МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ

Національний авіаційний університет

Факультет міжнародних відносин

Кафедра іноземних мов

ПОТОЧНИЙ КОНТРОЛЬ

з дисципліни

«Іноземна мова спеціальності»

для галузі знань: 29 «Міжнародні відносини»
спеціальність: 292 «Міжнародні економічні відносини»
освітньо-професійна програми: «Міжнародні економічні відносини»
«Міжнародний бізнес»

Курс – 4 Семестр – 7, 8

Завдання поточного контролю

Assignment 1

Raise the issue.

1 What are forms of business organization? Advantages & disadvantages (Sole Proprietorship; Partnerships; Corporation). Making a presentation.

2 Basic management styles (Directing, Discussing, Delegating styles). Role play.

3 How should managers motivate their subordinates? Making a report.

Assignment 2

Raise the issue.

1 What is a poison pill? How does it work? What are the disadvantages? (Listening comprehension)

2 What is white knight? How does a white knight defense work? (Case study)

3 What is the best way of measuring if a merger has been successful? What are the typical things that go wrong in mergers and acquisitions? (Discussion)

4 What is a takeover? What are the types of takeover bid? (Making a report)

5 What are three of the main reasons for mergers & acquisitions? (Reading comprehension)

6 Doing business abroad. What typical mistakes can a company make when entering a foreign market? What does it have to do to be successful? (Watching a video)

Assignment 3

Raise the issues.

1 What is a brand? What is the essence of the brand? Which criteria is brand based on? How to create & manage a brand? What challenges do brands face today? (Discussion)

2 How to launch a product successfully? (Speaking session)

3 What is a successful marketing mix? How to promote a new product? (Listening comprehension)

4 How does a company successfully stretch a brand? Why do you think famous companies fail when stretching their brands? (Reading comprehension)

5 What are the advantages of having a strong brand name, logo and design? (Watching a video)

Assignment 4

I Choose the best suitable word or phrase.

1) To sell its shares to the general public, a company must be _____ on the stock exchange.
a) put b) listed c) drawn

2) People who are owed money are called _____ .
a) creditors b) debtors c) lenders

3) Which is the safest for an investor?
a) a corporate bond b) a junk bond c) a government bond

4) What is an ROI?
a) a bad investment b) a careful investor c) a shareholder's profit

5) Flotation is when …
a) a company goes bankrupt. b) the stock market is over subscribed.
c) a company puts its shares on the open market.

6) A person who invests an amount of money in a business activity or project is …
a) a trader. b) an entrepreneur. c) a venture capitalist.

II Reading comprehension.

One way to make sense of the present financial chaos is to look back at the past
THE typical career of a Wall Street banker lasts about a quarter of a century, enough to span just one big financial crisis. As Niall Ferguson explains in his new book, "The Ascent of Money", which will be published next month, today's senior financiers would have started out in 1983, fully ten years after oil and gold prices first began the surge that had ruined the previous generation of money men. That, he
concludes, is a "powerful justification for the study of financial history." Mr Ferguson is right. The world needs a book that puts today's crisis into context. It is too late now to warn investors about expensive houses and financiers about cheap credit. But perhaps the past can help make sense of the wreckage of banks, brokers and hedge funds that litters the markets. Looking back may help suggest what to do
next. And when the crisis is over and it is time for the great reckoning, the lessons of history should inform the arguments about what must change.
This rushed, uneven book, by a British-born Harvard University professor who made his name a decade ago with a history of the Rothschild banking dynasty, will contribute less than expected to that debate. It has strengths, including a tidy account of the run-up in housing markets and of the symbiotic rivalry between America and China. But in the earlier chapters—the history, oddly enough, where you would expect Mr Ferguson's ambitions for his subject to quicken his judgments—the words rarely come to life, either as a source of ideas or as narrative.
Perhaps the book was bound to be flawed, given the pace with which today's crisis has torn through the markets. As the debacle has unfolded, from a housing crisis, to a credit bust, a bank run and what now looks ominously like a global recession, each episode has posed different questions. Finishing his manuscript in May this year, Mr Ferguson must have been dizzy with the unravelling of certainties. And yet, he is at his strongest in his reading of the news. His story of what is happening today shows
prescience, even if it is necessarily incomplete.
It may be that Mr Ferguson was too distracted by the present to pay enough attention to the past. Claiming to be "A Financial History of the World", the book dutifully dabbles in societies, such as the Inca, who did not see gold and silver as money, and in the pre-Christian Mesopotamian clay tablets that served as credit notes for commodities. He traces the transformation of banchieri, named for the benches where money was changed, into the families that dominated the political and cultural life of Renaissance Italy and from there into modern

bankers. He explains how the bond market had its origins in the state's need for money to finance war. He describes how manias have repeatedly engulfed greedy investors over the centuries—concentrating on John Law, whose schemes ruined 18th-century France. And he rehearses the story of financial risk from its origins in Enlightenment Scotland.
Yet the reader is left wondering quite who the book is aimed at. The finance specialist will not find enough here to begin to compete with the work of Charles Kindleberger, an economic historian. And the reader who wants to know how finance is interwoven with general history would do better to turn to Jeffry Frieden's excellent 2006 work, "Global Capitalism".
Mr Ferguson may seem to be speaking to a general audience, given that he has taken his title from "The Ascent of Man", Jacob Bronowksi's book and television series of a quarter-century ago which analysed the contribution of science to civilisation. Yet these readers will be baffled by passages that breezily toss around ideas like "sterilisation"—the issue of bonds by a government to mop up the inflation-inducing
money it prints to buy foreign currency. And they may be put off by Mr Ferguson's attempt to be jolly. After two and half pages on the mathematics of bond yields, for example, comes this quip: "So how did this 'Mr Bond' become so much more powerful than the Mr Bond created by Ian Fleming? Why, indeed, do both kinds of bond have a licence to kill?"
Of far greater interest is Mr Ferguson's general theory, which does not emerge until the end of the book. He thinks that finance evolves through natural selection. Although the professor cautions against the sort of Darwinism that sees evolution as progress, he believes that new sorts of finance are constantly coming into being as the environment changes. The sequence of creation, selection and destruction is
what has generated many of the financial techniques that modern economies depend on.
This leads Mr Ferguson to make two timely points. One is to remember that evolution depends on extinction as well as creation. You have to allow ill-adapted techniques to fail if you are going to get something new. As the world rushes around rescuing every bank in sight, it is a reminder that the guarantor-state will later have to administer painful medicine.
The other is to observe the wonder of what financial evolution has created. Just now it is only natural to think of the "roller-coaster ride of ups and downs, bubbles and busts, manias and panics, shocks and crashes." But Mr Ferguson sees something else too: "From ancient Mesopotamia to present-day China…the ascent of money has been one of the driving forces behind human progress: a complex process of innovation, intermediation and integration that has been as vital as the advance of science or the spread of law in mankind's escape from the drudgery of subsistence agriculture and the misery of the Malthusian trap." Amid this financial bust, cleave to that.

A Read the article quickly and answer the questions.

1. What is the main purpose of this article?
a) To give a brief history of the financial world.
b) To argue that we should study history in order to understand the current financial crisis.
c) To review a new book about financial history.

2. What is the title of the book?
a) The Ascent of Money b) A Financial History of the World c) Global Capitalism

3. Does the author of the article like the book?
a) The author thinks the book helps to explain the current crisis.
b) The author dislikes the book but thinks many people will find it useful.
c) The author thinks the book is disappointing.

B Read the article more carefully and tick the true statements below. Justify your answers with reference to the article.

1. The typical career of a Wall Street Bankers is about 25 years. _
2. There is usually a big financial crisis every 25 years. _

3. “The Ascent of Money” is a new book by Niall Ferguson. _
4. It will be published next month. _
5. Niall Ferguson thinks that today’s Wall Street bankers started to work in 1983. _
6. Oil and gold prices began to increase rapidly in 1983. _
7. These increases led to a financial crisis. _
8. Neill Ferguson believes that all bankers should study financial history. _
9. The author of this article does not agree. _
10. The author of the article thinks the world needs to understand the current crisis in its historical context. _
11. The author thinks that studying the past can help us to understand the present. _
12. The author thinks that history should help us to plan for the future. _
13. Niall Ferguson was born in the USA. _
14. He worked as a professor at Harvard University. _
15. His next book will be about the history of the Rothschild family. _
16. The author thinks the first chapters of the book are rather boring. _
17. The book describes the early history of money, credit and banking. _
18. The Inca used gold and silver as money. _
19. In Mesopotamia clay tablets were used as letters of credit. _
20. Banks got their name from the ‘banchieri’, or benches where money changers used to sit. _
21. Governments raised money for wars by selling government bonds. _
22. The author of this review thinks the book would be useful for finance specialists. _
23. In “The Ascent of Man”, Jacob Bronowski showed how science had advanced human civilisation. _
24. The author thinks the last part of the book is most interesting. _
25. Niall Ferguson believes that financial systems are constantly improving. _
26. Niall Ferguson thinks that bad financial systems must be allowed to fail if we are to create better financial systems. _

C Choose from the words in brackets to complete these sentences from the text. Try not to refer back to the text.

1. It is too late to warn _____ about expensive houses and _______ about cheap credit.
[financiers | bankers | investors | brokers]
2. But in the earlier chapters -- the _____, oddly enough, where you would expect Mr Ferguson’s _______ for his subject to quicken his _______ -- the words rarely come to life, either as a source of _____ or as a _____.
[story| history| narrative| ambitions| opinions,| judgments| ideas]
3. As the _______ has unfolded, from housing _____, to a credit _______, a bank ______ and what looks ominously like a global _____, each episode has posed different questions.
[recession | crisis | bust | crunch | run | debacle]
4. He thinks that finance _____ through natural _______.
[grows | develops | change | evolves | choice | chance | selection]
5. One is to remember that _____ depends on _______ as well as _______.
[extinction | creation | selection | destruction | evolution]

Assignment 5

I Raise the issues.

1. What is the difference between venture capitalists and angel investors?
2. How do the hedge funds impact the stock market?
3. What caused the subprime mortgage crisis?

II Translate from English into Ukrainian.
A bond is simply a loan taken out by a company. Instead of going to a bank, the company gets the money from investors who buy its bonds. In exchange for the capital, the company pays an interest coupon—the annual interest rate paid on a bond, expressed as a percentage of the face value. The company pays the interest at predetermined intervals and returns the principal on the maturity date, ending the loan. Unlike stocks, bonds can vary significantly based on the terms of its indenture—a legal document outlining the characteristics of the bond. Because each bond issue is different, it is important to understand the precise terms before investing.
Maturity is the date when the principal or par amount of the bond is paid to investors and the company's bond obligation ends. Therefore, it defines the lifetime of the bond. A bond's maturity is one of the primary considerations an investor weighs against their investment goals and horizon.
A bond can be secured or unsecured. A secured bond pledges specific assets to bondholders if the company cannot repay the obligation. This asset is also called collateral on the loan. So if the bond issuer defaults, the asset is then transferred to the investor. A mortgage-backed security (MBS) is one type of secured bond—backed by titles to the homes of the borrowers.
Unsecured bonds, on the other hand, are not backed by any collateral. That means the interest and principal are only guaranteed by the issuing company. Also called debentures, these bonds return little of your investment if the company fails. As such, they are much riskier than secured bonds.
The coupon amount represents interest paid to bondholders, normally annually or semiannually. The coupon is also called the coupon rate or nominal yield. To calculate the coupon rate, divide the annual payments by the face value of the bond.

Assignment 6

Translate from English into Ukrainian.

CDOs, or Collateralized Debt Obligations, are financial tools that banks use to repackage individual loans into a product sold to investors on the secondary market. These packages consist of auto loans, credit card debt, mortgages or corporate debt. They are called collateralized because the promised repayments of the loans are the collateral that gives the CDOs value. CDOs are a particular kind of derivative. Like its name implies, a derivative is any financial product that *derives* its value from another underlying asset. Derivatives, such as put options, call options, and futures contracts, have long been used in the stock and commodities markets. CDOs are called asset-backed commercial paper if the package consists of corporate debt. The are called mortgage-backed securities if the loans are mortgages. If the mortgages are made to those with a less than prime credit history, they are called subprime mortgages. Banks sold CDOs to investors for three reasons:

1. The funds they received gave them more cash to make new loans.
2. It moved the loan's risk of default from the bank to the investors.
3. CDOs gave banks new and more profitable products to sell. That boosted share prices and managers' bonuses.

Advantages
At first, CDOs were a welcome financial innovation. They provided more liquidity in the economy. By allowing banks and corporations to sell off their debt, CDOs freed up

more capital to invest or loan. The creation of CDOs is one reason why the U.S. economy was robust until 2007.

The invention of CDOs also helped **create new jobs**. Unlike a mortgage on a house, a CDO is not a product that you can touch or see to ascertain its value. Instead, the value of a CDO was based on a computer model. Thousands of college and higher-level graduates went to work in Wall Street banks as "quant jocks." Their job was to write computer programs that would model the value of the bundle of loans that made up a CDO. Thousands of salespeople were also hired to find investors for these new products. As competition for new and improved CDOs grew, these quaint jocks made more complicated computer models. They broke the loans down into "tranches," which are simply bundles of loan components with similar interest rates.

Here's how that works. Adjustable-rate mortgages offered "teaser" low-interest rates for the first three to five years. Higher rates kicked in after that. Borrowers took the loans, knowing they could only afford to pay the low rates. They expected to sell the house before the higher rates were triggered. The quant jocks designed CDO tranches to take advantage of these different rates. One tranche held only the low-interest portion of mortgages.

Another tranche offered just the part with the higher rates. That way, conservative investors could take the low-risk, low-interest tranche, while aggressive investors could take the higher-risk, higher-interest tranche. All went well as long as housing prices and the economy continued to grow.

Disadvantages

Unfortunately, the extra liquidity created an asset bubble in housing, credit cards, and auto debt. Housing prices skyrocketed beyond their actual value. People bought homes simply to sell them. The easy availability of debt meant people used their credit cards too much. That drove credit card debt to nearly $1 trillion in 2008.

The banks that sold the CDOs didn't worry about people defaulting on their debt. The loans were owned by other investors. That made them less disciplined in adhering to strict lending standards. They made loans to borrowers who weren't credit-worthy. That ensured disaster.

What made things even worse was that CDOs became too complicated. The buyers didn't know the value of what they were buying. They relied on their trust of the bank selling the CDO. They didn't do enough research to be sure the package was worth the price. The research wouldn't have done much good because even the banks didn't know. The computer models based the CDOs' value on the assumption that housing prices would continue to go up. If they fell, the computers couldn't price the product.

This opaqueness and the complexity of CDOs created a market panic in 2007. Banks realized they couldn't price the product or the assets they were still holding. Overnight, the market for CDOs disappeared. Banks refused to lend each other money because they didn't want more CDOs on their balance sheet in return. It was like a financial game of musical chairs when the music stopped. This panic caused the 2007 Banking Crisis.