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speed wobbles of convergence**

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# Situating IFRS translation in the EU within speed wobbles of convergence

Rachel Baskerville and Lisa Evans

## Abstract

The objective of this study is to demonstrate the degree to which debate about translation in the EU, and translation specifically of IFRS in the EU, generates both:

- Deeply held convictions about language; and
- Diversity of views on key issues even within translators into one language group.

This study describes the empirics and method of data collection, and then offers detailed analysis of five issues faced by translators, drawing examples from each of the major language family groups in the EU. The data used in this study are derived from 109 responses to a survey of IFRS translators, members of IFRS translation committees or review panels, and textbook writers in the EU; undertaken in 2009. Each 'Language Family Example' illustrates deeply-held convictions about language; and diversity of views even among highly experienced translators. These empirical data also illustrate translators' awareness that the 'English' in which IFRS are written may impact on the ease or difficulties in translation. In nation-states where there is a relatively low level of foreign language study, there may be a greater number of accounting teachers, standard-setters, textbook writers and regulators who are unaware of such diversity and emotion. This study contributes towards understanding some key language issues during the IFRS convergence programme.

## Acknowledgments

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[http://www.icas.org.uk/site/cms/download/res/baskerville\\_evans\\_Report\\_mar\\_2011.pdf](http://www.icas.org.uk/site/cms/download/res/baskerville_evans_Report_mar_2011.pdf)

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<sup>1</sup> In January 2010, the Trustees at IFRS.org voted to change the name of the IASC Foundation to IFRS Foundation, and this name is now used to describe those who were previously called IASB staff; the internet domain name was changed from 'iasb.org' to 'ifrs.org' from 1 July 2010.

## 1. Introduction

In Europe for many years the language of each cultural group has defined them more clearly than the changing identity or boundaries of each nation-state. “Since the application of “identity politics,” liberal democracies have introduced differences in cultural terms—such as religion or language in order to formalize otherness” (Kastoryano, 2010, p.80). Charles Taylor defined the ‘politics of recognition’ as the “democratic defence of cultural diversity within a universalistic perspective” (Taylor, 1992 as described in Kastoryano, 2010) of which language was an essential component. As well as language being viewed as critical to identity in Europe, fluency in other languages is common, at least in continental Europe. Generally, Europeans are proud of their ‘mother tongue’ and within the EU, linguistic skills are highly valued. Indeed, it might be rare in the EU to find a person in a position of political or economic power who is not multi-lingual although this would be less so in Great Britain. It would probably be rare in the USA, with the exception being Latino or Hispanic bilingualists. This geographic perspective is reflected in views in this research, as, for example:

“Languages tend to correspond to an internal reality of geographical territories, and emerge as local necessities appear. Of course, language can be ‘forced’ over local conditions, to the extent that there exists an enforcement mechanism, and new necessities are satisfied by the new language (e.g. the case of Latin imposed to foreign territories conquered by the Roman Empire; the new language has been assimilated, but a compromise between the local one and Latin emerged). Through translation to accounting, one can ask whether the new IFRS language will have the support of ‘locals’ (would it satisfy any needs)? Will it remain unchanged (not fixed) long enough to be assimilated (institutionalized) over time (rooted)?” (Romanian translator)

Dollerup (1996) provided clear documentary evidence of how a particular form of language was developing at the EU itself, which she termed EU-dialect: “It is not only a sociolect, but also often becomes a language for special purposes, namely EU negotiations which is often impenetrable to outsiders” (p.307). Such dialects can be spotted by the observant, as can distinctions between US and British English idioms etc. And as the US moves towards adoption of IFRS, the convergence processes for IFRS have been seen by some to be putting pressure on the standard-writers to permit

an increasing adoption of US English in IFRS<sup>1</sup>; or create a third language – IFRS English, which is an amalgam of the two (Mourier, 2004)

It appears that many of those involved with teaching business studies in the US are deeply influenced by characteristics of the operations of capital markets, but occasionally without realising how much these differ between nation states, and how important an understanding of issues surrounding language and language use is in the operation of international markets and international capital movements. There are clear distinctions in the regulatory, auditing and accounting cultures, all of which may constrain international comparability of equity stocks, yet this does not touch on the issue of language. Not only are the characteristics of the operations of capital markets different between nation states and language groups, but also the type of English used in the EU or accounting standards. As one Danish respondent noted in the survey: “[The] general challenge [is] to distinguish correctly between US and UK English vis-a-vis IFRS English that is a mix of both (90% US terminology but UK grammar and spelling)”.

Against this backdrop, the objective of this study is to demonstrate the degree to which debate about translation in the EU, and translation specifically of IFRS in the EU, generates both:

- Deeply held convictions about language; and
- Diversity of views on key issues even within translators into one language group.

In nation-states where there is a relatively low level of foreign language study, there may be a greater number of accounting teachers, standard-setters, textbook writers and regulators who are unaware of such diversity and emotion. This study both investigates and illustrates this diversity.

In order to demonstrate the degree to which debate about translation in the EU, and translation specifically of IFRS in the EU, generates both deeply-held convictions about language; and diversity of views even among highly experienced translators, we will offer a:

- (1) Brief review of theories postulating the extent to which languages affect thought and thinking
- (2) Limited review of academic research which has already demonstrated the extent to which language impacts on distinctions in accounting concepts in different jurisdictions; and
- (3) Discussion of the use of English, characteristics of American English, British English, and the impact of the conjectured falling levels of foreign language acquisition in the USA on appreciation of linguistic issues in IFRS.

After those three sections of the literature review, this study will describe the empirics and method of data collection and then offer detailed analysis of five issues faced by translators, drawing examples from each of the major language family groups in the EU. The data used in this study are derived from a survey of IFRS translators, members of IFRS translation committees or review panels, and textbook writers in the EU; there were 109 responses to this survey, undertaken in 2009. These 'Language Family Examples' clearly illustrate deeply-held convictions about language; and diversity of views even among highly experienced translators. These empirical data clearly illustrate translators' awareness that the 'English' in which IFRS are written may impact on the ease or difficulties in translation.

Responses in the survey as reported in this study suggested that improving the quality of translation of IFRS, or reducing risks from divergence in concepts after the process of translation of IFRSs, would not require changes in the present translation processes and procedures. But it does require those regulators with an English 'mother tongue' to be fully informed about issues arising in IFRS translation, and to recognise that distinctions between American English and British English are not only of a lexical nature. American English and British English are seen by some translators as distinctive dialects in the IFRSs produced by the IASB. Thus we would postulate the need to use a version of the English language in standard setting which is consistent within all IFRS; with attention, for example, to sentence length and technical complexity. The success, or not, in recognition of this

issue may have implications for the overall success of the convergence project for the US and IASB/IFRS.

## **Part 2: How languages affect thought and thinking**

The starting point for this study is the 1978 study by Belkaoui on “Linguistic Relativity In Accounting” He reviews the Sapir-Whorf hypothesis, both the sharp end of this hypothesis (The Linguistic Relativity Hypothesis) and its softer interpretations, including the Cultural Relativity Hypothesis and the Linguistic Reflection Hypothesis; suggesting “Both positions are important. Whether language is a mere reflection of the sociocultural structure or a constraint followed by particular behavior rests on the kind of interpretation of the results of the empirical studies on the “Sapir-Whorf Hypothesis””(1978, p.99). For the purposes of this study, following the Cultural Relativity Hypothesis, linguistic patterns are held to affect, to some degree, ways of perceiving the world, and cultural experience is affected by linguistic categories.

It follows that meanings of words are culture-dependent, and there is rarely a one-to-one correspondence, or an exact overlap of vocabulary in different languages. The problem of different perception and interpretation is increased when aspects such as accounting concepts and regulation are translated from one language to another, because translation is not straightforward: the signifier (the sound pattern or word) and the signified (the underlying concept) are not equivalent in different languages and cultures (Saussure, 1915). Furthermore, Monti-Belkaoui and Belkaoui (1983), found that professional concepts are interpreted differently when comparing monolingual speakers of separate languages with bilingual speakers, suggesting that translation between one language and another is at the very least problematic and sometimes impossible. Evans (2004) links problems of accounting translation to the Sapir-Whorf hypothesis.

## **Part 3: Language impacts on accounting concepts**

A considerable body of accounting research suggests that, even within the same language, accounting concepts are perceived or interpreted differently by different groups, such as academics, users or preparers of accounting information, accounting students, or members of different cultural groups (Haried, 1972 and 1973; Oliver, 1974; Belkaoui, 1980; Houghton, 1987; Adelberg and Farelly, 1989; Riahi-Belkaoui and Picur, 1991 and Bagranoff *et al.*, 1994).

As with other professional fields of knowledge, accounting is dependent on a specialised vocabulary or terminology, both to transact its business as expeditiously as possible and to differentiate it from other disciplines (Evans, 2010). Accounting is thus deemed a special register of languages, and such 'special registers' facilitate communication among members of a group, such as a profession, by allowing economical, efficient and precise expression (Crystal, 1995; Allan, 2006). Such special registers can also be used to exclude non-members from communication. Jargon can be 'crucial in that it can capture distinctions not made in the ordinary language' (Allan, 2006, p. 110). The translation of such specialised terminology can be particularly problematic. This is illustrated by Alexander and Nobes (2007, p. 186) offering an example comparing the overlapping, but not equivalent meanings of the English terms depreciation, amortisation and impairment with the German '*Abschreibung*' (any write-down, including depreciation and impairment) and the French '*amortissement*' (depreciation, amortisation) and '*dépréciation*' (one-off write-down, such as impairment). This demonstrates that what may not be an obstacle to understanding in 'everyday' communication could lead to significant misrepresentations and misunderstandings in a highly specialised context, such as accounting.

The lack of exact equivalence is also explored, in the context of the Swedish implementation of IFRS, by Dahlgren and Nilsson (2009), who suggest Swedish accounting does not have 'a concept corresponding to 'income' (encompassing both 'revenue' and 'gains')' (2009, p. 16).

... one can easily see that the translation does not adhere to the principle of conceptual identity. The reason behind this is of course that the structure of Swedish accounting differs from the structure of UK or US accounting. Two professional contexts clash and the

translation collapses. Since Swedish accounting has its roots in Germany, German accounting is faced with identical problems...(ibid, p. 21):

An investigation by Archer and McLeay (1991) considered whether or not accounting concepts were similar enough to permit equivalent translation. They concluded that, at least for audit reporting, that is not the case, not only because of a lack of semantic equivalence but also because of pragmatic idiosyncrasies in language use.

### **3.2 Languages use in dual-language financial reporting:**

Studies of the use of two languages in financial reports have been undertaken: Mourier (2004) reviewed requirements for Danish companies to publish their financial reports in English, and then asked: ‘what is International English?’ (as further reviewed in part 4 below). Furthermore, Grinblatt and Keloharju (2001) found Finnish corporates publishing in both Swedish and Finnish languages were able to tap into an abnormally larger Swedish-speaking investor base than single-language corporate financial reporting. It is conceivable firms will increasingly undertake English versions of their reporting for the same reason.

A more recent study published in 2004 by Leventis and Weetman investigated corporates listing on the Athens Exchange, finding that companies offering dual language reports (Greek and English) were “influenced in their voluntary disclosure by factors indicating strong market pressures” (p. 315). The decision to offer an English version may also signal a higher prestige for the firm, or the kudos of the management. Jeanjean *et al* (2010) analysed factors associated with the publication of an English-language annual report where English was not the mother-tongue. About 50% of firms from 27 countries issued annual reports in English, with a multiplicity of factors impacting on this choice.

### **3.3 IFRS language issues**

Question: “Does the translation of these complex sentences create any particular problems when translating into your target language?” Response: “Not if performed by a professional translator with insight in both English (US, UK and IFRS - that differs from one another) and Danish accounting terminology. Not many have this expertise. It must be added that Danish



accounting rules rely on the Anglo-Saxon approach to financial reporting which contributes to aligning the concepts”. (Danish respondent)

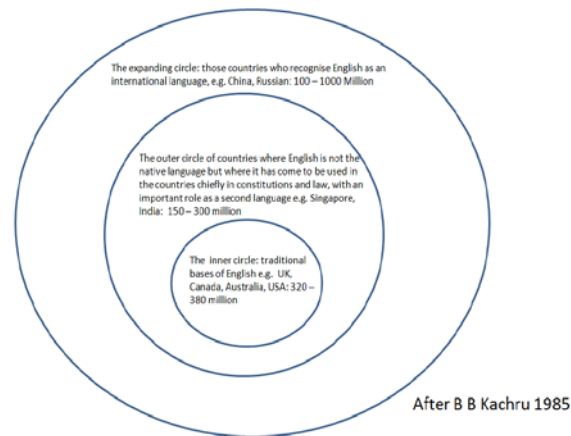
In the last few years there has been an increasing amount of attention paid to issues arising from IFRS adoption in specific jurisdictions. Some studies focus on the issues and accuracy of translation: comparing German translations of IFRS with the English version, Hellmann *et al.* (2010) ‘highlight translation as an impediment for a consistent application and interpretation of IFRS’. In order to assess the quality of IFRS translation German, they evaluated whether or not the translation from English to German offered an equivalent product. They found major translation errors in a number of the standards examined, concluding that “these errors change the scope and context of individual IFRS and may hinder a consistent application across countries” (2010, p.15). However, they do not interrogate the data regarding the extent to which problems arise from the underlying socially constructed differences in the concepts. Studies in addition to those mentioned above are continuing in Finland and other member-states of the EU, known to the authors, although not yet ‘in print’.

#### **Part 4: Characteristics of American English, British English, and falling levels of foreign language acquisition in the USA.**

“Some terms [in IFRS] are original UK terms and some are original US terms and they are now merged into one language (IFRS speak)” (Danish translator)

American English is spoken in the United States, Hawaii, Philippines, Puerto Rico, and Liberia. Versions of British English are found in most Commonwealth or former colonies of the UK, such as the Caribbean, Guyana, the Falklands and St Helena, East, West and Southern Africa, the Seychelles, Malta and Gibraltar, Hong Kong, Malaysia, Singapore, the Indian subcontinent, Papua New Guinea, Australia and NZ, and the Pacific Islands (Crystal 1995 p.107). English is generally recognised as a fast-changing language, with no particular body monitoring its developments. How do we estimate the spread of the English language? Is it the number who claims it as their mother tongue? Or the number of countries in which it is spoken? Bryson suggested it was spoken as a second language by

400 million people, and the official language in more countries than any other (44 countries); although he thinks the claim it is spoken by a quarter of the world's population an exaggeration (Bryson 2001, p.176). The areas outside the traditional bases for English speaking are commonly



reported as three spheres, as follows:

But it appears there remain many drivers against an unrelenting expansion; people still wish to read books and watch television in their own language (*ibid* p.181); and in some places, in particular in post-colonial Africa, the use of English is resented as the symbol of colonialism (*ibid* p.182).

Distinctions in the lexicon for accounting between US and UK English are well documented in many books; the influence of both forms was researched by Parker (2001) in his analysis of British versus US English in Europe. Parker suggested that US English appeared to be more popular than British English, and he attributed this to the fact that IASs use US rather than British terms (2001, p.140). This view was not shared by respondents in this study. It is also possible that the language of the international standards has shifted from the IAS to IFRS with a more British lexicon. For some time now, with media such as movies and television, what were originally fairly clear patterns of lexical differentiation between American and British English have been obscured by borrowings on a world-wide scale, and that this should happen in IFRSs is not surprising. Both countries have extensive regional dialects both with huge amounts of lexical distinctiveness (Crystal 1995 p. 306).

Mourier's timely (2004) review of UK and US English in financial reporting notes that the IASB does not have a clear policy as to which type of English should be used in IFRS. She detects a strong bias to the British English: as in the use of 's' instead of 'z' in such words as amortisation, with the 'u' added to labour, etc. This study also updates on Parker (2001) in clearly identifying where British and US English is used in the lexicon (terminology). On the Balance Sheet the format tends towards the US type, whereas the order of liquidity is as for UK balance sheets.

Canadian English is not solely identified by its unusual distribution of US and British English characteristics; "there are several features which seem to be unique to the variety, and which are often deliberately identified with Canadian speakers in such contexts as joke-telling, satire, and literary characterization" (Crystal 1995 p 342). There is considerable regional variation in Canada. Both Australia and Canada demonstrate some hybridisations between US English and British English (Bryson 2001 p.103) although it is not clear why. Such a degree of regional variation as found in Canada does not appear in Australian English, which has been noted by various commentators to be remarkably homogeneous (Turner, 1966 p.163). The most distinctive feature of Australian English is the accent (Crystal 1995 p.350).

#### **4.1 American English**

English is the *de facto* national language of the United States, with 82% of the population claiming it as a mother tongue. Webster's work on the American dictionary was informed by passionate patriotism and the belief that American English was at least as good as British English (Bryson 2001 p.149). Jefferson and Webster both expected American English to evolve into a separate language (Bryson 2001 p.241), and so did the renowned language scholar H L Mencken, although by 1936 he had reversed this opinion and suggested British English was becoming an American dialect.

In 1978 Robert Burchfield, one of the Oxford English Dictionary editors, told a meeting of 800 librarians in Chicago that in 200 years American and English would be different languages (Bryson

2001 p.241, referring to *The Guardian* 30<sup>th</sup> April 1988). “The two forms of English are in a state of dissimilarity which should lead to a condition of unintelligibility, given another two hundred years”. However, the influence of English since that time through the media of the internet has appeared to lessen the likelihood of such predictions eventuating.

It has long been perceived that US English language speakers give less attention, on the whole, to issues of grammar. When H. L. Mencken undertook his ‘inquiry into the development of English in the United States’ in 1921 he noted American English was characterised by “its impatient disregard of rule and precedent, and hence its large capacity (distinctly greater than that of the English of England) for taking in new words and phrases and for manufacturing new locutions out of its own materials” (Mencken 1921, Chpt 1 part 5). As noted by one US correspondent recently: “We write poorly not for our lack of respect for the English language, but, rather, because we don't have the same command of it - and the rules of grammar on which they are based”<sup>2</sup>. Such views point to less education in issues pertaining to grammar and language use generally, and foreign language acquisition in particular:

#### **4.2 Foreign language study in the USA**

A recent Modern Language Association survey in the USA found that 8.6% of university students at institutions that teach foreign languages take them. Enrolment in language classes is up by 6.2% since the 2006 survey, although overall the percentage of students in the USA who study a foreign language at universities has been steadily falling since 1965. The top language studied in U.S. universities in 2009 was Spanish, followed by French (Weise, 2010).

Bryson (2001 p.189) catalogues the fast reducing study of foreign languages at Universities in the USA. This results in some views on language unlikely to occur in other jurisdictions with a higher level of foreign language acquisition. For example, in the USA the chairman of the 1988 Joint

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<sup>2</sup> Pers. comm. Email from Allan B. Afterman, CPA, Ph.D 19<sup>th</sup> Aug 2011

National Committee on Languages, Dr David Edwards, was told by one Congressman: “If English was good enough for Jesus Christ, it’s good enough for me” (*ibid* p.243). Deeply held views about language are clearly widespread; but, as already stated, the objective of this study is to demonstrate the degree to which debate about translation in the EU, and translation specifically of IFRS in the EU, generates both deeply held convictions about language; and diversity of views on key issues even within translators into one language group. These views need to be understood in the context of translation processes and structures for IFRS.

### **5.1 Translation processes for IFRS**

Up to 1997 translations of International Accounting Standards (IAS) were prepared by professional bodies associated with membership of the International Accounting Standards Committee (IASC). There were concerns expressed that this resulted at times in a number of different translations, of differing quality, for one language (IASC, 2001, p. 15). This led the IASC to put in place its own official translation process in 1997. So even before the EU decided to adopt IFRSs for financial reporting, the IASC, and then the IASB, were undertaking or managing translation activities. As noted in 2001: ‘[t]ranslation is a necessary and vital part of achieving the [IFRS Foundation’s] mission to develop a single set of high-quality global accounting standards for use around the world’ (IASB 2001)

As far as translation into the EU languages was concerned, up until 2009 IFRS translation services were mostly contracted by the European Commission’s Directorate General (DG) to provide translations. Representatives of the DG’s Translation Services and of national governments were often involved in the process, there was variety in the processes and appointments of review committees in different nation states, and translations were often reviewed by national representatives on the EU Accounting Regulatory Committee. However, since June 2009 European

Commission translations of IFRSs have been produced by the DG's translation services. For languages other than European languages, the IFRS Foundation continues its translation processes.

In Peter Wong's, "*Challenges and successes in implementing international standards: achieving convergence to IFRSs and ISAs*" the section devoted to a consideration of Translation issues (2004 pages 11 -12) examines timing, funding and structure for translation in detail. However, he does not extend the 'challenges' to more underlying or detailed issues surrounding translatability. In contrast, our study does not critique the processes and structures in place for translation; rather, it aims to introduce readers to underlying issues and the need for recognition of problems caused by the diversity in the English which translators start with 'in the first place'.

## **5.2 Method and data collection**

The following is analysis of the results from surveys undertaken in 2009. The survey instrument was sent by staff at what was then called the IASB <sup>ii</sup> to its translators and members of translation committees in Europe in order to assess issues arising specifically in translation of IFRS. In a second phase of the project, sponsored by ICAS, the survey instrument was sent to textbook writers and translators. This study reports an amalgam of these two surveys, noting that a number of the textbook writers were also members of IASCF translation committees or appointed translators. The survey was divided into five sections

1. Respondents' linguistic, academic and or professional background
2. Their current involvement in translation activities
3. Their reaction to different opinions on language and translation (five questions)
4. Views on translating complex sentences or concepts (five questions)
5. Identifying areas which are most problematic, and resolution of difficulties (two questions with some follow-on). From the useable responses (109, see Table 1) data was collected

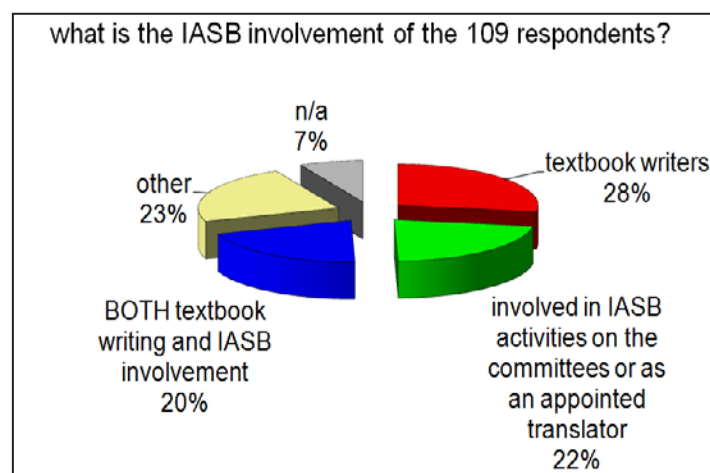
pertaining to their accounting education, current employment, age, gender and perception of language fluency.

Table 1:

	Total used	Finished by respondents	Unfinished by respondents but providing useable data	Unfinished by respondent with no useable data	Date of first completion	Date of last useable response
January 2009 pilots	3	3			4 February 2009	6 February 2009
IASB survey	22	16	6	15	1 May 2009	7 July 2009
July 2009 Pilots	2	2			4 August 2009	8 August 2009
Textbook writers October 1st	45	35	10	14	3 October 2009	28 December 2009
Follow up November 9th	25	20	5	9	10 November 2009	14 May 2010
12 received by Email	12	12			1 November 2009	1 January 2010
<b>Totals</b>	<b>109</b>	<b>88</b>	<b>21</b>	<b>38</b>		

A number of respondents were involved both with textbook preparation and with translational activities for the IFRS Foundation and IASB. There was a diverse group of respondents to the survey, as illustrated in Figure 1.

Figure 1: Roles of respondents



## 6. Detailed analysis of five issues faced by translators, drawing examples from each of the major language family groups in the EU.

Part four of the survey sought translators’ opinions on linguistic challenges, such as translation of specific types of expressions, most of which had already been identified in the academic literature on translation of accounting and auditing concepts. The objective of this section of this study is to illustrate that any particular issue in translation can be shown to generate a range of responses and viewpoints, with strongly expressed opinions in some cases, and strong emotions in some others. The “Group Example” reflects all answers from those translating into one particular language family, as specified.

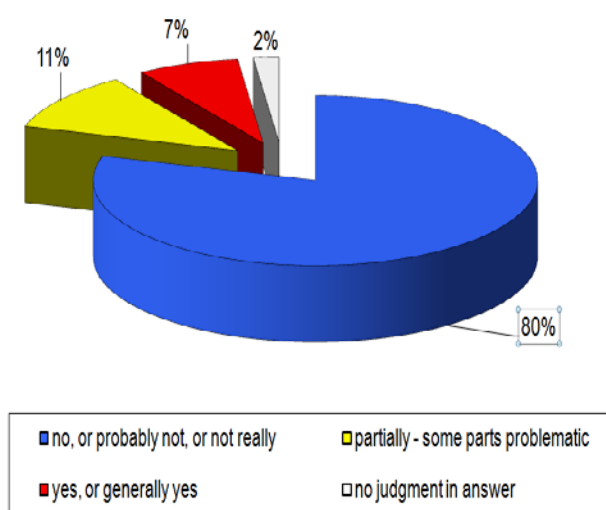
## 6.1

In section 6 of this report, we are reflecting on responses by all participants in one particular language group, and in order to do so, provide all responses rather than a selective sample<sup>3</sup>.

**Example one:** Terms denoting different concepts or multiple meanings such as

- interest (minority interest as an ownership share) compared with interest (return on investment)
- stocks (share ownership compared with inventory)

*Question: Does the translation of these create any particular problems when translating into your target language? If so, where or how does the problem arise, and how might you resolve it?*



<sup>3</sup>. Choosing each family itself was selective, but the whole set of responses can be made available to interested researchers whilst protecting anonymity of participants.



This part of the survey sought to determine to what extent issues arise from lexical problems. On this particular question there was most agreement that there were few problems; although one Finnish speaker had remarked earlier in the survey:

“Problems of translation have also to do with units of the texts larger than single words/concepts: sometimes the whole sentences do to not make any sense for the target language readers”.

When we unbundled the responses from different language families to more general questions, it was clear that respondents from the Scandinavian group in particular were concerned with multiple, inconsistent translations of the same English term, and with the translation of synonyms or near-synonyms in English, such as ‘purchase’ and ‘buy’. This also applies to Romance languages. Typically, these languages have a smaller vocabulary than English.

Looking in particular at the

**Language Family of German/Dutch** respondents, this showed little diversity, typical of all language family responses on this question. Two of the respondents translating into German did not answer this question. The others answered as follows:

No, as there are different words for these terms with different meanings. Meaning should be clear from the context.	German
Not problematic; this is more a question of language skills to differentiate between the divergent meanings	German
No problems.	German
They can do. For example “insured interest” can mean “insured losses”. The word can have many meanings. This can become a problem when the same word is used in English by the author, but with different meanings intended. Sometimes you can avoid problems by being deliberately ambiguous vague. Sometimes the only solution is to ask the client.	Dutch
No problems; in Dutch we use different terms for the different meanings	Dutch

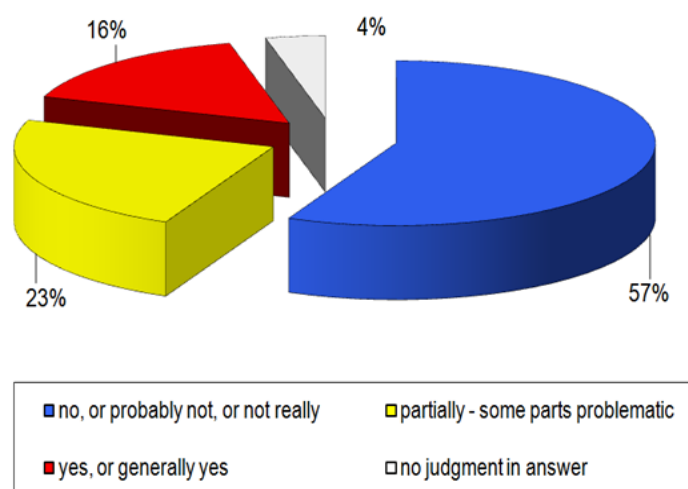
The vocabulary of English is generally recognised as having a richer vocabulary, so literal translations might have a wider meaning than the original English word. One exception is for

Hungarian: according to one respondent, Hungarian appears to have a ‘more sophisticated and complicated’ vocabulary than English – which might lead to a risk of narrower translations than the original. A common problem in translation referred to by one respondent is also that terminology in everyday use has different meanings from its use in technical languages. As already described, some respondents were concerned about inconsistency in English terminology in different varieties of English and within IAS and IFRS, and whilst it was noted that the IASB are addressing this problem, realigning the use of terminology and providing definitions, the fact that different terminology exists in the IASB’s and the EU Commission’s translations may contribute to such concerns.

**6.2 Example Two:** Concepts with a wider or different meaning in ‘everyday’ language such as

- entities
- prudence
- material

*Question: Does the translation of these concepts create any particular problems when translating into your target language? If so, where or how does the problem arise, and how might you resolve it?*



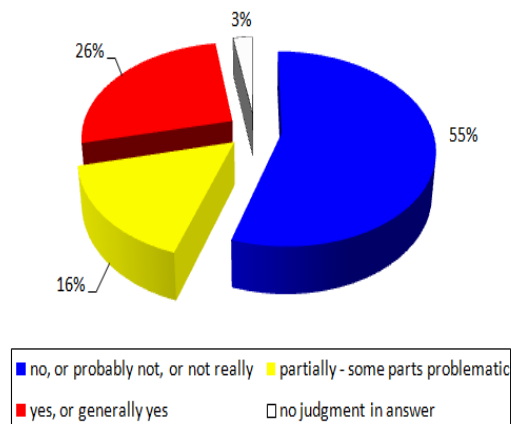
As for example one, this question was targeting issues surrounding the English lexicon. The Language Group selected to illustrate responses to this question lists all the responses from those translating into the **Finnish-Ugric** language family, being Finnish, Estonian and Hungarian:

Would need know the context.	Finnish
'Entity' yes, as we had to create a concept that would cover all possible legal entities in our country, and such did not exist. Previously the IASCF used "enterprise" which was easy to translate. Now the text looks "not natural", but we are getting used to it. The others, no. The same concepts have been used in accounting and auditing for a long time and we have equivalents for them.	Finnish
None of these words have a perfect equivalent in Finnish languages. How entity is translated depends on the context. E.g. it is said in the forewords for the Finnish translation of the standards, that entity is translated as "yhteisö" but special purpose entity as "erityistä tarkoitusta varten perustettu yksikkö". On the other hand, none of the definitions (for different corporate forms) in the Finnish company legislations overlap neatly with the concept of entity. Prudence is translated as <i>varovaisuus</i> that means in everyday languages all kind of caution and carefulness. In Finnish accounting tradition, there is no specific embedded word concept for material. I would probably translate it as <i>olennainen</i> , essential.	Finnish
Yes! I have no idea. Right now, there is no real consensus as to the translation of 'entity' and 'material', especially the former.	Estonian
Particularly with the concept of entity and material: extensive discussions took place, but at the end the common ground was found.	Estonian
No	Estonian
The source text needs attention and before translating it I have to understand what the text is about.	Hungarian
No, we use these concepts in the Hungarian accounting as well.	Hungarian
"Entities" is a real problem (hopefully solved now, with a compromise, two words) and I think the other two are also solved for the purpose of the official translation (not necessarily in comments and references thereto... each auditing company seems to have different terms in use)	Hungarian

### 6.3 Example 3: Uncertainty/probability expressions such as

- 'undue' [e.g. 'undue delay', Framework, para. 43]
- 'ordinarily' [e.g. 'not ordinarily interchangeable', IAS 2.23]
- 'reasonable' [e.g. 'a reasonable estimate', Framework, para. 86]
- 'probability' [e.g. 'the concept of probability', Framework, para. 85]
- 'improbable' ['it is considered improbable that the economic benefits will flow to the entity', *ibid*, 90]

*Question: Does the translation of such expressions create any particular problems when translating into your target language? If so, where or how does the problem arise, and how might you resolve it?*



Example 3 touches on issues already explored in accounting research on the so-called uncertainty or probability expressions (such as ‘probably’, ‘likely’, ‘remote’) (see Laswad and Mak, 1997 and 2000). Some researchers have extended this debate to address translation issues. Davidson and Chrisman (1993, 1994) suggest that such terms in English permit more precise interpretation than their French translations. Doupnik and Richter (2003, p.30) found that the translation of such expressions from English to German ‘results in significant differences in interpretation’, which they suggest may be due to poor translation or a lack of an available equivalent term in German. Doupnik and Richter (2004) further suggest that cultural differences may lead to a lack of equivalent interpretation of uncertainty expressions and thereby to differences in the application of International Accounting Standards (see also Doupnik and Riccio, 2006). It is possible that some of the respondents would have already been familiar with these studies.

Although the majority of respondents who answered this question did not consider there were problems with this, another suggested:

“There are plenty of problems. Only one example: “Probable” in the context of the recognition of provision is in Germany (HGB) connected to a lower probability hurdle than in IAS 37. Even in the SAME language, in English, probable in IAS 37 may relate to another probability hurdle than the same terminology used in US-GAAP (SFAS 5?)”. (German translator)

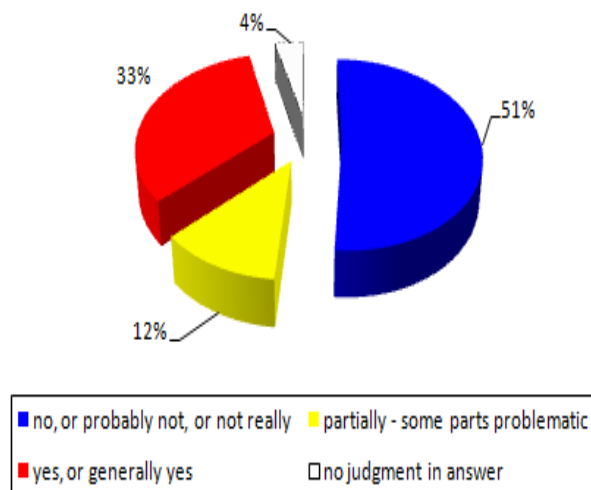
The example of responses is from those translating into the **Scandinavian language** family and illustrates such diversity of views:

The translation of the above expressions would not present too much of a problem for my target language.	Danish
Yes, there are problems indeed when translating such expressions - first of all because they are not even consistently used across the IFRS standards - which has been discussed earlier in IFRS News Issue 44 2006: Simon Wray: <i>Reducing possibilities?</i> First step to common accounting language - where Wray discusses the many meanings in IFRS - alone in English - of likelihood (probably = UK: more likely than not or = US: meaning a probability of 51%+) - the same goes also for the issue with 'deemed cost' and the interpretation of the term 'deemed'.	Danish
Yes - Intricate problem, as there is even (as already mentioned in the above) disagreement between the varieties of US and UK Englishes as to the meaning and application of most of the terms mentioned – and as IFRS English is a mix of the two – which meaning applies?	Danish
- 'probability' - Compound with changed word order	Danish
To accurately translate such terms, you have to know exactly what degree of uncertainty probability they are meant to convey and find a matching term in your language with the same nuances. This can in some cases be very difficult. In translating the standards, I first aim to ensure that such terms are translated absolutely consistently throughout - which in itself is difficult, as the English terminology is not always that consistent. Secondly, I consult with professionals, as such terms often have slightly different connotations in accounting language than in more general use.	Danish
Reasonable is a very difficult notion	Danish
No.	Norwegian
These term are unclear in any language	Norwegian
Yes, some of these expressions do not have an equivalent expression in the target language, and some of the, if translated directly, may have somewhat different meaning. The only way to get around the problem, is to rewrite, that is not to translate directly.	Norwegian
No particular problems of translation.	Swedish
These expressions do not create great problems when translated into Swedish, even though English is a much richer language than Swedish. (with more than three times the amount of words.)	Swedish
For example 'due' is a word which can be translated into at least 6 other (Swedish) words. The meaning of the other words is very dependent on the circumstances....	Swedish
I would say to me no particular problem, but one has of course to take care, be aware of the challenge in each translation and work with it. -- But it is a certain problem in Sweden, due to lack of language ability and awareness of what translation actually is.	Swedish

#### 6.4 Example Four: Undefined or indefinable concepts, such as:

- ‘substance over form’
- ‘presenting fairly’

*Question: Does the translation of these concepts create any particular problems when translating into your target language? If so, where or how does the problem arise, and how might you resolve it?*



Example Four in this study is alluding to issues surround the translation of True and fair view, or fairly present. This has been well documented in prior research as a particular contentious issue in the EU and many of the respondents would be familiar with this debate to a lesser or greater extent. As one Romanian translator noted:

“Sometimes we do not deal only with words but also with concepts, which are very context-dependent. For example, TFV<sup>iii</sup> in English is *image fidele* in French; but we know *Image fidele* usually means *regularite et sincerite*... not the same concept”.

Some prior studies are Rutherford (1983), Zeff (1990), Nobes (1993), Alexander (1993), Evans and Nobes (1996), and Aisbitt and Nobes (2001). The findings suggest translations of ‘True and fair view’ into the official language versions of the EU member states are not, as a rule, literal translations of the English original (Rutherford, 1983; Nobes, 1993; Alexander, 1993; Aisbitt and Nobes, 2001) nor applied equivalently (Nobes, 1993; Aisbitt and Nobes, 2001). Many countries imposed their own culture on what was to them an alien concept (Nobes, 1993; Parker, 1989, Sucher & Jindrichovska,

2004, Ordelheide 1990,1993, 1996). McEnroe and Martens (1998), demonstrated a diversity of views within US and British perceptions of meanings within similar terms. Kosmala MacLulich (2003) found that a variety of translations appear in Polish, which reflect a lack of consensus on the concept's role. She argues that this is due to the fact that the Polish translations are incompatible with the meanings associated with 'True and fair view' in English.

The respondents to this question in all language families were equally divided on whether or not undefined or indefinable concepts caused problems. The Group Example from the **Roman Languages**. This was the largest group of respondents. Five did not answer, and a further 12 stated: No, or "No problem"

e.g. No problem!! principe de prééminence du fond sur la forme, et principe de l'image fidèle... in French there are expressions that have the same meaning!

All other respondents in this Language family are as follows:

"Presenting fairly" is a very subjective concept	Portuguese
As before, [you have to think in the other language] with the additional problem that nobody agrees on the English significance anyway!!	French
Clearly as they are not part of the French "culture" and as such would need a lot of context information to be fully understood in French	French
Fair is very difficult to translate into French. It is usually translated by " <i>juste</i> " which in French implies an idea of justice and correctness. It should be translated into " <i>équitable</i> ". But since the fair value is mainly directed at investors, is it " <i>équitable</i> "? Anyway, fair in this context is only discourse. The reference to market or to an internal model is not fairer than the reference to historical cost. It is only a matter of convention which must be chosen according to the purpose (as in management accounting: nobody would say that direct costing is "fairer" than "full costing" or vice-versa. Moreover, it is easier to advocate fair value than unfair value	French
Fortunately (or unfortunately) the issue is not the actual translation (i.e. the 'word'), as a more or less appropriate wording can be found. The issue is I think the actual significance of the concept (its actual existence, its application and understanding various actors give to such 'imported' concepts).	Romanian
Must be translated by more detailed expressions	French
My target language needs more words.	French
Presenting fairly: We use another expression	Spanish
Substance over form is often inaccurately translated. Substance is translated as "réalité" and "form" as "apparence". I try to impose the correct words : "fond" and "forme", respectively. "Fairly" is not widely accepted as "fidèle".	French
Substance over form. The issue is that the words "substance" and "form (forme)"	French

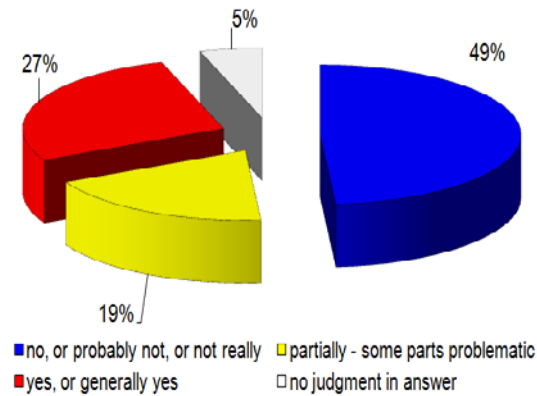
exist in French but don't make sense without complementary explanations. “substance” = “real nature of the transaction”; “form” = “legal nature”. The issue is that “fair” and “fairly” are untranslatable. We can try approximate translations such as “exactly”, “truly” or “sincerely” without being certain to translate the full meaning of the English word.	
The problem does not consist in technical translation but in cultural accounting implications. In Italy, a typical Code Law Country, substance over form is still very hard to assimilate.	Italian
These concepts have been already translated into our language (Portuguese) in a very difficult way to understand them. This causes a huge problem in terms of teaching and learning them. Possible solution: writing them in a simpler way in the first place; or not following the original form.	Portuguese
Translation of “presenting fairly” in French is much closer to “faithful representation”, otherwise it does not indicate a “concept”.	French
Yes - I have no idea about the resolution, but the real capture of the concept it involves a strong practice with the IFRS as adopted in other countries. The same concept applied in different countries could generate different solutions	Italian
YES for presenting fairly The fair concept is very difficult to translate in our language. We use the English definition	Italian
Yes, a lot of problems. Sometimes we have to expand the wording to explain the idea: for example, SOF <sup>iv</sup> is in Romanian: prevalenta realitatii economice asupra aparentei juridice (Fr. <i>prevalence de la substance economique sur l'apparence juridique</i> ). of course, we solve it through French.	Romanian
Yes, of course. We just used the official translations, in these cases.	Italian

### 6.5 Example five: Complexity of syntax/sentence structure or length of sentences, such as

- Information has the quality of reliability when it is free from material error and bias and can be depended upon by users to represent faithfully that which it either purports to represent or could reasonably be expected to represent. [Framework para. 31]
- The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. [IAS 2.34]
- Prudence is the inclusion of a degree of caution in the exercise of the judgements needed in making the estimates required under conditions of uncertainty, such as assets or income are not overstated and liabilities or expenses are not understated. [Framework, para. 37]

*Question: Does the translation of these complex sentences create any particular problems when translating into your target language? If so, where or how does the problem arise, and how might you resolve it?*





The issue addressed in Example five touches on the further survey question: ‘what is your biggest nightmare?’ as it addresses more the way in which IFRSs are written. When one respondent particularly identified complexity in the structure of long sentences as a key problem translating in to French, she added: “translating terrible English is an awful and depressing task”. The complexity of syntax sentence structure or length of sentences can be seen from this chart above as marginally more problematic than responses to any of the other questions in this section. One interesting comment was by a translator into Danish, who, when asked if it was problematic, replied:

“Not if performed by a professional translator with insight in both English (US, UK and IFRS - that differs from one another) and Danish accounting terminology. Not many have this expertise. It must be added that Danish accounting rules rely on the Anglo-Saxon approach to financial reporting which contributes to aligning the concepts”

The Group Example to illustrate responses in this case is the **Balto-Slavic language family**. There were 13 responses, three of which stated: No, “no problem”, and one Russian translator who stated: “Yes”. A Czech replied ‘Sorry, don't have time to read these properly, this would require quite a bit time’. The other eight responses were:

These sentences are full of nominal phrases, which are considered ‘heavy’ in English, but are actually quite common in Bosnian and Croatian. Complex sentences like these are not too difficult to translate into Bosnian Croatian	Bosnian
No specific problems for me as I have been doing these translations for a very long period of time. But I believe that they might be slightly confusing for people without my sort of experience as I often see when junior people on my team make their first attempts to translate IFRS documents.	Czech

Yes, I had problem with grammar, especially commas in sentences, since I am an accountant and not linguist. The EC translators had to review and fix that in my translations.	Czech
The problem rises from the different syntactic traditions in source and target languages. I try to adopt the sentence to target language conventions as much as possible, when it is not possible, I try to separate them by semicolons, thus creating parts of sentences that are easier to comprehend.	Latvian
Yes, long, complex sentences cause translation problems. The main reasons for that - different structure of sentences in Latvian and the fact that some of English terms do not have equivalents in Latvian and therefore are translated descriptively what makes the sentences even more complex.	Latvian
No, in Polish we have sometimes far more complex and longer sentences and our syntax is very flexible so we can accommodate the complexity	Polish
Yes. The above sentences are syntactically complex and proper translation of these sentence structures requires a thorough knowledge of terminology in any particular field area, plus at least basic practical skills from that particular field. To resolve any difficulties or problems when translating them into my mother tongue, I would have to first of all to make myself familiar with the subject of the translated document and any unknown terminology or vocabulary.	Slovak
Yes. Some expressions have several meanings, e.g. - prudence (preudarnost, razsodnost; opreznost, obzirnost) - caution (opreznost, previdnost). To precisely understand the meaning, I would have to consult an expert (auditor, accountant,...).	Slovenian

It can be seen from the Balto-Slavic language family that the problems in Complexity of syntax sentence structure or length of sentences are recognised, but not insoluble.....

For responses by those translating into Three Other Language Families where there were a smaller number of respondents: **Hellenic** (Greek), **Semitic** (Maltese) and **Turkic** (Turkish) showed similar higher levels of concern than with the earlier examples in this section; again, typical of all respondents.

I wouldn't consider the above sentences "long" nor "syntactically complex". In any case, Greek is a highly inflectional language that allows syntactic re-shuffling without affecting meaning, since nominative case designates syntactic subject irrespective of its position within the sentence (Greek is not an S-V-O language). <sup>v</sup>	Hellenic
The problem is that complex definitions are explained by long lines with even more complex words.	Hellenic

First of all, the syntax is difficult even for native speakers. The official translation uses a similarly convoluted syntax. The solution rests with the Board because all these sentences could have been written in a clearer manner. ...PS I believe that IASB purposefully uses jargon to advance its cause. The obvious example is "fair value". Is historic cost an "unfair" value?	Hellenic
No, never encountered any particular problem	Hellenic
Yes, sometimes. For example, a relative pronoun relating to a distant noun may be understood to relate to a closer one. The sentence is broken into smaller ones if that helps understandability	Semitic
Yes, complexity creates problems. For example, in the first sentence "can be depended" can be interpreted as belonging to a second main clause ("Information has... and can...") or as a second subordinate clause ("when it is free... and can..."). In some cases it may help if the translator breaks the sentence into more than one, or introduces punctuation marks to isolate phrases or clauses from the rest of the sentence	Semitic
Yes- depending on the context- it may require to create more than one segment	Turkic

## 6.6 Nightmare and toolkits

Section Five of the survey had two major questions: the first of which was: what is your biggest nightmare in translation of IFRS? It is not the aim in this study to undertake a detailed analysis of the responses as to possible solutions as offered by the respondents, but it can be seen from the list of the 13 options complement the commentary on the specific cases offered above.

Table 2: Nightmares of the translators

Language family (number of respondents to this question)	Balto/Slavic (13)	Finnish/Ugric (10)	German/Dutch (10)	Romance (38)	Scandinavian (15)	Hellenic, Semitic and Turkic (8)	total from 94 responses	% of 94 responses
Technical complexity of the IFRS generally	5	3	5	11	6	3	33	35.1%
Technical complexity of particular IFRS	3	3	1	14	3	0	24	25.5%
Lack of commonality in accounting concepts between IASB GAAP and GAAP in my jurisdiction	2	5	5	12	4	3	31	33.0%
Lack of commonality in accounting practice between GAAP elsewhere and GAAP in my jurisdiction	1	1	2	4	2	1	11	11.7%
Adherence to the grammatical and syntactic features of the original versions of IFRS	5	3	2	11	2	3	26	27.7%
Grammatical or lexical features of English generally	3	2	0	9	2	1	17	18.1%
Possible multiple translations of one word in English	5	6	1	9	8	3	32	34.0%
Synonyms or near-synonyms (e.g. buy, purchase)	3	6	1	12	7	0	29	30.9%
Distinctions between terms such as "may, might, could, should, must"	2	3	4	13	5	2	29	30.9%
Limited use of inflection in English	0	2	0	1	1	1	5	5.3%
Apparent redundancies in the English version	5	3	1	11	1	1	22	23.4%
Lack of gendered nouns in English	2	0	0	2	0	2	6	6.4%
Subtlety in the use of tenses in English e.g. active versus passive	3	2	1	7	1	1	15	16.0%
Other (as listed)	1	2	3	5	3	2	16	17.0%

A Finnish-speaker noted that the lack of commonality in accounting concepts between IASB GAAP and GAAP in one's jurisdiction was one of their 'nightmares', noting: "IFRS includes concepts that did not previously exist in Finnish accounting thought. I have no short way to solve the problem. I would probably add explanations".

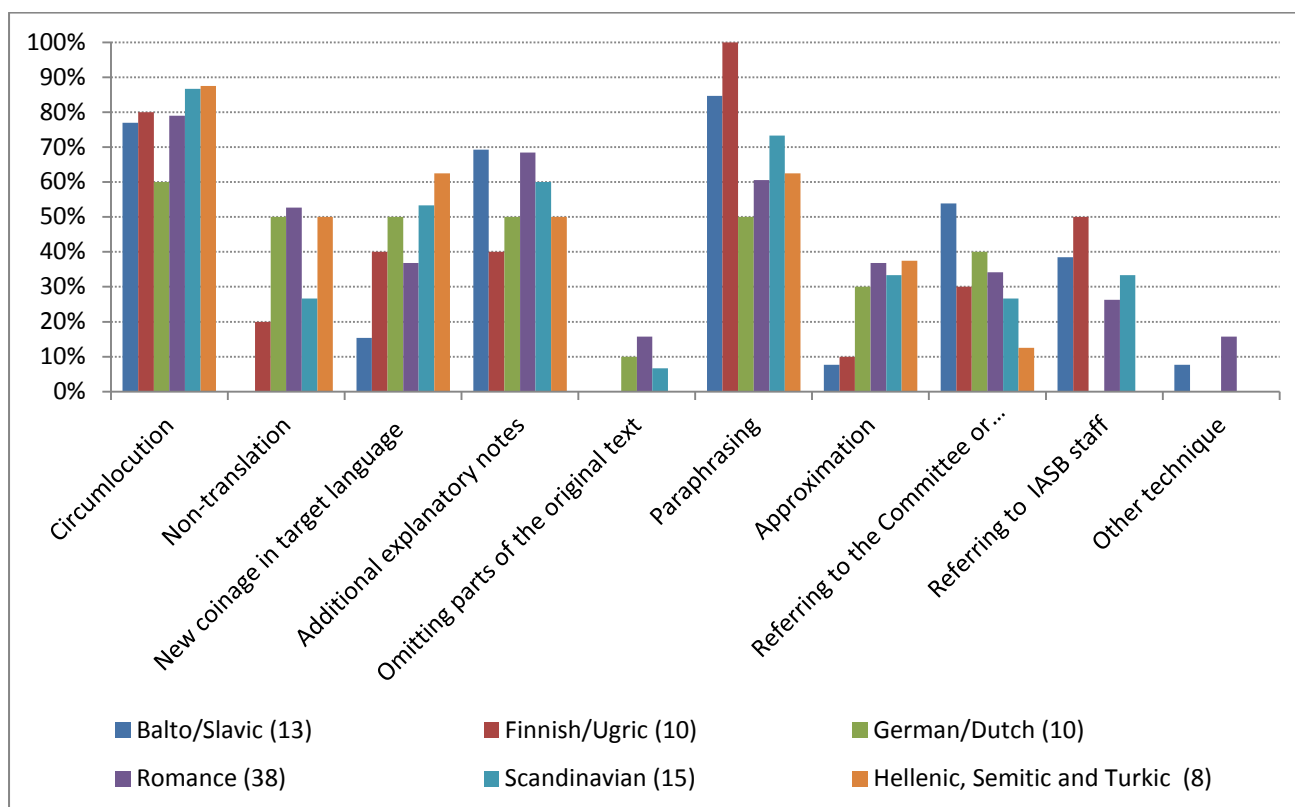
And another Finnish translator replied: "Fortunately there are not very many cases. For example: we only have one word for "depreciation" and "amortisation". In some cases, the text includes several concepts in English to cover both American and British practice (for example trust fund and unit trust) and we naturally can only have one translation. For some arrangements, such as "in-substance defeasance" we have no corresponding concept".

The breadth and diversity of problems for translators in all of the language families was an unexpected finding in this study. Analysis of the basis of major Families showed some distinctions, but that analysis is beyond the scope of this report.

## 6.7 The “Translators toolkit”

The second question in Section five asked about what we call the Translators Toolkit. Respondents were asked: *In general terms, in order to resolve any problems of translation of a term or concept not contained in the IFRS glossary and which you experience as problematic or difficult, would you use..* . Circumlocution (description of a concept in a number of words); Non-translation; New coinage in target language (creation of news words, for example by combining existing words); Additional explanatory notes; Omitting parts of the original text; Paraphrasing (restating text in other words); Approximation (rendering the approximate - but not exact - meaning); Referring to the Committee or Review panel for a ruling; or Referring to IASB staff. The analysis of these results divided the answers into Major language families with some differences in the most frequent means of addressing a particular problem, as shown in Figure 2.

Figure 2: Translators Toolkit



This shows which solutions were ‘very likely’ or ‘likely’ to be adopted by respondents representing the language groups of the EU. This highlights that in some of the language families certain techniques were seldom used, suggesting, for example, that those translating into the Balto-Slavic language family would not be ‘likely or very likely’ to omit any parts of the text, nor use non-translation, and that they are more likely than the other groups to make enquiries of the Review Committee or IASB staff. Those translating into Scandinavian languages favour paraphrasing and circumlocution. The Romance language family translators also favour those techniques as well as adding additional notes. Providing additional explanations (or ‘expansion’ of the original wording) resonates with the viewpoint that a good translator should also explain to the reader what is meant by the original.

## **7. Discussion and conclusion**

Narrative open-ended responses in the survey (in addition to those reported above) suggested that improving the quality of translation of IFRS, or reducing risks from divergence in concepts after the process of translation of IFRSs, would not require changes in the present translation processes and procedures. It is our view that the passion and commitment evident within this international community of IFRs translators needs to be counter-balanced by a better educated group regulators if their first language is English (and often their only language). If these regulators were fully conversant with issues arising in IFRS translation, they may well recognise that distinctions between American English and British English are not restricted to those in the lexicon. American English and British English are seen by some translators as distinctive dialects in the IFRSs. Thus we would recommend the use of a version of the English language in standard setting tightly maintained and consistent within all IFRS (see also Mourier 2004, 2008). Not only translators, but a diverse set of user groups including many English-speaking educators and students of the profession need standards written in consistent, concise and clear English. At present, many are not. The success, or not, in recognition of this issue has implications for the overall success of the convergence project

for the US and IASB/IFRS. To conclude this study, we leave the last word to a Romanian translator who was asked to reflect on the words of John Joseph: “Working translators live with the constant guilt of knowing that they can never render the text faithfully in another language without doing violence either to the text or to the second language”. (Joseph, 1998, p. 14); and responded

“You are almost every time obliged to cut out something from the original idea when translating something, even if you do your best. Good understanding of both languages can help in this enterprise though”.

In past years, the enterprise of translation of IFRS has often been a voluntary extra workload for academics and teachers in business schools in the EU, and yet quality translations may be critical for successful outcomes to the adoption of IFRS in a variety of nation states and diverse language families. A better understanding of language issues by all involved will help in such an enterprise, and contribute to progress on the ‘Road Map’ towards world-wide convergence.

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<sup>i</sup> For the purpose of this study the term American English refers to English spoken in the USA, rather than Canada. The term American English is sometimes described as a dialect of English, and compared with what is called British English.

<sup>ii</sup> IFRS - previously named the IASB

<sup>iii</sup> True and Fair view

<sup>iv</sup> Substance over form

<sup>v</sup> S-V-O means Subject-Verb-Object