

Chapitre 17

Analysis of business performance

L'analyse des performances de l'entreprise

Background, p. 201

■ Repérer les notions essentielles

Answer the following questions.

a. Why are financial statements and balance sheets so important for companies?

Financial statements and balance sheets are important documents for companies because they present the performance and financial results accurately. Companies need such documents to identify failures or even to improve results. They are clear indicators of the health of a company.

b. Why isn't the balance sheet the only indicator to assess a firm's performance?

Financial and quantitative data are just one aspect of the company's performance. Qualitative indicators may prove helpful to assess a company's health. Among these are staff and customer satisfaction for instance.

c. How do auditors work?

Auditors have many tools at hand to assess a company's results and financial documents. They must have access to all the information produced by companies. They also need to interview employees and managers. They may resort to traditional sampling methods, which have their limitations.

Today, they use computer software to process the data in a more efficient way.

d. Why should auditors remain independent from a firm's interests?

Auditors should remain independent from a company's interests because otherwise they might be tempted to conceal vital information, to fiddle the accounts, which would be a form of fraud.

e. Why have computers made company safety all the more risky?

The complexity and speed given by computers and increasingly efficient software have given rise to a new threat – the possibility of manipulating figures and concealing shady dealings.

■ **Résumer le texte en français**

Résumez le texte en 150 mots environ.

L'analyse des performances de l'entreprise passe essentiellement par la mise en place de documents financiers (bilans comptables, registres de comptabilité) et l'évaluation de ceux-ci par des contrôleurs, internes ou externes. Elle est indispensable dans la perspective d'une gestion saine des entreprises et obligatoire de par la loi. L'approche qualitative permet de saisir d'autres aspects de cette performance. L'indépendance des contrôleurs est indispensable pour garantir la transparence et éviter les conflits d'intérêt. Ils utilisent des outils d'évaluation modernes pour effectuer leur travail mais interrogent aussi les employés. Les risques de fraude comptable ont augmenté du fait de l'apparition d'outils informatiques sophistiqués. Il existe des lois permettant d'éviter les abus, les dérives et les pratiques de gouvernance qui mettent en danger la santé des entreprises, en particulier aux États-Unis, à la suite de divers scandales financiers.

140 mots

■ Approfondir

Browse the Internet and find information to answer the following questions.

a. Using the Internet, find out about a famous whistleblower's case in the USA and write a note about it.

La réponse à cette question dépend de l'actualité et des recherches personnelles.

b. Find out about rogue employees who ruined their company's performance and write a note about their story.

La réponse à cette question dépend de l'actualité et des recherches personnelles.

c. What should the ten commandments of the perfect accountant be?

Les réponses sont données à titre indicatif car il peut y avoir de nombreuses possibilités.

- Examine records from past operations, not just the current year's.
- Avoid conflicts of interest between your company and the company you will be auditing to avoid pressures.
- Don't just rely on documents and records as evidence of the process of conformity: you should also interview staff and listen to them carefully.
- Ask employees open questions so that they volunteer useful information.
- Gather objective evidence.
- Find representative samples that will allow you to make informed judgements.
- Make sure all relevant documents are available.
- Observe accountancy operations while they are carried out.
- Check whether all practices comply with the law.
- Determine auditing criteria with management.
- Respect the law.

d. What skills does management expect from an external auditor before hiring him / her?

Les réponses sont données à titre indicatif car il peut y avoir de nombreuses possibilités.

An auditor must “be”, “do” and “know” many things.

Be: independent from any pressure, reliable, professional and objective, and he must never have been convicted of fraud.

Know: how to work in teams; be a good communicator who can earn the respect and cooperation of auditees; have good experience and references; be tech-savvy; competent and familiar with legal requirements; have a thorough grasp of auditing tools; manage time well; know his customers and about sampling procedures, data collection, charts, graphs and statistics; understand the importance of quality management.

Do: discuss objectives with management, check internal procedures for preventing fraud, work according to schedule, remain objective, use various techniques of examination, help companies align themselves with regulations, encourage honesty with the auditees, hold meetings with management, write clear reports...

Lexical Work, p. 203

■ Use the list

a. At the end of every *fiscal year* the accounting department has to review the financial situation of the company and state what its *assets and liabilities* are. *Overheads*, which are its regular expenses, have to be taken into account as well. Thanks to all these indicators, it will establish the *balance sheet*, which is one of the most important *financial statements* for any company.

Au terme de chaque exercice budgétaire, le service comptable doit analyser la situation financière de l'entreprise et déclarer l'actif et le passif. Les frais généraux, qui représentent ses dépenses régulières, doivent être aussi pris en compte. Grâce à tous ces indicateurs, il établira le bilan financier, qui est l'un des documents financiers les plus importants pour toute société.

b. Internal accountants usually perform this job but auditors from outside the company can be hired for checking the process. They certify that all transactions have been honest and legal and state whether the company is running into a deficit or not.

En général, ce sont les comptables internes qui effectuent ce travail mais des auditeurs externes peuvent être embauchés pour évaluer les opérations comptables. Ils garantissent que toutes les transactions ont été honnêtes et conformes à la loi, et disent si l'entreprise est en déficit ou pas.

c. Bookkeepers have a duty to provide transparent numbers on corporations – an impossible task if they own stock in the companies whose books they are supposed to oversee independently. To guarantee independent audits, the accounting profession needs to follow clear lines against possible conflicts of interest.

Les comptables ont le devoir de fournir des données transparentes sur les entreprises, tâche impossible s'ils détiennent des actions de l'entreprise dont ils sont censés vérifier en toute indépendance les registres comptables. Afin de garantir des audits indépendants, la profession comptable doit se conformer à des lignes de conduite claires afin d'éviter d'éventuels conflits d'intérêt.

Exercice supplémentaire

Find the words in the list that correspond to the following definitions.

a. Keeping record of all transactions and entries: bookkeeping / accounting

b. The final figure for profit or loss: bottom line

c. On a balance sheet, should be equal to the sum of liabilities and shareholders' equity: assets

d. General word for debt: liabilities

e. Assets, like cheques and drafts, which are easily converted into currency: cash

f. Stock of material, unsold products: inventory

g. Items such as equipment, buildings and property: fixed assets

h. Taxes, dividends and all debts that are still owed by the company: current liabilities

i. The value of a business after all of its obligations have been met: shareholders' equity

j. The company's reputation or brand: intangible assets / goodwill

Grammar Work, p. 204

■ Les noms composés

Analysez et traduisez les exemples suivants :

Tous les exemples ci-dessous montrent que l'ordre anglais est l'inverse de l'ordre français.

1. Auditing professions are quite popular among business students today.
→ De nos jours, les métiers de la comptabilité ont pas mal de succès auprès des étudiants en gestion et en commerce.
2. Irregular accounting procedures may be detected thanks to efficient software.
→ Les procédures de comptabilité irrégulières peuvent être détectées grâce à des logiciels efficaces.
3. Companies need accurate performance assessment.
→ Les entreprises ont besoin d'évaluations de leurs performances qui soient exactes.
4. Safety regulations are compulsory.
→ Les règlements relatifs à la sécurité sont obligatoires.
5. Accountants can play the role of business advisers.
→ Les comptables peuvent jouer le rôle de conseillers en affaires.
6. He works in the accounts department.
→ Il travaille au service comptable. / service de comptabilité.
7. She is examining the financial accounts of a mail order company.
→ Elle étudie les comptes d'une entreprise de vente par correspondance.

1. Voici des noms composés. Placez-les dans les énoncés suivants, que vous traduirez.

a. Long *working hours* increase the workers' chances of illness and injury.

De longues heures de travail augmentent les risques pour les travailleurs de tomber malade ou d'avoir un accident.

b. A technician had to be called to repair our *computer network*.

On a dû appeler un technicien pour réparer notre réseau informatique.

c. Young workers know that there are many *job opportunities* in accountancy.

Les jeunes travailleurs savent qu'il y a de nombreuses possibilités d'emploi dans la comptabilité.

d. It is not always easy to understand what is written on *balance sheets*.

Il n'est pas toujours facile de comprendre ce qui est écrit dans un bilan financier.

e. The *exchange rate* of the dollar fluctuates every day.

Le taux de change du dollar fluctue tous les jours.

f. With the financial crisis, consumers feared for their *savings accounts*.

Avec la crise financière, les consommateurs ont craint pour leur(s) compte(s) d'épargne.

g. A *pie chart* is a circle divided into sections to show the proportions of a set of things.

Un graphique circulaire / camembert est un cercle découpé en parts montrant les proportions d'un ensemble d'éléments.

h. If you are jobless, go to your local *employment agency*.

Quand on est sans emploi, on va à son agence Pôle emploi locale.

i. The *brand image* of a company determines the way consumers perceive its products.

L'image de marque d'une société détermine la façon dont les consommateurs perçoivent ses produits.

■ Les prépositions

Analysez et traduisez les exemples suivants :

Les verbes et noms ci-dessous sont suivis d'une préposition (introduisant un nom ou groupe nominal) différente pour l'anglais et le français.

1. Production has increased by 5% this year.

→ La production a augmenté de 5 % cette année.

2. Prices have dropped by half.

→ Les prix ont baissé de moitié.

3. An increase in exports would help us out.

- Une augmentation des exportations nous permettrait de nous en sortir.
- 4. This policy has led to a fall in unemployment.
- Cette politique a entraîné une baisse du chômage.
- 5. We expect an increase of about 2% for next year.
- Nous nous attendons à une augmentation d'environ 2 % pour l'année prochaine.
- 6. Our sales figures have risen to £4 m.
- Nos chiffres de vente ont augmenté pour atteindre 4 millions de livres sterling.
- 7. A loss of between 6,000 and 7,000 pounds.
- Une perte de 6 000 à 7 000 livres.

2. Complétez les phrases par des prépositions pour commenter le bilan.

Over the past few months, figures have been worrying. Our sales in the UK fell **by** about half this year. This sharp drop **in** sales is quite alarming. A decrease **of** 50% is the worst thing that could have happened to us. However, orders from the whole of Europe have increased £5m and we expect another rise **between** £1m and £1.5m, especially as we expect the exchange rate of the euro to drop **by** 0.5%. Concerning overheads, there has only been a slight increase **in** spending.

3. Traduisez en anglais.

a. Les coûts de main-d'œuvre ont augmenté de 10 % depuis l'an dernier.

Labour costs have risen by 10% since last year.

b. Il y a eu une baisse de production dans toutes les usines de voitures.

There has been a drop in production in all car factories.

c. On s'attend à une augmentation du taux de chômage d'environ 2 %.

We expect an increase in the unemployment rate of about 2 points.

d. De graves problèmes de trésorerie peuvent conduire une entreprise à la faillite.

Serious cash problems may lead a company to bankruptcy.

e. Pour les directeurs d'entreprise, une perte de 2 à 3 % serait acceptable.

For company managers, a loss of between 2% and 3% / a 2 to 3% loss would be acceptable.

Exam Work, p. 206

1. Qui s'intéresse aux rapports financiers des entreprises et pourquoi ? (150 mots environ.)

Ce n'est pas seulement le public qui s'intéresse aux performances chiffrées des entreprises ; les financiers (traders, gestionnaires de portefeuilles d'actifs et analystes financiers), dont l'objectif est de repérer les entreprises rentables et celles qui rencontrent des difficultés, sont également concernés. Pour eux, le bilan financier d'une entreprise fournit des renseignements précis et fiables permettant de déterminer si les parts du capital d'une société méritent de figurer dans des produits financiers échangés en Bourse.

Les analystes et les agences de réglementation au service de l'État sont aussi intéressés par ce type de données, qui permettent d'avoir une vision claire de la réalité économique : c'est d'autant plus important dans un contexte où il y a surabondance d'informations et où des données fausses ou truquées pourraient affecter des pans entiers de l'économie.

Par ailleurs, la concurrence est bien entendu toujours avide de ce type de renseignement. Et enfin, au niveau de la direction même d'une entreprise, une grande transparence à cet égard est souhaitable.

163 mots

2. Traduisez ces groupes nominaux tirés du document :

a. Business shows: les émissions télévisées consacrées au monde des affaires.

b. Competitive landscape: le paysage concurrentiel.

c. Corporate performance data: les données relatives aux performances de l'entreprise.

d. Regulatory agencies: les agences de réglementation.

e. Financial-statement accuracy: la précision / l'exactitude des bilans financiers.

3. COMPREHENSION. Summarize the text in your own words, showing why fraud is more common today and what firms may do to fight it. (120-150 words.)

Though accounting fraud is increasingly common today, it must be viewed as an inescapable risk. Pressure exerted on employees to reach targets, coupled with ever more precariousness and stagnating wages while managers' salaries shoot up, explain why fraud is on the rise. Competition from emerging countries, where fraud is massive, as well as the development of new computing tools, actually compound the problem.

Management needs to detect cases of fraud. One clue is that fraudsters have strong, vibrant personalities, but this is not always the case. More discreet employees may start with petty theft and end up committing worse crimes later to cover up their small misdemeanours.

Another way to prevent fraud is better regulation and laws that force companies to follow strict standards of verification. The problem is that fraudsters can find ways to circumvent them. The same may be said of computing tools, which can be used by skilled fraudsters to disguise misdeeds.

156 words

4. What problem is raised by this article? What are the causes and consequences? (About 100 words.)

When assessing their economic performance, companies tend to only pay attention to metric indicators instead of relying on intangible factors. As a consequence, they fail to see the human element behind the figures. For instance, with elaborate marketing techniques, customers are perceived as opportunities to make a profit and not as stakeholders whose needs must be catered to. This tends to erode the quality of customer relationships.

The phenomenon is due to the development of new accountancy and metric software, which have reinforced the domination of statistical analysis to the detriment of more psychological approaches and traditional management methods.

In conclusion, it appears that both approaches are necessary and complementary.

110 words

5. EXPRESSION. Using both cartoons, explain what makes accounting fraud possible. To what extent is the cartoon far-fetched? (About 200 words.)

Accountancy fraud is due to economic pressures that are difficult to withstand for companies and to some weaknesses of human nature.

The survival of companies partly depends on the trust of their shareholders, who consequently wish to keep an eye on financial statements. This explains the temptation of accountants to cook the books or make them somewhat confusing to give off a positive image of a company's results. This is what the first cartoon alludes to. Faced with the impossibility of actually destroying the accounting books when shareholders become suspicious of double dealing, the CFO bluntly suggests they should make them even more obscure.

This is exactly what the main character intends to do in the second cartoon. His colleague appeals to his sense of ethics but he retorts that a corrupt corporate culture compels him to be deceitful, against his own will apparently. This is probably an allusion to the fact that corrupt practices were tolerated for want of (*faute de*) strict regulations in the United States in the early 2000s. The character resorts to the arguments of other people's crookedness to justify his own, which is a typical weakness of human nature.

Of course, greed is at the root of many accounting frauds but also the illusion that masked losses might be compensated for at a later date.

220 words

6. COMPRÉHENSION. En vous appuyant sur les 4 documents, vous rédigerez en français une note de synthèse qui expliquera quels sont les avantages et les limites de la mesure chiffrée des performances. (250 mots environ.)

La mesure chiffrée de la performance des entreprises est un reflet fiable de la santé d'une entreprise (document 1), à condition que les données ne soient pas obscurcies dans un souci d'évitement des difficultés (document 4). La direction a intérêt à avoir une perception exacte de l'état financier de son entreprise, mais également de toutes les parties prenantes, des actionnaires aux clients, en passant par les investisseurs et même les États (document 1). Tous ont besoin de transparence. La mesure chiffrée

permet de repérer les entreprises saines, et celles qui vont moins : la santé des entreprises et de l'économie en dépendent (document 1).

Cependant, une confiance aveugle dans les seules données chiffrées est dangereuse, car ces dernières ne rendent pas compte de paramètres qualitatifs, tel l'élément humain, qui constitue une dimension incontournable des bonnes pratiques managériales (document 3).

Aussi, certaines entreprises ont le tort de croire que les logiciels comptables ultra performants feront tout le travail de la gestion de la relation client (document 3) et éviteront la fraude (document 2). Or ces outils peuvent être utilisés par les fraudeurs eux mêmes, pour leur propre profit (document 2). Il s'agit de repérer les employés malhonnêtes, en étant attentif à leur personnalité ou à de petites manipulations parfois commises, mais qui entraînent des fraudes massives.

Le problème aujourd'hui est l'augmentation de la fraude (documents 2 et 4). Un arsenal législatif adapté ainsi que des outils informatiques capables de détecter les manipulations frauduleuses sont nécessaires mais pas toujours suffisants (document 2). La qualité et la fiabilité de la mesure chiffrée dépendent de la façon dont les directeurs comptables la considèrent (document 4) et la gèrent (document 2).

276 mots

7. EXPRESSION. À partir du scénario suivant, vous rédigerez un courrier en anglais.

Mr Robin Legard
Chartered Accountant
AudiPerfect
96 Marylebone Road
London
NW1 5LA

18 December 20..

Mrs Amanda Holmes
Managing Director
ToolBox 3000
130 Tottenham Court Road
London
W1 9HP

Dear Mrs Holmes

BALANCE SHEET for 20..

I am pleased to announce that the process of auditing for which you hired AudiPerfect has finally been seen through to completion.

I am happy to report that our team's job has been performed in time and in good conditions since you gave us access to accurate and clear documents. We appreciated the cooperation of the internal auditing committee members who were always willing to provide the necessary details. The rest of the staff was as compliant and helpful.

You will find enclosed the balance sheet for this year with a full report and assessment.

I trust that this work will give you complete satisfaction.

I look forward to hearing from you and doing further business with your company. Yours sincerely

Robin Legard
Chartered Accountant

Enc : 2

Copy to Mr Hawkins
Chief Financial Officer

8. Write out your answers in English and then read them out loud.

a. How much cash on hand or in the bank has the company got left, according to this table?

The company has \$50,000 left in cash.

b. How much is due from customers who have made purchases from the business on credit? What name is given to that sum of money?

Customers owe the company \$40,000. This sum of money is called "accounts receivable".

c. How much is the merchandise owned by the company worth?

The merchandise owned by the company is worth \$100,000.

d. What name is given to the portion of equipment cost used in the process of operating the business? What does it mean? What is the equipment valued at?

It is called “accumulated depreciation”. Depreciation means spreading out the cost of an asset over its useful life. It is not a measure of the economic loss due to wear and age. In this balance sheet, the equipment has been estimated at \$28,000.

e. How much does the company owe sellers and / or suppliers for purchases made on credit?

The business owes \$50,000.

f. How much is owed to employees in terms of salary?

Employees are owed \$110,000.

g. How does one calculate the shareholders' equity?

You have to subtract total liabilities from total assets.

9. What can you say about this balance sheet and the state of the company? (About 50 words.)

On the whole, the balance sheet is well-balanced. The company is not running into debt and has made a profit. As long as its stakeholders pay their debts, it will be able to pay the salaries it owes and to pay back its bank loans.

44 words