LEADER DE L'EXPERTISE COMPTABLE

DSCG 6

Anglais des affaires

MANUEL & CORRIGÉS

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2024-2025

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DSCG 6

Anglais des affaires

MANUEL & CORRIGÉS

3e édition

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PROGRAMME

UE 6. ANGLAIS DES AFFAIRES

Niveau M – 120 heures – 15 ECTS

- Nature : cette épreuve orale comporte une préparation d'une heure sans autres documents que ceux qui sont fournis avec le sujet. Les documents sont en anglais. Dans un premier temps, le candidat doit présenter en anglais l'exposé qu'il a préparé, structuré à partir d'une question sur un thème en relation avec le document. Dans un second temps, un entretien, portant sur le sujet, est mené en anglais.
- Durée : 30 minutes hors préparation (exposé : 15 minutes maximum ; entretien en anglais : 15 minutes maximum).
- Coefficient : 1

1. Finance

Thème	Notions visées
Banking	Banks and financial institutions, money supply, the subprime crisis and the credit crunch, microfinance
Venture capital	Business plan, investing in start-ups
Bonds	Bonds, mortgage, investing in funds
Stocks and shares	Stocks and shares, hedge funds, financial report, investing clients' money
Derivatives	Spread-betting, financial instruments
International financial market	The foreign exchange market, the international financial system
Financial disclosure	Compulsory and voluntary disclosures (financial and non-financial information, environmental, social, etc.)

2. Accounting and auditing

Thème	Notions visées
Standards	National and international frameworks, accounting principles, harmonization, users of accounting and financial information
Financial statements	Presentation and interpretation of profit and loss account, balance sheet, notes, cash-flow statement for entities and groups
Intangibles	Recording and assessment (knowledge, image, innovation, goodwill, etc.)
Management control	Management control, internal and external audit Audit quality
Management accounting systems	Levels of control, measuring performances, dashboard, balanced scorecard

3. Governance and corporate social responsibility

Thème	Notions visées
Stakeholders	Internal and external stakeholders
Governance	Governance modes (shareholders, family, partnership) Mechanisms and tools

4. Information systems and new technologies

Thème	Notions visées
Information systems (IS)	What are information systems? Hardware, software, ERP, databases, networks, procedures
Digital devices	Big data, cloud computing, mobile and web services
Security and quality of IS	Risks Controls of IS
Management and information and communication technologies	Structure 2.0, Interactive control system, remote working

5. Management, Human Resources and Strategy

Thème	Notions visées
Management	What is management? What makes a good manager?
Work and motivation	Managers and motivation
Company structure	Big and small companies, new business model and peer production, IT impact on company structure, non-profit organization
Managing across cultures	Managers, authority, and cultural diversity
Recruitment	Job applications, filling a vacancy
Communication	Internal communication
Strategy and business growth	Construction and implementation of strategies, management of failure, competition, stakeholders and strategy

6. Production

Thème	Notions visées
Production	Capacity and inventory, purchasing and low-cost manufacturing, choosing suppliers
Logistics	Pull and push strategies, supply chain management/workflow environmental management system (EMS)
Quality	Total quality management
Innovations	Innovation classification, research and development unit, selection of innovations process, product launches

7. Marketing

Thème	Notions visées
Products	Products and brands
Marketing	The product life cycle, promoting a new product Negotiation Loyalties
Advertising and communication	Advertising and viral marketing External communication, sensorial marketing
Marketing and information and communication technologies	Personal data and marketing, social network and institutional communication

AVANT-PROPOS

Rédigés par des équipes pluridisciplinaires comprenant des enseignants en masters universitaires, en grandes écoles de management et en classes préparatoires à l'expertise comptable, membres des commissions d'examen, et 100 % conformes aux programmes, les manuels Dunod constituent une **préparation complète** aux épreuves de DCG et DSCG.

Cet ouvrage peut également être utilisé en autonomie par l'étudiant afin qu'il s'approprie toutes les notions et les bons réflexes méthodologiques (↪ **fiches méthodologiques**).

Les compétences au cœur du programme

Les unités sont déclinées en compétences. Ces compétences sont à la fois variées mais limitées par une liste donnée et clairement identifiée. Une compétence peut être définie comme la capacité à utiliser un savoir-faire dans une situation donnée pour produire un résultat requis. Elle s'acquiert dans une situation, d'où l'importance de la structuration et de l'entraînement à la pratique de la problématisation.

Une compétence présente un caractère disciplinaire ; elle vise à résoudre des problèmes liés à la discipline et repose nécessairement sur des connaissances inhérentes à cette même discipline. Mais, dans le même temps, une compétence s'appuie sur des savoir-faire généraux et transversaux (capacité à analyser, à rédiger de manière concise et précise, etc.).

La compétence induit donc un rapport au savoir, elle ne s'y oppose pas. Les savoirs sont les informations qu'il faut être en mesure de mobiliser « à bon escient » avec pour finalité l'élaboration d'un raisonnement structuré ou la résolution d'un problème lié à la pratique de la comptabilité et de l'audit.

Le concept de situation est donc central lorsque l'on évoque une compétence ; la mise en situation donne à l'étudiant l'occasion d'exercer la compétence visée. Une **situation** présente donc divers caractères, à la différence de la simple application de la règle :
- Elle mobilise un ensemble d'acquis et est orientée vers une tâche porteuse de sens.
- Elle fait référence à une catégorie de problèmes spécifiques à la discipline, elle est nouvelle.

Une compétence est évaluable. Elle peut se mesurer à la qualité de l'exécution de la tâche et à la qualité du résultat. Dès lors, une préparation efficace repose sur un équilibre judicieux entre l'acquisition de connaissances et un développement de compétences ciblées centré sur le réinvestissement en contexte. L'évaluation s'en trouve renouvelée ; elle met l'accent sur le cheminement intellectuel et l'esprit critique du candidat. Elle promeut une nouvelle quête de sens.

Le parti pris de nos manuels

Le présent manuel vise à apporter l'**ensemble des savoirs disciplinaires associés à l'unité d'enseignement** « Anglais des affaires » à travers sept parties, structurées en 14 chapitres, respectant scrupuleusement la progression logique du programme.

Le manuel de DSCG 6 propose une approche de l'anglais des affaires en trois temps :

- Dans la section « ***Time to learn*** », toutes les notions théoriques sont exposées et explicitées de manière synthétique et visuelle (définitions, schémas et tableaux de synthèse).
- Dans la section « ***Time to analyze*** », l'étudiant(e) est invité(e) à mettre la théorie en perspective, à la lumière de données récentes issues d'articles et d'infographies (presse, sites institutionnels…) et du vocabulaire approprié.
- Une préparation pas à pas à l'oral, doublée de rappels grammaticaux, est proposée dans la section « ***Time to read & speak out*** ». Cet entraînement s'appuie sur des articles en langue anglaise sélectionnés pour leur qualité linguistique et la pertinence de l'analyse formulée.

Afin de parfaire l'entraînement, deux sujets types d'examen ponctuent les 14 chapitres. Comme tous les exercices et applications (à l'exception des questions ouvertes de la rubrique « *Get ready for the final exam* »), ces sujets sont intégralement corrigés en fin d'ouvrage et émaillés de conseils aux candidat(e)s.

Enfin, des annexes méthodologiques répertorient les outils essentiels pour réussir l'oral.

Notre podcast *Balades en expertise comptable* est disponible sur toutes les plateformes d'écoute ainsi que sur le site Expert Sup de Dunod. Informez-vous en Anglais des affaires grâce à des podcasts d'experts : « Pandemics and intellectual property », « Record-breaking surge in energy prices », « Why branding matters »… et tant d'autres, à retrouver chaque mois !

CHAPTER 1

Banks and financial crises

OUTLINE

Themes

Banks and financial institutions • Money supply • The subprime crisis and the credit crunch • The international financial system

CHAPTER STRUCTURE

Time to learn: 1. Banks and financial institutions • 2. The subprime crisis and the credit crunch

Time to analyze: 1. Glossary • 2. A few landmarks • 3. Useful words

Time to read & speak out: 1. Read and pay attention to… tenses • 2. Mind the gap: expressing the future in the past • 3. Read and pay attention to… tense sequences • 4. Mind the gap: expressing the past, linking past and present • 5. Get ready for the final exam

The 2008 financial crisis made it necessary to bail out the financial sector worldwide. Both the US administration and the UK government, along with many other EU governments and the European Commission, nationalized or refunded banks and insurance companies in a bid to prevent them from domino-collapsing. This unconditional governmental support to banks and financial institutions obviously raises numerous questions: why does such support occur? What is the actual role of banks and financial institutions in the economy? What is their role in times of financial crises? And fifteen years later, are we sure the crisis is over in the wake of the Covid-19 pandemic?

KEY WORDS

Asset • Account • Bankruptcy • Collateral • Core capital • Credit crunch • Debt • Default • Deposit • Downturn • Investor • Financial crisis • Foreclosure • GDP • Leverage • Liability • Loan • Mortgage • Overdraft • Policymaker • Revolving credit • Security • Slump • Solvency • Sovereignty • Supplier • Working capital

TIME TO LEARN

1 Banks and financial institutions

A) The role of banks in the economy

1. Financing household consumption

Banks finance the economy by providing it with liquidity. Banks thus play a key role in economic activity: without the currencies they generate and the money they pump into the economy, households and companies could not operate. Banks grant various forms of loans to support and encourage household consumption:

- **Mortgages** finance the purchase of estate (housing loans). By acquiring property, households bolster the construction industry. These loans are often supplemented with loans for renovations. Through mortgages, banks indirectly and significantly finance the whole estate and construction sector (chart 1.1).

Chart 1.1. Outstanding amounts & annual growth rates (without seasonal adjustment)

	End-of-month level	Annual growth rate (%)		
	June-18	Apr.-18	May-18	June-18
Total	**1.187**	**6.0**	**5.9**	**5.9**
Lending for house purchase	978	5.6	5.7	5.6
Credit for consumption	173	7.4	6.9	7.4
Other lending	36	7.6	6.0	5.5

Banque de France. Stat Info: Loans to individuals – France, 2018.

- Consumer credits enable households to equip themselves with vehicles, furniture, electronics or other appliances. They therefore indirectly support companies in numerous industries (automotive, electronics, house equipment, etc.).

When borrowing money, households are often required to make a **down payment** so that banks do not need to finance their needs in full. As a result, banks can lend money to other households or economic actors. Through this **leverage**, the resources available in the economy can be significantly multiplied. The circle can infinitely restart from the beginning: each round leads to more wealth for economic actors as exemplified in fig. 1.1.

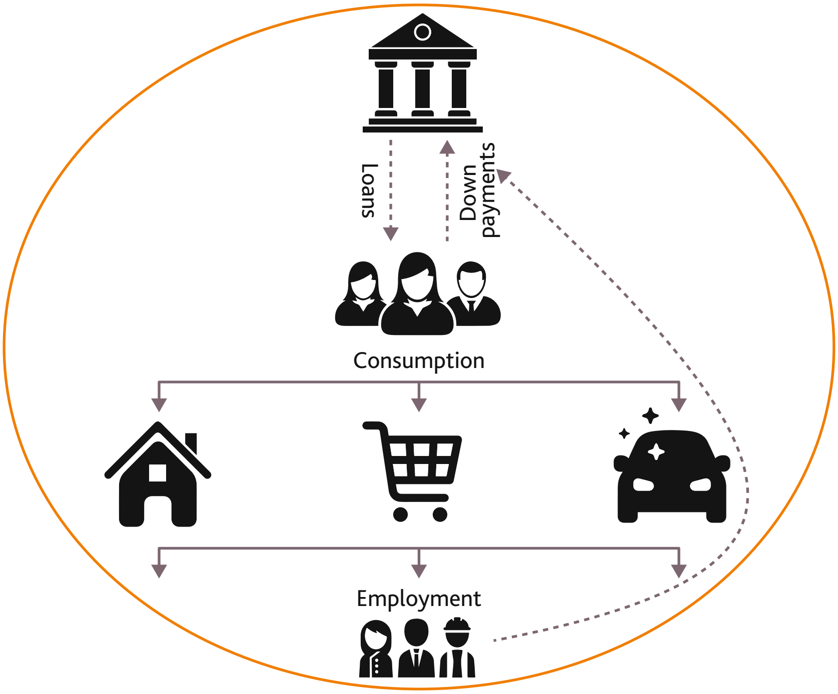

Figure 1.1. The virtuous economic circle

Households can open various types of **accounts** in commercial banks:

Examples

- A checking account is an account on which deposits are directly and instantly available. Each time an expense is made, the account is subject to direct debit.
- A savings account is an account on which deposits are remunerated at an Annual Percentage Rate (APR) offered by the bank. As a counterpart, funds are not instantly available and expenses can be subject to an upper limit set by the bank.
- A credit card account is an account that works as a loan contract with the bank. When they use their credit cards, customers actually borrow the amounts spent and reimburse them later with the resources they cash in. A credit card account offers a combination of deferred debit, **overdraft** and **revolving credit**.

2. Financing companies' investments

Banks mainly finance companies and their activities:

- Using households' savings and accounts to lend money to companies. In other words, banks can lend money exceeding their own financial resources, thereby leveraging funds from households. In 2015, this multiplying effect led the European Commission to launch a €300 billion investment plan aimed at leveraging at least 15 times this amount to finance the European economy on the long run.

FOCUS **The European Fund for Strategic Investments (EFSI)**

To many, it sounded like a "fairy tale": you take a bit of money, invest it wisely and within three years, it will have multiplied 15 times over. Yet this is exactly what the European Investment Bank Group and the European Commission set out to do as part of their plan for economic recovery after the worst financial crisis since the late 1920s. With the Investment Plan for Europe, also known as the Juncker Plan, they promised to trigger €315 billion of additional investment in the EU by mid-2018. The key to fulfilling this promise was a €21 billion guarantee programme, the EFSI.

Time has passed, hundreds of projects have benefitted from EFSI support and the plan has turned out to be a success: in July 2018, exactly three years after EFSI came into being, the EIB Group surpassed its initial goal. But what can €315 billion do for a continent? Here are some answers to that question. They also explain why European legislators decided to extend EFSI to €500 billion by 2020.

http://www.eib.org/en/efsi, 2019

- Through long-term (over one year) loans which are supposed to finance long-term assets serving the whole economy. Companies employ people to whom they pay wages; they pay taxes to public authorities; they purchase goods and services from **suppliers** and other subcontractors; they pay utility bills, etc.
- Through short-term loans (less than a year) which aim at financing day-to-day activity and cash needs (**working capital**). Banks grant short-term **loans** when current **assets** are not sufficient to cover current **liabilities**.

KEY FIGURES

€408.4 bn investment mobilized by the EFSI, **€75 bn** financing approved for over **1,000** operations to benefit **952,000** small and medium-sized companies (EIB, 2019).

3. Circulating money

The contribution of banks lies mainly in circulating preexisting money. Banks organize the dissemination of cash in the economy through the services they make available to all economic actors: money transfers, money withdrawals at ATMs, cashing of checks, etc. The main responsibilities of banks consist in ensuring financial transactions, sufficient provisioning of accounts in cash and quick transactions.

Banks mustn't just ensure that enough money is always available, they also make sure it circulates quickly enough. The faster transactions are, the more quickly money moves from one hand to another, ensuring economic growth and wealth.

B One banking sector, several kinds of banks

1. Central banks

In most countries, central banks are independent of governments and in charge of monetary policy. They provide other banks with liquidity, aiming to promote economic growth, employment, price stability and exchange rate stability. The activity of central banks takes on three forms:

- They issue money through banknotes and coins;
- They set short-term and long-term interest rates. The higher interest rates are, the more attractive a country is for foreign **investors**. After the 2008 **financial crisis**, a new consensus emerged: high interest rates prevent companies from making investments because repayments are high. Consequently, most central banks have set low interest rates close to 0% to stimulate bank loans and facilitate corporate investments;
- They supervise the activity of commercial banks in their country. They set prudential standards and control their execution by commercial banks.

2. Retail banks

Retail banks are the economy's "everyday-life" banks. These banks use households' savings to lend money to those households and small businesses that need a loan. Three types of retail banks operate:

- Traditional private commercial banks, where people hold their bank accounts;
- Online banks, where every operation or transaction is done either using the Internet or a phone;
- Postal banks – which used to be publicly owned, and which offer side services to post offices.

3. Private banks

These banks are called "private", not just because they are privately owned, but because they are particularly attentive to their clients' privacy. Private banks do not lend money to their patrons. They focus on the wealthiest possible clientele and protect their patrons' privacy.

4. Investment banks

Investment banks, such as Rothschild, Lazard, JP Morgan, Merrill Lynch or Goldman Sachs, are mostly known to the public because of how heavily criticized they are. These criticisms stem in part from the fact that their activities are difficult to grasp and understand. Unlike retail banks, investment banks do not lend money and host accounts, and unlike private banks, they do not offer financial services to wealthy people. In fact, investment banks provide governments and large companies with financial advisory services.

FOCUS **Islamic banks**

Concomitant to the 2008 Global Financial Crisis (GFC), Gulf Cooperation Council countries have grown in such a way that an alternative model to conventional Western banking has seemed to be possible. This has enabled Islamic finance and Islamic banks to develop worldwide, far beyond their historical borders. Islamic banking rests upon the "five pillars" of Islam, through which it differentiates itself from Western banking, among others by rejecting speculation and prohibiting interests, as well as vowing to respect the ethical guidelines of Islam, which include the belief in divine guidance and the ideal of social justice.

C) International financial institutions

1. The International Monetary Fund (IMF)

Established just before the end of WWII (1944), the IMF was initially in charge of providing countries with resources to facilitate reconstruction. Until 2012, the IMF would mostly lend money to countries undergoing severe economic and financial crises (financial distress), to which no other creditor would. Since 2012, the IMF's missions have broadened to embrace granting loans to countries needing financing for major economic reforms (Greece, Malta, Portugal, etc.).

2. The World Bank

Also established in 1944, the World Bank was meant to grant loans to developing countries and foster economic development through the construction of infrastructures aimed at facilitating free-market economy (dams, electrical grids, irrigation systems, roads, etc.).

In 1956, the World Bank extended the scope of its duties to include fighting poverty. To this end, the institution has been allowed to grant loans to private companies in developing countries as well as to engage in microfinance (↪chapter 2).

2 The subprime crisis and the credit crunch

A) Back to the origins of the 2008 crisis: the US mortgage market

Since the fall of 2008, the world has gone through a major financial crisis known as the "Global Financial Crisis" (GFC), which found its origin in the subprime crisis and Lehman Brothers' **default**. The collapse of the US mortgage market enhanced the economy's main weaknesses and then spread worldwide.

The way that US markets work as far as housing loans are concerned is very specific:

- Contracted loans rest upon a floating interest rate, which implies that monthly payments can significantly vary. Borrowing at a floating interest rate relies on the principle that borrowers should be directly impacted by changes in economic circumstances, whether favorable or unfavorable. An implicit assumption is that the economy will continuously grow and that interest rates are likely to decrease over time;
- US banks tend to lend at least three times the borrowers' annual income, assuming both that households' income will always increase and that the estate market will keep growing;
- When households buy property, they mortgage it. At the time the contract is signed, the bank fully owns the house. Its share in ownership decreases over time, as households reimburse their loan. Conversely, households gain shares in their house as they reimburse their mortgage. Hence the high number of **foreclosures** in America at the time of the subprime crisis and after.

Until 2008, the US property market had been steadily and continuously growing. As US banks were granting more loans to households, they were paying less attention to their **solvency**; an increasing number of insolvent households were thus granted loans they would be unlikely to repay. In 2008, the US housing boom came to an end as the economy was slowing down. Some households ended up being unable to reimburse their loans and were therefore evicted from their homes. This economic **downturn** caused the number of insolvent households to grow fast, leading banks to sell a significant amount of houses. As supply for houses was significantly growing, a general doubt was cast on this market boom. In their turn, private investors started to sell properties. The market for houses was flooded with a massive supply and lower prices. The banks that had granted loans to insolvent buyers threatened to go bankrupt, since they would get their capital back neither from borrowers nor from the houses they would resell. Numerous small local banks eventually defaulted. Through **bankruptcy**, these banks ruined other households who had their savings in their books, which made the mortgage crisis even worse.

B The epicenter: the primes and subprime crisis

The 2008 financial crisis started from the US housing market but differs from most other crises in that it not only revealed a lack of confidence in a particular type of investment, but also rested upon the association of these mortgages with other **securities**. As they were granting loans, US banks would issue securities backed with the mortgaged house. Each loan was also converted into a security that investors could purchase. These securities were known as "primes". As these primes were secured with a tangible asset, they would also serve as **collateral** for other loans that were then backed as well. These secondary assets derived from primes were called "subprimes".

Through primes, US banks could outsource part of their risk to private investors and maintain or increase their own solvency. In doing so, they could grant more loans without exceeding the required **core capital**. Thanks to subprimes, banks could multiply the financial effect of a single loan and lend even more money to borrowers. In other words, primes and subprimes enabled massive leverage on initial loans (fig. 1.2).

The **slump** of the US housing market led to what is nowadays known as the "subprime crisis" and has revealed this system's main weaknesses. Whilst primes were eventually backed by a tangible asset, subprimes were not. They were guaranteed through the promise of a return on a tangible asset indirectly associated with this contract.

When the US housing market slumped in 2008, it was not only borrowers and lending banks that were ruined, but all those who had invested in primes and subprimes as well. When the first borrowers defaulted in September 2008, the primes and subprimes associated with their loans lost their value, making other investors (households, private companies, insurance companies and banks) incur losses, leading many of them to bankruptcy. The default of private companies resulted in higher unemployment and even more insolvent households (↪chapter 9). It also led to a credit crunch: after a number of major financial institutions collapsed, the flow of credit was dramatically reduced, triggering a global recession.

Definition

A **credit crunch** is a crisis that occurs when loans suddenly become scarcer, or when the conditions required to obtain a loan become more stringent. During credit crunches, investors often decide to sell higher-risk investments and purchase safe investments (a mechanism known as flight-to-quality), which tends to negatively affect small to medium size businesses.

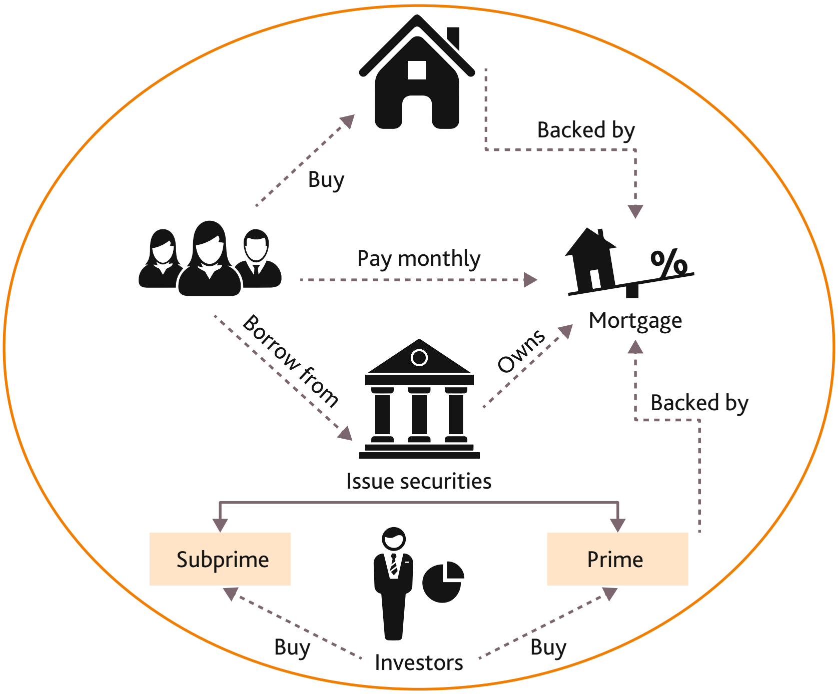

Figure 1.2. **The leveraging system on initial loans**

C) The aftershock: bailing out banks to prevent contagion

It wasn't only local banks and regional businesses that defaulted, but major institutions that were said to be "too big to fail" as well. The business world and political leaders became conscious of the importance of the subprime crisis after two major banks (Lehman Brothers and AIG) and two major insurance companies (Fannie Mae & Freddie Mac and Northern Rock) defaulted.

Among the galaxy of investment banks, Lehman Brothers was the most exposed to the risk associated with subprimes. In order to hedge its own risk, Lehman had massively invested in subprimes issued by other financial institutions. Very soon, investors understood that Lehman would never recover from massive mortgagee default.

Subsequent to the default of Lehman Brothers, doubt was cast on the viability of all investment banks and insurance companies listed on the New York Stock Exchange. Given the role played by banks in the economy, it was crucial that any contagion effect should be averted. If other banks and insurance companies failed, millions of households and companies would lose all their savings and be ruined. In case of massive failure, existing companies could not be funded and would therefore be forced to default.

All in all, the massive failure of financial institutions would destabilize not just the financial system but the whole economy. A domino-collapsing effect would occur: the cascade of bankruptcies would have caused mass unemployment worldwide, as employees would have been on redundancy plans. As another major consequence, governments would take in very little tax from businesses and income tax from households, thus risking bankruptcy. A vicious circle would be engaged. Therefore, when other financial institutions were threatened with bankruptcy, **policymakers** and business leaders decided it was necessary to try to make sure it would not happen again.

D) A side effect: the sovereign debt crisis

1. The Icelandic case

Iceland was severely struck by the subprime crisis as three of the country's major banks failed. Unlike the US and British governments, the Icelandic government decided not to rescue its banks. It was however forced to nationalize one of the three banks that failed in order to secure some of its households' savings. Subsequent to this nationalization, the Icelandic government was short of financial resources to pay for its own **debt** (Treasury bills). In November 2008, the country announced that it would not pay its creditors and declared bankruptcy. Urged by the Dutch and the British governments to honor its debt, the Icelandic government negotiated with the IMF a Stand-By Arrangement according to which debt would be repaid progressively, as the economy recovered. In 2011, the Icelandic economy eventually did recover and the country was able to repay its debt.

The subprimes directly affected European countries following the Lehman Brothers bankruptcy in October 2008. Owing to the various bailout operations of banks in which the US and the UK governments had engaged, there was a suspicion that European countries would be soon concerned. Following this logic, the solvency of European countries came under sharp public scrutiny.

2. The Greek tragedy

In 2008, Greece had already been underestimating its sovereign debt for quite a long time. A reassessment from EU authorities shed light on public debt amounting to €300 billion. In the meantime, it became apparent that Greek banks had massively invested in US mortgages and subprimes, undermining their solvency. Investors anticipated that the Greek government would be confronted with the imperative of bailing out national banks. These joint revelations led Greece's creditors to seriously doubt the country's ability to repay its sovereign debt. The Greek government endeavored to issue new Treasury bills to repay previous debts. This worked until April 2010, when investors became convinced that the country would never reimburse its current debt.

Confronted with its sovereign insolvency, the Greek government called for a rescue from the IMF, the European Commission (EC) and the European Central Bank (ECB). A first €110 billion loan was granted over three years in exchange for structural economic reforms. In October 2011, this loan proved to be insufficient, and Greece got an additional €130 billion loan in exchange for further structural reforms. In August 2015, an additional €86 billion loan was granted to the Greek government.

As a full member of the Eurozone, Greece's situation was far more problematic than the Icelandic case. Greece's policy was entirely revisited in order to reach a long-standing balanced budget whereby public spending would no longer exceed resources. Greece only regained its **sovereignty** in 2018.