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МИКОЛАЇВСЬКИЙ НАЦІОНАЛЬНИЙ АГРАРНИЙ УНІВЕРСИТЕТ

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Методичні рекомендації та навчальний матеріал для аудиторної та
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Передмова

Методичні рекомендації для аудиторної та самостійної роботи здобувачів вищої освіти ступеня «бакалавр» спеціальності 073 «Менеджмент» денної форми навчання забезпечують навчальний матеріал дисципліни «Іноземна мова професійного спрямування».

Мета даних методичних рекомендацій – забезпечення розвитку мовних та мовленнєвих навичок студентів з тем, передбачених навчальною програмою з іноземних мов рекомендованою Міністерством освіти і науки України та підготовка студентів до складання заліку з англійської мови.

Методичні рекомендації розраховані на 45 год. (1.5 кр.) самостійної роботи.

За кожну тему студент може отримати від 10-15 балів, що передбачено навчальною програмою з іноземних мов.

Методичні рекомендації є збіркою текстів економічного спрямування та різнорівневих завдань до них для отримання додаткової інформації, яка доповнює навчальний посібник «Англійська мова міжнародного бізнесу та менеджменту» фактичним матеріалом.

Методичні рекомендації розроблені згідно до вимог типової базової програми. Для підготовки методичних рекомендацій використовувались матеріали з новітніх підручників, автентичних джерел та періодичних видань.

Може використовуватися аспірантами та магістрами спеціальності «Менеджмент».

I. Read the text, give your own title to it and explain your idea. Translate and retell the text:

WHAT IS BUSINESS?

Business is a word that is commonly used in many different languages. But exactly what does it mean? The concepts and activities of business have increased in modern times. Traditionally, business simply meant exchange or trade for things people wanted or needed. Today it has a more technical definition. One definition of business is the production, distribution, and sale of goods and services for a profit. To examine this definition, we will look at its various parts. First, production's the creation of services or the changing of materials into products. One example is the conversion of iron ore into metal car parts.

Next, these products need to be moved from the factory to the marketplace. This is known as distribution. A car might be moved from a factory in Detroit to a car dealership in Miami.

Third is the sale of goods and services. Sale is the exchange of a product or service for money. A car is sold to someone in exchange for money. Goods are products that people either need or want; for example, cars can be classified as goods. Services, on the other hand, are activities that a person or group performs for another person or organization. For example, an auto-mechanic performs a service when repairing a car. A doctor also performs a service by taking care of people when they are sick. So, business is a combination of all these activities: production, distribution, and sale. Still, there's another important factor. This factor is the creation of profit or economic surplus. A major goal in the functioning of an American business company is making a profit. Profit is the money that remains after all the expenses are paid. Creating an economic surplus or profit is, therefore, a primary goal of business activity.

II. Answer the following questions:

1. What does the word «business» mean?
2. What definition does the word «business» have today?

3. What is production?
4. Give an example of distribution.
5. What is sale?
6. What are goods? How do goods differ from services?
7. Give examples of goods and services.
8. What kinds of activities does business include?
9. What is a major goal in the functioning of business companies?
10. What is profit?
11. Give your own definition of business. How do you understand this term?
12. Who are businessmen?

III. Define the terms:

Profit	Business
Sale	Goods
Distribution	Services
Production	Surplus

IV. Decide whether these statements are true or false:

1. The concepts and activities of business have increased in modern times.
2. Traditionally, business simply meant specialization that link individuals together in extraordinarily important ways.
3. Goods are products purchased for use as input in the production of final goods and services.
4. Services are products that people either need or want.
5. Cars can be classified as goods.
6. Business is a combination of these activities: supply, demand and output.
7. A major goal in the functioning of an American business company is making a profit.
8. Profit is an increase in the average level of prices.
9. Economic surplus is a main goal of business activity.

10. Distribution is moving products from the factory to the marketplace.

V. Make up your own dialogue, using the following expressions:

to go into business	to attract resources
sale of goods and services	trade
exchange of a product	to enter the market
creation of profit	enterprise
a primary goal	businessmen

VI. Communicative situations:

1. Why do people have businesses? Would you like to start your own business? What product or service would you provide? Explain your choice.
2. There is a saying: “Neither a borrower nor a lender be”. Explain, why you agree or disagree with this advice with regard to business in our market economy.
3. How does a business work? What is needed in order to have a business?
4. Discuss the differences and similarities among businesses that offer goods for sale and businesses that provide a service.

I. Read and translate the text:

DEMAND LIFTS PRICE BUT NOT THE SUPPLY

Agricultural commodities, for decades a sleepy corner of the investment firmament, have rarely been out of the headlines in the past six months.

Food riots have ravaged swathes of the developing world, from Cameroon to Haiti and Bangladesh to the Ivory Coast, as the price of staples such as wheat, rice and soybeans has surged.

It might be expected that supply would be raised sharply to take advantage of higher prices. But there is little sign of rising production.

Argentina, the world's third largest soybean and sixth largest wheat exporter, is an extreme, but telling, case in point. Its government was one of the first to impose export tariffs to insulate its domestic market from global prices.

This worked so well that domestic wheat prices fell to half those of international markets. The result? Amid the horror of global hunger Argentina's farmers are forecast to plant 15 per cent less wheat this year than last.

And the likes of Ukraine, Kazakhstan, India and Vietnam have also imposed export restrictions, reducing the incentives for their farmers to raise production.

Second, huge chunks of this population, notably in China and India, are becoming better off and are adding more meat and dairy products to their diet. This increases demand for grains exponentially.

"We are seeing a growing global population and a move up the economic scale of much of that population," says Daniel Raab, managing director of AIG Financial Products, which runs its own commodity index.

"This is causing a multiplier effect. For every extra \$1 earned, 30 - 40 cents is spent on food in the developing world, against 10 cents in developed countries. It takes 700 calories of animal feed to produce 100 calories of beef."

Barring a catastrophic economic downturn, rising demand for animal products from the developing world's emergent middle classes is here to stay.

Third demand for crops such as corn is being driven by demand for biofuel (see article below). Any retreat here may force western governments to consider more politically unpalatable measures to meet targets to cut greenhouse gas emissions.

As for the supply side, there appears to be little fallow land waiting to be brought into production. Increasing yields and juggling existing farmland are the order of the day.

"There is not much expansion of supply. Farmers are rotating the crops, it's a war of acreage. It will take a long time before new projects come on line and

affect supply,” says Stephan Wrobel, chief executive of Diapason Commodities Management.

“Australia might be able to increase production if there is no drought, and the US could increase production, but all in all we are in a tight balance.”

Efforts to increase yield are being hampered by rising oil prices. Mr. Wrobel calculates that 25-30 per cent of input costs are driven by oil prices.

As far as investment goes, the question is whether prices can go higher, or if the bull run is in abeyance.

Albert Edwards, analyst at Society General, argues that soft commodities have been pushed to unsustainable highs by investors fleeing from risk assets “crushed by the credit implosion”. “There may be more of a speculative element to recent price moves than many suppose” he says. Others, however, disagree. Mr. Raad believes fundamental factors have been more important for commodity prices in general.

“Speculators who make large sums of money in short periods of time will obviously have short-term effects on the markets, but to be able to sustain, for example, oil is a realistic explanation of the price action,” he says.

“Consumers are paying those prices. Ultimately prices won’t stay at current levels unless consumers are willing to buy at those prices.”

Mr. Wrobel also asserts that the fundamentals are supportive of price levels. “Speculators are often the scapegoats, the problem is supply,” he says.

He forecasts further gains ahead for grains such as corn and wheat.

Yet he believes the focus may start to shift to relatively overlooked commodities that are trading “very near their cost of production”, such as beef, sugar, cotton and lumber.

Mr. Raab picks out cotton as a potential winner with the coast of man-made fibers jumping with oil prices.

Overall he is bullish on soft commodities, and bearish for the plight of the urban poor “The global population is continuing to grow structurally and our

ability to produce higher supply is apparently reaching a tipping point. The global economy has got to adjust to a higher floor level of prices,” he concludes.

However, Mr. Wrobel is confident solutions to the food crisis will be found if the right incentives are put in place.

“It will take creative effort and a lot of commitment, but human nature is very ingenious and if finds a solution to a problem when it is paid to. The worst thing to do is to try and stop prices from rising and put tariffs on exports”.

II. Decide whether these statements are true or false:

1. Argentina, the world’s first largest soybean and second largest wheat exporter.
2. For every extra \$1 earned, 30-40 cents is spent on food in the developing world.
3. It takes 100 calories of animal feed to produce 100 calories of beef.
4. Efforts to increase yield are being hampered by rising oil prices.
5. Agricultural commodities have rarely been out of the headlines in the past six months.
6. Mr. Wrobel calculates that 250-300 per cent of input costs are driven by oil prices.
7. Speculators who make large sums of money in short periods of time will not have short-term effects on the markets.

III. Answer the questions:

1. Which countries have imposed export restrictions?
2. Who is chief executive of Diapason Commodities Management?
3. The price of what kind of staples has surged?
4. Which company runs its own commodity index and is managed by director Daniel Raab?

IV. Write the words in brackets in the correct place in these sentences:

1. Food ... have ravaged swathes of the developing world ... Cameroon ... Haiti and Bangladesh ... the Ivory Coast (to, riots, to, from).
2. It might be ... that supply would be ... sharply (raised, expected).
3. It's government ... one of the ... to impose export tariffs (first, was).
4. This worked so ... that ... wheat prices fell to half those of ... markets (international, well, domestic).
5. Australia might be ... to increase ... if there is no drought (production, able).

V. Explain how demand lifts prices in your country.

I. Read the text, give your own title to it and explain your idea. Translate and retell the text:

STRUCTURE OF THE BUSINESS ENTERPRISE

The typical large business enterprise of today in the United Kingdom consists of a small number of interrelated public companies and numerous private companies, overall control being vested in a parent company holding a majority of the equity of its subsidiaries. Reasons for the proliferation of companies within a business enterprise are many, including a desire to keep entirely separate types of business apart under specialized managements, historic factors such as acquisition of other companies, and tax complications.

There has been a greater tendency in the United Kingdom than in the United States or Germany for the large-scale business enterprises to consist of a number of diversified businesses each operating on a medium scale rather than for there to be a massive aggregation of economic power within a narrow range of industry, as for instance in the American or German steel and engineering industries. Moreover, when a new business has been acquired by a take-over bid, management has often been retained whilst the new owners have exercised only general supervision over its affairs.

Much British operating management consists of boards of directors of subsidiary companies responsible to a parent board which controls major capital expenditure and demands a minimum standard of financial performance. The performance of the subsidiary may well be known only to the financial executives of the group may have little knowledge of the composition of the business of which they are the legal owners. Most shareholders have too small a share of the equity to influence decisions of the management whilst, so far, large institutional shareholders have chosen to exert little influence. Moreover, because of the size and complexity of the group, the parent board and its specialist advisers may well have only a sketchy knowledge of the efficiencies of operation of individual subsidiaries.

Over the past few years growing competition in home and foreign markets and narrowing profit margins have caused many of the large British industrial groups to examine and to business consultants of British and American origin have been retained to advice on remedial measures. As a result of investigations by consultants, and a group's own specialist officers, there have been much reorganizations of the structure of large British businesses in recent years, most noticeably in electrical engineering, oil and chemical companies. Many groups have organized themselves into a number of separately accounting divisions, each dealing with and coordinating activities in one of the major business fields in which the group operates. The operations of the divisions have been rationalised, reducing the resources and manpower required to achieve a given output. Unprofitable activities have been disposed of by many of these groups by running them down, by sale to a former competitor within a jointly-owned subsidiary, as in the case of the merger between AEI-Hotpoint and the EMI domestic appliance businesses.

Many large British businesses have built up small specialist staff departments at group level which enable group operating managers to exercise adequate control over operating subsidiaries. The accelerating use of electronic data-processing machines, both in the number and in the complexity of problems

handled, will allow group managements to exercise more and more exact overall control of the performance of operating responsibility to divisional and factory level.

Parent boards of the major joint-stock companies are responsible mainly to themselves. Overall control usually rests with a dominant personality among their number who controls or guides the overall strategy of the group.

II. Answer the following questions:

1. What does the typical large business enterprise of today in the United Kingdom consist of?
2. Call reasons for proliferation of companies within a business enterprise.
3. What does British operating management consist of?
4. What function does a parent board perform in British operating management?
5. Why does parent board have only a sketchy knowledge of the efficiencies of operation of individual subsidiaries?
6. Who are shareholders?
7. What was the reason of reorganizations of the structure of large British businesses in recent years?
8. What do large British businesses build up small specialist staff departments at group level for?
9. Who are boards of directors of subsidiary companies responsible to?
10. What does parent board control?

III. Define the terms:

Business enterprise	Subsidiary
Public company	Joint-stock company
Private company	Proprietor
Parent board	Divisions

IV. Decide whether these statements are true or false:

1. The typical large business enterprise of today in the United Kingdom consists of a small number of interrelated public companies and numerous private companies.

2. Reason for the proliferation of companies within a business enterprise is limited resources.

3. Much British operating management consists of director and workers.

4. Parent boards of the major joint-stock companies are responsible mainly to themselves.

5. Large institutional shareholders have chosen to exert little influence.

6. Many large British businesses have built up small specialist staff departments at group level.

7. The performance of the subsidiary may well be known only to the financial executives.

8. Large British businesses don't want to build up small specialist staff departments at group level.

9. Activity of the departments reduces the resources and manpower required to achieve a given output.

10. Dominant personality in parent boards controls and guides the overall strategy of the group.

V. Make up your own dialogue, using the following expressions:

business enterprise

changing market conditions

manage the company effectively

great disadvantage

make decisions

joint stock company

consult with colleagues

overall control

VI. Communicative situations:

1. What is a business enterprise? In your opinion, what is a major goal of it?

2. Call the main forms of ownership. What form of ownership would you choose? Explain your preference. Call advantages and disadvantages of sole proprietorship, partnership, corporation and cooperative.

3. Subsidiaries are a common feature of business life, and most, if not all, major businesses organize their operations in this way. What do they do it for? What are subsidiaries necessary for? How are subsidiaries controlled?

I. Read and translate the text:

INVESTORS REAP FRESH BOUNTY FROM THE SEA

Fish and freight are riding the crest of a wave of interest, writes Peter Guest

Last month, a group claiming to be investment bankers had a brief spell "making markets" in Harrods Finest Lobster Butter on Ebay. They were working on the basis that lobster butter is, in effect, an indirect long position on the food commodity markets.

This was, of course, a publicity stunt raising money for the National Lobster Hatchery. But bankers have latched on to a growing investment trend that recognizes the value of maritime commodities. Farmed salmon and wet freight markets have seen explosive growth in recent months as an increasing number of financial investors looks for commodities less strongly correlated with the global softs (i.e.: coffee, sugar, cocoa and fruit) and energy boom.

Fishpool, the Norwegian farmed salmon exchange, started up in May 2006 to provide risk management tools for operators in the farmed salmon markets. Sereb Martens, managing director, says: "There's an inherent very high volatility in salmon farming prices. The main reason for it is the long time it takes to adapt supply to demand.

"The production cycle of a salmon is approximately two years from when you put the smolt in the sea to when you can harvest. If you look at chicken, it's approximately 1% months, which means you're much more able to adapt to supply and demand."

In its first 18 months, Fish-pool's membership was drawn almost exclusively from farmers, processors, exporters, importers and retailers. But once the membership and volumes grew to a level where financial investors could rely on price formation, they began to join the market in droves. "The trading volume so far in 2008 has been approximately 40 per cent done by financial investors, while during 2007 it was almost 85 per cent done by industrial players," Mr Martens says.

This is not, however, just another way of gaining access to rising food prices, he notes. "If you look at all the curves for different food commodities, you will see salmon deviating quite heavily from the other ones.

"We have forward curves going two years into the future, and for salmon prices this is a flat forward curve, almost in backwardation [where the price for future delivery is lower than the spot price]... which is unusual because all other food commodities are in a very strong contango [future price higher than spot price]."

Another Norwegian company, and a shareholder in Fishpool, is Imarex, the financial freight market, which saw a 78 per cent rise in traded value, up to \$4.6bn (£2.3bn, €2.9bn), in the first quarter of 2008. Freight, like salmon, is seeing a rise in financial trading. Wet freight shipping - in particular is attracting a lot of attention as a commodity that benefits from the global requirement for energy, but is not too strongly correlated to the actual oil price.

Blair Kester, head of the freight derivatives desk at Tullett Prebon, the broker, says: "Oil, unfortunately for most of the world, is in the wrong places and to get it around, pipelines are expensive - shipping is the best alternative.

"Wet freight is not as susceptible to the rise in oil prices as dry freight... High oil prices affect the [ship] owners more than anybody else because of the cost of running the ship ... But you can hedge those now that it's become quite a busy commodity in its own right with oil at such high levels.

"The wet freight will be influenced by certain commodity correlations such as the price of steel, which would affect the price of new [ship] building, the price of scrapping ships, and also FX [foreign exchange] volatility."

Much of the movement is in forward freight agreements, instruments traded over the counter as a hedging exposure to freight market risk, covering an agreed route and time charter.

"A ship owner who is long tonnage would look to sell the FFA [forward freight agreement] to protect against falling freight prices, but charterers, i.e. oil companies who are long cargoes, would be looking to buy FFAs to protect against rising freight prices. How much is hedged is hard to judge but there is also a healthy speculative market as well," says Mr Kester.

Eric Kolts, vice-president of commodities indices at Standard & Poor's, says: "What happens in this asset class is you have investors that don't want to invest in indexes ... and find these other types of commodities to be quite attractive.

"The only caveat is that there are a limited number of investment banks that can offer these types of structures ... even now there are all these metals trades which occur in chromium and that sort of [commodity]," says Mr Kolts. Investors will naturally be drawn to any commodity that shows price appreciation, he says, and some hedge funds thrive on the inefficiencies of these newer markets.

"I think the question has to be asked: are certain structures being offered in illiquid markets which are taking advantage of those inefficiencies?" he says.

II. Match the questions (1-5) with the answers (a-e):

- | | |
|--|--|
| 1. What is the name of the fishpool? | a. May 2006. |
| 2. When did fishpool start up? | b. Eric Kolts is the vice-president of |
| 3. Is salmon seeing a rise in commodities indices at Standard & financial trading? | Poor's |
| 4. What is the difference between wet freight and dry freight? | c. Norwegian farmed salmon exchange. |

5. Who is Eric Kolts?

d. Freight like salmon is seeing a rise in financial trading.

e. wet freight is not as susceptible to the rise in oil prices as dry freight.

III. Complete these sentences with is, are:

1. Fish and freight ... riding the crest of a wave of interest.

2. The main reason for it ... the long time it takes to adapt supply to demand.

3. This ... not, however, just another way of gaining access to rising food prices.

4. For salmon prices this ... a flat forward curve.

5. Which ... unusual because all other food commodities ... in a very strong contango.

IV. Put the words in the correct order to make sentences:

1. raising / for / a / publicity / of course / this / stunt / the / money / National Lobster Hatchery / was

2. main / takes / to / reason / long / the / time / to / supply / for / is / adapt / the / demand / it / it

3. fishpool / is / another / and / company / a / Norwegian / in / shareholder / Imarex

4. markets / explosive / in / freight / salmon / and / months / farmed / seen / have / recent / wet / growth

5. prices / in / very / an / high / salmon / inherent / volatility / there / farming

V. Discuss how do you consider salmon as a wet freight, it's growth and role in a world economy.

I. Read the text, give your own title to it and explain your idea. Translate and retell the text:

BUSINESS ACTIVITIES

Business activities are events that involve making and carrying out the obligations operating, investing, and financing decisions that deal with business assets or obligations.

In a profit-seeking business, there are three types of business activities that correspond to the three types of business decisions. **Operating activities** are the profit-making activities of the enterprise. Business's profit (net income) results when revenues exceed expenses for a given period. So, operating activities include those business activities that generate revenues, such as selling merchandise for cash or on credit or providing services for a fee. They also include activities that result in increased expenses, such as purchasing goods for manufacture or resale, paying wages, or combining goods and labor to manufacture products.

Investing activities include the purchase and sale of long-term assets in addition to other major items used in a business's operations. For example, purchasing equipment and buildings that a company expects to use over two or more years is an investing activity. However, actually using the buildings and equipment to provide a service, or to make or sell a product, is an operating activity. **Financing activities** are activities that involve obtaining the cash or using other noncash means to pay for investments in long-term assets, and to repay money borrowed from creditors, and to provide a return to owners.

In this chapter, we focus on operating activities, which we divide into three cycles of events commonly found in businesses: (1) expenditure, (2) revenue, and (3) conversion. Our goal is to describe, in a coherent way, the activities that are planned, performed, and evaluated as part of business operations. We also discuss procedures that owners and managers use to ensure the accuracy of accounting information and to protect assets from theft or misuse. Then we relate operating activities to the documents found in most accounting systems to show the connection between the sources of information and the activities they describe, and

how they help provide accountability. Later in the chapter, we discuss the cycle of planning, performing, and evaluating business activities as it applies to operating activities.

II. Answer the following questions:

1. What are business activities?
2. How many types of business activities are there?
3. What are operating activities?
4. Under what conditions will business have net income?
5. What activities do investing activities include?
6. Give an example of investing activity.
7. What is an operating activity?
8. What do financing activities mean?
9. What cycles of events do operating activities divide into?
10. What is the primary purpose of business activities?

III. Define the terms:

business activities	revenue
net income	conversion
business assets	investment
expenditure	resale

IV. Decide whether these statements are true or false:

1. Business activities lower transaction costs.
2. There are two types of business activities.
3. Operating activities are the profit-making activities of the enterprise.
4. Business's profit results when expenses exceed revenues for a given period.
5. Operating activities include those business activities that generate revenues.
6. Operating activities include activities that result in increased expenses.

7. Purchasing goods for manufacture or resale, paying wages, combining goods and labor to manufacture products belong to operating activities.

8. Purchasing equipment and buildings that a company expects to use over two or more years is an investing activity.

9. Financing activities include the purchase and sale of long-term assets in addition to other major items used in a business's operations.

10. Actually using the buildings and equipment to provide a service, or to make or sell a product, is an operating activity.

V. Make up your own dialogue, using the following expressions:

to operate a business owners and managers

business decisions operating activity

to attract customers to generate revenues

an amount of money pay for investments

VI. Communicative situations:

1. Do you agree with the adage: "You can't get rich, working for someone else"?

2. What is business profit? What are important factors in getting of it?

3. Which type of business activities is the most important in a profit-seeking business? Explain your choice.

I. Read and translate the text:

MANAGERS AVOID 'BREAKING THE BUCK' - SO FAR

During the present turmoil, funds have so far held up, says Rebecca Knight

Bad news continues to trickle out of Wall Street, but danger to money market funds appears to have passed.

Money funds, which attempt to maintain a stable \$1.00 per share NAV (net asset value), have seen unprecedented asset inflows of over the past 52 weeks,

according firm based in Westboro, Massachusetts. The assets within money funds have today reached a record \$3,500bn.

“Competitors to money market funds-such as ultra-short bond funds, enhanced cash funds, bank loan funds, even bank deposits-have been savaged,” says Peter Crane, president and publisher of Crane Data. ”Paradoxically, this credit crisis could be the best thing that ever happened to money market funds.”

Late last year, however, the forecast did not seem quite as rosy. Money funds came under scrutiny because of their investments in securities, particularly structured investment vehicles-or SIVs. SIVs use short-term loans to purchase longer-term assets, such as mortgage-backed securities. Money market funds invested in these vehicles as a way to increase their returns within fund regulations. However, many SIVs were exposed to subprime mortgages-which are at the current troubles in the stock market.

By November several financial institutions moved to stabilize their money market funds.

Bank of America-the second biggest bank in the US – set aside \$600m to cover potential losses in its money funds and an institutional cash management fund. SEI, an institutional money manager, set aside \$129m to shore up two of its money funds. And Legg Mason, the money management firm, set up lines of credit totaling nearly \$238m for two its money funds.

At the time, many investment experts worried that money market funds were in danger of “breaking the buck”, or dipping below their \$1.00 share price, and causing massive losses for investors. So far, those concerns have not come to pass. The extraordinary asset inflows have by and larger diluted the problematic SIV-related debt, according to Mr. Crane.

“Much of it has also been cured by time,” he says. ”The most troublesome defaulted Securities have been purchased, or protected via capital support agreements by advisors”.

Money funds almost never sell assets, they simply stop buying, which is why they are rarely exposed to market pricing. They use amortized cost accounting, which matches mark-to-market at maturity.

“The most impressive thing is that no money market fund has broken the buck during this crisis,” says Mr. Crane. “It’s possible that money market funds could sink, but it’s more possible that the land around them could sink,” he says.

Still, other experts contend that problems may still persist. It would not be an aberration: money market funds have “broken the buck” once before.

In 1994, Denver-based Community Bankers US Government Money Market Fund shut its doors due to massive holdings in risky derivatives. Shares of the fund were owned mainly by a number of Midwestern banks, and the impact of its failure on retail investors was negligible.

“In 1994, it was a unique fund [that liquidated],” says Barry Barbash, former director of the Securities and Exchange Commission’s division, of investment management. “This time around you could conceivably have a retail money market fund involved”.

Mr. Barbash, who is the head of the asset management group at the law firm Willkie Farr & Gallagher in Washington DC, says could also result in a shakeout of funds.

“This situation has caused a lot of mutual fund companies and investment companies to question whether they should be in the money market business,” he says. “What we could see, potentially, is money market funds becoming the realm of only a small number of money managers in this business.”

II. Complete these sentences with the words from the box:

Biggest November fund are sell news institutions impressive out stop US

1. Bad ... continues to trickle ... of Wall Street.
2. By ... several financial ... moved to stabilize their money market funds.

3. Bank of America is the second ... bank in the
4. Money funds almost never ... assets, they simply ... buying, which is why they ... rarely exposed to market pricing.
5. The most ... thing is that no money market ... has broken the buck during the crisis.

III. Match the verbs with the correct phrases:

- | | |
|--------------|--------------------------|
| 1. reached | a. by advisors |
| 2. enhanced | b. their returns |
| 3. invested | c. cash funds |
| 4. increase | d. a record |
| 5. exposed | e. aside 600m |
| 6. set | f. potential losses |
| 7. to cover | g. in these vehicles |
| 8. protected | h. to subprime mortgages |

IV. Tick the correct sentences, correct the mistakes in the other sentences:

1. Late last year, however, the forecast did not seem quite rosy.
2. Money funds, who attempt to maintain a stable \$1.00 per share will see unprecedented asset inflows of over the past 52 weeks.
3. Paradoxically, this credit crisis could be the worst thing that ever happening to money market funds.
4. In 1994, Denver- based Community Bankers US Government Money Market Fund shut its doors due to massive holdings in risky derivatives.
5. The assets within money funds had today will reach a record \$3,500 bn.

V. Imagine yourself as a president of the Bank of America. How would you manage money market funds and avoid the influence of financial crisis?

I. Read the text, give your own title to it and explain your idea. Translate and retell the text:

OPERATING ACTIVITIES VERSUS FINANCING AND INVESTING ACTIVITIES

The distinction between operating activities and financing and investing activities is sometimes blurred. Though paying interest to lenders for use of their money is a financing activity, interest is considered to be an expense when calculating periodic income, which implies that it is an operating activity. In addition, financing can refer to payments for assets used in operations, such as inventory. Generally, when we refer to financing activities, we mean those activities associated with obtaining cash to pay for long-term assets and repaying amounts borrowed.

The term **investing** sometimes refers to purchasing assets used in operations as well as making operating expenditures. We use the term **investing** to refer to the purchase or sale of long-lived assets. The distinction involves whether the asset is a major resource the business intends to keep or an asset it consumes in a short period of time. Companies often buy insurance policies that cover multiple years. Although these insurance policies cover multiple years, their cost is not considered to be an investment because insurance is part of day-to-day profit-making activities rather than a major, long-lived asset.

Some operating activities have characteristics of both investing and financing activities. For example, think of a business that sells on credit to its customers. Sales on credit are like investments because the business has chosen a resource (payments due from customers) that will provide cash in the future rather than cash at the time of sale. Similarly, purchasing goods for resale, which is an operating activity, is also a financing transaction because the vendors lend the company the amount of the purchase until they receive subsequent payment from the company.

One characteristic that generally distinguishes selling and purchasing on credit from investing and financing activities is that selling and purchasing

activities directly influence the amount of profit the firm makes. In addition, both selling and purchasing activities are a series of transactions that tend to be repeated regularly and frequently during business operations.

II. Answer the following questions:

1. What is financing activity?
2. What is operating activity?
3. What is investing?
4. What do we use the term “investing” for?
5. What does the distinction involve?
6. What do companies buy insurance policies for?
7. Can insurance policies be considered as an investment?
8. Give an example of some operating activities that have characteristics of both investing and financing activities.
9. How do selling and purchasing on credit distinguish from investing and financing activities?
10. What do the selling and purchasing activities have in common?

III. Define the terms:

inventory	insurance policy
lender	periodic income
long-lived assets	financing activities
investing	sales on credit

IV. Decide whether these statements are true or false:

1. The distinction between operating activities and financing and investing activities is very clear.
2. Financing can refer to payments for assets used in operations, such as inventory.
3. When we refer to financing activities, we mean public goods.

4. The term investing sometimes refers to purchasing assets used in operations as well as making operating expenditures.

5. Companies often buy insurance policies that cover multiple years.

6. Selling and purchasing activities directly influence the amount of profit the firm makes.

7. We use the term investing to refer to the purchase or sale of long-lived assets.

8. Long-lived asset is part of day-to-day profit-making activities.

9. Some operating activities have characteristics of both investing and financing activities.

10. Selling and purchasing activities are a series of transactions.

V. Make up your own dialogue, using the following expressions:

cash flows

resale

temporary investments

financing transaction

operating income

business operations

securities

the amount of profit

VI. Communicative situations:

1. Would you like to engage in financing activities? Why?

2. Do you agree with the assertion that the net amount of cash provided by operating activities is the key figure on a statement of cash flows?

I. Read and translate the text:

TAKEOVER TALK SUBDUES D TELEKOM SHARES

By Rachel Morarjee

European stocks lost their way after powerful gains last week, with technology stocks leading the fall after Microsoft withdrew its bid for Yahoo.

Comments from Warren Buffett, the billionaire investor, that the US was in recession added to downward pressure on the pan-European FTSE Eurofirst 300, which was down 0.25 per cent to 1,357.99.

Indices bounced off their lows in late trade after the US reported unexpectedly strong service sector data. Germany's Xetra Dax was 0.13 per cent higher at 7,052.08; France's CAC 40 was down 0.13 per cent to 6,063.36 in thin volume as markets in the UK and Ireland were closed.

Deutsche Telekom softened 1.2 per cent to €11.61 following reports that the company was considering the takeover of Sprint Nextel of the US, which would catapult the German telecoms group from fourth to first in terms of users in the US mobile market.

Investors looked more favourably on reports that ArcelorMittal, the Luxembourg steel group was considering a tie-up with China's Angang Steel to expand its presence in the world's most populous nation and was also eyeing a 40 per cent stake in Indonesia's state-owned Krakatau Steel. ArcelorMittal rose 0.9 per cent to €58.06.

Tech shares were under pressure after Microsoft walked away from its bid for Yahoo on Saturday.

Sweden's Ericsson fell 1.1 per cent to SKr14.39 after Lehman Brothers said a recovery in profit margins could slow, while Finland's Nokia declined 1.5 per cent to €19.16 on negative sentiment towards the technology sector. Alcatel-Lucent slid 1.9 per cent to €4.43.

Nokia said it would introduce many new phone models through US carriers in coming months to grab a bigger share of the lucrative mobile phone market.

In Paris, EADS slipped 3.8 per cent to €1638 after a report in Germany's Wirtschafts Woche that the company was late in delivering Airbus aircraft.

Accor rose 1.1 per cent to €54.74 after Colony Capital and Eurazeo said they would increase their stake in the hotel group to 30 per cent.

Also among the gainers was Deutsche Post, which advanced 3.3 per cent to €20.87 after it said operations were "very satisfactory" in the first quarter and that it was making progress in plans to turn round the ailing DHL Express unit in the US.

Volatile solar companies lost ground after a report in Germany's Handelsblatt said Germany should solar power cut subsidies by 30 per cent, citing a study by the RWI economic think tank which advises the government on policy.

Q-Cells fell 42 per cent to €71.25, Solar World fell 1 per cent to €34.16 and Conergy lost 4.5 per cent to €13.13. Other alternative energy shares, fared better with Norway's Renewable Energy up 1.3 per cent to Nkr175.75 and Denmark's Vestas Wind up 0.8 per cent to DKr520.

In Switzerland, UBS rose 0.2 per cent to Sfr36.88 ahead of its first-quarter earnings announcement today, when it is expected to report a large loss. Swiss peer Julius Baer gained 0.8 per cent to SFr81 while fellow wealth manager Credit Suisse edged 0.3 per cent lower to SFr58.35.

It was a mixed picture elsewhere in the banking sector, with Austria's Raiffeisen International, which gained 12 per cent last week after strong first-quarter earnings, retreating 1.7 per cent to €108.35.

BNP Paribas slid 0.4 per cent to €71.01 and Credit Agricole slipped 0.6 per cent to €2249, while French peer Societe Generale rose 0.3 per cent to €78.46, and Franco-Belgian Dexia rose 0.3 per cent to €18.35.

II. Put the verbs in brackets in to the correct form.:

1. European stocks (lose) their way after powerful gains last week.
2. Tech shares (is) under pressure after Microsoft (walk) away from its bid for Yahoo last Saturday.
3. In Paris, EADS (slip) 3.8 per cent to €16.38 after a report that the company (be) late in delivering Airbus aircraft.
4. Accor (rise) 1.1 per cent to €54.74 after Colony Capital and Eurazeo (say) they would increase their stake in the hotel group to 30 per cent.
5. Swiss peer Julius Baer (gain) 0.8 per cent to SFr81 while fellow wealth manager Credit Suisse (edge) 0.3 per cent lower to SFr.58.35.

III. Look through the article to find out what these numbers refer to:

1). 300 2). 1,357.99 3).58.06 4).12 5). 2249

IV. Write these numbers in full:

1). 0.13% 2). €4.43 3). SFr.36.88 4). Nkr 175.75 5) 3.8%

V. Work in pairs. Discuss today's picture of European telecom companies their price and volatility.

I. Read the text, give your own title to it and explain your idea. Translate and retell the text:

CUSTOMERS AND THE QUANTITY DEMANDED AND COMPETITORS AND THE QUANTITY SUPPLIED

Customers and the quantity demanded. A customer's willingness to purchase goods and services depends on the selling prices company charges for them. In simple terms, if the selling price of the product increases, the quantity of the product demanded decreases. On the other hand, if the selling price of the product decreases, the quantity of the product demanded increases.

These rules do not apply equally to all products, however. A company may be able to increase the selling price of a product if customers are loyal and unwilling to substitute other products

Also, consider the case of a product that is considered to be a staple (necessity) versus one that is considered to be a luxury. A staple's selling price does not affect the quantity demanded as much as the price of a luxury item does.

Finally, the quantity demanded is influenced heavily by product quality and service. Products with perceived high quality and service are in greater demand than products with lower quality and service that sell at the same, or perhaps even slightly lower, prices. Most companies try to differentiate their products in terms of quality and service.

Competitors and the Quantity Supplied. The selling price charged by a particular company is also influenced by the quantity of the product supplied by competitors and/or the selling prices charged by those competitors. Some companies operate in an environment where there is an abundance of suppliers whose products are almost identical. Companies in this situation are **price takers**, that is, the company "takes" the selling price from the market that establishes the price based on total supply and demand. In these markets, an individual company has little or no influence on the selling price. In the agricultural industry, for example, wheat produced by each wheat farming operation is almost identical. Therefore, wheat sellers are price takers who receive the price for wheat that the market determines. This type of environment where a large number of sellers produce and distribute virtually identical products and services is called **pure competition**.

Other companies operate in an environment in which there are many companies whose products are similar, but not identical. In this environment, called **monopolistic competition**, the market has a large impact on, but no control over, prices. Individual companies operating within this type of market can influence selling prices by advertising quality and service as well as price.

II. Answer the following questions:

1. What does customer's willingness to purchase goods and services depend on?
2. What is the relationship between price of the product and the quantity of the product demanded?
3. What is the relationship between quantity of the product demanded and product quality?
4. What is the relationship between selling price and the quantity of the product supplied?
5. What is price taker?
6. Give an example of price takers.

7. What is pure competition?
8. When does monopolistic competition exist?
9. How can companies influence on selling prices?
10. What are the functions of prices?

III. Define the terms:

price takers	supply
pure competition	buyers
monopolistic competition	sellers
demand	market price

IV. Decide whether these statements are true or false:

1. The quantity of the product demanded is influenced heavily by quantity of consumers.
2. A company may be able to increase the selling price of a product if customers are loyal and unwilling to substitute other products.
3. A staple's selling price affects the quantity demanded as much as the price of a luxury item does.
4. If the selling price of the product increases, the quantity of the product demanded decreases.
5. Most companies try to differentiate their products in terms of quality and service.
6. Products with perceived high quality and service are in greater demand than products with lower quality.
7. The selling price charged by a particular company is also influenced by the quantity of the product supplied by competitors.
8. If there is an abundance of suppliers whose products are almost identical, companies have little or no influence on the selling price.
9. If a large number of sellers produce and distribute virtually identical products and services, this type of environment is called pure competition.

10. In environment, called monopolistic competition, the market has complete control over the prices.

V. Make up your own dialogue, using the following expressions:

market economy	consumers
price	interaction
rationing effect	quantity of goods and services
to offer items for sale	competitors

VI. Communicative situations:

1. The law of demand works because consumers have the ability to substitute. The law of supply works because producers have the ability to substitute. Explain these statements.

2. What will happen in the U.S. market for breakfast cereal if

A. the price of cardboard falls?

B. mad cow disease hits the U.S., sadly killing over half of the nation's dairy cows?

C. the U.S. government introduces a new "safe cereal" law, requiring cereal companies to double-check each box of cereal for possible product safety violations?

3. How would the computer market be affected by a technological breakthrough that reduces the cost of producing computers? How would this "technological breakthrough" affect the equilibrium price and quantity of computer programs ("software")?

I. Read and translate the text:

STOCKS PROVE WORTH WITH SUPERIOR GAINS

Top market returns weaken the case for direct investing says, Chris Flood.

Five years ago, Vale was an obscure Brazilian mining company with a market value of little more than \$10bn (£5bn, €6.4bn). Today it is the world's largest producer of iron ore and nickel, worth \$172bn. Its rise to global dominance is just one illustration of the growing importance of commodity producers to the world's financial markets.

Equity prices have risen 128 per cent (FTSE All-World equities 'indices in dollar terms) since March 12 2003, while oil and gas producers have gained 250 per cent and the world mining sector has surged by almost 500 per cent.

Xstrata is the best performing FTSE 100 company since then while Eramet, the French nickel producer is the leading FTSE Eurofirst 300 stock.

The total return from the S&P GSCI since March 12 2003 is 107 per cent while the FTSE All World index has returned 156 per cent, including dividends.

This reflects the boost that dividends provide for overall equity performance while returns from commodity indices have been affected by negative roll returns when forward curves have been in contango (futures prices higher than spot prices).

So the case for fund managers increasing allocations directly to commodities does not appear clear cut.

With oil at a historic peak close to \$120 a barrel, gold reaching \$1,000 an ounce earlier this year, and many agricultural commodities and most base metals hitting record levels in the past 12 months, investors naturally wonder if commodity prices can remain at such elevated levels. However, there is plenty of academic evidence to prove that adding commodities to a portfolio of equities and bonds can improve returns, for any given level of risk appetite.

Bob Greer of Pimco, which has \$16bn in commodity mandates, was one of the earliest proponents of holding commodities within a portfolio for diversification purposes.

"Some investors become enamoured by the search for alpha and there by lose sight of the fundamental reasons for holding commodities within an overall balanced portfolio, which is for diversification purposes," says Mr Greer.

The decision earlier this year by Calpers, the US pension fund, to increase its exposure to commodities was widely seen as part of a growing acceptance of commodities as a distinct asset class with a vital role to play in a balanced portfolio.

Ian Henderson, who has run the JPMorgan Natural Resources fund since 1991, has broadened his portfolio of energy, mining and gold stocks by adding platinum ETF and two agricultural ETFs. Mr Henderson has been a long-term investor in palm oil producers but found a lack of suitable companies to provide exposure to rising soft commodity prices.

"The ETFs are not correlated with the equity part of the portfolio and therefore lower the overall risk profile of the fund," says Mr Henderson. "The global food crisis could be solved with two good harvest years, but that also means two years where continuing supply problems are unlikely to go away."

Philip Collins, who runs the Phoenix Multi-Asset fund for Newton Investment Management, has the freedom to invest across a wide range of asset classes.

About one-third of Phoenix exposure to commodities is via equity holdings related to oil, mining agriculture and chemicals. Mr Collins says this allows him to gain the benefit of expertise but it also exposes him to broader equity market sentiment. Mr Collins does not trade oil directly but through equities, such as drilling companies or other service providers to the oil industry.

In the agricultural sector, Mr Collins employs a mixed strategy as it is more difficult to find suitable equity investments. Phoenix holds K&S, the German fertiliser company that has benefited from rising potash prices, as well as two

structured products from BNP Paribas and Barclays that provide capital protection and the potential for further gains via options. Mr Collins notes that using structured products involves counterparty risk, credit risk and risks associated with the underlying commodity.

A third exposure is via the Ceres Agriculture fund that is run by Four Winds Capital Management.

Mr Collins is a strong believer in the upswing for agricultural commodities as prices are well below their inflation-adjusted highs, while oil and base metals prices look extremely high, either historically or adjusted for inflation.

II. Decide whether these sentences are true or false:

1. Xtrata is the worst performing FTSE 100 company.
2. Fifty years ago, Vale was an obscure Brazilian mining company with a market value of little more than \$1 bn.
3. Bob Greer of Pimco, which has \$16bn in commodity mandates, was one of the earliest proponents of holding commodities within a portfolio for diversification purposes.
4. Mr. Henderson has been a long-term investor in palm oil producers but found a lack of suitable companies to provide exposure to rising soft commodity prices.
5. All World index has returned 90 per cent, excluding dividends.

III. Rewrite the sentences, adding capital letters where necessary:

1. the total return from s&p gsci since march 12 2003 is 107 per cent.
2. ian henderson, who has run the jp morgan natural resources fund since 1991, has broadened his portfolio of energy by adding platinum etf and two agricultural etfs.
3. philip collins, who runs the phoenix multi-asset fund for newton investment management, has the freedom to invest across a wide range of asset classes.

4. Phoenix holds k&s, the german fertilizer company as well as two structured products from bnp paribas and barclays.

5. A third exposure is via the ceres agriculture fund that is run by four winds capital management.

IV. Complete the sentences:

1. Mr. Collins is a st... believer in the upswing for ag ... commodities.

2. The global food cr ... could be solved with two good harvest ye...

3. He does not trade oi ... directly but through equities, such as drilling co... or other service providers to the oil industry.

4. Equity pr ... have risen 128 per cent.

5. There is plenty of academic ev ... to prove that adding commodities to a portfolio of eq ... and bonds can im ... returns.

V. Discuss the risks and rewards of investing in world's stocks and commodities.

I. Read the text, give your own title to it and explain your idea. Translate and retell the text:

WHAT ARE THE COSTS OF BUDGETING?

The budgeting process requires time and other resources, such as people. The results of the process impact the activities of departments and individuals. Thus, we discuss the costs of budgeting in terms of three important aspects: (1) time and resource requirements, (2) adaptability of departments or segments of the business, and (3) motivation and behavior of individuals.

Time and Resource Requirements. Budgeting is time consuming. A typical yearly budgeting sequence may take as long as three or four months. During this time, management must coordinate its activities with others in the organization. A large organization typically appoints a **budget director**, often the controller, who determines how to collect the data and prepare the budget. The budget director works closely with various department managers who provide the information necessary to complete the budgets. The budget director typically reports to a

budget committee, a group of key executives who are responsible for overseeing the budget process. The budget committee reports to the board of directors who approve the budget. Thus, because many people are involved in the budgeting process, the cost, in terms of human capital, is large.

Adaptability of Departments and Segments. Another cost associated with budgeting occurs when the budget is so rigidly adhered to that it inhibits a department or business segment from responding to the changes in the environment. For example, if a business segment is only allocated a specific amount of resources, it may be forced to forgo profitable opportunities due to lack of available resources.

Motivation and Behavior of Individuals. The budget also has an effect on the motivation and behavior of individuals, both during the budget process and after the budget has been formalized. During the budgeting process, individuals who develop budgets (employees, lower-level managers, and/or upper-level managers) are influenced by the communication and coordination aspects of budgeting. If communication between departments is inadequate, the budgeting process can result in inaccurate departmental budgets. For example, if the marketing department and the production department at Ford do not communicate effectively, either, or both, of their department budgets may not reflect the expected activities of the coming period.

In addition, the budgeting process may lead to dysfunctional behavior on the part of those individuals involved in determining the budget numbers. Managers and other employees may be motivated to report budget numbers that they know are not accurate representations of future expectations. We call this **budgetary slack**, which is the difference between what a person with input into the budget process chooses as an estimate of revenues or expenses and what is actually a realistic estimate. In other words, budgetary slack can be viewed as a deliberately introduced bias.

II. Answer the following questions:

1. What does the budgeting process require?
2. Who is a budget director?
3. What do large organizations appoint budget director for?
4. With whom does budget director work closely?
5. What is a budget committee?
6. To whom is the budget committee accountable?
7. What individuals develop budgets?
8. In what case the budgeting process can result in inaccurate departmental budgets?
9. What is budgetary slack?
10. What are the costs of budgeting?

III. Define the terms:

budgeting process	a budget
capital expenditure	a budget committee
balance sheet	budgetary slack
budget director	the costs of budgeting

IV. Decide whether these statements are true or false:

1. Budgeting takes little time.
2. The budgeting process doesn't require any resources.
3. A budget director is a person who records the day-to-day financial transactions of an organization and who is usually responsible for writing the "daybooks."
4. The budget director typically reports to a budget committee.
5. The budget committee reports to managers.
6. If a business segment is only allocated a specific amount of resources, it may be forced to forgo profitable opportunities due to lack of available resources.
7. The budget hasn't an effect on the behavior of individuals.

8. If communication between departments is inadequate, the budgeting process can result in inaccurate departmental budgets.

9. The budgeting process may lead to dysfunctional behavior on the part of those individuals involved in determining the budget numbers.

10. Budgetary slack can be viewed as a deliberately introduced bias.

V. Make up your own dialogue, using the following expressions:

revenues and expenditures	future expectations
to calculate the costs	to estimate
financial resources	motivation and behavior of individuals
to control spending	final budget

VI. Communicative situations:

1. Explain, what does budgeting process end with and begin from?
2. What does the budget create for, in your opinion?
3. What benefits does the company gain as a result of developing a budget?

I. Read and translate the text:

JUST NAME YOUR PRICE

Guest Column

ANITA HOFFVANN

The world of energy has changed drastically in a few years. As the world's appetite for energy grows exponentially, this, coupled with growing attention to climate change, is seeing the oil and gas industry go through an important reconfiguration that is affecting executives and their careers.

High oil prices have justified the exploration of assets previously deemed uneconomical by oil majors. This has spawned myriad start-up companies as well as a flurry of acquisitions of companies and assets.

In the space of only a couple of years, the world's national oil companies have asserted their wish to retain ownership of their reserves.

This activity, coupled with the similarly unexpected growth of the renewables sector, has caused a seismic shift in the energy industry landscape. With the growth in the number of organizations comes the need for executives to manage them.

There is increased demand for seasoned oil and gas executives precisely as their numbers are dwindling, because of previous downturns and the demographic profile of the sector.

This human capital crisis is often referred to as the looming issue of the “big crew change”. With the typical retirement age of 55 in the oil and gas industry and an average employee age of between 46 and 49 years, a significant proportion of senior executives will retire in the next few years.

This is going to continue to create a huge capability shortage of executives with technical backgrounds encompassing senior geophysicist, geologists and similar expert roles.

With such simple supply and demand factors at work in the marketplace for experienced people, the effect is that oil and gas executives’ compensation packages have increased markedly over the past three years.

The truly global executives cost the same wherever they happen to be located in the world, precisely because they are in such short supply.

There is almost a “Brent crude” marker for oil and gas executive compensation, with London being the benchmark.

We have all heard the warning that companies need to prioritize their succession planning if they are to head off this impending shortage of top talent, but how many companies have strategies in place to really address this?

Most are doing no more than play musical chairs, where the same small group of today’s leaders, more between roles.

The problem is that the numbers are too small; there is one potential successor for each retiring executive.

Best practice in succession planning calls for two or three potential successors to be assessed for each key executive.

So can the leading companies really be without a solution challenge?

Thankfully not. The best-in-class are now adopting a “pre-search shortlist” strategy, a more pioneered by the private equity industry.

Until recently, in the boom years for private equity, companies would take the trouble to know who was active in the even needed to hire a new leader.

This meant that when a deal presented itself, they would already know who they wanted to run that company.

So, for every top position in a company, two external candidates would be identified, screened and “tagged” alongside an internal candidate put forward by the company itself.

For existing upstream executives, you may find that you are so much in demand that you will find it difficult to retire.

The opportunities will be so many, and the incentives so high, that the oil and gas sector might end up the most “progressive” in its rejection of ageism.

Conversely, if you are just starting out, choose the energy sector because your career progression will be active player in the reconfiguration of the industry.

Our global team is seeing the same trends, whether they are located in London, Houston, Melbourne, Dubai or Moscow.

Anita Hoffmann is a Partner in Heidrick & Struggles’ London office, where-level search in the Oil & Gas, Clean Technologies/ Alternative Energy and Chemicals areas.

II. Put the words in the correct order to make sentences:

1. number / with / in / them / the / executives / to / comes / the / growth / for / manage / of / the / organizations / need /

2. years / energy / drastically / few / has / of / world / a / changed / in / the /

3. too / the / numbers / is / the / that / small / problem / are /

4. trends / team / is / global / the / seeing / same / our /

5. exploration / oil / justified / of / high / assets / the / have / prices /

III. Write the words in brackets in the correct place in these sentences:

1. In the space of only a ... of years, the world's ... oil companies have asserted their ...to retain ownership of their reserves (national, couple, wish).
2. This human ... crisis is often referred to as the looming ... of the “ big ... change” (crew, issue, capital).
3. With the typical ... age of 55 in the oil and gas ...and an ...employee age of ... 46 and 49 years, a significant proportion of senior ... will retire in the next few years (industry, executives, retirement, average, between).
4. For every ... position in a company, two ... candidates would be ... (identified, external, top).
5. The opportunities will be so ..., and the incentives so ..., that the oil and gas ... might end up the most ... in its rejection of ageism (progressive, high, many, sector).

IV. Answer the questions:

1. What is the typical retirement age in the oil and gas industry?
2. What are the locations of the global energy team?
3. Which sector of the world economy is the most “progressive”?
4. How would you explain that there will be high demand in senior executives?
5. Would you consider to get a job in the oil and gas industry?

V. Let's talk about oil and gas exploration and its progression in a global economy.

I. Read the text, give your own title to it and explain your idea. Translate and retell the text:

MONEY

Money can be anything that is generally accepted in payment for goods or services. Almost every society now has a money economy based on coins and paper notes of one kind or another. However, this has not always been true. In primitive societies a system of barter was used. Barter was a system of direct exchange of one good or service for another. Somebody could exchange a sheep, for example, for anything in the market-place if they considered being of equal value. Barter, however, was a very unsatisfactory system because people's precise needs seldom coincided. People needed a more practical system of exchange, and various money systems developed based on goods which the members of a society recognized as having value. Cattle, grain, teeth, shells, feathers, skulls, salt, elephant tusks and tobacco have all been used. Precious metals gradually took over because, when made into coins, they were portable, durable, recognizable and divisible into larger and smaller units of value.

A coin is a piece of metal, usually disc-shaped, which bears lettering, designs or numbers showing its value. Until the eighteenth and nineteenth centuries coins were given monetary worth based on the exact amount of metal contained in them, but most modern coins are based on face value, the value that governments choose to give, irrespective of the actual metal content. Coins have been made of gold (Au), copper (Cu), aluminium (Al), nickel (Ni), lead (Pb), plastic, and in China even from pressed tea leaves.

Nowadays however valuable metal has generally been replaced by paper notes.

The use of paper money in Western civilization began in the Middle Ages. The major forms of money in those days, gold and silver coins, were inconvenient to carry and liable to be stolen.

To make business transactions safer and more convenient, people began depositing their coins with local goldsmiths, who gave them written receipt in

exchange for the coins. In this way, the goldsmith became a kind of medieval banker.

Merchants accepted the receipts in payment for goods because they could redeem the receipts for gold at the goldsmith's shop. In time, the goldsmiths' receipts became very popular with merchants and travellers who had to move large sums of money. As their use spread, the earliest form of paper money in Western Europe came into being.

Now most governments issue paper money in the form of notes, which are really 'promises to pay'. It may or may not be backed by gold or silver. Paper money is obviously easier to handle and much more convenient in the modern world. Cheques, bankers' card, and credit card are being used increasingly and it is possible to imagine a world where 'money' in the form of coins and paper currency will no longer be used.

Although anything can serve as money, it should possess the following qualities:

- **Portability.** Modern money has to be small enough and light enough for people to carry.
- **Durability.** The material chosen has to have a reasonable life expectancy. For that reason most countries use a very high quality paper for their money.
- **Divisibility.** One of the principal advantages of money over barter is its ability to be divided into parts.
- **Recognizability.** Money should be easily recognized for what it is and hard to copy. The quality of the paper and the engravings make paper money extremely difficult to counterfeit.

II. Answer the following questions:

1. What is money?
2. What does money economy of every society base on?
3. What is barter? Give an example of barter?
4. What is the difference between a barter economy and a money economy?

5. When did the use of paper money in Western civilization begin?
6. What were the major forms of money in those days?
7. Call the advantages of paper money.
8. What qualities should money possess?
9. What functions does money play in the society?
10. Explain, what does divisibility of money mean?

III. Define the terms:

Money	Currency
Barter	Portability
Credit card	Durability
Notes	Recognizability

IV. Decide whether these statements are true or false:

1. Barter was a system of direct exchange of one good or service for another.
2. Barter was a very satisfactory system.
3. Nowadays paper notes have generally been replaced by valuable metal.
4. The use of paper money in Western civilization began in the Middle Ages.
5. Merchants didn't accept the receipts in payment for goods because they couldn't redeem the receipts for gold at the goldsmith's shop.
6. Money is anything that is generally accepted in payment for goods or services.
7. Now most governments issue paper money in the form of notes.
8. Modern money has to be big enough.
9. One of the principal advantages of money over barter is its ability to be divided into parts.
10. Money should be hard to recognize.

V. Make up your own dialogue, using the following expressions:

medium of exchange to make payments

purchasing power	to take into account
a unit of account	set prices
barter economy	to avoid currency losses

VI. Communicative situations:

1. What would you do with money if you had more than the barest minimum? Much of it? What is the wisest way to deal with money?
2. If you had no money, do you think you could be happy? How do you think, money helps make us happy?
3. Money put in a bank is as safe as anything in this world can be. Do you agree with this statement?
4. Some people say that "money makes the world go round". Do you agree with it?
5. How important is money for you?

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