and payments by an individual person or an organization/corporation. There are several standard methods of bookkeeping, such as the single-entry bookkeeping system and the double-entry bookkeeping system, but, while they may be thought of as "real" bookkeeping, any process that (3) the recording of financial transactions is a bookkeeping process.

Bookkeeping is usually (4) by a bookkeeper. A bookkeeper is a person who records the day-to-day financial transactions of (5). He or she is usually responsible for writing the daybooks, which contain records of (6), sales, receipts, and payments. The bookkeeper is responsible for ensuring that all transactions are recorded in the correct daybook, (7) ledger, customer ledger, and general ledger; an accountant can then create reports from the information concerning the financial (8) recorded by the bookkeeper.

The bookkeeper brings the books to the (9) balance stage: an accountant may prepare the income statement and balance sheet using the trial balance and (10) prepared by the bookkeeper.

Trade and Multinational Business

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

The sale of goods and services often takes place on an international basis and is not restricted to local, regional or national markets. Nations import goods which they lack or cannot produce as efficiently as other nations, and they export goods that they can produce more efficiently. This exchange of goods and services in the world, or global market is known as international trade. There are three key benefits to be gained from this exchange.

First of all, international trade makes scarce goods available to nations which desire them. When a nation lacks the resources needed to produce goods domestically, it may import them from another country. For example, Saudi Arabia imports automobiles; the United States – bananas; and Japan – oil.

Secondly, international trade allows a nation to specialize in production of those goods for which it is particularly suited. This often results in increased output, decreased costs, and a higher national standard of living. Natural, technical and human resources help to determine which products a nation will specialize in. Saudi Arabia is able to specialize in petroleum because it has the necessary natural resource; Japan is able to specialize in production of televisions because it has the human resources required to assemble the numerous components by hand; and the United States is able to specialize in the computer industry because it has the technical expertise necessary for design and production.

There are two economic principles which explain how and when specialization is advantageous. According to the theory of absolute advantage, a nation ought to specialize in the goods that it can produce more cheaply than its competitors or in the goods that no other nation is able to produce. According to the theory of comparative advantage, a nation ought to concentrate on the products that it can produce most efficiently and profitably. For example, a nation might produce both grain and wine cheaply, but it specializes in the one which will be more profitable.

The third benefit of international trade is its political effects. Nations which trade together develop common interests and overcome political differences. Economic cooperation has been the foundation for many political alliances.

A company often becomes involved in international trade by exchanging goods or services with another country – importing raw materials it may need for production or exporting finished products to a foreign market. Establishing these trade relationships is the first step in the development of a multinational business. However, at this stage, the corporation’s emphasis is still on the domestic market. As trade expands, the corporation’s dealings with companies or people outside the “home country” of that corporation, the company begins to view the whole world as a base for production and marketing operations. The next step in the development of a multinational business is focusing on the world market. The company may establish a foreign assembly plant, engage in contract manufacturing, or build a foreign manufacturing company or subsidiary. Therefore, a multinational corporation is primarily based in one country and has production and marketing activities abroad. Since World War II, multinational corporations have grown rapidly. The names of many multinationals have become famous in the world marketplace: IBM, Daimler, Panasonic, Shell, Volkswagen and Pepsi.

Economic, technological social, cultural and political systems vary from country to country. In order to operate successfully, a multinational company should have a basic appreciation and understanding of the foreign business environment.

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) activities
b) bookkeeping
c) designed
d) entities
e) established
f) fields
g) management
h) measurement
i) measures
j) summaries

Accounting or accountancy is the measurement, processing and communication of financial information about economic (1). The modern field was (2) by the Italian mathematician Luca Pacioli, in 1494. Accounting, which has been called the “language of business”, (3) the results of an organization's economic activities and conveys this information to a variety of users including investors, creditors, (4), and regulators. Practitioners of accounting are known as accountants. The terms accounting and financial reporting are often used as synonyms.

Accounting can be divided into several (5) including financial accounting, management accounting, auditing, and tax accounting. Accounting information systems are (6) to support accounting functions and related (7). Financial accounting focuses on the reporting of an organization's financial information, including the preparation of financial statements, to external users of the information, such as investors, regulators and suppliers; and management accounting focuses on the (8), analysis and reporting of information for internal use by management. The recording of financial transactions, so that (9) of the financials may be presented in financial reports, is known as bookkeeping, of which double-entry (10) is the most common system.

Foreign Direct Investments

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

Foreign investors have got myriad motivations for seeking to earn profits in another country. But they have primarily two core choices when deciding how to deploy their capital. They can make a portfolio investment, buying bonds or stocks, often with the idea of making a short-term speculative financial gain without becoming actively engaged in the day-to-day running of the enterprise in which they invest. In another case they can choose the long-haul, hands-on approach – investing in an enterprise in another economy with the objective of gaining control or exerting significant influence over management of the firm (which usually involves a stake of at least 10 percent of a company’s stock). In the most extreme case, investors may build new facilities from scratch, maintaining full control over operations.

It is the intent of lasting interest that is the crucial constituent of direct investment. A portfolio investor can sell a stock or bond quickly – whether to avoid a loss or cement a gain. Most corporations entering a foreign market through direct investment expect to substantially influence or control the management of the enterprise over the long haul.

Countries may encourage inward direct investment to improve their finances. Firms that set up operations in host countries are subject to local tax laws and often significantly boost the host country’s tax revenues. Direct investment can also help a country’s balance of payments. Because portfolio investments can be volatile, a country’s financial circumstances could worsen if investors suddenly withdrew their funds. Direct investment, on the other hand, is a more stable contributor to a country’s financial structure. Direct investors do not wish to take actions to undermine the value or sustainability of their investments.

Other positive effects associated with inward direct investment include increased employment, improved productivity, technology and knowledge transfer, and overall economic growth. Increased competition from foreign firms, whether new or acquired, often forces competitors to increase their productivity so that they don’t go out of business.

Suppliers and service providers to the direct investment enterprise may also increase their productivity, often because the investor requires higher-volume or higher-quality orders. The increase in volume and variability of products and services in the economy leads to overall improvement in the market's quality and size.

Host countries also benefit from a transfer of knowledge and technology, which often stems from workforce turnover. Incoming firms frequently offer more training opportunities than local employers. This knowledge is later transferred to local companies when trained employees leave the foreign enterprise for local businesses. In addition, there may be some incidental spillover of knowledge through informal networks, when employees exchange ideas and opinions about their workplace practices.

In turn, direct investment may not always be viewed positively from a host country perspective. Because productive companies engage in direct investment, the increased competition they provide may force the least productive local companies out of business. Opponents of direct investment argue that foreign, especially brownfield, investment is a simple ownership transfer that does not generate new jobs. Some critics, moreover, point to the risk of a sudden reversal of the direct investment and a fire sale of assets, drastically reducing their value and, in extreme cases, forcing facilities to close and companies to lay off workers. Direct investment is often restricted in certain companies and industries, such as those involving sensitive high-technology products and in defense-related companies.

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) share
b) endowment
c) investors
d) concentrate
e) decisions
f) securities
g) protect
h) bankrupt
i) suffers
j) mistakes

Instead of putting all their eggs in one basket, international (1) often invest in equity funds that spread the risk over a wide range of stocks. Essentially, equity funds allow investors to avoid the risk of losing all their money on one (2) company. The funds consist of a whole group of different (3), such as stocks and stock options, that are bought and sold for the fund by professional fund managers. Many international investors prefer to leave the (4) on foreign equity investment to the highly skilled fund managers who know the individual markets and are better able to avoid costly (5). By buying a (6) in an equity fund, such as Far East fund are a growth stock fund, investors can diversify the risk over a wide range of companies. If any one company in an equity fund goes bankrupt, each investors (7) minimal loss because of the other healthy companies in the fund.

Politically or socially conscious investors such as college (8) funds may prefer to invest in equity funds that correspond to their economic and political goals. A fund investing only in companies that (9) the environment, for example, may be of interest to people who want to accomplish specific socials goals with their money. There are many different equity funds available for their international investor. Growth stock funds invest primarily in stocks of companies that retain their earnings and (10) on rapid growth.

Vertical and Horizontal Direct Investments

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

A number of factors influence a company's decision to engage in direct investment, including analysis of the trade costs with a foreign country. If these costs – including tariffs (taxes on imports), trade barriers such as quotas, and transportation – are higher than the cost, including the costs of production abroad, of establishing presence in the foreign country, the business will maximize its profits through direct investment.

Companies may invest with the idea of producing components which become part of a bigger product. An automaker may invest in a plant to build transmissions that are shipped to a final assembly plant in another country. This so-called vertical direct investment accounts for most of the investment by advanced economies in developing ones. The cost advantages associated with investing in a foreign country – and in many cases performing only a portion of the production process in that country –drive such investment. Abundant or unique natural resources or low labour costs influence the decision to move production overseas and import intermediate or final products from subsidiaries in host economies to the parent company's country (intrafirm trade).

A company may also invest in a foreign country by duplicating there its home country manufacturing processes. This may be done to supply goods or services to a foreign market. That's called horizontal direct investment. In countries with tariffs or other barriers to imports, a foreign firm may find that setting up local operations allows it to circumvent the barriers. Even though trade taxes have been falling over the years, such tariff jumping is still a common way to enter markets where the greatest benefit of direct investment is access to the local market. Another factor driving horizontal direct investment, specifically between advanced economies, is access to a pool of skilled employees and technology. In contrast to vertical direct investment, horizontal direct investment is likely to compete directly with local firms for local market share.

Of course investment need not be purely horizontal or vertical. A foreign subsidiary may provide goods to the parent company and receive services from the headquarters – a clear example of vertical direct investment. But the same subsidiary may also supply the local market, as part of the parent company's horizontal direct investment strategy.

Direct investment takes different shapes and forms. A company may enter a foreign market through so-called greenfield direct investment, in which the direct investor provides funds to build a new factory, distribution facility, or store, for example, to establish its presence in the host country.

But a company might also choose brownfield direct investment. Instead of establishing a new presence the company invests in or takes over an existing local company. Brownfield investment means acquiring existing facilities, suppliers, and operations – and often the brand itself.

That the overwhelming share of direct investment occurs among advanced economies may seem counterintuitive. But given the large size of these economies, it stands to reason that horizontal direct investment in which advanced economies access pools of skilled workers, advanced technology, and large markets in other advanced economies dominates global direct investment.

Data on direct investment can be hard to interpret because of investments in tax havens. The level of investment in these countries is large, but investors tend to have no physical presence there. Given the pass-through nature of these investments, the usual costs and benefits associated with direct investment, other than collection of fees and taxes, do not apply. Foreign direct investors may, as their critics claim, buy out domestic assets, pushing local firms out of business or imposing their policies on governments. But the overall benefits to both host and investing economies from foreign direct investment significantly outweigh the costs. Capital inflows from foreign direct investors help finance a country's spending – on investment, for example – and increase tax revenue, create jobs, and produce other positive spillovers for the host economy.

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) consumer	f) international
b) employ	g) estate
c) economy	h) exports
d) expanding	i) imported
e) endowments	j) made

In many ways, all we are a part of the world (1). When we drink our (2) coffee or hot chocolate in the morning, when we use a foreign-made video recorder, or when we travel abroad on holiday, we are participating in the growing world of (3) trade and finance. And it is not only as a (4) of foreign goods and services that we are a part of the world economy. The money that our pension funds or university (5) earn from global investments may actually be paying for our retirement or a new building on campus. Foreign investment in local real (6) and companies can also provide needed jobs for our friends and families. Even the local athlete who has signed a contract to play abroad is part of the (7) global economy.

The world economy is (8) up of all those interactions among people, businesses, and governments that cross international borders, even the illegal ones. We use the world economy to achieve specific political or ecological objectives when we (9) economic sanctions to fight racial segregation or the illegal killing of whales.

Basically, whatever crosses an international border – whether goods, services, or transfers of funds – is a part of the world economy. Food imports, automobile (10), investments abroad, even the trade in services such as movies or tourism contribute to each country's international economic activity.

Corruption in International Business

1) Read and translate the text.
2) Write out new words and expressions, learn them by heart.
3) Make a short summary of the text in a written form using the expressions.
4) Discuss the main issues of the topic.

When a large corporation decides to enter a foreign market, it must usually secure a number of licenses, permits, registrations, or other government approvals. Certain types of business may be even impossible or illegal unless the corporation is first able to obtain a change or adjustment to the nation's laws or regulations. Since the power to authorize the foreign corporation's activities is vested in the hands of local politicians and officials, and since corporations have access to large financial resources, it should not be surprising that some corporate executives resort to financial incentives to influence foreign officials. While certain financial incentives, such as promises to invest in local infrastructure, may be legitimate, any form of direct payment to the foreign official that is intended to influence that official's public decisions will cross the line into illegal subornation, also commonly referred to as bribery.

Bribery is one of the archetypal examples of a corporation engaged in unethical behavior. A number of problems can be attributed to business bribery. First, it is obviously illegal – all countries have laws that prohibit the bribery of government officials – so the foreign company engaging in bribery exposes its directors, executives, and employees to grave legal risks. Second, the rules and regulations that are circumvented by bribery often have a legitimate public purpose, so the corporation may be subverting local social interests and/or harming local competitors. Third, the giving of bribes may foment a culture of corruption in the foreign country, which can prove difficult to eradicate. Fourth, in light of laws such as the US Foreign Corrupt Practices Act (FCPA) and the Organization of Economic Cooperation and Development (OECD) Convention on Anti-Bribery (discussed in greater detail below), bribery is illegal not only in the target country, but also in the corporation's home country. Fifth, a corporation that is formally accused or convicted of illicit behavior may suffer a serious public relations backlash.

Despite these considerable disincentives, experts from Transparency International (TI), a leading anticorruption organization based in Berlin, report that worldwide business corruption shows little signs of abating. Governments and intergovernmental organizations have redoubled their efforts to combat the perceived increase in international business corruption. Globalization, which accelerated in the final decades of the twentieth century, is often cited by specialists as contributing to the spread of corruption. Corporations and businesses in every nation have become increasingly dependent on global networks of suppliers, partners, customers, and governments. The increased interaction between parties in different countries has multiplied the opportunities for parties to seek advantage from illicit incentives and payoffs. Although outright bribery is clearly unethical and illegal, there is great deal of behavior that falls into a gray zone that can be difficult to analyze according to a single global standard. When does a business gift become a bribe? What level of business entertainment is “right” or “wrong”? Over the past two decades, governments and regulators have sought to clearly define the types of behavior that are considered unethical and illegal.

Prior to the expansion of international trade in the nineteenth and twentieth centuries, most commerce was local and followed traditional norms and ethical standards. With the expansion of international trade, however, businesses began to operate across cultural and linguistic boundaries. Misunderstandings and transgressions, both intended and unintended, became commonplace. To some extent, perceptions of corruption may derive from cultural differences, because behavior that is considered corrupt in one society may represent a normal business practice in another.

One example can be found in the Chinese concept of guanxi, which refers to the reciprocal obligations and benefits expected from a network of personal connections. A person with a powerful level of guanxi is considered a preferred business partner because such a person can utilize connections to obtain business or government approvals. Guanxi can derive from extended family, school friends and alumni, work colleagues, members of common clubs or organizations, and business associates. Chinese businesspeople seek to cultivate an intricate and extensive web of lifelong guanxi relationships. The key expectation in guanxi networks is reciprocity in the granting of favors; the failure to reciprocate is considered a breach of trust.

Many traditional business practices around the world are rooted in concepts analogous to guanxi, as in the practice of using business gifts or personal connections to speed up transactions both large and small. Ukrainians and Russians use the term blat to refer to the ability to get things done through personal networks or contacts with people of influence. The Japanese have adapted the English word connections to coin a term of their own, konne. In Pakistan, the use of personal sifarish (“recommendation”) refers to the ability to make contact with the right official on the most favorable terms. The French expression for bribe is pot de vin (“jug of wine”), which implies friendly relations. In Urdu and Hindi, petty bribes are known as chai pani (“tea water”). In West Africa the term is dash. The English colloquial term grease and the German schmiergeld (“grease money”) imply a lubrication or easing of resistance to the transaction. In Mozambique, one term for corruption is cabritismo or “goatism,” which is derived from the saying “a goat eats where it is tethered”.

5) Fill in the blanks (1-10) with appropriate words (a-j):

a) additional
b) arise
c) constraint
d) empty
e) full-time
f) pay
g) price
h) succeeds
i) useful
j) value

When asked how much a movie costs, most people cite the ticket (1). For an economist, this is only part of the answer: to see a movie takes not only a ticket but also time. The opportunity cost of going to a movie is the (2) of the other things you could have done with the same money and time. If you decide to take time off from work, the opportunity cost of your leisure is the (3) that you would have earned had you worked. Part of the cost of a college education is the income you could have earned by working (4) instead of going to school.

Consider one of our most important resources – time. There are only 24 hours in a day, and we must live our lives under this (5). In weighing the costs and benefits of a decision, it is important to weigh only the costs and benefits that (6) from the decision. Suppose, for example, that you live in New Orleans and that you are weighing the costs and benefits of visiting your mother in Iowa. If business required that you travel to Kansas City anyway, the cost of visiting Mom would be only the (7), or marginal, time and money cost of getting to Iowa from Kansas City. There are numerous examples in which the concept of marginal cost is (8). For an airplane that is about to take off with (9) seats, the marginal cost of an extra passenger is essentially zero; the total cost of the trip is roughly unchanged by the addition of an extra passenger. Thus, setting aside a few seats to be sold at big discounts through www.priceline.com. As long as the airline (10) in filling seats that would otherwise have been empty, doing so is profitable.

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