

**УЗБЕКИСТОН РЕСПУБЛИКАСИ ОЛИЙ ВА УРТА МАХСУС  
ТАЪЛИМ ВАЗИРЛИГИ**

**Тошкент Молия Инститuti**

**АМАЛИЙ ИНГЛИЗ ТИЛИ**

**Магистрантлар учун укув материаллари**

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Амалий инглиз тили. Магистрантлар учун укув материаллари.

### **Аннотация**

Ушбу укув кулланмаси инглиз тилини урганувчи магистрантларга мулжалланган. Унинг максоди магистрантларни мустакил Ўзбекистон ва чет элларнинг хозирги замон иктисодий масалаларига оид матнларни уқиш ва тушуниш, уларда огзаки нутк куникмаларини ривожлантириш, атамалар бойлигини оширишга қаратилган. Матнлар чет эл ва мамлакатимизда чиқарилган манбалардан олинган. Матнлар устида ишлаш укутишнинг фаол услубларидан фойдаланишни кузда тутди.

Ушбу материалдан укутишнинг узайтирилган этапида, шунингдек, аудитория машгулотларида ва мустакил уқиш жараёнида фойдаланиш мумкин.

### **Аннотация**

Данное учебное пособие предназначено для магистрантов, изучающих английский язык. Цель его - обучить магистрантов чтению и пониманию текстов по вопросам современной экономики независимого Узбекистана и зарубежных стран, развить у них навыки устной речи, расширить терминологический запас обучаемых. Текстовый материал подбирался из оригинальных зарубежных и отечественных источников.

Работа над текстами предусматривает использование методов активного обучения.

Данный материал рекомендуется использовать на более продвинутом этапе обучения и может быть применен в процессе аудиторной и самостоятельной работы.

## **Annotation**

This textbook is designed for graduate level students who learn English. The main objective of the textbook is to teach the graduates to read and comprehend the articles regarding contemporary economy of Independent Uzbekistan and foreign countries to develop learners reading skill and terminological vocabulary as well. The textbook contains the materials selected from original resources according to the curriculum requirements. The learning and assignment material provided by the author foresees the interactive methods of teaching and divided into several groups: review questions, exercises, cases and problems.

The offered textbook is recommended to use of advanced level. The given material can also be used during class and original activity.

## **Предисловие**

Данное учебное пособие предназначено для магистрантов, изучающих английский язык. Цель пособия – обучить магистрантов чтению и пониманию текстов по вопросам современной экономики независимого Узбекистана и зарубежных стран, развить у них навыки устной речи, расширить терминологический запас обучаемых. В соответствии с программными требованиями текстовый материал подбирался из оригинальных зарубежных и отечественных источников и предназначен для различных видов чтения (изучающее, просмотровое, поисковое). Работа над текстами предусматривает использование методов активного обучения и ТСО.

Упражнения, составление к текстам, имеют также целью закрепление терминов, развития навыков аннотирования и реферирования текстов, совершенствование умений говорения и аудирования обучаемых, контроль усвоения материала с помощью тестов.

Пособие носит хрестоматийный характер и не имеет цели совершенствования знаний студентов в грамматике, хотя его тексты можно использовать в качестве иллюстративного материала при объяснении или закреплении грамматики.

Предлагаемый учебный материал рекомендуется использовать на более продвинутом этапе обучения иностранному языку, Данный материал может быть применен в процессе аудиторной и самостоятельной работы обучаемых.

## Суз боши

Ушбу укув кулланмаси инглиз тилини урганувчи магистрантларга мулжалланган. Укув кулланмасининг мақсади магистрантларнинг мустақил Ўзбекистон ва чет мамлакатларнинг ҳозирги замон иқтисодига оид матнларни ўқиш ва тушунишга ургатиш, уларда оғзаки нутқ куникмаларини ривожлантириш, атамалар бойлигини кенгайтиришдан иборат. Матнлар дастур талабларига мувофиқ ҳолда мамлакатимиз ва чет эл манбаларининг асл нусхаларидан олинган бўлиб, ҳар хил ўқиш турлари (урганиш учун ўқиш, танишиш учун ўқиш, изланиш учун ўқиш ) га мулжалланган. Матн устида ишлаш ўқитишнинг фаол усуллари ва техник воситалардан кенг фойдаланишни кузда тутади.

Матнларга тузилган машқлар атамаларни мустаҳкамлаш, матннинг аннотацияси ва қисқача мазмунини ёзиш куникамасини ошириш, магистрантларнинг гапириш ва тинглаб тушуниш куникмаларини такомиллаштириш ҳамда урганилган материалларни тест ёрдамида текшириш каби мақсадларни кузлайди.

Кулланма хрестоматия характерида бўлиб, талабаларнинг грамматика бўйича билимларини такомиллаштиришни мақсад қилиб қўймайди, лекин грамматикани тушунтириш ва мустаҳкамлашда матнлардан фойдаланиш мумкин.

Мазкур укув кулланмасидан чет тилни ўқитишнинг жадаллаштирилган босқичида асосий дарсликка қўшимча материал сифатида фойдаланиш тавсия этилади. Ушбу материал талабаларнинг аудитория ва мустақил ишлари жараёнида кулланиши мумкин.

## **ECONOMIC TIES OF UZBEKISTAN.**

Transition to market relations and proclamation of independence by Uzbekistan envisages substantial changes of its economic ties. The structure of interregional ties is highly effected by existing economy of the republic. Products of agricultural and industrial complex are predominant in the republic's export, products of machine-building industry and consumer goods are mainly imported.

At present the process of formation of foreign economic complex of the republic in taking place. New forms of economic cooperation with foreign partners are developed, associations for business cooperation with foreign countries and foreign trade firms are set up in Uzbekistan. Now the republic has trade relations with a lot of countries both in Europe and Asia. One of the business partners of Uzbekistan is Great Britain. For example, one of the British companies, Lonrho, has announced a new fold-mining deal with Uzbekistan. Lonrho's Chief Executive plans to demerge the conglomerate's mining division into separate company, incorporating gold, rhodium and platinum interests. Lonrho is just one of the international conglomerates that recognized the massive potential of mining ventures with Uzbekistan. Two other British companies are active foreign partners too. One of them is BAT Industries conglomerate whose total projected investment is the biggest to date in Uzbekistan by a foreign company. Its strategy is to achieve cigarette market leadership in Uzbekistan and aims at 97 per cent control of the new company, UZBAT. It has a factory in Tashkent and leaf fermentation plants in Samarkand and Urgut. The other company is Britain's premier cotton merchant house, A. Meredith Jones and Co., of Liverpool. It formed a joint venture with collectives in the Fergana Valley to improve agricultural output end to install a modern cotton gin. This project will also be the basis of an agro-business based on local produce. This will include dairies, an oil mill, fruit processing and textile spinning mills.

The USA is also business partner of our republic. Some years ago the American company Newmont sealed a deal for a gold mining with local groups, including Navoi Mining. The Zarafshan – Newmont project is located in the Kyzyl Kum Desert and will entail the construction of processing plant and treatment of 14 million tons per annum of stockpiled ore.

One of the leading pert-era of Uzbekistan in Asia is the Republic of Korea. Daewoo, the South Korean conglomerate, has earmarked Uzbekistan as its target for investment and as its prime export base in the Central Asian region.

## ASSIGNMENTS:

- I. Skim through the text. You only need to get a general idea of the contents. Don't worry about vocabulary you don't know.
- II. After skimming through the text, do the following test.  
Choose the correct words to fill in the blanks:
  1. Transition to market relations envisages ... changes of its economic ties of Uzbekistan.  
A. a number of                      B. Substantial                      C. Insignificant.
  2. Products of ... are mainly imported in the Republic.  
A. agricultural complex                      B. Industrial complex                      C. Machine-building industry.
  3. Now Uzbekistan has trade relations with a lot of states in... .  
A. Asia                      B. Europe                      C. Both in Asia and Europe
  4. Lonhro is one of the ... companies.  
A. American                      B. British                      C. Korean
  5. Lonhro has recognized the potential of ... ventures with Uzbekistan.  
A. mining                      B. motor                      C. oil
  6. A. Meredith Jones and Co., is Britain's premier ... merchant house.  
A. cotton                      B. gold                      C. cigarette
  7. It formed a joint venture with collectives in the Fergana Valley to improve ... output.  
A. industrial                      B. agricultural                      C. mining
  8. The American company Newmont deals with ... .  
A. cotton growing                      B. gold mining                      C. machine-building
- III. Give a summary of the text.

## **BANK SYSTEM OF THE REPUBLIC OF THE UZBEKISTAN.**

Banks are the main link of credit system of the Republic of Uzbekistan. With a development of independence of economical organizations, economical and commodity-money relational including credit relations, bank system is transformed into a two level system. With such a system, the problems of control of different parts of money turnover are divided, having a common methodological basis. Along with the control of general processes in money turnover there are the problems of servicing and regulation of individual spheres of money credit relations arising at the level of legal entities, which function separately (enterprises, organizations, industries, etc.).

Present economic system implies many types of Banks which differ from each other by forms and activities. The main functions of the Central Bank of the Republic of Uzbekistan are such as regulation of money circulation and credits emission of bank-notes into circulation, issue of normative documents and instructions which should be committed to fulfill without fail by all credit-fiscal institutions in the territory of the republic; giving out licenses for banking as well as for carrying out operations in currency by commercial banks; for retell trade and rendering services in foreign currency; for formation of foreign currency funds, gold reserve and diamond fund of the republic.

In accordance with the Law "On Banks and Banking Activity" the Central Bank of the Republic of Uzbekistan is the main Bank of the Republic and is accountable to the supreme organ of power of the country. It has the right to control the activity of Banks situated in the territory of the republic, to set a number of economic norms such as minimum amount of authorized capital, balance liquidity, minimum amount of obligatory reserves placed on the Central Bank deposit, etc. In addition to administrative control the Central Bank has wide possibility for economic regulations the main instruments for which are the following: interest rate: using credit interest rate and setting amount of credit margin, the Bank regulates money circulation; -operation on securities market: purchasing of securities of commercial banks, securities from briefcases of the banks, etc;

-the Central Bank sets the norms for obligatory reserves composed of deposits of banks kept on account in the Central Bank.

-the Central Bank exercises the control of activity of other banks: observance of economic norms, regulations acts and proper conduct of all operations.

In addition to the Central Bank there are also commercial and cooperative banks in the territory of the republic which represent the second level. The largest ones are National Bank of Foreign Economic Activity, Joint Stock-Commercial Uz-agroprombank, etc. Commercial banks carry out wide range of the bank operations and operate on the basis of complete self-financing.



Bank is the main bank of Uzbekistan.

C

It has the right to set the number of economic norms, such as minimum

A

B

C

amount of authorized capital and others.

The Bank regulates money circulate operations on securities market, etc..

A

B

C

In addition to the Central Bank there are else commercial and cooperative

A

B

C

banks in Uzbekistan which represent the second level.

## **ECONOMY OF FOREIGN COUNTRIES**

### **Text: NATIONAL ECONOMY OF GREAT BRITAIN**

Britain's national economy is based primarily on private enterprise for 75 per cent of output and nearly 70 per cent of cap employment. Just over 2 per cent of the British workforce is engaged in agriculture, a lower proportion than in any other leading industrialized country. Services contribute a growing proportion of production, 65 per cent, while manufacturing accounts for 21 per cent. By successfully exploiting oil and natural gas from the North Sea, Britain has become self-sufficient in energy. Exports are equivalent to over half of domestic oil production. International trade play a vital role in Britain's economy, exports of goods and services making up about 25 per cent of national output.

The Government's economic strategy is centered on keeping the rate of inflation down, within a range of 1 to 4 per cent. As part of this strategy, public spending and borrowing are controlled. At the same time government policy seeks to improve the working of markets and promote enterprise and efficiency. A substantial amount of activity has been transferred from the public to the private sector through privatization and contracting out. Since 1979, 46 major businesses have been privatized, including British Gas, British Telecom, British Steel, etc. The Department of Trade and Industry has specified its objectives for industrial policy as working for trade liberalization, promoting British exports, stimulating innovation, encouraging competition, improving the flow of information to business, reducing administrative burdens on business, consulting business and consumers when developing policy, etc.

Small business employ more than a third of the private sector workforce and are responsible for one-sixth of total time-turnover. The Government provides financial assistance and guidance to help with problems affecting small business.

Britain is considered an attractive location for inward investment because of its membership of the 80 and proximity to other European markets and low

corporate and personal taxation. Foreign-owned firms are offered the same incentives by the Government as British-owned ones. While preferring to let markets operate as freely as possible, the Government recognizes that intervention is sometimes needed. Hence, it regulates monopolies, mergers, anti-competitive practices, restrictive trade practices and resale price maintenance. Central government raises money from individuals and companies through direct and indirect taxation. The main sources of revenue are personal income tax, corporation tax, inheritance tax, customs duties, etc. The Government takes steps to see that people of all ages can acquire relevant knowledge and skills, business people playing a big role in the management of educational institutions. The Government has established a network of business-led local bodies to supervise training, education and enterprise programs on its behalf.



A  
inflation down.

B

C  
11. Since 1979, 46 major businesses have privatized.  
A B C

12. The Government provides financial assistant and guidance to help with  
A B  
problems affecting small business.  
C

13. Foreign-owned firms offered the same incentives by the Government as  
A B  
British-owned ones.  
C

14. Central government raises money from individuals and companies.  
A B C

## Text: **FINANCIAL SERVICES IN GREAT BRITAIN**

Britain is a major financial center, housing some of the world's leading banking, insurance, securities and other financial services and markets. Financial services are an important source of employment and overseas earnings. A notable trend in the services sector is the growth of franchising, an operation in which a company owning the rights to a particular form of trading licenses them to franchisees, usually by means of an initial payment with continuing royalties.

Historically the financial services industry in Britain has been located in the City of London which is noted for having the greatest concentration of foreign banks in the world, important markets for transactions in commodities, the world's largest foreign exchange market, concentration of international bond dealers, etc.

The Bank of England was established in 1694 by Act of Parliament and Royal Charter as a corporate body. Its entire capital stock was acquired by the Government in 1946. The Bank acts as banker to the Government, holding the main accounts, managing Britain's reserves of gold and foreign exchange, arranging new government borrowing and managing the stock of its existing debt. The Bank of England has the sole right in England and Wales to issue banknote. Three Scottish and four Northern Ireland banks also issue notes. Responsibility for the provision of coin lies with the Royal Mint, a government trading fund which became an executive agency in 1990. The Bank of England seeks to ensure that Britain's financial markets are efficient and competitive. A permanent body of market and legal practitioner – the Financial Law Panel has been established by the Bank to help find practical solutions to problems of legal uncertainty in the wholesale financial markets.

A useful distinction can be made between "retail" and "wholesale" banking. Retail banking is primarily for personal customers and small business. Its main services are cash deposit and withdraw facilities and money transmission systems. Wholesale business involves taking large deposits at higher rate of interest, deploying funds in money-market instruments and making large loans and investments. Nearly all banks in Britain engage in some wholesale activities and some merchant and overseas banks center their business on them. Merchant banks have traditionally been concerned with accepting or guaranteeing commercial bills and with sponsoring capital issues on behalf of their customers. Overseas banks offer a comprehensive banking service in many parts of the world and engage in the financing of trade not only between Britain and other countries but also between third-party countries. All the major retail banks have networks of automated teller machines which give customers access to cash and other services for up to 24 hours a day.

## ASSIGNMENTS:

I. Scan the text and say what new facts concerning the financial services in Great Britain you have found on it.

II. After scanning the text, do the following test.

Circle T if the sentence is true, circle F if the sentence is false.

1. Britain's financial services are state-aided. T F
2. Financial services don't play an important role for employment and overseas earnings. T F
3. Historically the financial services industry in Britain has been located in many cities of the state. T F
4. The Bank of England was established in the 19<sup>th</sup> century. T F
5. In the United Kingdom only the Bank of England has the right to issue banknote. T F
6. The Financial Law Panel has been established by the Royal Mint. T F
7. There is both retail and wholesale banking in Great Britain. T F
8. Wholesale banking is for personal customers and small business. T F
9. The major retail banks have networks of automated teller machines. T F

III. Summarize the text in several sentences.

## Text: SPECIAL FINANCIAL INSTITUTIONS OF GREAT BRITAIN

In Great Britain several specialized institutions offer finance and support to personal and corporate sector borrowers. These borrowers are found in both the public and the private sectors. Some private sector institutions were set up with government support and with financing from banks and other financial institutions. They may offer loan finance or equity capital. The main private sector institutions include finance and leasing companies and financial markets.

In 1992 the Finance Houses Association and the Equipment Leasing Association formed a single new representative body, the Finance and Leasing Association. It represents the interest of companies offering motor finance, consumer credit, business finance and leasing. Member companies of the Association of British Factor and Discounters provide growing firms with a flexible source of finance in exchange for the outstanding invoices due to them. Factoring comprises a range of financial services and covers international activities as well as domestic trade. Venture capital companies offer medium and long-term equity financing for new and developing businesses when such funds are not easily or directly available from traditional sources, such as the stock market or banks. The Britain Venture Capital Association makes up virtually all the industry. Many venture capital companies are subsidiaries of other financial institutions, including banks, insurance companies and pension funds.

Great Britain has a variety of financial markets, including the Stock exchange, the foreign exchange markets, the financial futures and options markets, eurobond and eurocurrency markets, Lloyd's insurance market and bullion and commodity markets. The London Stock Exchange known popularly as "Big Bang" has radically changed in recent years. Now it is one of the largest in the world in terms of the number and variety of securities listed. It accounts for 10 per cent of equity trading world wide. It offers a market where investors can buy and sell gilts.

Money markets comprise the inter bank deposit markets plus a range of other instruments, usually short-term in maturity. Banks are the major participants in these markets and are supervised by the Bank of England. Euro markets are markets in currencies lent or invested outside their domestic marketplace, particularly as a means of financing international trade and investment. The Euro - securities markets have grown considerably in recent years because the instrument traded on them is seen as flexible alternative to bank loans. Banks, other financial institutions, brokers and individual traders are members of the London International Financial Futures and Options Exchange. Around 60 banks and other financial trading companies comprise the London gold and silver markets which trade by electronic means. Britain is a major international center for commodities trading and the home of many of the related international trade organizations.

## ASSIGNMENTS:

- I. Scan the text and say what new facts concerning the financial institutions in Great Britain you have found in it.
- II. After scanning the text, fulfill the following test looking for its main ideas. Circle the letter of the best answer.
  1. Private sector institutions in Great Britain were set up thanks to ...
    - A. support of borrowers;
    - B. financing from the public sector;
    - C. support and financing from government and different financial institution of the country.
  2. The main private sector institutions include: ...
    - A. the Finance Houses Association;
    - B. different financial companies and markets;
    - C. firms with a flexible source of finance.
  3. "Big Bang" is a popular name of: ...
    - A. Lloyd's insurance market;
    - B. the London Stock Exchange;
    - C. the Finance and Leasing Association.
  4. The London gold and silver markets include: ...
    - a number of banks and other financial trading companies;
    - the inter bank deposit markets;
    - brokers and individual traders.
  5. The main aim of Euro markets is: ...
    - A. offering loan finance or equity capital;
    - B. financing international trade and investment;
    - C. supporting personal borrowers.
- III. Summarize the text in several sentences.

## Text: **THE AMERICAN ECONOMY**

The American economy is a free enterprise system that has emerged from the labours of millions of American workers, from the wants that consumer\* have expressed in the marketplace, from the efforts of private business people and from the activities of government officials at all levels who have undertaken the tasks that individual Americana cannot do. The nation's income and productivity have risen enormously over the past 70 years. In this period, the money for personal consumption tripled in real purchasing power. The gross national product per capita quadrupled, reflecting growth in worker productivity. Now America is the world leader in a great many. Among these are, for instance, biochemical and genetic engineering, aerospace research and development, communications, computer and information services, etc. The United States is also the world's leading agricultural nation, being the biggest supplier of grains, dairy products, vegetable fats and oils, etc.

Many reasons have been offered to explain why the US, has been able to go from a small, struggling economy to the leading industrial and agricultural nation in such a short time. One reason, obviously, is its size and natural resources, but these alone do not account for its progress. America's vitality, its so-called spirit of enterprise and initiative, has certainly played an important role. Social and geographical mobility, the constant willingness to experiment, combined with the desire to find new solutions to old problems have also played a part. American business and industry has also greatly benefited from the major universities, their basic research and their willingness to support talent. American entrepreneurs today are likely to be young, well-educated, willing to take risks to achieve success, to create something new or better. That is why many firms in the US today hire the best and brightest young minds and let them develop their ideas.

The American system of government, too, has encouraged citizens to vigorously pursue their own economic interest. From the founding of the state, the US federal government supports many segments of the nation's economy- it finances and subsidizes different branches of industry, agriculture and spends a lot of money on a free public education. Nevertheless, economists estimate that the public sector accounts for only one-fifth of American economic activity, with the remainder in private hands. The bulk of America's wealth is produced by private industries and businesses-ranging from giants like General Motors to thousands of small, independent entrepreneurs.



A. Present Perfect, Active

B. Present Perfect, Passive

C. Past Perfect, Active

10. The gross national product per capita quadrupled.

A. Past Indefinite, Active

B. Past Indefinite, Passive

C.

Past Perfect, Active

11. America's spirit of initiative has played an important role.

A. Present Perfect, Active

B. Present Perfect, Passive

C. Past Indefinite, Active

12. Many firms hire the best and brightest young minds.

A. Present Indefinite, Active

B. Present Indefinite, Passive

C. Past Indefinite, Passive

13. Many reasons have been offered to explain America's progress.

A. Past Perfect, Passive

B. Present Perfect, Passive

C. Past Perfect, Active

14. The bulk of America's wealth is produced by private industries.

A. Past Indefinite, Active

B. Past Indefinite, Passive

C. Present Indefinite, Passive

## Text: **BUSINESS ACTIVITY IN THE UNITED STATES**

American business firms have reached astonishing level\* of productivity and profit. In doing so, they have helped to provide greater affluence and a higher standard of living for a larger percentage of the population in the United States of America. The American people have possessed to an unusual degree the entrepreneurial spirit that finds its outlet in such business activities as manufacturing, transporting, buy-ins and selling. Manufacturing industries in the USA include production of machinery, metal goods, textiles, food and related products, etc. In recent years there has been a great increase in the number of engineers and scientists employed in American industries as companies emphasize research and the development of labor-saving machines. Other changes have place in the business world too. Today industry reinvests twice as much of its profit in modernization and development as it did a century ago. Throughout American industry greater emphasis is beings placed on management training. Schools, such as the Harvard University Graduate School of Business Administration, are training young people for business and industrial leadership.

The success of American business was also favored by great freedom to market forces and wide opportunities for individual initiative. Many Americans prefer to be their own bosses and own their own businesses. But of course, anyone trying to start a business is faced with many regulations, restrictions and laws from all levels of government (federal, state and local). The federal government sets laws concerning working conditions, transportation, minimum wages sad working hours. Environmental protection and equal employment laws in the USA are among the strictest in tile world. Such laws and regulations, standards and requirements represent the greatest contrast of the present business climate with that of the past.

There are some reasons why American business has been supported by average Americana. One of them is a tendency to make new products available to and affordable for everybody. Another reason for this widespread support of business has been the tendency of the very rich people in America (Rockefeller, Ford, etc.) to give away ranch of their money before they died. Today in the USA there are about 200.000 foundations which fund research projects, support the arts and contribute to various charitable and public causes. In the USA there are supporters of both big business and small business. Business activity in the country has followed a cyclical pattern of ups and downs, as is common in market economies. Because of the cycling nature of business activity, such economic indicators as employment rates and investments levels are constantly fluctuating. Business organizations in the USA try to spread the message of free called “Junior Achievement”.

## ASSIGNMENTS:

- I. Look at the headline of the text and say what you think the text might be about.
- II. Skim through the text without using a dictionary and do the following test. Choose the sentences which correspond to the contents of the text.
  1. A. The level of productivity of American business firms is very high but their profit is lower;  
B. The level of both productivity and profit of American business firms is very high;  
C. Only some American business firms have reached the high level of productivity and profit.
  2. A. The main business activities in the USA are buying and manufacturing;  
B. Business activities in the USA are many-sided including selling, manufacturing, etc;  
C. The American people prefer such business activity as selling.
  3. A. Only some changes have taken place in the business world of the USA in recent years;  
B. A number of great changes have taken place in the American business world recently;  
C. Modernization is the only change in the business world of the USA.
  4. A. Business activity in the USA is characterized by its stability;  
B. Business activity in the USA has the pattern of ups and downs;  
C. Business activity in the USA is characterized by constant crisis.
- III. Give a summary of the text.

## Text: **KOREAN ECONOMIC STRATEGY**

Korea's economic growth has been among the fastest in the world. Some factors generally cited to explain this miracle include the strong government support, the export-oriented economic strategy, the abundance of relatively cheap, yet highly skilled and educated labor.

The major industries of the Republic of Korea include electronics, textiles, petrochemicals, steel, automobiles and ship-building. The chief agricultural products are rice, barley, wheat and vegetables, with 22 per cent of the land being arable. Mineral products include tungsten, coal and graphite. The major exports are electric and electronic goods, textiles, steel, petrochemicals and automobiles; the major imports include petroleum products, iron and steel, electrical machinery, chemical products and grain.

According to the Korea Development Institute the long-term prospects for the Korean economy seem bright. The country is expected to rank among top-class nations in the world, to become a central economy in Northeast Asia and to enjoy a high welfare level. The main engine of growth for the economy will be technological innovation which will promote economic efficiency and transform the economy into a structure with high value added. The Korean economy at an annual average rate of 5.5 per cent with inflation reaching 3.5 per cent. To attain the goal, thorough economic deregulation should be implemented to promote market forces and thus boost the creativity and autonomy of the private sector. Other government's policy tasks should be: to build an information superhighway and develop software; to nurture high-level human resources through the reform of the nation's education system; to promote the nation's level of science and technology, to boost the competitiveness of financial and service industries, to speed up the process of making small and medium-size business a knowledge- and technology-intensive industry.

Korea has stepped up its efforts to enhance its status among international finance organizations, especially with the Asian Development Bank (ADB). As a founding member of the ADB, Korea has been actively participating in the multilateral development finance institution since 1966. Korea has strengthened its influence through a hike in its subscribed capital and contributions to international finance institutions such as the International Monetary Fund (IMF), the European Bank for Reconstruction and Development (EBRD), the African Development Bank (ADB) and the ADB. The ADB is owned by the governments of 40 countries in the Asian region and 16 countries from outside the region (the USA, Canada, France, Germany, the UK, etc., Uzbekistan becoming the 56th member of the ADB in 1995). Korea ranks eighth in voting power with a 5% - share in the ADB. To gain a stronger voice in the bank, the Korean government will expand its personnel exchanges with the ADB. Korea increased its participation in infrastructure projects of individual economies and multiregional projects too. Korea's overseas direct investment amounts to 1,467 million dollars in 425 projects in the fields of construction, electronics and telecommunications. For example, Daewoo Heavy Industries Ltd. has won new shipbuilding orders for a number of vessels to Germany and other states worth 400 million dollars; the LG Electronics announced plans to invest a total of 2.5 billion dollars to build a large-scale semiconductor-electronics manufacturing complex in Britain's southwest region of Wales; the Korea Trade-Investment Promotion Agency signed a mutual cooperation agreements with a number of states, etc. In a

word, despite some trials, foreign direct investments by Korean companies have more positive than negative effects on the nation's economy. To Improve these effects, the Korean government has sent its officials and businessmen to participate in the investment explication meeting organized by UNIDO(United Nations Industrial Development Organization) and in the meeting of foreign investment-related agencies. It was decided that foreign investors in Korea would soon receive all administrative services-including permits on land acquisition and factory construction as well as business licenses. The participants also decided to establish a comprehensive information network for foreign Investors by linking investment promotion offices of local governments and overseas offices of Korea Trade-Investment Promotion Agency.

## ASSIGNMENTS:

- I. Look at the headline of the text and say what you think the text might be about.
- II. Skim through the text without using a dictionary and do the following test. Choose the sentences which correspond to the contents of the text.
  1. A. Korea's economic growth was very fast;  
B. Korean economic growth was rather fast;  
C. Korea's economic growth was not very fast.
  2. A. In Korea there is an abundance of rather expensive but skilled labor;  
B. In Korea there is lack of cheap and skilled labor;  
C. In Korea there is an abundance of both cheap and skilled labor.
  3. A. Only 2 per cent of the land is arable in Korea;  
B. Over 20 per cent of the land is arable in Korea;  
C. There is no arable land in Korea.
  4. A. Technological innovation will play an important role for Korea's development;  
B. Technological innovation will play an insignificant role for Korea's development;  
C. Technological innovation won't play any role for Korea's development.
  5. A. The government's policy is to promote the nation's level of science and technology;  
B. The government's policy is to decrease the nation's level of science and technology;  
C. The government's policy doesn't aim at promoting the level of science and technology in the country.
  6. A. Asian Development Bank is one of Korea's financial organizations;  
B. Asian Development Bank is an international finance organization;  
C. Asian Development Bank is a private bank in Korea.
  7. A. The ADB is owned only by the countries of Asian region;  
B. The ADB is owned by the countries from Asia and Europe;  
C. The ADB is owned by countries from all the world.
  8. A. Foreign direct investments by Korean companies have positive effects on the nation's economy;  
B. Foreign direct investments by Korean companies have more positive than negative effects on the nation's economy;  
C. Foreign direct investments by Korean companies have negative effects on the nation's economy.
- III. Summarize the text in several sentences.

## Text: **KOREA'S MAJOR BUSINESS GROUPS AND FIRMS**

There are several business groups in Korea which expand their business scope from eastern Europe to Latin America. One of them is the LG Business Group which has the financial arms-LG Security Co., and LG Merchant Banking Corp. Signing a contract with Petro Bank will help LG subsidiaries advance into the Polish and Eastern European markets. The LG Business Group plans to make enormous investments in the joint venture bank and its financial institutions in Eastern Europe(LG Investment Management Go., LG Insurance Co., etc) are expected to receive various information on the eastern European financial markets and learn advanced financial know-how in future.

Another major business group of Korea is the Daewoo Business Group which operates a number of subsidiaries in various states for example, Daewoo Bank(Hungary)Ltd., Daewoo Securities(Hungary, Romania)Co., Daewoo Leasing(Hungary)Ltd., etc. Daewoo Electronics Co., the world's largest television maker re going to invest over two billion dollars in Europe in the next five years. The TV production volume of Daewoo combining with its domestic rivals Samsung Electronics end LG electronics will be bigger than mat of Japan's Sony and the Netheriands's Philips. Through acquisition of France's consumer-electronics giant Thomson Multimedia Daewoo will create about 5,000 jobs in France by newly building A TV-part plant. Daewoo also accounts for the largest portion of Korean auto companies' total overseas investments both in European and Asian countries. In 1996 the motor firm Daewoo Motor opened the auto factory in Uzbekistan with a capacity to turn out 200,000 autos, The director of the Daewoo Business Group said that the group could easily mobilize business funds from international markets and enhance the corporate image through the takeover of foreign financial institutions.

The nation's major enterprises struggle to advance into financial markets of foreign countries to expand their project financing business. One such case is Hyundai rioter Co., which established its locally incorporated firm in the United States, Hyundai Motor Finance, to provide installment financing services to foreign customers. Huandai Motor Co.'s investments have been directed to expanding and streamlining its production facilities. The nation newest motor firm Samsung Motor Inc., has also been expanding its production and experimenting with new models of cars.

Korea's major business groups are also turning their sights toward the Latin American regions where a number of mergers and acquisitions among financial institutions are getting under way. For example, Kia rotors invested 30 million dollars in Brazil, .another major business group of Korea is Ssangyong Investment and Securities Co., which acquired a 12 per cant equity share of Caspian Holdings SCA. Ssangyong Construction and Engineering Co.. has acquired expertise in building hospitals in Southeast Asia and has undertaken major projects in Singapore Malaysia and other states. Samsung Aerospace Industries, another famous business firm In Korea, maintains cooperation with advanced foreign aircraft makers in the USA, Europe and Asia.

## ASSIGNMENTS:

- I. Skim through the text, try to understand it guessing the meaning of the words you don't know.
- II. After skimming through the text, do the following test.  
Answer the questions on the text choosing the appropriate answer:
  1. Where do business groups in Korea expand their business scope?  
A. Eastern Europe                      B. Latin America                      C. From Eastern Europe to Latin America.
  2. What are the relations among Daewoo Electronics, Samsung Electronics and LG electronics?  
A. They are domestic partners      B. They are neighbors                      C. They are domestic rivals.
  3. When did the motor firm Daewoo Motor open the auto factory in Uzbekistan?  
A. in 1986                                  B. in 1996                                  C. in 1990
  4. What is the nations newest motor firm?  
A. Hyundai Motors Co.                  B. Samsung Motor inc.                  C. Kia Motors
  5. What regions are Korea's business groups turning their sight toward?  
A. North America                      B. Latin America                      C. Asia
  6. What is an equity share of Caspian Holdings SCA of Ssangyong Investment and Securities Co.?  
A. 12%                                      B. 3.2%                                      C. 22%
- III. Give a summary of the text.

## Text: **ECONOMIC DEVELOPMENT OF JAPAN**

Much of Japan's economic strength is based on its manufacturing. Cars are one of Japan's best-known products. Every year Japan produces about 10 million cars more than any other country.

Many cars are built by robots which are complex machines designed to do special tasks. They can handle repetitive jobs, leaving people free for more interesting and complicated work. Almost half of the cars produced in Japan are exported. Automobiles made by Japanese companies are built and driven all over the world. Many are now produced in overseas plants, for example there is Toyota's new engine plant at Deeside, in north Wales, etc. Furthermore, cars are only one kind of transportation equipment exported by Japan, which also makes buses, trucks, ships and other transport vehicles.

Japan is just as famous for the strength of its electrical equipment and electronics industries. Popular products include personal stereos, radios, televisions, videotape recorders, cameras and computers. Precision electronic instruments used in manufacturing all over the world are another important Japanese export. Japan is also a world leader in telecommunications. Akihabara, a district of Tokyo, is known as "Electric Town", with equipment sales outlets stretching as far as the eye can see.

Japan manufactures and exports a variety of other machinery, as well as metals and metal products and chemical products. Japanese manufacturing is a major part of the country's economic development. Now Japan is developing new ways to keep industrial pollution down. Advanced technology for environmental protection is now used in all sorts of industries, some of Japan's companies are among the largest ones in the world and employ a lot of people. Sometimes, companies relocate employees to different and even distant branches. Japan also has many small businesses- family shops, artist's workshops, home factories, small restaurants and neighborhood shops are some examples. These are often family businesses, passing down from parents to children for many generations.

Japan trades with most of the countries in the world. However about 30% of all Japan's exports go to the United States, while 23% of its imports come from that country. Other important trading partners include Australia, China, Indonesia, the republic of Korea, Malaysia, Singapore as well as Canada and European countries like Germany and the United Kingdom. Japanese companies invest not only in the countries of Europe but also in Asia, North America and Latin America. Japan has about 2 million employees in the overseas branches of different companies. Foreign companies also invest a great deal of money in Japan especially in fields like pharmaceutical, communications and information processing. Japan is a responsible member of the International community.

Through the program "Official Development Assistance". Japan offers technical advice, training, the help of experts, etc.

## ASSIGNMENTS:

- I. Scan the text and say what new facts concerning the economic development of Japan you have found on it.
- II. After scanning the text, do the following test looking for its main ideas. Circle T if the sentence is true, circle F if the sentence is false:
  1. Only some part of Japan's economic strength is based on its manufacturing.  
T F
  2. One of the main products of Japan's economy is videotape recorder. T F
  3. Both people and robots build cars in Japan. T F
  4. Cars are the only kind of transportation equipment exported by Japan.  
T F
  5. Metal and chemical products are also manufactured and exported by Japan.  
T F
  6. Small and family businesses are not popular in the country. T F
  7. Japanese companies invest both in the countries of Europe and Asia. T F
  8. Only Borne thousands of Japanese work in the companies overseas. T F
  9. The main field of foreign companies invest in Japan is manufacturing.  
T F
  10. Japan tries to help other countries of the world in their development. T F
- III. Summarize the text in several sentences.

## Banking in Britain

Commercial banks offer commercial services to a wide range of customers. Customers can open current accounts and deposit accounts. A current account is very popular. It pays no interest but has other advantages.

Firstly, it enables people to keep their money in safe place. Secondly it allows them to withdraw it at any time. Thirdly, it provides them with a cheque - book so that they do not have to carry a lot of cash.

To open a current account it is necessary to see the branch manager. He has to decide whether the applicant is likely to keep the account in credit. A current account holder can only overdraw with the manager permission. The manager will therefore want to meet the applicant to get necessary background information. For example, he will want to know the applicant's occupation and his place of work. He will also probably want a reference from his/her employer. If , after the interview, the manager is satisfied with the applicant he will approve the application, arrange for the applicant to be given a cheque-book and arrange for a monthly statement to be sent to him/her.

A deposit account is another popular kind of account. It has advantages over a current account. First of all , it is easier to open than a current account. There is no need to see the manager. A customer only has to fill in a form and then deposit the minimum amount of money required by the bank. The customer is then given a pass book which he must bring to the bank every time he wishes to withdraw or deposit money. The pass book is the customer's record of the account.

Secondly, a deposit account earns interest for the customer. The bank invests the money that the customer pays in and, in return, the bank pays the customer interest.

The rate of interest in the UK is not fixed but it is usually between 5-10%.

However, a deposit account has certain disadvantages too. In the UK the maximum a customer can withdraw in one day varies from bank to bank. Another disadvantage is that the customer receives no cheque-book and therefore he can not pay bills so easily.

### **Certificates of Deposit**

CDs are the term deposit placed with a bank, in exchange for which the bank issues a certificate.

This certificate entitles the holder to the money on deposit plus interest at the end of a stated period (term). The attraction of CDs is that they are marketable; if a deposit needs cash before the end of the deposit period, he can sell his CD to some one else for cash. The new holder of the CD will then be entitled to the money on deposit plus interest at the end of the deposit period. Because they have the attraction of marketability, CDs tend to offer a lower rate of interest than ordinary fixed-term deposits of an equivalent duration. The advantage of a CD to the bank which issues it is that the deposit remains with the bank for a fixed period of time - the funds are not withdrawn until the time deposit matures.

It is essential that there should be a ready market in "second-hand" CDs, or they would not have their particular attraction as an investment. This second-hand market is the CD market (the sterling CD market was inaugurated by the discount houses in 1968); the discount houses quote price for the both buying and selling CDs. Most CDs are held by banks and discount houses.

#### **Ex.1 Answer the questions:**

1. What are the advantages (disadvantages) of a current account?
2. What is necessary to do to open a current account?
3. What information on the current account holder does the manager need?
4. What are the advantages (disadvantages) of a deposit account?
5. What makes deposits of certificates popular?
6. What interest do CDs pay to the holder?
7. How does the secondary CD market function?

#### **Ex.2 Complete each blank space with the appropriate word or words.**

If you want to \_\_\_\_\_ money at \_\_\_\_\_, you've got several \_\_\_\_\_ first, a \_\_\_\_\_. This gives you the possibility of having all your money \_\_\_\_\_ immediate \_\_\_\_\_. It also \_\_\_\_\_ you to a cheque-book. However, it only gives 0,5% \_\_\_\_\_.

Second, you've got a \_\_\_\_\_, which usually pays about 3,5% \_\_\_\_\_, less \_\_\_\_\_. In that respect, a \_\_\_\_\_'s a better \_\_\_\_\_ than a \_\_\_\_\_. However, though you are \_\_\_\_\_ to a \_\_\_\_\_, you can only \_\_\_\_\_ up to a certain \_\_\_\_\_ each month. For larger \_\_\_\_\_, you must give the \_\_\_\_\_ a few months' \_\_\_\_\_.

Finally, you have \_\_\_\_\_. These pay in the order of 6,25% \_\_\_\_\_. However, they \_\_\_\_\_ your \_\_\_\_\_ for a \_\_\_\_\_ of 3, 4 or 5 year.

Your choice of \_\_\_\_\_ investment, therefore, will depend largely on how quickly you'd like to \_\_\_\_\_ your money.

#### **Ex.3 Give the definitions of the following words:**

to withdraw the money;

rate of interest;  
fixed period of time;  
second-hand CDs;  
the discount houses.

**Ex.4 Sum up what the text says about:**

1. Current accounts;
2. Deposit accounts;
3. Certificates of deposit.

**Portfolio Balance**

**Types of risks**

1. One type of risk is default risk, that is, the risk that the borrower will simply not repay the loan, due to either dishonesty or plain inability to do so. Another type of risk, called purchasing-power risk, is the risk that, due to an unexpectedly high inflation rate, the future interest payments, and the principal of the loan when finally repaid, will have less purchasing power than the lender anticipated at the time the loan was made. A similar risk is faced by borrowers. A borrower may cheerfully agree to pay, say, 15 per cent interest, expecting that a 12 percent inflation rate will reduce the real value of the loan. But inflation may be only 4 percent.

2. A third type of risk is called “interest-rate risk” or “market risk”, that is, the risk that the market value of a security will fall because interest rates will rise. Suppose that five years ago you bought a ten-year \$1,000 bond carrying a 6 percent interest rate, and that the interest rate now obtainable on similar bonds that also have five years to go until they mature is 8 percent. Would any one pay \$1,000 for similar bounds that also have five years to go until they mature is 8 percent. Would anyone pay \$1,000 for your bond? Surely not, because they could earn \$80 per year by buying a new bond, and only \$60 per year by buying your bond. Hence, to sell your bond you would have to reduce it’s price. But suppose the bond , instead of having five years to maturity , would mature in , say, ninety days; what would its price be then? It would still be less than \$1,000 since the buyer would get 6 percent instead of 8 percent interest for ninety days; but since getting a lower interest rate for only ninety days does not involve much of a loss, the bond would sell for something close to \$1,000. Hence, while holding any security with a fixed interest rate involves some interest-rate risk, the closer to maturity a security is, the lower is this risk. On the other hand, if interest rates fall you gain because your bond is worth more and the longer the time until the bond matures, the greater is your gain. But the fact that you may gain as well as lose does not mean that you are taking no risk.

## Diversification

3. All three types of risks are relevant for deciding what assets to include in a portfolio, and what debts to have outstanding. (The term portfolio means the collection of assets one owns)

Anyone holding more than one type of asset has to consider not the risk of each asset taken by itself, but the totality of the risk on various assets and debts jointly. Suppose someone holds stock in a company that is likely to gain from inflation, and stock in another company that is likely to lose from inflation. The friskiness of a portfolio that combines both of these stocks may be less than the riskiness of each stock taken separately.

A portfolio consisting of assets that are affected in opposite directions by given future events is less risky than are the assets that compose it when taken individually. Hence, a low risk portfolio need not contain only assets that individually have a little risk; sometimes one reduces the riskiness of a portfolio by adding some high-risk assets that offset the risk of other assets in it.

“Money, Banking and the Economy” Mayer. T, Duesenberry, J, and Aliber. R.

### Ex 1 : Answer the questions.

1. What factors does an investment manager have to consider when investing client's money?
2. What are the features of “safe” and “risky” investments?
3. Are any investments completely safe ? Why?

### Ex 2 : Choose the correct variant:

**to provide**  
**to ensure**  
**to secure**

1. It will enable us to (ensure, secure, provide) timely repayment.
2. We will do our utmost to (ensure, secure, provide) that our customers are (ensured, secured, provided) with the best service.
3. A bank should be ready to (ensure, secure, provide) a full and fair account of its investment activities.
4. A bank should (ensure, secure, provide) fair treatment to all its customers.
5. The company will supply certain volumes of chemical stuffs at certain prices and (ensure, secure, provide) certain managerial and technical skills to produce materials that meet the agreed specifications.
6. The joint venture will try to (ensure, secure, provide) a loan to carry out its construction programme.
7. The reason for the foundation of the Bank of England was to (ensure, secure, provide) finance for the war against France.
8. The Bank of England undertook to (ensure, secure, provide) good practice and public confidence in the banks.
9. This monetary policy is meant to (ensure, secure, provide) stability.
10. The reserves requirement (ensures, secures, provides) that the liquid assets of the banks are reduced.
11. We (ensure, secure, provide) up-to-the-minute banking, 24 hours a day.

12. We also (ensure, secure, provide) help and advice for business start-ups.

**Ex.3 Give the Uzbek equivalents of the following words and word combinations:**

a default risk;

purchasing-power risk;

high-inflation rate;

to reduce the value of the loan;

market risk;

maturity of the loan;

to hold a security with a fixed interest rate;

portfolio;

the riskiness of a portfolio

**Ex.4 Summarize the text.**

## **Bank Loans**

Recently banks have started to offer many new facilities to their customers.

There are new types of accounts, credit cards, charge cards, debit cards, insurance cover, investment services.

However, one of the most important services banks offer is that they lend money to their customers. The methods available for a customer to borrow from his bank and the rate of interest he is charged, vary from country to country and bank to bank.

One way of borrowing is to overdraw on your account. This is useful if you only wish to borrow a small amount for a short time. The interest on overdrafts depends on the bank rate. It is usually 10-12% over base rate. Of course you can only have an overdraft with your manager's permission.

Another way is to arrange a "personal loan". A personal loan is for a fixed period of time, usually 3-5 years. Each month the customer makes a payment on the loan to the bank.

The main advantage of a personal loan is that the interest rate is fixed.

In many countries it is possible to borrow money for a longer periods e.g, up to 25 years. This is often necessary when buying a house or a business. The interest rate on long-term loans depends upon the base rate.

It is usually 1.25-1.50% over base. Of course for both personal loan and a long-term loan the bank requires some kind of security.

### **Ex 1. Answer the questions.**

1. What does the bank lending policy depend on?
2. What are the principles of good lending?
3. What happens to bad debts?

### **Ex 2. Check your comprehension. Mark each sentences T(true) or F(false)**

1. All banks lend money.
2. They charge their customers the same.
3. An overdraft is an expensive way to borrow money.
4. The base rate never changes.
5. The interest on long-term loans is fixed.
6. Long-term loans are cheaper than personal loans.

### **Ex 3. Make up sentences, using the words and word combinations given below:**

new types of accounts, to lend money, the customers, to overdraw from the account, the bank rate, a personal loan, to borrow money for a long period.

### **Ex 4. Summarize the text.**

## **Amount of the loan**

The lending proposition must state exactly how much the customer wants to borrow. This might seem self-evident, but there are four important points to consider.

- It is not for the banker to suggest how much he/she would be willing to lend the customer.
- The banker should check that the customer is not asking for too much, and more than he or she needs for the particular purpose. This is especially important with requests for an overdraft facility. Clearly this consideration is linked in with the customer's wealth and ability to repay.
- The banker must also check that the customer has not asked for less than he or she really needs. Otherwise the bank may later have to lend more, purely to safeguard the original advance.
- The customer's own financial stake should usually be sufficient, when compared with the amount the bank is being asked to lend.

Has the customer asked for enough?

The banker ought to consider whether the customer has asked for as much as he really needs. Suppose, for example, that a bank agrees to advance £15,000 to a small business customer, only to find that the customer comes back several months later asking for more money, say a further £10,000, because he had underestimated his costs, or the amount of working capital he needed to invest.

The bank might then be faced with the choice between lending even more money, to keep the customer's venture afloat, or to take action against the customer to recover its money.

It would have been far preferable for the bank to have considered the customer's initial proposition as a request for an advance of £25,000, and to have made a decision accordingly.

The most suitable methods of trying to decide whether a business customer has asked for an advance for as much as he really needs are:

- studying the budget and cash flow forecasts prepared by the customer;
- studying the balance sheet of the customer, and his likely working capital position and liquidity after the advance has been made;
- examining the feasibility study for the proposed project.

If the banker suspects that the customer will be short of liquid funds, he should suggest to the customer that he might have estimated his borrowing requirements incorrectly.

### **Ex.1. Answer the questions:**

1. What consideration should the banker be guided by when he considers the request for a loan?
2. What importance is attached to the customer's stake?
3. What should be studied to determine the adequacy of the borrowed capital?

### **Enough**

**He has enough money.**

**He speaks English well enough.**

**His English is good enough.**

## **Ex.2. Translate into English.**

1. Унинг узига етарли пули бор.
2. У ёзма таржимани анча яхши бажаради.
3. Менинг жорий хисобимда етарли (анчагина) пулим бор.
4. Мен уни жуда яхши биламан.
5. Хозир фоиз ставкалари анча баланд.
6. Агар пулингиз етарли булмаса мен сизга карз бераман.
7. У етарли тажрибага эга булмагани учун иш топа олмади.
8. Унинг тажрибаси етарли эмас эди.

## **Ex. 3 Make up sentences, using the words and word combinations given below:**

to ask money for the particular purpose, customer's wealth and ability to repay, one's sufficient financial stake, to advance money to a business company, to keep the venture afloat.

## **Ex. 4 Summarize the text.**

### **Mortgages**

Mortgages are loans for buying homes. The mortgagee (the company providing the mortgage) has to provide a large sum of money to enable the mortgagor (the borrower) to buy a house or flat, and spread the repayment of capital and interest over a long period, say 20 years. From the lender's point of view, this means lending long and borrowing short. This tends to go against the tradition of bankers. So specialist companies called building societies were set up solely to handle the home loans business.

In a mortgage agreement the house buyer agrees to make monthly repayments, insure the house and take out life insurance. The building society keeps the title deeds of the property as additional security. In this way, the building society has complete security even if the house burns down or the mortgagor dies. Where the building society cannot obtain enough money from the depositors it can borrow on the money markets. This means that the amount of money paid by house buyers each month varies from time to time according to variations on the interest rate.

It is also possible to obtain fixed interest mortgages. The advantage of this is that home buyers exactly know how much money they have to find each month throughout the term of the mortgage. This enables them to plan their financial affairs more exactly. The disadvantage is that the loan may be taken out at a time of high interest rates which the borrower has to continue paying although market rates fall. So the borrower is paying more than current cost of borrowing. If market rates go up then the opposite is true and the fixed rate mortgage is an advantage. Then the borrower is paying less than the current cost of borrowing.

During the 1980s the financial services industry was deregulated, which meant that many government controls were removed. Building societies started to do banking business and offer interest-paying current accounts to their savers. To meet the competition banks started to provide mortgages and many other services traditionally provided only by other specialized institutions.

**Ex.1. Answer the questions.**

1. What is the idea of a mortgage?
2. What is a mortgage?
3. What is a mortgagor?
4. What does lending long and borrowing short mean?
5. What role do building societies play?
6. What does the house buyer undertake to do in a mortgage agreement?
7. What is the difference between building societies and banks?
8. What security do mortgagors provide for building societies?
9. What is the difference between variable interest mortgage and fixed interest mortgages?
10. How did deregulation affect banks and building societies?

**Income-earnings**

**E.g. He has more than one source of income, earnings from a job and income from investments or rent.**

**Ex.2. Choose the correct variant.**

1. If you had money to invest, would you look for (a good income, good earnings) or increase in the value of your savings?
2. Her total income includes (earnings, income) from her work and (earnings, income) from investments.
3. This investment will provide (large earnings, a large income).
4. A large part of the agent's (earnings, income) comes from his commission from sales.
5. Tax is payable on (earnings, income) over 2000 pounds sterling.
6. He worked very hard in summer but he quickly spent all his (earnings, income).
7. With a slowdown of inflation and the introduction of the stabilizing ruble corridor in mid 1985, the (earnings, income) of many banks suffered.
8. He lives beyond his (earnings, income).

**Ex.3 Give the Uzbek equivalents of the following words and word combinations:**

a mortgage, mortgage, lending long and borrowing short, building societies, repayments, life insurance, fixed interest, deregulation, spread the repayment of capital and interest over a long period.

**Ex.4 Give the summary of the text.**

## Guarantees

### WHAT SHOULD BE IN A GUARANTEE DOCUMENT

1. **Legal Counsel:** All loan documents must be drafted by the bank's legal counsel and must reflect local law.
2. **Legal Parties:** As with all legal documents, the guarantee should begin by identifying the parties. In this case there are three: the Lender or Bank, the Borrower, and the Guarantor.
3. **The "promise to pay":** The Guarantor unconditionally agree to pay the Bank any and all indebtedness of the Borrower, including all principal, interest, fees, and other expenses such as attorney fees for which the Borrower may become liable for. Be sure your wording permits the bank to demand payment of delinquent payments, or payment in full, and any partial payment does not release the Guarantor of subsequent demands for payment by the Bank until all indebtedness of the Borrower is repaid in full.

**Amount of Guarantee-** is the amount of amount of principal "plus" all interest and fees owed by the borrower. The amount of principal depends on whether the guarantee is continuing or specific to one credit.

4. **Continuing Guarantee:** Often a guarantee is written such that the Guarantor is guaranteeing the Borrower, not the specific credit. A "continuing guarantee" is a guarantee relating to future liability under successive transactions, and is valid until it is revoked by the Guarantor, released by the Bank, or all indebtedness is repaid in full. When the guarantee is only for a specific credit, the wording should allow the bank to modify or renew the credit that is guaranteed, otherwise, every change to the credit will necessitate signing a new guarantee document.

#### Ex.1. Answer the questions.

1. What are the parties to a guarantee?
  2. What expenses does the Guarantor undertake to pay?
3. What importance is attached to the wording of the guarantee?
4. What is the idea of a "continuing" guarantee?
5. What is the difference between a continuing guarantee and a guarantee specific to one credit?

#### Ex.2. Complete each blank space with the appropriate word or words.

1. Under those \_\_\_\_\_ I'm afraid we can't give you a loan.
2. I need 10,000 but I've only got 2,000 in my account. So I'll have \_\_\_\_\_ the rest from the bank.
3. We'd have to be entirely \_\_\_\_\_ before we could help you.
4. Business is very good. My turnover has \_\_\_\_\_ by 200%.
5. I've built up a reserve \_\_\_\_\_ of some 7,000.
6. Just to cover the initial \_\_\_\_\_ of setting up the office, I'll need 3,000.
7. Because of the tightening up of \_\_\_\_\_ on loans, we'll need a better guarantee than you have got.
8. He doesn't make a lot of money, and he offers such high discounts that they \_\_\_\_\_ all his profit.
9. I'm afraid we aren't able to \_\_\_\_\_ the value of your paintings.

10. Have you got a permanent \_\_\_\_\_ in this country, or are you a visitor?

**Ex.3 Give the Uzbek equivalents of the following words and word combinations:**

promise to pay, indebtedness of the borrower, expenses, to demand for payment, amount of principal, a continuing guarantee, to modify the credit, to sign a guarantee document, to reflect local law.

**Ex.4 Summarize the text.**

### Assets

You should understand some details about this particular financial statement.

The balance sheet begins by listing the assets most easily converted to cash: cash on hand and marketable securities, receivables, and inventory. These are called *current assets*. Generally, current assets are those that can be converted into cash within one year.

Next, the balance sheet tallies other assets that are tougher to convert to cash—for example, buildings and equipment. These are called plant assets or, more commonly, *fixed assets* (because it is hard to change them into cash).

Since most fixed assets, except land, depreciate—or become less valuable—over time, the company must reduce the stated value of these fixed assets by something called accumulated depreciation. Gross property, plant, and equipment minus accumulated depreciation equals the current book value of property, plant, and equipment.

Some companies list *goodwill* among their assets. If a company has purchased another company for a price above the fair market value of its assets, that so-called goodwill is recorded as an asset. This is, however, strictly an accounting fiction. Goodwill may also represent intangible things such as brand names or the acquired company's excellent reputation. These may have real value. So too can other intangible assets, such as patents.

Finally, we come to the last line of the balance sheet, total assets. Total assets represent the sum of both current and fixed assets.

**Ex 1. Questions to the text:**

1. What are current assets?
2. What are fixed assets?
3. What is "accumulated depreciation" ?
4. What does "goodwill" represent?
5. What does "total assets" mean?

**Ex 2. Find English equivalents of the following words and word combinations in the text:**

молиявий холат  
тез сотиладиган кимматли когозлар  
тез кетадиган инвентар  
бошка активларга мос келмок  
кучмас активлар  
тупланиб колган амортизация  
номатериал активлар  
компаниянинг яхши обрусси  
белгиланган нархни пасайтирмок

номатериал нарсалар  
накд пулга айлантириш кийин булган активлар  
компания белгиси (маркаси)

**Ex 3. Make up sentences, using the words and word combinations:**

particular financial statement, current assets, plant assets, fixed assets, accumulated depreciation, intangible assets, tough assets.

Ex 4. Give the summary of the text.

### **Liabilities and Owners' Equity**

Now let's consider the claims against those assets, beginning with a category called current liabilities. *Current liabilities* represent the claims of creditors and others that typically must be paid within a year; they include short-term IOUs, accrued salaries, accrued income taxes, and accounts payable. This year's repayment obligation on a long-term loan is also listed under current liabilities.

Subtracting current liabilities from current assets gives you the company's net working capital. *Net working capital* is the amount of money the company has tied up in its current (i.e., short-term) operating activities. Just how much is adequate for the company depends on the industry and the company's plans. In its most recent balance sheet, Amalgamated had \$868,000 in net working capital.

Long-term liabilities are typically bonds and mortgages-debts that the company is contractually obliged to repay, with respect to both interest and principal.

According to the aforementioned accounting equation, total assets must equal total liabilities plus owners' equity. Thus, subtracting total liabilities from total assets, the balance sheet arrives at a figure for the owners' equity. Owners' equity comprises *retained earnings* (net profits that accumulate on a company's balance sheet after any dividends are paid) and contributed capital (capital received in exchange for shares).

**Ex.1. Answer the questions:**

1. What do “current liabilities” represent?
2. What do current liabilities include?
3. What is “net working capital”?
4. What are the long-term liabilities?
5. What does the owners' equity comprise/

**Ex.2. Give English equivalents of the following words and word combinations:**

айланма капитал;  
пассивлар;  
киска муддатли пассивлар (мажбуриятлар);  
узок муддатли пассивлар;  
ипотека;  
дивиденд;  
бирлашма;  
соф фойда;  
карзларни тулаш;  
кредит берувчиларнинг шикоятти;  
тупланиб колаган иш хаки.

**Ex 3. Make up sentences, using the words and word combinations:**

to consider the claims of customers, current liabilities to pay accrued salaries, company's net working capital, typical bonds and mortgages, owners equity.

**Ex 4. Summarize the text.**

### WORKING CAPITAL

Financial managers give substantial attention to the level of working capital, which naturally expands and contracts with sales activities. Too little working capital can put a company in a bad position: The company may be unable to pay its bills or to take advantage of profitable opportunities. Too much working capital, on the other hand, reduces profitability since that capital has a carrying cost - it must be financed in some way, usually through interest-bearing loans.

Inventory is one component of working capital that directly affects many non-financial managers. Like working capital in general, there's a tension between having too much and too little inventory. Having lots of inventory on hand solves many business problems: The company can fill customer orders without delay, and a robust inventory provides a buffer against potential production stoppages and strikes . The flip side of plentiful inventory is financing cost and the risk of a deterioration in the market value of the inventory itself. Every excess widget in the stockroom adds to the company's financing costs, which reduces profits. And every item that sits on the shelf may become obsolete or less salable as time goes by - again, with a negative impact on profitability.

The personal computer business provides a clear example of how excess inventory can wreck the bottom line. Some analysts estimate that the value of finished-goods inventory melts away at a rate of approximately 2 percent *per day*, because of technical obsolescence in this fast-moving industry. Inventory meltdown really hammered Apple during the mid-1990s, before it dramatically reduced its inventories through operational redesign. Apple had exceptional products and hard-core fans, but finished 1996 with almost \$700 million tied up in inventory. Bulging inventories wreaked havoc on Apple's bottom line, as obsolete components and finished goods had to be dumped onto the market at huge discounts. By comparison, its rival, Dell, operated with *no* finished-goods inventory and with negligible stocks of components. Dell's success formula was an ultrafast supply-chain/assembly system that quickly assembled PCs to customer specifications as those orders were received. Nothing was built until the company had a specified customer order in hand. Finished Dell PCs didn't end up on stockroom shelves for weeks at a time, but went directly from the assembly line into waiting delivery trucks. The profit lesson to managers is very clear: Shape your operations to minimize or eliminate inventories.

**Ex.1. Questions to the text:**

1. What do the financial managers pay attention to?
2. What can put a company in a bad position and why?
3. What can reduce the profitability of the company?
4. What is one of the main components of working capital?
5. What can be reason of deterioration in the market value of the inventory?

6. What does the personal computer provide?
7. What is the rate of the value of finished - goods inventory per day and why?
8. What was Dell's success formula?

**Ex.2. Find English equivalents of the following words and word-combinations in the text:**

айланма капитал даражаси;  
 хисобни туламок;  
 киримни камайтирмак (пасайтирмак);  
 кирим келтирувчи карзлар;  
 молиясиз менежерлар;  
 мустахам инвентар;  
 товарнинг бузилиш rischi;  
 компанияларнинг молиявий нархи;  
 эскирган;  
 шахсий компьютер;  
 товарларнинг мул – куллиги (куплиги) ;  
 тайёр товарлар;  
 эскириш;  
 эскирган компонентлар;  
 унча куп булмаган захиралар;  
 тухташ;  
 бузулиш.

**Ex 3. Make up sentences, using the words and word combinations:**

level of working capital, to pay bills, to reduce profitability of the company, inventory, to solve business problems, to reduce profit, intangible assets, company's excellent reputation.

**Ex 4. Give the summary of the text.**

### **Depreciation**

Expenditures for property and capital equipment represent a commitment of resources to assets ordinarily utilized over several periods. The accounting concept of matching revenues with their related expenses requires that the cost of such investments be matched with the revenues obtained from using them. For buildings and equipment, the amount of expense matched with revenues is called *depreciation*. Depreciation is a noncash expense that effectively reduces the balance-sheet value of an asset over its presumed useful life. For example, if Amalgamated were to purchase for \$50,000 (delivered and installed) a new piece of metal-bending machinery that had an anticipated useful life of twenty years, then the company could expense a portion of that \$50,000 against revenues in each of the following twenty years. This would reduce the company's taxable income dollar for dollar. At the same time, Amalgamated's accountants would reduce the balance-sheet value of the machinery at the same rate until the value was zero.

The term "noncash expense" is worth remembering. Even though depreciation is

listed as an expense on the income statement, no money flows out of the company's pockets - unlike expenses such as salaries, supplies, utilities, and postage. Depreciation is simply a handy (though imperfect) way of recognizing that certain assets wear out or gradually lose their productive value and must be replaced.

If the asset is a natural resource, such as a forest land or mineral deposits, similar expenses would be called depletion. If the assets is intangible (e.g. a patent), its original cost would be amortized over the periods when benefits are obtained or in some cases, over an arbitrary period.

**Ex 1. Answer the questions:**

1. What does the accounting concept of matching revenues require?
2. What is called “depreciation”?
3. What is depreciation?
4. What would reduce the company’s taxable income?
5. What does the term “non cash expense” mean?
6. What is the meaning of the term “depletion”?

**Ex 2. Choose English equivalents to the Uzbek terminology**

харажатлар	match with
мажбурият	anticipate
кулламок	utilities
йиллик (давлат) кирими	taxable
кийматни йукотиш (амортизация)	depletion
таккосламок	expenditure
тахмин килмок	salary
урнатмок (белгиламок)	utilize
кирим (фойда)	intangible
иш хаки	income
коммунал муассасалар	presume
налог туланадиган	install
захира, маблагнинг камайиши	commitment
номатериал	depreciation
кутмок	revenue

**Ex 3. Make up sentences, using the words and word combinations:**

a commitment of resources, the balance-sheet value of an asset, to reduce company’s taxable income, non cash expense, tough depreciation, payment for utilities.

**Ex 4. Summarize the text.**

## Definitions of terminology

**A building society** — building societies specialize in granting long-term loans for buying homes.

**Accounts payable** — a category of balance-sheet liabilities representing moneys owed by the company to suppliers and other short-term creditors.

**Accounts receivable** — a category of balance-sheet assets representing moneys owed by the company by customers and others.

**Advance** — down payment.

**Assets** - the balance-sheet items in which a company invests so that it can conduct business. Examples include cash and financial instruments, inventories of raw materials and finished goods, land, buildings, and equipment. Assets also include moneys owed to the company by customers and others—an asset category referred to as accounts receivable.

**Average cost** — the average cost of inventory items is determined by adding the value of the beginning inventory and the total purchases made during the accounting period and dividing by the number of items.

**Balance sheet** - a financial statement that describes the assets owned by the business and how those assets are financed—with the funds of creditors (liabilities), the equity of the owners, or both. Also known as the statement of financial position.

**Balance sheet** - also called statement of financial position. A statement of a company's financial position on a given date, usually at the end of a calendar or business year including all of the elements in the accounting equation and the details of the financial transactions that back it up, specifying the type and amount of assets, liabilities and owner's equity on the given date.

**Bankrupt** - in a state of financial ruin.

**Board** — a group of people who manage and watch over a company.

**Bond** — a contract document promising to repay money borrowed by a company often with interest.

**Borrowing short** - borrowing short means having short-term debts.

**Budget** - a document that translates strategic plans into measurable quantities that express the expected resources required and anticipated returns over a certain period. It functions as an action plan and presents the estimated future financial statements of the organization.

**Capital** — money and property used to start a business or to produce more wealth.

**Cash flow** — the amount of money generated by a special activity after payment of expenses.

**Charge cards** - charge cards (American Express, Diner's Club) are similar to

credit cards except that the holder has to pay the account in full each month and there is also an annual membership fee.

**Commerce** — the activities involved in buying and selling things. Common stock - a security that represents a fractional ownership interest in the corporation that issued it.

**Corporate** - relating to a large company or corporation.

**Credit cards** - the idea of credit cards is to give customers credit when they purchase goods or services. Credit cards are issued by credit card companies such as Access, MasterCard, Visa, American Express.

**Currency** — money in coins and notes which is used in particular country.

**Current assets**— assets that are most easily converted to cash: cash equivalents such as certificates of deposit and U.S. Treasury bills, receivables, and inventory. Under generally accepted accounting principles, current assets are those that can be converted into cash within one year.

**Current liabilities** — liabilities that must be paid in a year or less; these typically include short-term loans, salaries, income taxes, and accounts payable.

**Debit cards** - debit cards are like credit cards except that they are used to debit (subtract) money to the customer's bank account when a purchase is made. An existing credit balance is reduced. But when a credit card is used, a debit balance is increased.

**Delinquent payments** - overdue payments.

**Depreciation** - a non cash expense that effectively reduces the balance-sheet value of an asset over its presumed useful life.

**Deregulation** - deregulation is the removal of government controls on business.

**Discount rate** — the annual rate, expressed as a percentage, at which a future payment or series of payments is reduced to its present value.

**Dividend** — a distribution of after-tax corporate earnings to shareholders.

**Equities** - are shares that give you some of the profits.

**Equity** - the value of property or of a company's shares.

**Equity book value** — the value of total assets less total liabilities.

**Feasibility study** - any series of studies, conducted principally by systems analysts, to determine the advisability of manufacturing a new product, revising a manufacturing process etc..., and if recommended, the steps necessary to implement such a course of action.

**Fees** — a sum of money, either fixed by prior agreement or negotiated, paid by a client to cover the provision of services.

**Financial stake** - an interest or share in a commercial venture.

**Fixed assets** — assets that are difficult to convert to cash—for example, buildings and equipment. Sometimes called plant assets.

**Fixed interest mortgage** - with the fixed interest mortgage the

borrower/mortgagor knows exactly how much money he /she has to find each month throughout the term of the mortgage.

**Goodwill** - an intangible balance sheet asset. If a company has purchased another company for a price in excess of the fair market value *of its* assets, that "goodwill" is recorded as an asset. Goodwill may also represent intangible things such as the acquired company's excellent reputation, its brand names, or its patents, all of which may have real value.

**Guarantee** — is a formal promise made by third party to the bank saying generally that if the Borrower does not pay to the bank what is due to the bank, the Guarantor will.

**Indebtedness** - amounts owed.

**Interest** — payment received by a lender for the use of their money or paid by the borrower.

**Inventory** - the supplies, raw materials, components, and so forth, that a company uses in its operations, it also includes work in process-goods in various stages of production-as well as finished goods waiting to be sold and/or shipped.

**Inventory turnover** - the cost of goods sold divided by the average inventory.

**Legal counsel** - a lawyer.

**Lending long** — lending long means granting long-term loans.

**Liquidity** — the extent to which a company's assets can readily be turned into cash for meeting incoming obligations.

**Liquidity** — the extent to and ease with which a given asset can be converted into cash.

**Merge** — to gain together into one company.

**Money market** — the network of issuers and dealers through which large borrowers raise short-term money by selling their debt instruments. This network represents both new issues and secondary market trading.

**Monthly repayments** - paying back every month.

**Mortgagee** — a mortgagee is a company which lends money to buy a house.

**Mortgagor** — a mortgagor is an individual or a legal entity who borrow money to buy a house or flat.

**Negotiate** - to try to come to an agreement with another person through discussion.

**Net working capital** - current assets less current liabilities; the amount of money a company has tied up in short-term operating activities.

**Objective** — a business aim.

**Option** - a contract giving a right to pay or sell at a particular price in a certain period.

**Owners' equity** — what, if anything, is left over after total liabilities are deducted from total assets. Owners' equity is the sum of capital contributed by owners plus their retained earnings. Also known as share-holders' equity.

**Principal** — an original amount of money without accumulated interest.

**Retail** - the sale of goods to customers.

**Retain** - to have profit or income from an investment.

**Retained earnings** - annual net profits left after payment of dividends that accumulate on a company's balance sheet.

**Revenue** — the amount of money that results from selling products or services to customers.

**Security** - something that you promised to give somebody if you can't repay money borrowed from them. **Securities** — are investments in stock and shares.

**Share** — one of equal parts into which ownership or corporation is divided.

**Speculative** — to have a business risk in the hope of a gain.

**Stock** - investments in a company represented by shares or fixed interest securities.

**Title deed** — a title deed is a document which shows the legal ownerships of the house.

**to be valid** - to be in force.

**to charge** - the interest rate charged on overdrafts is usually higher than the base rate.

**to keep the venture afloat** — to keep it going.

**to lend** - to give somebody money for a period of time.

**to link** - to connect.

**to recover money** — to get back money.

**to revoke** — to call back.

**to safeguard** - to make safe or secure; protect.

**to underestimate costs** — to place a low value on ...

**Unconditionally** - without reserve.

**Underwrite** — to accept financial responsibility for something.

**Variable interest mortgage** — with the variable interest mortgage the mortgagor pays different amounts of money depending on the variations in the interest rates.

**Working capital** - also called net current assets; the excess of current assets over current liabilities.

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