

INTERNATIONAL CERTIFICATE IN FINANCIAL ENGLISH

TAPESCRIPT

This is the Cambridge International Certificate in Financial English, Sample Test tapescript 2006.

Look at the Information for Candidates on the front of your question paper. This paper requires you to listen to a selection of recorded material and answer the accompanying questions.

There are four parts to this test. You will hear each part twice.

There will be a pause before each part to allow you to look through the questions, and other pauses to let you think about your answers.

You should write your answers in the spaces provided on the *question* paper. You will have five minutes at the end to **transfer your answers to the separate answer sheet**.

There will now be a pause. You must ask any questions now, as you will not be allowed to speak during the test.

Now open your question paper and look at Part 1.

Part 1.

You will hear three different extracts. For questions 1-6, mark one letter (A, B or C) for the correct answer. There are two questions for each extract.

You will hear each extract twice.

Extract One.

You will hear a financial analyst talking on a radio programme.

You now have fifteen seconds to look at the questions before you listen.

F: Any cynic – and you can spot them from afar; they call themselves realists – will tell you that there is no such thing as a true merger. There is the pursuer and the pursued, the predator and the prey. To put it politely, there's always a dominant partner in every corporate deal, even if it's styled as a merger. In today's programme, we identify Europe's top takeover targets. Quantitative analysis will lead us to a consideration of capital performance, cash reserves and debt. The qualitative aspect is essentially the word on the street.

The merger and acquisitions departments of Europe's banking community are rubbing their hands with glee at the prospect of some major cross-border deals at last. They are, of course, hoping to drum up some business, and they may just well be right. But one thing is certain, Europe needs

some cross-border activity. Scaling up is a necessity if Europe's big businesses are to compete with their US counterparts on a global basis.

Now you will hear the recording again. (Extract One repeated)

Extract Two.

You will hear an accountant asking an IT consultant for advice about software packages.

You now have fifteen seconds to look at the questions before you listen.

M: So for me setting up as an accountant, an existing software package that's been tailored to my particular needs would be a good investment, wouldn't it?

F: Well I'd advise against it. Of course, specifying and designing the program takes time, but this may or may not be a problem for you. The major drawback, though, is that while the original product goes through a series of trials, to ensure that it does the job it's setting out to do, this isn't the case with the tailored elements of the package. Something else to consider is that you probably won't get specific training materials with the tailored elements, though I understand you're sufficiently computer-literate to cope with that.

M: But surely if you pay enough ...

F: You're assuming that the producer is willing to modify the software to meet your specific requirements – when actually it's in their interest to sell a standard product. It isn't so much a question of the profit margin on the tailored software: they have to consider the problems of ensuring that future upgrades work properly in your system – because they're trying to reduce the number of versions they support, not increase them.

Now you will hear the recording again. (Extract Two repeated)

Extract Three.

You will hear an accountant giving advice to a group of people who are thinking of starting small businesses.

You now have fifteen seconds to look at the questions before you listen.

M: Now you'll almost certainly need the services of an accountant before you start your business, so this is a priority from the outset. So how do you go about identifying one? You'll need a firm which has experience of the sector in which you're going to be operating. Their website may tell you this, but it may not tell you much about their reputation – and you need to check this out. The institution that is backing you financially will certainly have a view, so it's crucial to ask them. And you may be able to confirm that view through other third parties such as former clients.

I'd say it's well worth investing time in finding the right firm and this may involve getting in touch with half a dozen, and maybe making an

appointment with, say, three of them. My advice would be to approach firms which are small in size like the one you're thinking of setting up – they'll be more likely to understand the issues and problems you face. Tell them what you're planning to do and ask for their comments on your business plan if you've got one. You'll need to discuss fees, and remember, find out who at the firm you'll be dealing with, because it may not be the person you're talking to – and that could make all the difference.

Now you will hear the recording again. (Extract Three repeated)

Part 2.

You will hear a conversation between two colleagues, Mark and Julia, about a seminar on Intellectual Property (IP) Rights which Julia has attended. For questions 7-11, choose the best answer (A, B or C).

You will hear the recording twice. You now have 45 seconds to look at Part 2.

M: Julia, so, how was the seminar?

F: Very good – the speaker, Dr Andreotti was talking about Intellectual Property in businesses –

M: Sounds interesting – but how relevant is it for most of our work?

F: Well, as I listened to him, I realised that intellectual property concepts are relevant in every modern business ...some companies, for example, in terms of fixed capital assets such as land and equipment are worth virtually nothing, but if you look at their ideas and know-how, they have very high value. The problem is that you have to know where the know-how is located, so to speak.

M: Well, in people – in its staff, I suppose.

F: Yes, I can see why you say that – if a key researcher leaves a company, you'd think its IP value would reduce. But now I realise that IP really resides in systems – in clear documentation and transmission of knowledge.

M: Right ..but how do you measure IP value? Doesn't it change all the time? I mean an IP valuation is most needed for company acquisitions, I suppose?

F: Well actually, the speaker said that acquisitions aren't really the main reason for wanting to establish IP value– not for Stock Exchange flotations either. At the moment it's being asked for mainly when company backers want to withdraw and realise their investment.

M: Really ... and what about debt serving companies – do they recognise IP as good collateral?

F: Well, the speaker had done a survey on this and found that finance providers will lend whatever amount is required to companies with IP assets, although they do tend to charge an additional amount to do a more searching audit. (*pause*) And of course companies with high IP assets are at risk of losing their unique ideas to their competitors.

M: But doesn't existing trademark and copyright legislation offer some protection?

F: Although they are theoretically comprehensive, it seems that there's difficulty in using the current laws when companies are trading on ideas rather than tangible things. It can involve a long and painful process through the courts as people try to make use of the legislation.

M: So what was his main point ..?

F: The overriding message was that in the new economic climate, intellectual property is key, but that it's not just a question of protection but also of showing market value ...a protected idea with no proven sales value is useless.

M: Mm, yes I can see that.

Now you will hear the recording again. (Part Two repeated)

Part 3.

You will hear the chairman of a hotel and entertainment group giving a talk about the group's performance in the last year. For questions 12-20, complete the sentences using up to three words.

You will hear the recording twice. You now have one minute to look at Part 3.

M: Good morning, everyone, and thank you for coming. I'll start by giving you a brief survey of the Roxford Hotel and Entertainment Group's performance last year. On the positive side, Group profit before taxation increased by 41 per cent to £383 million, with earnings per share up by a record 52 per cent. I'm pleased to be able to announce a final dividend of 9.6 pence, which represents an increase of 7.6 per cent on the previous year.

In the hotel division, the year saw operating profit rise by 17 per cent to £171 million, as the recovery in overall trading which began two years ago continued. Underlying profit increased by 20 per cent, compared with only 5 per cent the year before.

Although this is a considerable improvement, the figure is somewhat disappointing, as we had hoped to achieve a rise of 25 per cent. The shortfall resulted from several negative factors. The most significant of them was that for much of the year, exchange rates were less favourable to us than in recent years. Clearly this is something beyond our control, but fortunately we've benefited from the trend of the past two months.

A further negative factor was the fact that the entertainment division saw operating costs edge upwards last year, although these were partially offset by cuts in the workforce and the closure of some less profitable venues. This increase was necessary because of the extended opening hours in a number of new entertainment venues, as part of our efforts to promote them and attract a wide range of customers. However, we fully expect that the profits from those establishments will more than compensate, once they're well established.

Turning now to our assets, our major investment last year was in launching a new chain of hotels. Unlike our existing establishments, which are mostly four star, these are in the budget category, and we intend to situate them close to major routes throughout Europe. The first ones opened late last year, in Britain and France, and early indications are very encouraging.

As for our established hotel chain, a thorough assessment of our UK properties revealed that 11 of them needed considerable capital investment to bring them up to the high standards that we've set ourselves. We therefore decided to stop managing these 11. Six were sold, and the other five leased to tenants, providing the Group with a steady income and incurring no additional expenditure. Our remaining 35 hotels in the UK were refurbished, at considerable cost. We also started a rolling programme to enhance the catering in those hotels, introducing new menus which use top quality ingredients. The response from customers has been positive, with turnover in the hotel restaurants rising by 12 per cent.

Measures were also taken to improve staff retention, which was low in comparison with the hotel sector as a whole. Our aim is to equal the industry norm by the end of this year, and exceed it within two years.

Now I'll turn to the entertainment division...

Now you will hear the recording again. (Part Three repeated)

Part 4.

You will hear five short extracts in which five different people are talking about books on accountancy.

For each extract there are two tasks.

For Task One questions 21 to 25, choose from the list A to F the reason each speaker gives for buying the book.

For Task Two questions 26 to 30, choose from the list A to F, the outcome for each speaker of reading the book.

You will hear the recording twice. While you listen you must complete both tasks.

You now have 40 seconds to look at Part 4.

Speaker 1

I wasn't keen to buy the book, because it was quite expensive and it seemed to focus on general tax issues, which I didn't really need. But I'd just carried out a risk analysis to do with changes in our production system, and I was having difficulty writing it up. So when I saw that the book had a section on how to write that type of report, I bought it. Well, it's been a tremendous help ever since. It made it clear how to select material and organise it into a logical structure, and that has saved me a lot of time – even when I'm writing letters or emails.

Speaker 2

The book was first recommended to me by a colleague three or four years ago when we were preparing to present our audit report to a key client. I didn't actually

buy it then, but a couple of months ago I remembered his recommendation when we were working towards the acquisition of one of our competitors, and putting together the relevant papers. So I decided to get the book, and I haven't been disappointed. In fact, I learnt a lot from it that I felt I couldn't use in my present job. So I contacted a company which seemed likely to offer me greater scope, and I was taken on.

Speaker 3

When I got hold of this book, last year, I more or less dismissed it because it hardly mentioned the use of computer modelling for budget projection, which I thought was pretty poor in this day and age. I'd bought it on the recommendation of a colleague, because she said it had a lot of material on tax law, which was an area I knew little about, but felt I ought to. Actually I got so interested in it that I started to work on a comparative study of legislation in certain member states of the European Union. I'm hoping that I'll be able to get a job with the EU Commission before long.

Speaker 4

My company is considering relocating our manufacturing base abroad, and a colleague wrote a report identifying some potential risks. She mentioned the possible impact on running costs, and I wanted to go into that in greater detail, which was why I bought the book. It contained a lot of very useful information, but much to my surprise I found that I'd already thought of most of the points myself. So I realised that I must be better at my work than I'd imagined. It really made me think about my position within the company, and I've decided to apply for promotion next time something suitable comes up.

Speaker 5

I was working for an electricity company. The previous management had bought property and companies abroad, but then there was a change of strategy, and I was in a team responsible for selling them off. I needed to learn more about the potential effects on the business of doing that, so I bought this book. It's a comprehensive guide to the roles and responsibilities of accountants working in public utilities, and was very useful, although the section on the legal aspects wasn't as good as I'd hoped. Anyway, I decided I needed a change, and started a consultancy advising other utilities, using the knowledge I'd acquired from the book.

Now you will hear the recording again. (Part Four repeated)

That is the end of Part Four. There will now be a five minute pause to allow you to transfer your answers to the separate answer sheet. Be sure to follow the numbering of all the questions. The question papers and answer sheets will then be collected by your supervisor.

I'll remind you when there is one minute left, so that you're sure to finish in time.

You have one minute left.

That is the end of the test.

