UEMOA

EXAMENS DU DIPLOME D'ETUDES SUPERIEURES DE COMPTABILITE ET GESTION FINANCIERE

(DESCOGEF)

SESSION 2019

EPREUVE D'ANGLAIS

DUREE : 4 heures

INSTRUCTIONS FOR CANDIDATES

- Answer all 4 questions
- All answers should be correctly numbered, but do not need to be in numerical order
- There is credit for correct spelling, punctuation and grammar
- You need to communicate appropriately
- Check your work carefully
- The use of an english or bilingual dictionary is not allowed

PART I – READING COMPREHENSION

TEXT : SOUTHWEST CONSTRUCTION

Southwest Construction is a thriving construction business in Western Sydney. The business is owned by Tony, a qualified builder who specialises in bricklaying, floor and wall tiling, and installation of air-conditioning systems. Besides Tony, the owner, the business employs two full-time people and also has two sub-contractors.

Tony's business has grown steadily in, recent years, allowing him to take on larger-scale projects. However, Tony has experienced some cash-flow problems. One problem is that there is a lag between the cash going out and the cash coming in from jobs. He has to pay wages, which are paid fortnightly, and to pay suppliers who are generally paid on delivery of the goods or within seven days; the invoices which he sends out are usually for a 30 % deposit to be paid immediately, and then the balance for full payment is billed 30 days after completion or the work.

Tony also waits until the end of the month to invoice all the finished jobs, so he can do all the paperwork at one time. He also does not like hassling people for money and he tends to let outstanding debts go on too long before following them up as he does not want to upset customers that could give him more work in the future.

To manage this problem, Tony uses credit cards to supplement his cash when needed, and then pays the credit card off once payments come in. This system is expensive in interest costs and also difficult to manage because sometimes the amount of money accessed on credit cards adds up to a high figure and even exceeds his available credit limit.

Tony finds it increeasingly difficult to manage cash flow. The larger-scale projects mean that his cash requirements and problems are made worse because there are larger amounts of cash going out and there are longer delays for cash coming in. The problem is that Tony is paying his creditors late all the time and there is a risk of some suppliers refusing to sell to him. The larger projects also require him to purchase expensive pieces of equipment and this places an additional strain on his finances. Clearly Tony is now in cash crisis and the current state cannot continue or Tony will be at severe risk of losing his business.

Firstly, Southwest Construction is experiencing a cash shortage because there is a gap between cash inflows and outflows. This is due to the fact that the company does not have a prompt billing system. For example, when Tony completes a few projects in the first two weeks of the month, instead of billing customers instantly, he waits till the end of the month to get all completed projects invoiced at one time.

Secondly, large projects take an average of six weeks to complete, creating additional delay in billing and getting paid.

Finally, two of their current projects require special equipment, and this means a large amount of cash outlay. Unfortunately, Southwest Construction has no cash to pay this.

Source : Case study from the website of the New South Wales Government, Australia

Exercise 1 : Read the article and answer the questions (4 marks)

1. Why is there a danger that the suppliers may not want to work with the company anymore ?
2. What could happen if Tony allows the situation to continue ?
3. Why is there a gap between cash inflows and outflows ?
4. Why might Southwest Construction not be able to finish two of their current projects ;

Exercise 2 : Are these statements about Southwest Construction true or false ? (5 marks)

1. Tony's business has not been successful up till now
2. The company is having problems paying its bills
3. The owner sends out invoices for work as soon as it is completed
4. Tony asks people to pay their bills promptly
5. The payments Tony makes with his credit card are sometimes more than the amount he is allowed to spend with it.

Exercise 3 : Find words in the article to replace the words underlined in the sentences below (7 marks)

1. If there **is** a delay between money coming into the company and money going out, you have a cash-flow problem
2. I pay my canteen bills at work every two weeks
3. We have already paid 20% of this; when do we have to pay the rest ?
4. We must remember to send them the bill next week
5. They keep calling up and bothering us about an invoice we have never received
6. The money which people owe us from last month is more than 30000 euros
7. You could add to your cash income by sending out the bills on time.

PART II : TRANSLATION (12 marks)

Translate into French the last four (4) paragraphs of the reading passage from : « the problem is that Tony is paying his creditors late all the time............. unfortunately, Southwest Construction has no cash to pay this ».

PART III : TERMINOLOGY PRACTICE

Exercise 1 : Match the underlined phrases to similar phrases in the box (9 marks)

« Budgeted income statement 1 - capital employed 4 - current assets 8 *Current liabilities 9 - debtors 5 - net income 2 - stock 7* *Turnover 3 - work-in-progress » 6*

A. Two documents provide the necessary information for the most important decisions about the strength of a business : a (1) forecast profit and loss account and the present balance sheet.

B. A study of profitability must look at the relationship between :

- (2) income after all costs have been deducted and (3) total invoiced sales 3
- net income and the amount of (4) money invested in the business.

C. A study of a company 's ability to make enough cash should show :

- If the planned cash balance is satisfactory
- If (5) people who owe money are likely to pay on time

- (6) work which has been contracted but not yet invoiced or (7) finished goods which will one day be sold
- If the relationship between fixed assets and (8) cash or other items of value which can easily be converted into cash is satisfactory
- If the relationship between current assets and (9) debts due for payment is satisfactory, i.e. current assets should be much greater than liabilities.

Management should be careful with forecasts, because budgeting is not a science and forecasts cannot be exact.

Exercise 2 : The phrases on the left are commonly used in considerations of the financial strength of a company. Match each one to an appropriate explanation on the right. (11 marks)

c	1. company accounts		a. The description of income and expenditure in a specific accounting period
d	2. Profit and loss acco~~-~~on th~~eunt~~	7	b. Items of value which are not easily changed into cash but which the business needs
j	3. Balance sheet	1	c. Documents showing income, expenditure, assets and liabilities, sales records, etc
i	4. Opening balance	6	d. Major spending on large items for the business such as property or equipment
f	5. Closing balance	8	e. Cash items or items that can easily be changed into cash for the present financial year
d	6. Capital expenditure	5	f. The amount of money held in cash or near cash at the end of the accounting period
b	7. Fixed assets	11	g. The cost of borrowing from a bank
e	8. Current assets	10	h. Money made by the company less all costs but before tax has been paid
k	9. Net sales	4	i. The amount of money held in cash or near cash at the start of the accounting period
h	10. Pre-tax profit	3	j. The overall picture of assets and liabilities
g	11. Interest paid	9	k. The profit from sales after direct costs have been deducted

Exercise 3 : Below are headings from newspapers reports on the business environment . Choose the best explanation of the keywords from a), b) or c). (12 marks)

1. US growth hits new high : Growth means :

a) increased gross domestic product – GDP – or the increase in total sales revenue	b) improved exports for the US economy	c) increased value of companies on the New York Stock Exchange

2. Consumer confidence down in Germany : Consumer confidence means :

a) what people think about German industry	b) what people think of their personal economic situation	c) what shop owners think of business prospects

3. Japan's trade surplus falls : Trade surplus means

a) the positive balance in exports over imports	b) the value of sales	c) the share value of the top 100 Japanese companies

4. Tokai bank writes off Yen 8bn in bad debts : to write off debts means :

a) get the money back from creditors	b) forget the money since the loans are not going to be paid back	c) demand the money back immediately

5. Cleveland Best Inc. announces de-merger : A de-merger is :

a) a temporary division	b) a decision to split a company into two parts	c) a return to two separate entities following a period as one company

6. Ireland's trade deficit with Germany smaller : A trade deficit is

a) where exports are larger than imports	b) a positive balance in favour of sales over debts	c) where the value of imports is greater than the value of exports

7. Oil Industry confidence hit by over capacity and oil price slump : over capacity means :

a) the industry is not producing enough to meet demand	b) production facilities are not working to their potential	c) supply is greater than demand

8. Italian chemical conglomerate to break up : A conglomerate is :

a) a large manufacturing company	b) a multinational company	c) a large holding company with many subsidiaries

9. Worldwide PC sales soar 70 per cent : To soar means

a) increase by a large amount	b) go up a little	c) fall dramatically

10. Corporate phone bills to fall : Corporate means ;

a) large	b) big business	c) personal, domestic and business

11. Worldewide corporate tax hits 40 per cent : Corporate tax means

a) special rate of tax on companies with large turnovers	b) taxes on any business activity	c) taxes on everyone private individuals and companies

12. James Inc. makes 2bn dollars from home entertainments sell-off : A sell-off is

a) a successful sales campaign	b) a special promotion of low price goods	c) a decision to sell a subsidiary in an industrial group

Exercise 4 : Mark the following sentences as True or False. If they are false, explain why. **(20 marks)**

	True	False
1. Inflation is a measure of increasing prices		
2. High inflation generally means increasing unemployment		
3. A healthy consumer economy always means lower unemployment		
4. Higher investment in training and education is easier during a low point in the economic cycle		
5. A tight fiscal policy means high taxation and high government spending		
6. Governments need to control their borrowing requirement		
7. A high value of the local currency is good for exports		

8. Housebuilding is seen as a good indication of what is happening in the domestic economy		
9. Gross national product (GNP) is a measure of the annual value of sales of goods and services in a country, and it does not include sales for companies abroad		
10. Capacity utilization is a measure of how many people are in work		
11. Generally high levels of supply and low levels of demand means unemployment falls		
12. Growth creates wealth and wealth creates jobs		
13. Rationalization means cutting labour costs so people lose their jobs		
14. Increased investment in real terms means increased investment above inflation rates		
15. A balance of payments deficit means a company is spending more than it earns		
16. Fluctuations in exchange rates do not trouble financial planning		
17. If inflation is rising, a central bank will probably raise interest rates		
18. Stable and low inflation and interest rates are an economic 'good thing'		
19. High government spending can help to control inflation		
20. High labour mobility is generally good for an economy.		

PART IV : WRITING **(20 marks)**

Discuss what role the CPAs (Certified Public Accountants) play in the economic development of your country (in not more than 40 lines).