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**КАФЕДРА ИНОСТРАННЫХ ЯЗЫКОВ
И МЕЖКУЛЬТУРНОЙ КОММУНИКАЦИИ**

ENGLISH PRACTICE FOR ECONOMISTS

**ПРАКТИЧЕСКИЙ АНГЛИЙСКИЙ ЯЗЫК
ДЛЯ ЭКОНОМИСТОВ**

УЧЕБНО-МЕТОДИЧЕСКОЕ ПОСОБИЕ

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Учебно-методическое пособие содержит тексты, лексико-грамматические упражнения и теоретический материал по грамматике английского языка, а также тексты для дополнительного чтения. Основным назначением пособия является развитие у обучающихся навыков чтения и говорения на английском языке с использованием экономической терминологии. Предназначено для студентов вузов экономических специальностей.

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UNIT I

ECONOMY AND ECONOMICS

TEXT 1.1 WHAT IS AN ECONOMY?

1. Прочитайте и переведите текст «What is an economy?» на русский язык.

What is an economy?

Choosing how scarce resources should be used is called the problem of resource allocation. An economy is any system which attempts to solve the problem of resource allocation and decide what, how, and for whom to produce. Within any economic system three main groups of decision-makers can be identified. These are government, private individuals, and business organizations (including those which seek to make a profit and those, such as charities, which are «not for profit»).

In a market economy such as the UK, most decisions on what, how, and for whom to produce are made by business organizations owned and controlled by private individuals in the private sector of the economy. However, some goods and services are also provided by the government. In planned economies, such as China and North Korea, the government takes most of the decisions on how to allocate scarce resources. Government authorities and enterprises, owned and controlled by central and local government, form the public sector of an economy.

An economy can be of any size and involve any number of people. For example, there is a local economy in every village, town or city. A national economy refers to an entire country, such as the United Kingdom. In turn, the United Kingdom is part of the European economy. Indeed, every country in the world can be considered an economy as long as it is involved in productive activity, however small. All the countries in the world together combine to form the world economy.

The scarce resources available to a business are called factors of production. Factors of production can be grouped under four headings:

1. Natural resources. These are usually called raw materials, they include: water from rivers and seas; minerals such as coal and oil; chemicals and gases from the air and deep within the earth's crust; plants and animals.

2. Labour describes human resources. People provide the physical and mental effort necessary to make goods and services.

3. Capital goods describe all those man-made resources used to produce other goods and services. To make the task of production easier, man has invented many tools: pens to write with, computers to calculate, screw-drivers, spanners, shovels, drills, etc. On a much larger scale, turbines drive engines, tractors plough soil, roads and railways enable goods to be trans-

ported across land, ships and airplanes provide a means of carriage overseas. Buildings, such as factories, offices and shops, are further examples of capital goods, which help productive activity.

4. Entrepreneurial ability or, simply, enterprise.

The resources used for productive activity are scarce compared to limitless human needs and wants. That is, there are just not enough resources to satisfy everyone's needs and wants. Scarcity of productive inputs implies the need for choice. Businesses must decide how to make the best use of limited resources. Decisions must therefore be taken on three fundamental questions:

1. What to produce? For example, should resources be used to satisfy wants for food and housing, or should more resources be devoted to the production of computers and tanks?

2. How to produce? Where should production take place? What machines and tools are required? How many workers? What skills do they need?

3. For whom to produce? Should the old and the infirm get more goods and services? Should more go to those people willing and able to pay the most? Or should everyone get an equal share regardless of their needs?

The answer to these questions depends on peoples' opinions or value judgments.

2. Ответьте письменно на вопросы по тексту:

1. What is an economy?

2. How many groups of decision-makers can be identified within any economic system?

3. What are the main features of a market economy?

4. What is the difference between public and private sectors of an economy?

5. How big can an economy be?

6. What is the world economy?

7. How many factors of production are there

8. Why does business involve choice?

3. Переведите устно термины и терминологические словосочетания с английского языка на русский:

resource allocation; needs and wants; productive inputs; productive activity; entrepreneurial ability; raw materials, capital goods; scarce re-

sources; private sector; to make a profit; planned economy; public sector; government authorities.

4. Передайте устно на английском языке основное содержание текста «What is an economy?».

TEXT 1.2 TYPES OF ECONOMIC SYSTEMS

1. Прочитайте и переведите текст «Types of economic systems» на русский язык.

Types of economic systems

A society can use many different institutional arrangements and coordinating mechanisms to respond to the economizing problem. Historically, the industrially advanced economies of the world have differed essentially in two ways: 1) the ownership of the means of production, and 2) the method of coordinating and directing economic activity. Let's examine the characteristics of the main types of economic systems.

Pure Capitalism

Pure capitalism is characterized by the private ownership of resources and the use of a system of markets and prices to coordinate and direct economic activity. In such a system each participant is motivated by his or her own self-interests; each economic unit seeks to maximize its income through individual decision making. The market system communicates and coordinates individual decisions and preferences. Because goods and services are produced and resources are supplied under competitive conditions, there are many independently acting buyers and sellers of each product and resource. As a result, economic power is widely dispersed. Advocates of pure capitalism argue that such an economy is conducive to efficiency in the use of resources, output and employment stability, and rapid economic growth. Hence, there is little or no need for government planning, control, or intervention. The term *laissez faire* means «let it be», that is, keep government from interfering with the economy, because such interference will disturb the efficient working of the market system. Government's role is therefore limited to protecting private property and establishing an appropriate legal framework for free markets.

The Command Economy

The polar alternative to pure capitalism has been the command economy or communism, characterized by public ownership of virtually all property resources and the rendering of economic decisions through central economic planning. All major decisions concerning the level of resource use, the composition and distribution of output and the organization of production are determined by a central planning board. Business firms are governmentally owned and produce according to state directives. Production targets are determined by the planning board for each enterprise and the plan specifies the amounts of re-

sources to be allocated to each enterprise so that it might realize its production goals. The division of output between capital and consumer goods is centrally decided and capital goods are allocated among industries in terms of the central planning board's long-term priorities.

Mixed Systems

Real-world economies fall between the extremes of pure capitalism and the command economy. The United States economy leans toward pure capitalism, but with important differences. Government plays an active role in promoting economic stability and growth, in providing certain goods and services which would be underproduced or not produced at all by the market system, and in modifying the distribution of income. In contrast to the wide dispersion of economic power among many small units which characterizes pure capitalism, American capitalism has spawned powerful economic organizations in the form of large corporations and labor unions. The ability of these power blocs to manipulate and distort the functioning of the market system to their advantage is a further reason for governmental involvement in the economy.

The Traditional Economy

Many less developed countries have traditional or customary economies. Production methods, exchange, and distribution of income are all sanctioned by custom. Heredity and caste circumscribe economic roles of individuals and socioeconomic immobility is pronounced. Technological change and innovation may be closely constrained because they clash with tradition and threaten the social fabric. Economic activity is often secondary to religious and cultural values and society's desire to perpetuate the status quo.

2. Ответьте письменно на вопросы по тексту:

1. What types of economic systems do you know?

2. What is the main characteristic of pure capitalism?

3. What are the main characteristics of the command economy?

4. What type of an economic system is there in the USA?

3. Переведите устно термины и терминологические словосочетания с английского языка на русский:

economic growth; capital goods economic recession; to allocate resources; means of production; private ownership; customary economy; distribution of income; economic activity; socioeconomic immobility; cultural values; governmental involvement; production targets; consumer goods; legal framework.

4. Передайте устно на английском языке основное содержание текста «Types of economic systems».

GRAMMAR REVISION

	Simple (or) Indefinite	Continuous	Perfect	Perfect Continuous
Present	<u>Usually, every day</u> I go He goes I don't go He doesn't go Do you go...? Does he go...?	Now, at the moment Look! Listen! He She is (not) doing It is snowing We are doing I am doing Are you sleeping?	Действие завершено к моменту в настоящем I have done He (she, it) has (not) done Ever, never, just, already, yet Since, this, for Have you done...? Has he done...?	Действие началось в прошлом и до сих пор продолжается. I have been doing it for 2 hours (since morning) He has been doing... How long have you been staying here?
Past	<u>Yesterday, last week ..., ago</u> I went to school... I stayed at home Did you go...? I didn't go (stay)	Yesterday at 6 o'clock (определённый отрезок времени в прошлом) - When I came she was cooking - While I was cooling he was cleaning (2 параллельных действия)	Действие завершено к моменту в прошлом He had done it by 6 o'clock yesterday When I came he had already gone	Действие началось в прошлом и продолжалось до момента в прошлом He had been working for 2 hours when we came in. Had he been working for 2 hours when we came?
Future	<u>Tomorrow, next week, year, soon</u> I will go, He will go Will you go...? (действие незапланированное)	Tomorrow at 6 o'clock, at this time I will be flying to Moscow. (определенный отрезок времени в будущем)	Действие завершится к моменту в будущем. I will have done it by Sunday. Will you have done it by Sunday?	Действие началось в прошлом и будет продолжаться до момента в будущем I will have been working at school for 10 years by 2013.
Future-In-the Past	He said he would be going... (согласование времен)	He said he would be going... (согласование времен)	He said he would have done it by 2 o'clock (согласование времен)	He said he would have been working at school for 10 years by 2013. (согласование времен)

1. Раскройте скобки, употребляя глаголы в одном из следующих времен: Present Simple, Present Continuous, Present Perfect, Present Perfect Continuous.

He (to run) _____ now. He (to run) _____ for ten minutes without any rest. 2. What they (to do) _____ now? – They (to work) _____ in the reading-room. They (to work) _____ there for already three hours. 3. Where he (to be) _____ now? – He (to be) _____ in the garden. He (to play) _____ volley-ball with his friends. They (to play) _____ since breakfast time. 4. I (to live) _____ in St. Petersburg. I (to live) _____ in St. Petersburg since 1990. 5. She already (to do) _____ her homework for two hours; but she (not yet to do) _____ half of it. 6. I (to wait) _____ for you since two o'clock. 7. What you (to do) _____? – I (to read) _____. I (to read) _____ for already two hours. I already (to read) _____ sixty pages. 8. This man (to be) _____ a writer. He (to write) _____ books. He (to write) _____ books since he was a young man. He already (to write) _____ eight books. 9. What you (to do) _____ here since morning? 10. Lena is a very good girl. She always (to help) _____ her mother about the house. Today she (to help) _____ her mother since morning. They already (to wash) _____ the floor and (to dust) _____ the furniture. Now they (to cook) _____ dinner together. 11. This is the factory where my father (to work) _____. He (to work) _____ here for fifteen years. 12. You (to find) _____ your note-book? – No! I still (to look) _____ for it. I already (to look) _____ for it for two hours, but (not yet to find) _____ it. 13. You (to play) _____ with a ball for already three hours. Go home and do your homework. 14. Wake up! You (to sleep) _____ for ten hours already. 15. I (to wait) _____ for a letter from my cousin for a month already, but (not yet to receive) _____ it.

2. Раскройте скобки, употребляя глаголы в одном из будущих времен: Future Simple, Future Continuous или Future Perfect.

1. I (to do) _____ my homework tomorrow. 2. I (to do) _____ my homework at six o'clock tomorrow. 3. I (to do) _____ my homework by six o'clock tomorrow. 4. When I come home tomorrow, my family (to have) _____ supper. 5. When you come to my place tomorrow, I (to read) _____ your book. I (to do) _____ my homework by the time you come. 6. Don't come to my place tomorrow. I (to write) _____ a composition

the whole evening. 7. I (not to go) _____ to the cinema tomorrow. I (to watch) _____ TV the whole evening. 8. What you (to do) _____ tomorrow? 9. What you (to do) _____ at eight o'clock tomorrow? 10. You (to play) _____ volley-ball tomorrow? 11. You (to do) _____ this work by next Sunday? 12. When you (to go) _____ to see your friend next time? 13. How many pages you (to read) _____ by five o'clock tomorrow? 14. Tomorrow I (to begin) _____ doing my homework as soon as I come from school. I (to do) _____ my homework from three till six. My father (to come) _____ home at seven o'clock tomorrow. I (to do) _____ all my homework by the time he comes, and we (to go) _____ for a walk together.

3. Раскройте скобки, употребляя глаголы в Past Simple, Past Continuous или Past Perfect.

1. By eight o'clock yesterday I (to do) _____ my homework and at eight I (to play) _____ the piano. 2. By six o'clock father (to come) _____ home and at six he (to have) _____ dinner. 3. By nine o'clock yesterday grandmother (to wash) _____ the dishes and at nine she (to watch) _____ TV. 4. When I (to meet) _____ Tom, he (to eat) _____ an ice-cream which he (to buy) _____ at the corner of the street. 5. When I (to come) _____ home, my sister (to read) _____ a book which she (to bring) _____ from the library. 6. When mother (to come) _____ home, the children (to eat) _____ the soup which she (to cook) _____ in the morning. 7. When I (to ring) _____ up Mike, he still (to learn) _____ the poem which he (to begin) _____ learning at school. 8. When I (to look) _____ out of the window, the children (to play) _____ with a ball which Pete (to bring) _____ from home. 9. By ten o'clock the children (to settle) _____ comfortably on the sofa and at ten they (to watch) _____ a TV film. 10. When father (to come) _____ home, we (to cook) _____ the mushrooms which we (to gather) _____ in the wood. 11. When I (to see) _____ Ann, she (to sort) _____ the flowers which she (to pick) _____ in the field. 12. When I (to come) _____ home yesterday, I (to see) _____ that my little brother (to break) _____ my pen and (to play) _____ with its pieces. 13. When I (to open) _____ the door of the classroom, I (to see) _____ that the teacher already (to come) _____ and the pupils (to write) _____ a dictation.

UNIT II

BUSINESSES CAPITAL

TEXT 2.1 «WHY DO BUSINESSES NEED CAPITAL?»

1. Прочитайте и переведите текст «Why do businesses need capital?» на русский язык.

Why do businesses need capital?

Capital refers to money introduced into a firm by its owners to purchase assets, such as land, buildings, machinery, vehicles, and office equipment. Businesses need capital to finance business start-ups, to expand, to pay for research and product development, and to finance the introduction of new technology. Capital can be described in a number of ways, depending on how it is used by an organization.

Venture capital is often used to describe money used to finance new business start-ups, mainly of private limited companies.

Investment capital is money used to buy new fixed assets, such premises, machinery and other equipment that have relatively long productive lives.

Working capital is money used to pay day-to-day running expenses of a business, such as raw materials, electricity, telephone bills, insurance, loan repayments, etc.

Working capital can be held in the form of the following current assets, which are used up by a business over a relatively short period of time:

- cash «in hand» and in bank;
- liquid assets, such as stocks and work in progress which can be sold quickly to raise cash;
- debtors – people and firms who owe money to the business.

Working capital is equal to the value of current assets less any current liabilities, namely any outstanding bills yet to be paid or bank overdrafts which will reduce the amount of cash available to a business.

Let's now consider the ways in which firms can «raise capital».

Internal Sources of Asset Finance

A business organization may already have some capital of its own to contribute to asset and working capital finance. The main sources of internal finance are:

1. Personal savings. The use of personal savings remains an important, and often principal, source of finance for many small firms, especially sole traders and partnerships.

2. Retained profit. Ploughed-back or retained profit amount to around 50% of the total finance used by companies. It is a cheap source of finance because the funds are not borrowed and no interest need be paid for their

use. In small businesses, including sole trades and partnerships, it is unlikely that there will be enough retained profit to use as a source of finance. Limited companies are more likely to make sufficient profits to provide reserves for the future. However, because all profit after tax belong to the business owners, any profits retained by managers must be justified to them.

3. Asset management. A firm may raise funds by selling off some of its existing assets such as machinery or fixtures and fittings. Because asset sales tend to reduce the ability of a firm to trade, this is a fairly drastic means of raising finance.

4. Management of working capital. By careful planning, it is possible to manage the flow of cash into and out of a firm so as to avoid the need for short-term finance. A surplus of cash one month can be saved, to cover a deficit later on, when outflows of cash exceed inflows – for example, when a large bill for electricity or deliveries of materials has to be paid.

External Sources of Finance

Most firms will be unable to finance all their asset and working capital requirements from internal sources. They will therefore raise the money they need from external sources, such as banks and other financial institutions. Charities will rely on gifts, donations and membership fees.

In order to raise external finance, it is usually necessary for a business to produce a plan detailing how exactly it intends to use the finance raised. It is good financial practice to match the source of finance with the kind of asset required. For example, it would not be a good idea to purchase a large piece of capital equipment which will pay for itself over ten years, with an overdraft requiring repayment in six months!

Because fixed assets, such as building and machinery, remain productive for a long time, a company will often be willing to pay for them over many years, and will seek sources of long-term finance. In contrast, short-term finance is available from a variety of sources to fund working capital requirements and enable firms to meet day-to-day bills and debts. As a rule of thumb, short-term finance is normally repaid within three years while medium- to long-term finance is repaid over many more.

There are two main sources of long-term external finance. These are:

1. Loan capital. This is any money borrowed over a period of time which has to be repaid by an agreed date, usually with interest, either as a lump sum or in regular installments.

2. Share capital. Limited companies are able to sell shares to raise finance. The sale of shares can raise very large amounts of money. Unlike a loan, share capital is permanent capital because it is not normally redeemed, i.e. a firm never has to repay shareholders' money. To get their money back, a shareholder must sell their shares to someone else.

2. Ответьте письменно на вопросы по тексту:

1. What is capital?

2. Why do businesses need capital?

3. What's the difference between investment capital and working capital?

4. What forms can working capital be held in?

5. What are the main sources of internal finance?

6. What external sources of finance are there?

7. Does the choice of the source of finance depend on the assets required?

3. Переведите устно термины и терминологические словосочетания с английского языка на русский:

long-term finance; loan capital; share capital; external finance; a lump sum; regular installments; a shareholder; internal sources; short-term finance; private limited companies; fixed assets; day-to-day running expenses; raw materials; loan repayments; liquid assets; retained profit; working capital; personal savings.

4. Передайте устно на английском языке основное содержание текста «Why do businesses need capital?».

TEXT 2.2 CHOOSING A METHOD OF FINANCE

1. Прочитайте и переведите текст «Choosing a method of finance» на русский язык.

Choosing a method of finance

When selecting methods of finance, a firm will use the following criteria:

- Amount. The larger the amount of capital required, the less likely it is to be raised from internal sources. If large amounts of capital are required for long periods, then it may be worth the expense of raising finance through a share issue.
- Cost. Any business will want to raise capital in the cheapest way possible, both in terms of administration costs and interest charges. Selling shares can be expensive in terms of administration, advertising, etc., whereas borrowing for a short period of time on credit cards or by trade credit can be interest-

free. However, share sales can raise large amounts of permanent capital for a firm. In general, the longer the period of a loan, and the more risk that the borrower will fail to repay, the higher the rate of interest charged.

- **Purpose.** Firms will tend to seek long-term sources of finance in order to spread the cost of fixed asset purchases, such as premises and new machinery, over a number of years. For example, mortgages can spread the cost of buying or building a new factory over 25 years. In contrast, working capital requirements will tend to be funded from short-term sources, such as trade credit and overdrafts.

- **Status and size of the borrower.** Small sole traders tend to be limited in their choices of finance, and will often lack assets to offer as security against a large long-term loan. The high failure rate of small businesses also tends to scare off potential lenders, who will only be willing to lend in return for a high rate of interest. In contrast, banks and other lenders regard lending to large, profitable companies such as Unilever and ICI, as being as safe as lending to the government. This means that these firms can raise finance more easily and at lower cost.

- **The economic environment.** Economic factors can influence a firm's choice of finance. For example, in times of rising inflation, firms may find it of benefit to borrow at fixed rates of interest. If the general level of prices rises, then the real value of the sum paid back is reduced. During a recession, when sales and profits are likely to be failing, it would be unwise for a firm to take on hefty loan repayments, unless it can be sure of a future economic recovery.

- **Gearing.** The proportion of total finance raised in a firm from borrowing is called the gearing ratio, and has an important impact on how a company can raise further finance. A high gearing ratio means that a firm has, in the past, raised a large proportion of its total capital through borrowing, and so has a large amount of fixed interest payments to make from future profits. This interest must still be paid on debt, even when profits are low or non-existent. This tends to make further borrowing a riskier form of raising finance than selling shares. With equities, no set amount must be paid to shareholders out of profits.

2. Ответьте письменно на вопросы по тексту:

1. What criteria do firms use when selecting methods of finance?

2. Why do firms tend to seek long-term sources of finance?

3. What factors can influence a firm's choice of finance?

3. Выберите утверждения, соответствующие содержанию прочитанного текста:

1. The larger the amount of capital required, the more likely it is to be raised from internal sources.

2. Selling shares can be expensive in terms of administration, advertising, etc.

3. Small sole traders tend to be limited in their choices of finance, and often lack assets to offer as security against a large long-term loan.

4. A high gearing ratio means that a firm has raised a large proportion of its total capital through borrowing, and so has a large amount of fixed interest payments to make from future profits.

4. Переведите устно термины и терминологические словосочетания с русского языка на английский.

финансовый отчет; собственный капитал; финансовые расчеты; долг; финансирование; чистая прибыль; ссуда; коммерческий банк; финансовый посредник; заемные средства; финансы частной компании; финансовое обязательство; денежные ресурсы; государственные финансы.

5. Передайте устно на английском языке основное содержание текста «Choosing a method of finance».

GRAMMAR
THE PASSIVE VOICE

Страдательный залог (The Passive Voice) представляет собой аналитическую форму, которая образуется с помощью глагола to be в соответствующем времени и причастия II (Participle II) смыслового глагола.

The Passive Voice устанавливает, что лицо или предмет, обозначенные подлежащим, являются объектами действия, выраженного сказуемым. Рассмотрим таблицу времён в пассивном залоге:

	Present	Past	Future	Future-in-the-Past
Simple	The dishes are washed every day- Посуду моют каждый день.	The dishes were washed yesterday- Посуду помыли вчера.	The dishes will be washed to-morrow - Посуду помоют завтра.	The said that the dishes would be washed by next day- Они сказали, что посуду помоют завтра.

Continuous	The dishes are being washed now- Сейчас моют посуду.	The dishes were being washed at 7 o'clock yesterday- Посуду мыли вчера в 7 часов.	_____	_____
Perfect	The dishes have already been washed - Посуду уже помыли.	The dishes had been washed by 7 o'clock- Посуду помыли к 7 часам.	The dishes will have been washed by 7 o'clock tomorrow- Посуду помойут к 7 часам завтра.	They said that the dishes would have been washed by 7 o'clock the next day- Они сказали, что посуда будет вымыта к 7 часам завтра.
Perfect Continuous	_____	_____	_____	_____

Как видно из таблицы, в страдательном залоге нет времен Perfect Continuous, Future Continuous, Future Continuous in the Past.

Отрицательная и вопросительная формы страдательного залога образуются по тем же правилам, что и соответствующие формы действительного залога, а именно:

1.в отрицательной форме частица *not* ставится после первого вспомогательного глагола *The book has not been written*;

2.в вопросительной форме первый вспомогательный глагол ставится перед подлежащим *Has the book been written?*

Значение и употребление времен глагола в страдательном залоге такое же, как и времен глагола в действительном залоге.

Запомните! Если вы образовываете пассивный залог с глаголом, после которого идёт предлог, то не забывайте этот предлог ставить после глагола в пассиве.

Пример: They were waited for- Их ждали.

Часто в пассивном залоге используется предлог *by* для того, чтобы показать, кем было совершено действие.

Пример: The song was written by my friend- Песня была написана моим другом.

1. Раскройте скобки, употребляя глаголы в Present, Past или Future Simple Passive.

1. Bread (to eat) _____ every day. 2. The letter (to receive) _____ yesterday. 3. Nick (to send) _____ to Moscow next week. 4. I (to ask) _____ at the lesson yesterday. 5. I (to give) _____ a very interesting book at the library last Friday. 6. Many houses (to build) _____ in our town every year. 7. This work (to do) _____ tomorrow. 8. This text (to translate) _____ at the last lesson. 9. These trees (to plant) _____ last autumn. 10. Many interesting games always (to play) _____ at our PT lessons. 11. This bone (to give) _____ to my dog tomorrow. 12. We (to invite) _____ to a concert last Saturday. 13. My question (to answer) _____ yesterday. 14. Hockey (to play) _____ in winter. 15. Mushrooms (to gather) _____ in autumn. 16. Many houses (to burn) _____ during the Great Fire of London.

2. Раскройте скобки, употребляя глаголы в Active или Passive Voice.

1. Nobody (to see) _____ him yesterday. 2. The telegram (to receive) _____ tomorrow. 3. He (to give) _____ me this book next week. 4. The answer to this question can (to find) _____ in the encyclopedia. 5. We (to show) _____ the historical monuments of the capital to the delegation. 6. You can (to find) _____ interesting information about the life in the USA in this book. 7. Budapest (to divide) _____ by the Danube into two parts: Buda and Pest. 8. Yuri Dolgoruki (to found) _____ Moscow in 1147. 9. Moscow University (to found) _____ by Lomonosov. 10. We (to call) _____ Zhukovski the father of Russian aviation.

3. Передайте следующие предложения в Passive Voice.

1. I bought potatoes yesterday.

2. We shall bring the books tomorrow.

3. They are repairing the clock now.

4. They sell milk in this shop.

5. I have translated the whole text.

6. They broke the window last week.

7. When I came home, they had eaten the sweets.

8. We shall do the work in the evening.

9. He wrote this book in the 19th century.

10. They were playing tennis from four till five.

11. He stole a lot of money from the shop.

12. By six o'clock they had finished the work.

13. At twelve o'clock the workers were loading the trucks.

14. By three o'clock the workers had loaded the trucks.

15. We send our daughter to rest in the south every year.

4. Раскройте скобки, употребляя глаголы в Passive Voice.

1. At the last competition the first prize (to win) _____ by our team. 2. The question (to settle) _____ as soon as they arrived. 3. Your report must (to divide) _____ into two chapters. 4. Soon he (to send) _____ to a sanatorium. 5. The book (to discuss) _____ at the next conference. 6. The composition must (to hand) _____ in on Wednesday. 7. Yesterday he (to tell) _____ to prepare a speech. 8. The article (to publish) _____ last week, if I am not mistaken. 9. The lectures (to attend) _____ by all of us. 10. A taxi (to call) _____ fifteen minutes ago, so we are expecting it any moment. 11. The young man (to introduce) _____ to me only a couple of hours ago, but it seems to me that I've known him for years. 12. The rule explained by the teacher at the last lesson (to understand) _____ by all of us. 13. The poem was so beautiful that it (to learn) _____ by everybody. 14. I hope the invitation (to accept) _____ by everybody. 15. The letter (to post) _____ in half an hour. 16. It seems to me that music (to hear) _____ from the next room. 17. I am sure I (to ask) _____ at the lesson tomorrow.

UNIT III MARKETS

TEXT 3.1 WHAT IS A MARKET?

1. Прочитайте и переведите текст «What is a market?» на русский язык.

What is a market?

The goods and services produced by business organizations are sold in markets. A market is defined as consisting of all those consumers willing and able to buy goods and services and all those producers willing and able to supply them. For example, the market for televisions consists of the producers of televisions and the people who buy them. Similarly, there is a market for cars, hairdressing, video recorders, window cleaning, and all other goods and services. These are called consumer goods markets. Business organizations operate in many other markets, for example:

- capital goods market – where items such as machinery and vehicles are bought and sold by business organizations;
- commodity market – where raw materials such as oil, copper and wheat are bought and sold;
- labour market – where people are hired for their services;
- money market – where people and financial institution borrow and lend money;
- foreign exchange market – where people and firms buy and sell foreign currencies if they need to trade overseas;
- property market – where people and firms buy and sell houses, offices and factories.

Market Structure

A market for a good or service can be of any size and can cover any area. It can involve any number of consumers and producers anywhere in the world willing to exchange a good or service. The market for a local newspaper in Kingston-Upon-Thames is likely to be confined to the immediate area surrounding this town, but the market for newspapers such as the Daily Mirror or The Times is national. Products like oil, sugar, video recorders, and insurance are sold all over the world. These goods and services have international or world markets. The interaction of consumer demand and producer supply in a market determines the price at which a product is sold and the quantity sold. Changes in market conditions – that is, changes in the level and strength of consumer demand and/or producer supply – can, therefore, influence how individual businesses use their resources.

Different markets are organized or structured in different ways. It is tempting to believe that, where there are a large number of firms producing the same product and an equally large number of consumers wanting to buy it, no one producer or consumer has the power to influence market price. This suggests that markets are highly competitive and that, if a firm did try to raise price, it would lose custom to rival producers and soon go out of business.

Perfect Competition

In perfect competition there are a very large number of firms producing a standardized product. New firms can enter the industry very easily. In reality, very few markets display such a highly competitive structure. Perhaps the world agricultural market is the closest example of «perfect competition». Because there are so many producers of wheat, barley, and other arable crops of such similar quality worldwide, individual producers are forced to sell their produce at prevailing market prices. That is, in competitive markets there are numerous consumers and producers that no one alone can influence market price – they are all price takers. Competition in a market affects an individual firm's ability to influence the market price for their products. In general, the more competition a business faces from firms making similar products, the less scope it will have to influence price.

Oligopoly

Today, most markets can be described as «oligopolistic». An oligopoly exists if a small number of large firms dominate the supply of a particular good or service to a market. Price leadership is a feature of many oligopolistic markets. In order to avoid price wars, the firms that dominate the market tend to price their products in line with each other. In extreme cases they may even collude to fix prices. Cartels are formal agreements between firms to regulate prices and/or output, thereby effectively creating a monopoly. The best known cartel is OPEC (Organization of Petroleum Exporting Countries) which attempts to restrict the world supply of crude oil in order to hold up its market price. Collusion to fix prices at artificially high levels is illegal in most countries. Because of the relative price stability in oligopolistic markets, they tend to be characterized by aggressive non-price competition for consumers and market share. For example, the growth of shops on petrol station forecourts and the giving of free gifts are attempts at non-price competition by a handful of large petrol companies. Similarly, despite the existence of numerous branded products, the washing-powder market is supplied chiefly by two very large producers (a duopoly)– Unilever and Procter and Gamble. Their competition concentrates on the creation of strong brand images and customer product loyalty through heavy advertising.

Monopoly

A firm is a pure monopoly if it is the sole supplier of a good or service wanted by consumers. A monopoly faces little or no competition and is

therefore able to keep profit levels high by setting a high price for its products. Monopolies are often described as price makers because they can restrict the supply to a market to force up the market price. However, in order to do this, the monopoly must prevent new firms from entering the market. Any increase in supply from new firms will force prices and profits down. Monopolies and oligopolies may use different barriers to prevent the entry of new firms into their markets or to force new and smaller competitors out of business. These barriers can be natural (e.g. economies of scale, capital size, historical reasons, legal considerations) or artificial (e.g. supply restrictions, predatory pricing, exclusive dealing, full line forcing). Because monopolies and oligopolies have the ability to restrict competition, the UK government has passed a number of laws which can regulate their activities and in extreme cases prevent their formation.

Monopolistic Competition

In reality, most markets display some restriction on competition. Individual producers often attempt to modify their own products to distinguish them from their rivals. This is called product differentiation and is a feature of monopolistic competition. Differentiation is the basis for product promotion and development.

2. Ответьте письменно на вопросы по тексту:

1. What is a market?

2. What determines the price at which a product is sold in a market?

3. What types of markets do you know?

3. Переведите устно термины и терминологические словосочетания с английского языка на русский:

perfect competition; capital goods market; commodity market; labour market; market conditions; market price; opportunity cost; market structure; raw material market; product differentiation; restriction on competition; price makers; predatory pricing; rival producers; sole supplier; non-price competition; perfect competition.

4. Передайте устно на английском языке основное содержание текста «What is a market?».

TEXT 3.2 COMPETITION

1. Прочитайте и переведите текст «Competition» на русский язык.

Competition

Competition is rivalry between suppliers providing goods or services for a market. The goods and services produced by business organizations to satisfy consumer wants are sold in markets. A market is any setting in which exchange takes place between consumers willing and able to buy goods and services and producers willing and able to supply them. The level and strength of consumer demand and producer supply in a market are known as market conditions. Firms compete to supply a market to achieve a number of objectives. These are:

1. To increase their customer base. Firms compete with each other on price and product quality to increase the number of customers buying their products.

2. To increase sales. Not only will firms seek to increase the number of customers buying their products but they will also hope that existing customers will buy more. Cutting prices can increase sales revenues from products for which demand is price elastic. Advertising and other promotions, such as free gifts, can help to expand sales without the need for price cuts.

3. To expand market share. The market share of a firm can be calculated as its proportion of total sales. For example, Sony accounted for 12.3% of sales of recorded music in a world market worth \$30 billion in 2004. Many organizations will aim to increase their share of total sales in a market. The larger an organization's market share, and the more widely established its product, the better able it will be to withstand new competition from new products and firms.

4. To achieve product superiority. This has two meanings. On one hand it refers to making a product that is clearly better than rival products for reasons of prestige and/or profit. A superior product will help a firm to achieve its objectives of generating sales and expanding market share. But product superiority also means that the product dominates a market by out-selling all others - which is not necessarily because it is the best product on the market. A firm that is able to dominate the supply of a product to market is able to have some influence over the determination of the market price. It is also well placed to fight off competition from smaller rivals.

5. To enhance image. Firms will also compete on image. Customer perception of an organization will be reflected in sales. A poor image will reduce sales; a good image will help to expand sales and market share. In response to the growing awareness of environmental issues among consum-

ers, many organizations are trying to present themselves as caring and environmentally friendly. For example, the Body Shop prides itself on not testing products on animals, while the Cooperative Bank only invests money in «green» companies that have a good environmental record.

There are two types of competition: price competition and non-price competition. Competition between firms on price is often vigorous. Cutting price can expand consumer demand. The ability of a firm to undercut rivals to increase sales is constrained by market conditions and production costs. Cutting prices to expand sales reduces the margin between revenues and costs. If a firm is to be in a strong position to compete on prices, it must try to reduce its costs by increasing the productivity of its resources.

When consumers buy a product they are looking not just for low price but also for value for money in terms of the quality of the good or service, its size or shape, colour, smell, or taste. Consumers also look for after-sales care in case anything should go wrong and they might want to exchange their product. Firms can compete on all these facets of a product and service to offer consumers what they want.

Both price competition and non-price competition are good for consumers because they can reduce prices and increase the quality and availability of different product.

2. Ответьте письменно на вопросы по тексту:

1. What is competition?

2. Why do firms compete?

3. What is the difference between price competition and non-price competition?

3. Переведите устно термины и терминологические словосочетания с английского языка на русский:

price competition; reduce prices; non-price competition; to enhance image; consumer demand; producer supply; customer base; sale revenue; market share; total sales; production costs; market price; after-sales care; increase the quality; to undercut rivals, achieve objectives; rivalry.

4. Передайте устно на английском языке основное содержание текста «Competition».

GRAMMAR

SEQUENCE OF TENSES

Если в прямой речи глагол сообщения стоит в одном из прошедших времен (обычно сказуемое в главном предложении выражается глаголом в Past Indefinite), то глагол в косвенной речи тоже должен употребляться в прошедшем времени, причем время глагола при преобразовании прямой речи в косвенную изменяется по следующей схеме:

Прямая речь			Косвенная речь		
present	Indefinite	He learns English.	Past	Indefinite	He learned English.
	Continuous	She is playing tennis.		Continuous	She was playing tennis.
	Perfect	They have returned .		Perfect	They had returned .
past	Indefinite	You translated the text.	past	Perfect	You had translated the text.
	Continuous	She was watching TV.		Continuous	She was watching TV.
	Perfect	They had returned by 7.		Perfect	They had returned by 7.
future	Indefinite	We shall call on him.	Future-in-the-past	Indefinite	They would call on him.
	Continuous	You will be wearing that hat.		Continuous	You would be wearing that hat.
	Perfect	She will have received your letter by Saturday.		Perfect	She would have received your letter by Saturday.

Следует помнить, что при обращении прямой речи в косвенную, глагол в придаточном дополнительном предложении (т.е. в косвенной речи) не изменяется в следующих случаях:

1. Когда глагол в прямой речи употреблен в Past Continuous, Past Perfect, Past Perfect Continuous или Future in the Past:

Прямая речь	Косвенная речь
We had finished our work by 5 o'clock yesterday. – Мы закончили работу вчера к 5 часам.	They said they had finished their work by 5 o'clock yesterday. – Они сказали, что закончили работу вчера к 5 часам.

2. Правило согласования времен обычно не применяется в придаточных дополнительных предложениях, в состав сказуемого которых входит модальный глагол:

Прямая речь	Косвенная речь
Teacher: "You must do it at once". Учитель: «Вы должны сделать это сейчас же».	Teacher said that you must do it at once. Учитель сказал, что вы должны сделать это сейчас же.

3. Когда указывается точное время совершения действия. Подобное отступление от правила согласования времен при обращении прямой речи в косвенную происходит большей частью тогда, когда сказуемое придаточного предложения выражено глаголом *tobe*.

Прямая речь	Косвенная речь
He said, "I was born in 1950." - Он сказал: «Я родился в 1950 году».	He said (that) he was born in 1950. - Он сказал, что он родился в 1950 году.

При изменении прямой речи в косвенную происходит следующая замена наречий времени и места, а также указательных местоимений.

Прямая речь	Косвенная речь
now – теперь	then – тогда
today – сегодня	That day – в тот день
tomorrow – завтра	The next day – на следующий день
the day after tomorrow – послезавтра	in two days' time – через два дня; two days later – два дня спустя
yesterday – вчера	the day before the previous day } накануне
the day before yesterday – позавчера	Two days before – за два дня до этого; two days earlier – двумя днями раньше
ago – тому назад	before – раньше
next year – в будущем году	the next year the following year } в следующем году
here – здесь	there – там
this – этот	that – тот
these – эти	those – те

Вопросы в косвенной речи

Общие вопросы в косвенной речи вводятся союзами *whether* или *if*, тогда как **альтернативные** – только союзом *whether*. Эти союзы соответствуют в русском языке частице **ли**. Запятая перед союзами *whether* или *if* не ставится.

Прямая речь	Косвенная речь
He said «Have you read the morning papers?» – Он сказал: «Вы читали утренние газеты?»	He asked me whether (if) I had read the morning papers. – Он спросил меня, читал ли я утренние газеты.
I asked, "Do you understand now?" - Я спросил: «Теперь вы понимаете?»	I asked him if he understood. - Я спросил, понимает ли он (это) теперь.

Краткие ответы в косвенной речи

вопрос	да	нет
Do you speak English? Вы говорите по-английски?	Yes, I do. I answered that I did . Я ответил, что говорю.	No, I don't. I answered that I didn't . Я ответил, что не говорю.
Have you received a letter from home? Вы получили письмо из дома?	Yes, I have. I answered that I had . Я ответил, что получил.	No, I haven't. I answered that I hadn't . Я ответил, что не получил.
Will he take part in the chess tournament? Он будет принимать участие в шахматном турнире?	Yes, he will. I answered that he would . Я ответил, что (он) будет.	No, he won't. I answered that he wouldn't . Я ответил, что (он) не будет.
Are you very tired? Вы очень устали?	Yes, I am. I answered that I was . Я ответил, что устал.	No, I am not. I answered that I wasn't . Я ответил, что не устал.

В официальной речи возможно употребление следующих косвенных кратких ответов.

Для утвердительного ответа	Для отрицательного ответа
He answered in the affirmative. Он ответил утвердительно.	He answered in the negative. Он ответил отрицательно.

Специальные вопросы вводятся в косвенной речи соответствующими вопросительными словами, используемыми в качестве соединительных слов. В косвенных вопросах этого типа также применяется прямой порядок слов.

Прямой вопрос	Косвенный вопрос
Michael said, " Why do they want to wear the uniform?" – Майкл сказал: «Почему они хотят носить форму?»	Michael asked why they wanted to wear the uniform. – Майкл спросил, почему они хотят носить форму.
He asked, " When did you see him?" – Он спросил: «Когда ты его видел?»	He asked when I had seen him. – Он спросил, когда я его видел.
He asked, " How will he find it out?" – Он спросил: «Как он это узнает?»	He asked how he would find it out. – Он спросил, как он это узнает.
He asked me, " Who has come?" – Он спросил меня: «Кто пришел?»	He asked me who had come. – Он спросил меня, кто пришел.

Повелительные предложения в косвенной речи

При обращении в косвенную речь повелительного предложения глагол в повелительном наклонении заменяется инфинитивом. Отрицательная форма глагола в повелительном наклонении заменяется инфинитивом с предшествующей частицей *not*.

Прямая речь	Косвенная речь
She <u>said</u> , “ Open the window, please.” Она сказала: «Откройте, пожалуйста, окно».	She <u>asked</u> me to open the window. Она попросила меня открыть окно.
She <u>said</u> , “ Don’t open the window, please.” Она сказала: «Не открывайте, пожалуйста, окно».	She <u>asked</u> me not to open the window. Она попросила меня не открывать окно.

1. Передайте следующие повествовательные предложения в косвенной речи.

1. Masha said: «I usually spend my holidays in the south».
2. She said: «I spent my holidays in the Crimea last year».
3. Boris said: «I go to the south every year».
4. He said: «I am going to a rest-home tomorrow».
5. Ann said to us: «They haven't come yet».
6. She said to us: «They arrived in St. Petersburg yesterday».
7. I said: «I was in London last year. My friends in London sometimes invite me to spend my holidays with them».
8. Nick said: «I have never been to London. I think I shall go there next year».
9. He said: «I shall not stay with my friends too long».
10. He said to me: «They are staying at the “Europe” hotel».
11. He said: «They are leaving next Monday».
12. The clerk said to them: «You can leave the key with the maid upstairs».

2. Передайте следующие повелительные предложения в косвенной речи.

1. «Go home», said the teacher to us.
_____.
2. «Buy some meat in the shop», said my mother to me.
_____.
3. «Sit down at the table and do your homework», said my mother to me.
_____.
4. «Don't forget to clean your teeth», said granny to Helen.
_____.
5. «Don't sit up late», said the doctor to Mary.
_____.
6. The doctor said to Pete: «Don't go for a walk today».
_____.
7. «Don't eat too much ice-cream», said Nick's mother to him.
_____.
8. «Explain to me how to solve this problem», said my friend to me.
_____.
9. The doctor said to Nick: «Open your mouth and show me your tongue».
_____.
10. «Don't be afraid of my dog», said the man to Kate.
_____.
11. «Take this book and read it», said the librarian to the boy.
_____.

3. Передайте следующие специальные вопросы в косвенной речи.

1. I said to Nick: «Where are you going?»
_____.
2. I said to him: «How long are you going to stay there?»
_____.
3. I said to him: «How long will it take you to get there?»
_____.
4. Pete said to his friends: «When are you leaving St. Petersburg?»
_____.
5. He said to them: «Who will you see before you leave here?»
_____.
6. They said to him: «What time does the train start?»
_____.

7. Ann said to Mike: «When did you leave London?»

8. She said to Boris: «When will you be back home?»

9. Boris said to them: «How can I get to the railway station?»

10. Mary asked Tom: «What time will you come here tomorrow?»

11. She asked me: «Why didn't you come here yesterday?»

12. I asked Mike: «What will you do after dinner?»

13. I asked my uncle: «How long did you stay in the Crimea?»

14. Ada said to me: «Where did you see such trees?»

4. Передайте следующие общие вопросы в косвенной речи.

1. I said to Boris: «Does your friend live in London?»

2. I said to the man: «Are you living in a hotel?»

3. Nick said to his friend: «Will you stay at the “Hilton”?»

4. He said to me: «Do you often go to see your friends?»

5. He said to me «Will you see your friends before you leave St. Petersburg?»

6. Mike said to Jane: «Will you come to the railway station to see me off?»

7. She said to me: «Have you sent them a telegram?»

8. She said to me: «Did you send them a telegram yesterday?»

9. I said to Mike: «Have you packed your suitcase?»

10. I said to Kate: «Did anybody meet you at the station?»

11. I said to her: «Can you give me their address?»

12. I asked Tom: «Have you had breakfast?»

13. I said to my mother: «Did anybody come to see me?»

14. She said to the young man: «Can you call a taxi for me?»

15. Mary said to Peter: «Have you shown your photo to Dick?»

5. Передайте следующие предложения в косвенной речи.

1. «Don't cross the street under the red light,» said the man to Nick.

2. «I took a very good book from our library yesterday,» said Mike to his father.

3. «Come to my house tomorrow, Jane,» said Lena.

4. «Where are your books, Betsy?» said her mother.

5. «Do you like my pies, Ann?» asked her grandmother.

6. «Sit down at the table and do your homework,» said Tom's mother to him.

7. «What did you do at school yesterday, John?» said his father.

8. «Will you play the piano today, Helen?» asked her aunt.

9. My uncle said: «We shall visit you next week».

ASSIGNMENT 1

WHAT IS PRODUCTION?

1. Прочитайте и переведите письменно текст «What is production?» на русский язык.

What is production?

Businesses create wealth by producing goods and services to satisfy consumer demand. Production, therefore, can be defined as any activity which is designed to satisfy consumer needs and wants. Production involves organizing resources – human, physical, and natural – to produce goods and services. The owners of these productive resources – employees and suppliers – require payment. They then are able to use this income to enjoy the benefit of goods and services bought from other business organizations. Production is the total amount of a good or service produced. The amount of output that can be produced from a given input of resources is called productivity. That is, productivity can be measured as a ratio of outputs to resource inputs. Put very simply, a firm that uses 10 units of resources to produce 40 units of output is twice as productive as a firm that uses 10 units of resources to produce 20 units of output.

The aim of any business is to combine its resources in the most efficient way. That is, it will attempt to maximize the productivity of its resources in order to produce as much as it can with as little resource input as possible, and at the lowest cost possible. For example, a construction firm that employs 10 carpenters and yet supplies only 1 hammer, drill, and chisel between them has clearly not combined labour and equipment in the most efficient way. By increasing the input of equipment – i.e. providing more hammers, drills, etc. – the firm is likely to achieve a higher level of productivity.

In general, productivity in a firm will increase if more output can be produced with the same input of resources, or if less resources can be used to produce the same amount of output. Thus, raising productivity adds greater value to resources employed.

By turning resource inputs into outputs which consumers want and are willing and able to buy, productive activity adds value to resources. For example, a firm that produces 1 million chocolate bars which are sold for 50p each but which cost only £200,000 to make, has added £300,000 to the value of the resources used – labour, cocoa powder, milk, paper, plant and machinery, vehicles, power, etc.

Firms can attempt to maximize the added value to the resources they use, measured as the difference between the cost of those resources and the revenues they generate, by ensuring the best relationship between the costs of inputs and

value of final products. Most firms will attempt to produce as much as they can from the least amount of labour, materials, machinery, etc. A firm that is able to reduce the amount of inputs they use but still produce the same amount of output without employing more inputs, has increased productivity.

Reducing the costs of resource inputs. This can involve employing workers who are willing to work for lower wages or are more productive than existing workers, buying or hiring more efficient machinery, securing supplies of materials from cheaper suppliers, keeping stocks to a minimum to save storage space, reducing waste and accidents at work.

Quality assurance. Poorly produced goods and services do not sell but still cost money to make. Making sure that quality is maintained throughout the production process will result in more revenues from given inputs. The management of «total quality» in firms is becoming increasingly important.

Marketing. The marketing of goods and services is an important part of the whole production process. A firm that is unable to supply the right products in the right amounts at the right price, and in the right place, will be unable to sell their products. Marketing helps a firm increase the value added to resources through the production of goods and services, by informing consumers of the existence of the product and persuading them that the price of the product is worth paying.

The decision by a firm to produce a given level of output of a particular good or service, or range of products, will be influenced by the following factors:

Market price. If the price at which a product is sold does not yield an acceptable profit, then firms will be discouraged from producing that product. Firms that are already engaged in the supply of the product may move their resources into the production of other goods or services, or will attempt to reduce costs to increase profit margins.

Availability and quality of resources. Once a firm has decided what to produce, it must engage the necessary resources to achieve its production targets. Some resources - for example, labour with appropriate skills, or natural materials - may be in short supply, and this will force up the supply price, thereby reducing potential profit margins. Labour must also have skills that are flexible and can be adapted to changes in products, production processes and methods of working. The cost and availability of resources will, therefore, affect the production decisions of firms. Increasingly, firms are contracting out non-core activities, such as cleaning and maintenance, and specialist services, to external organizations, rather than employing labour to undertake these tasks on a permanent basis. External organizations will often compete to win contracts with firms, and firms who employ them can therefore insist on quality at competitive prices.

Technology. Technological advance has resulted in new materials, products, and processes, and has changed the character, working practices and production methods of many industries. For example, the manufacture of cars is now almost entirely automated. Automation robotics, computer aided design and manufacturing, management information systems are all examples of new technology in production. A firm must not only be aware of change, but must also consider the extent to which it can use new technology to keep ahead of the competition.

Legislation. A number of laws exist which restrict or prohibit the supply of certain products and set strict guidelines on how production should proceed in the workplace. For example, it is illegal to produce hard drugs, or supply cigarettes and alcohol to minors. Growing concern for the environment is being reflected in a number of UK and European Union legislative measures concerning protection, preservation, and pollution. These measures are intended to shape and control production decisions that are potentially damaging to the environment. For example, coal-fired power stations have been forced to fit expensive desulphurization equipment to reduce the release of harmful pollutants into the atmosphere. Coal-fired stations are also now being phased out, in favour of cleaner, lean-burn gas-powered electricity-generating plants. Similarly, alternative methods of producing veal meat from young calves had to be found when the notorious «veal crate» method was outlawed in the UK. Firms are also required to invest in health and safety measures, such as training, protective clothing, and rest periods for machine operators. Thus, controls on pollution and safety at work may raise the production costs of firms, and in some cases limit resource use and production time.

2. Выпишите 30 незнакомых терминов и терминологических словосочетаний из текста, запомните их значение и написание.

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3. Передайте устно на английском языке основное содержание текста «What is production?».

ASSIGNMENT 2 RAISING CAPITAL

1. Прочитайте и переведите письменно текст «Raising capital» на русский язык.

Raising capital

1. Financial Intermediation

It is the task of finance intermediaries, such as banks and building societies, to match the needs of savers who want to lend money, with people and firms who need funds. A number of financial institutions hold the savings of people and firms, and pay them interest. In turn, they make these funds available to borrowers, who are charged a rate of interest and in some cases an arrangement fee. Some financial intermediaries specialize in medium- to long-term finance, while others concentrate on short-term loans of money.

2. Securing Finance

Loans may be secured or unsecured. Some finance institutions may insist on security or collateral against a loan, especially when the amount of money involved is large. This refers to an asset, or assets, of value equal to the amount borrowed, which is tied to the loan. In the event of non-payment or

default, the lender is legally entitled to take possession of the secured assets, and to sell them to obtain their money. Assets most likely to be accepted as security for a loan include: property; money saved in endowment and life insurance policies; shareholdings. Assets which lose their value quickly or are difficult to sell – for example, specialized machinery – are unlikely to be accepted by banks and other lenders as suitable forms of security.

3. The Money Market

Short-term finance is available on the money market. This is made up of people and firms who want to borrow money for relatively short periods of time, and those people and organizations willing and able to provide it. The supply of short-term finance is dominated by the major commercial banks, also known as clearing banks, such as Lloyds, Barclays, Midland, and the Cooperative Bank. These lend money to firms in the same way as they lend money to private individuals. Short-term finance is available in the form of a bank loan or overdraft. The major banks can also arrange, often through specialized companies which they own, other methods of finance, such as leasing and factoring services, and commercial mortgages.

4. Methods of Short-term Finance

- The most common methods of short-term finance used by businesses are:

- Overdraft. Overdrafts are frequently used to ease cashflow problems associated with working capital requirements in many business organizations. Under an overdraft agreement, a bank allows a business to make payments or withdrawals in excess of the amount held in its account, up to a specified limit. Banks normally insist that overdrafts are paid off relatively quickly. Interest is charged on the amount of the overdraft on a daily basis, and is normally slightly lower than the rate charged on loans.

- Bank loan. Banks can advance loans to businesses, to be repaid in regular fixed monthly installments over an agreed period of time. Loan terms can be anything from six months to ten years, but most tend to be relatively short. Interest is charged on the total amount of the loan, and is fixed from the outset. A borrower is locked into that rate, even if interest rates fall during the period of the loan. Loans and overdrafts can be an expensive way of borrowing, but they are one of the most popular forms of short-term finance available to sole traders and partnerships.

- Credit cards. Visa, Access, American Express, and Diners Club are examples of credit card companies. Depending on the credit card, users can pay bills and make purchases, and defer payment until up to eight weeks later. Each month, users receive a statement of their transactions. They can then decide whether to pay the balance in full or in part. If payment is made

in full, no interest is charged. Interest is charged only on the outstanding balance, but can be quite high.

- **Hire purchase.** This is a popular method of finance, often used by smaller firms to buy plant and machinery. A hire purchase agreement will normally require a firm to pay a deposit on equipment purchased, and then to pay off the balance, with interest, in regular installments over a few months or several years. Hire purchase can be arranged through a bank or, more often, through a finance house. Because finance houses tend to be less selective in granting loans, their rates of interest tend to be higher. The finance house will buy the equipment for the buyer, and will be the legal owner of it until the last payment has been made. If the buyer is unable to pay the agreed installments, the finance house can legally repossess the equipment.

- **Leasing.** Leasing is a way of paying rent for the loan of equipment for a fixed period. At the end of the period, the equipment is returned to its owner. The advantage is that businesses can get expensive equipment such as computer systems without making a large capital outlay. During the period of the lease, maintenance and servicing of equipment are the responsibility of the owner of the equipment rather than the lessee. Once the period of the lease is over, the firm can return the old computer system and lease a more up-to-date version. Over a long period of time, leasing can be more expensive than buying equipment outright. Leasing is, however, an increasingly popular means of obtaining equipment.

- **Trade credit.** Many businesses rely on their creditors as a form of short-term finance. Because most suppliers allow their customers to take somewhere between one and three months to pay for goods supplied, the debtor company can use what is effectively an interest-free loan of up to 90 days to pay other bills. Creditors will often give incentives in the form of cash discounts if payment is made earlier, but by delaying payment, the debtor can use money owed to finance other current assets.

- **Factoring.** Late payment of invoices for goods delivered can cause considerable financial hardship for creditors. Debt factoring involves a specialist company, known as a factor, paying off the unpaid invoices of supplies. It is common for a factoring company to agree to pay 80% of the amount of the invoice on issue, paying the remaining 20% when the debtor settles the invoice with the factor. This provides the creditor with early payment of debts and leaves the chasing-up of payments to the factoring company. The profit of the factoring is the difference between what they have paid to the supplier to settle the invoice and the full amount of the invoice eventually paid by the debtor.

5. What is the Capital Market?

The capital market brings together people and firms who want to borrow a lot of money for long periods of time with those who are willing and able to supply funds on this basis. Borrowers tend to be limited companies seeking to fund large-scale replacement of fixed assets or expansion.

6. Methods of Long-Term Finance

The most common methods of long-term finance used by businesses are:

- **Mortgages.** A commercial mortgage is a long-term loan, typically over 25 years, of up to approximately 80% of the purchase price of a business property. Business owners may also remortgage their existing premises in order to raise finance for use elsewhere in the business. The business premises provide security for the loan, and, in the event of a failure to repay regular installments, the lender can take possession of the property. Mortgages are available from building societies and banks.

- **Venture capital.** Start-up funds for new limited companies are available from specialist venture capital companies. These are commercial organizations specializing in loans to new and risky businesses who might otherwise find it difficult to raise finance. These firms usually lend in return for shares in the ownership of the company (or equity stakes), hoping for an eventual capital gain on the value of their shares, rather than for interest or dividends. Merchant banks also provide venture capital. These are financial institutions specializing in advice and financial assistance to limited companies, for example, to fund business expansion, takeovers of other companies, or management buyouts. The venture capital industry in the UK has grown very quickly, providing a valuable source of finance to small firms and high-risk enterprises.

- **Loan stocks.** These are certificates issued for sale by limited companies, which acknowledge that the bearer has lent a company money and is to be repaid at a specified future date, known as maturity. Government is also able to borrow money by issuing loan stocks for sale to the general public. Loan stocks are sold to raise finance. They offer holders a fixed rate of interest each year until the loan is repaid by the issuing company. If, during the period of the loan, the holder wishes to get their money back, the loan stock can be sold to another person or company. Loan stocks can be in the form of: debentures issued by public limited companies; local government bonds issued by local authorities; gilt-edged securities issued by central government, normally lasting 25 years. A debenture may be secured or unsecured on specific property owned by the company. When debentures are issued, the company agrees to repay the loan with interest on maturity.

7. The Stock Exchange

The capital market is dominated by the Stock Exchange in London. The main function of the Stock Exchange is to provide a market where the owners of

loan stocks and shares can sell them to other people and firms who want to buy them. The total market value of all stocks and shares (collectively known as securities) traded on the Stock Exchange is called the market capitalization. The people and organizations that provide companies with capital by buying shares in them are called investors. Most shares traded in the UK are bought by investment trusts, unit trusts, pension funds, and insurance companies. These companies accept people's savings and use the money to invest in shares and government stocks. Dividends, interest on stocks, and capital gains in the value of shares are passed on, in part, to savers.

8. Raising Share Capital

A share is simply part of a company offered for sale. The price printed on the front of a share certificate is its face value, that is, the price at which it was first sold by the company. Selling shares in the ownership of a company is the usual way of raising money for private and public limited companies. Private limited companies can only sell shares to people connected with the business in some way, such as family, friends, workers, etc. This limits their ability to raise finance through the issue of shares. However, a company that «goes public», i.e. becomes a public limited company, will obtain a listing on the Stock Exchange and be able to advertise and sell a new issue of shares to members of the public from all over the world. The launch of a company's shares on the Stock Exchange is known as a flotation. Before an organization can offer its shares for sale, the Council of the Stock Exchange will investigate it to ensure it is trustworthy and meets certain standards of practice and size. For example, a company must have authorized share capital of at least £50,000, of which it must sell at least a quarter. People will then buy shares in return for a share of any profits made, called a dividend. Once a share is sold, the company does not have to return the money to the shareholder. If shareholders want their money back, they can sell the shares to somebody else. If they are able to sell them for more than they paid, they will make a capital gain. The Stock Exchange provides a market for so-called «second-hand securities».

2. Выпишите 30 незнакомых терминов и терминологических словосочетаний из текста, запомните их значение и написание.

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3. Передайте устно на английском языке основное содержание текста «Raising capital».

ASSIGNMENT 3 WHAT IS A BUSINESS ORGANIZATION?

1. Прочитайте и переведите письменно текст «What is a business organization?» на русский язык.

What is a business organization?

A business organization can be defined as a group of people who cooperate with each other for the purpose of productive activity. A number of features are common to all business organizations:

- Name: for example, Sony, Tesco, Unilever, Coca-Cola, IBM, Microsoft, etc;
- Mission statement: to define the overall purpose of the organization, for example «to serve our customers»;

- Objectives: business goals such as optimizing profits, sales revenues, market share;
- People: business owners, managers, and a workforce with a variety of skills and knowledge;
- An organizational structure: the chain of command shows who is in charge, who makes decisions, and who carries them out;
- Rules and regulations: some set by managers, others dictated by government – for example, concerning health and safety;
- Culture: a set of common values held by people within the organization, for example, «to work together to achieve a high standard of product or service quality»;
- Records: for example, of outputs, revenues, staffing levels, absenteeism, by which to judge performance, and for accounting purposes;
- Rewards and incentives: to motivate employees and ensure they complete set tasks;
- Specialist functions: e.g. product design, personnel, marketing, accounting, distribution, etc.

Different types of private-sector business organizations can be distinguished by the way in which they are financed and managed, and the liability of business owners to repay business debts.

Some business owners have unlimited liability: if their business fails, they are personally responsible for all business debts. Others may have limited liability: if their business fails, they only stand to lose the money they invested in it.

Most private-sector business organizations produce goods and services to make a profit. A business organization may have a number of objectives in addition to seeking profit. These can include expanding market share, providing a public service, as well as social, environmental, and charitable concerns. We can distinguish between the different types of business organizations by asking the following questions:

- Who owns the business?
- Who controls the business?
- What is the main source of finance?

Let's consider the main types of business organizations.

Sole Trader

The oldest and most popular type of business is the sole trader – a business that is owned and controlled by one person. Many small businesses such as local shopkeepers, market stall traders, plumbers, and hairdressers, operate as sole traders. There are more sole traders in the world today than any other type of business. In fact, many of the very large and successful companies started life as sole traders many years ago. A sole trader is some-

one who is self-employed. To start their business, they will usually dip into their own savings or borrow from family and friends. Sole traders will also tend to rely on an overdraft facility at the bank in order to make payments, obtain credit from their suppliers, purchase equipment, etc. Sole traders may grow to employ several people or have a number of branches, but so long as there is only one owner the business will remain a sole trader.

Partnership

A partnership is defined as an agreement between 2 to 20 people providing capital and working together in a business with the objective of making a profit. Partnerships are common in professions such as doctors, insurance brokers, and vets, although they can also be found in other occupations. Firms of accountants, solicitors, and members of the Stock Exchange are allowed to have more than 20 partners. Although it is not required in law, most partnerships operate according to terms drawn up in a Deed of Partnership. This is a document that sets out matters such as how much capital each partner has invested in the business and therefore how much they own; how profits and losses are shared among the partners, and procedures for accepting new partners. If no agreement is drawn up, the rights and obligations of partners are determined by the Partnership Act. Partnerships are owned and controlled by more than two people. A sole trader may find it difficult to manage a business alone or raise enough finance to expand. A partnership can help overcome this problem. To become a partner in a firm, it is necessary for the prospective partner to buy his or her way into the partnership, thus providing existing partners with additional capital. Bank may be more willing to lend money to a partnership because the security offered by a group of partners is likely to be more than that of sole trader.

Joint Stock Company

Joint stock companies are also known as limited companies. They differ significantly from sole traders and partnerships in the way in which they are financed, owned, and controlled. Limited companies raise most of their capital through the sale of shares. Money raised from the sales of shares is known as permanent capital. That is, shareholders' money never has to be repaid. If a shareholder wishes to get back the money he or she invested, he or she must sell shares to someone else. Limited companies are owned by their shareholders. Each shareholder has limited liability. The liability to pay company debts should the business fail is limited to the amount each shareholder invested in the company. This gives people the confidence to buy shares in the knowledge that their personal possessions are not at risk. The day-to-day running of a limited company is undertaken by a board of directors. These are elected by shareholders to run and control the company on their behalf. In a small company shareholders may be directors. However, in very large compa-

nies there may be many thousands of shareholders. In these companies there is a «separation of ownership from control».

Public Limited Company

Public limited companies (plcs) are among the largest and successful organizations in the world. Examples include British Gas plc, Unilever plc, Tesco plc, etc. Unlike a private limited company, a public limited company is able to advertise the sale of shares and sell them to members of the general public through the Stock Exchange.

Private Limited Company

The founder members of a private limited company are able to sell shares to raise capital but can only do so to family, friends, and associates. This may limit the amount of money they are able to raise. Selling shares also means that founder members can lose control of their company unless they retain over 50% of the shares they issue. Because there is one vote per share, the shareholder with over 50% of shares is said to have a controlling interest. They are able to outvote all other shareholders on matters such as company policy and the election of directors. A shareholder who wants his or her money back must sell their shares to another person with the prior agreement of all the other business owners.

Multinational

A multinational is an organization that owns and controls productive activities in more than one country. These companies are some of the largest firms, producing many billions of pounds' worth of goods and services and often employing many thousands of workers.

2. Выпишите 30 незнакомых терминов и терминологических словосочетаний из текста, запомните их значение и написание.

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3. Передайте устно на английском языке основное содержание текста «What is a business organization?»

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ДЛЯ ЭКОНОМИСТОВ

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