DIPLOME D'ETUDES SUPERIEURES DE COMPTABILITE ET GESTION FINANCIERE DE L'UEMOA

(DESCOGEF)

SESSION 2018

EPREUVE : ANGLAIS

DUREE : 4H

READING-WRITING

Read the following text.

The chartered accountant of the future

By Monique Vanek - Daily Newsletter, May 11, 2017

Research indicates that many functions in the professional services field are likely to be automated in the near future. SAICA researches the future world of work.

To prepare for this disruption and to entrench the viability of the auditing and assurance profession, awareness and preparation are key.

Through my travels and conversations with colleagues, clients and friends I have learnt that there are different interpretations of what exactly data and, more specifically, data analytics is. Do these interpretations really differ?

I have, however, spotted a common understanding: 'the silver bullet' reduced staff numbers and improved efficiencies, cost savings, etc. These are all terms that come up when discussing data analytics; but are these perceptions taking us in the wrong direction in the sense that if it does not happen immediately, we lose faith in the data analytics journey and continue with our traditional way of doing things?

Without getting into the technical detail of data analytics, let us rather consider it a business imperative for our profession. Interestingly, in the auditing and assurance profession, many auditors challenge the use of data analytics and question its necessity, especially if the current traditional audit approach has been, and remains relevant. Imagine if many finance managers would not change their way of doing things – consider how many manual consolidations would still be performed.

So why change? Why fix something that is not broken?

It is safe to say that disruption is on the horizon in the auditing and assurance profession. It is about automation; less manual intervention; systems that produce high-quality output enabling real-time decision-making. All of this is necessary to boldly forge ahead into the digital age.

Consider how Uber disrupted the taxi industry, LinkedIn disrupted the recruitment industry, and Facebook and Instagram disrupted social interaction. And we hear it everywhere – 'businesses must disrupt themselves (before someone else does) to survive'. The fact of the matter is – very few companies have successfully disrupted themselves. Instead, they leverage their existing assets to expand into new, high-growth markets and in doing so, they disrupt someone else. Think about how Google is disrupting the telecommunication industry with Project Loon – providing Internet access to individuals in rural and other remote areas.

Your next co-worker could be a robot.

Regardless of whether we could argue that the auditing and assurance profession is protected by our laws and regulations, the reality is: tension remains in the system for better, faster and more efficient audits. Users demand evolution of audit and assurance services and the profession would have to

respond in the interest of the continued relevance and value of the external audit. Clients are also realising that auditors have (or should have) access to technology and are moving towards a more automated audit approach – they expect enhanced efficiency as a result.

Businesses are competing in a tight market where innovation is the order of the day. Some businesses are already investing millions in technology such as artificial intelligence. They can now make decisions via virtual and/or augmented reality, not to mention the concept of 'mixed reality'. So instead of communicating in words, pictures or video clips, virtual reality enables businesses to communicate in a new-age language of 'seeing is believing'.

This creates pressure for auditors. They are expected to leverage off these technologies by using 100% of the data to perform higher-quality and, of course, more efficient, continuous audits that support real-time business decisions.

As a result of the increased competition among audit and assurance services providers, enhanced risks assessment and risk response capabilities, including the ability to add value by providing greater insights to a clients' businesses, is becoming a non-negotiable – and using data and analytical techniques and tools to achieve this is key.

High-audit quality is of utmost importance in protecting the public interest and enhancing the credibility of financial reporting thereby contributing to the stability of financial markets. The auditors' ability to have a 100% view over all the transactions increases the opportunity to identify risks and direct the focus of the audit. Using technology that increases the auditor's coverage and insight may contribute towards heightened levels of professional scepticism in evaluating trends, anomalies, exceptions, etc, and enhancing audit quality. Automating tasks that have historically been conducted manually enables the auditor to spend more time on understanding the entity's financial information and reporting, analysing and evaluating results and exercising professional judgement in drawing conclusions in relation to the risks identified.

Finally, the International Auditing and Assurance Standards Board (IAASB) released a Request for Input: *Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics* in September 2016. The RFI provides insights into the opportunities and challenges with the use of data analytics in the audit of financial statements, whether all of the considerations relevant to the use of data analytics in an audit have been identified and how best to proceed in relation to standard settings. For the profession to remain relevant the effect and impact of technology in everything that we do cannot be ignored. Professional accountancy bodies may need to revise the competencies that aspiring professional need to demonstrate as part of the qualification process by creating more analytical thinking and increasing the use of technology during the training programme.

Based on my experience, we as auditors have always analysed data in some way or another in any type of audit. Predictive analytics have been used in auditing for many years. However, the data and

information that is now available is yearning for even more robust and meaningful analysis and interpretation, for which auditors do not necessarily always need the most advanced tool available. Now, let us take that leap forward and disrupt the traditional audit approach to avoid being left behind!

Answer the following questions regarding to the text (20 points):

1. What disruption is meant (line 3)?
2. Why is data analytics called "the silver bullet" (line 8), which means "a simple and seemingly magical solution to a complicated problem"?
3. How do you understand the notion of expected "enhanced efficiency" (line 34)?
4. What qualities will characterize the efficient auditors in the future?

Translate the following into English (5 points):

De nouvelles formes de concurrence apparaissent et les professions comptables doivent se renouveler, mais visiblement la profession comptable serait menacée, par fatigue ou par modernité technologique. L'expert-comptable sera confronté à une double pression !

D'un côté il doit respecter des règles et être le garant de la sécurité et de la qualité, c'est son métier traditionnel. Là, il serait concurrencé par l'informatique, les intelligences artificielles et l'automatisation, puis il serait étranglé par les Big 4.

D'un autre côté, pour évoluer, il doit se positionner sur la pertinence, l'interprétation, l'analyse financière, la valeur ajoutée... ici, il pourrait subir une concurrence féroce des analystes financiers, des actuaires, des quants, des contrôleurs de gestion, des data scientists et même de google... ce n'est pas rien, mais contrairement à ce que l'on entend, l'expert-comptable a un bel avenir.

VOCABULARY

Choose ONE correct answer (15 points)

1. Planning, recording, analyzing, and interpreting financial information
   A. Accounting
   B. Assets
   C. Equities
2. A planned process for providing financial information that will be useful to management
   A. Accounting equation
   B. Accounting system
   C. Transaction
3. Organized summaries of a business's financial activities
   A. Accounting records
   B. Liability
   C. Account

4. A business that performs an activity for a fee

   A. Capital

   B. Proprietorship

   C. Service business

5. A business owned by one person

   A. Account title

   B. Proprietorship

   C. Service business

6. Anything of value owned

   A. Asset

   B. Equities

   C. Balance sheet

7. Financial rights to the assets of a business

   A. Accounting records

   B. Account balance

   C. Equities

8. An amount owed by a business

   A. Asset

   B. Liability

   C. Capital

9. The amount remaining after the value of all liabilities is subtracted from the value of all assets

   A. Owner's equity

   B. Transaction

   C. Account title

10. An equation showing the relationship among assets, liabilities, and owner's equity Assets = Liabilities + Owner's Equity

    A. Accounting records

    B. Balance sheet

    C. Accounting equation

11. A business activity that changes assets, liabilities, or owner's equity

    A. Transaction

    B. Account

    C. Account title

12. A record summarizing all the information pertaining to a single item in the accounting equation

    A. Capital

    B. Account

    C. Balance sheet

13. The name given to an account

A. Account title

B. Capital

C. Accounting

14. The amount in an account

A. Account

B. Account balance

C. Balance sheet

15. The account used to summarize the owner's equity in a business

A. Liability

B. Asset

C. Capital

16. A financial statement that reports assets, liabilities, and owner's equity on a specific date

A. Balance sheet

B. Equities

C. Service business

17. What is stockholders' equity?

A. Sales of products or services

B. Owners' claims to resources

C. Resources owned

D. Costs of selling products or services

E. Amounts owed

18. What is revenue?

A. Costs of selling products or services

B. Expense to run business

C. Sales of products or services

D. Distributions to stockholders

E. Assets purchased to run business

19. What are expenses?

A. Costs of selling products or services

B. Sales of products or services

C. Amounts owed

D. Distributions to stockholders

E. Owners' claims to resources

20. What is the accounting equation?

A. Assets - liabilities = stockholders' equity

B. Assets + liabilities = stockholders' equity

C. Liabilities - stockholders' equity = assets

21. What is an example of an expense?

A. Bank loan

B. Interest paid to a credit union

C. Principle paid to Lehman bank

D. Monthly rent on office space

22. What is the statement called that measures activities involving cash recipts and cash payments over an interval of time?

A. Income Statement

B. Balance Sheet

C. The Statement of Stockholders' Equity

D. The Statement of Cash Flows

23. What piece of company information better explains companies' stock price performance?

A. Balance Statement

B. Financial accounting net income

C. Revenues

D. Expenses

24. Permanent accounts are found on the Balance Sheet section of the work sheet.

A. True B. False

25. Income Summary has a normal debit balance.

A. True B. False

26. Closing accounts refers to forcing temporary accounts to have zero balances.

A. True B. False

27. The entry to close the Income Summary account is always the same: Debit Income Summary and Credit Owner's Capital.

A. True B. False

28. Income Summary is classified as a Revenue account.

A. True B. False

29. Closing entries consists of 4 journal transactions.

A. True B. False

30. Closing entries reduce the Capital balance to zero.

A. True B. False