



The darkening glass: Issues for translation of IFRS

Rachel Baskerville and Lisa Evans



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Foreword

It is difficult to disagree with the view that there are clear benefits to be gained from developing a single set of high quality global accounting standards that is recognised by all international capital markets and market regulators as sufficient for cross-border capital-raising. However, even if this were to be achieved it may not be sufficient to ensure equivalent quality in global reporting. The principal reason for this is that local political, cultural and legal influences of the environments in which companies operate have a significant impact on the ways in which accounting standards are interpreted and applied in local markets.

This report addresses one of these influences – that of translation – from an EU perspective. The IASB’s working language is English. This means that the success of IFRS in becoming the global standard rests as much on the quality of the translations of the standards as it does on the quality of the standards themselves. Standards cannot be applied consistently around the world if their translations are not equivalent to the original English versions.

The authors of this report approached the issue of translation of IFRS from English into other EU languages with three objectives in mind: to identify specific issues which arise in the translation of accounting terminology; to explore the implications of these issues for the interpretation and application of translated terminology; and to make recommendations for stakeholders in IFRS adoption and translation. The project uses questionnaire survey methodology and is based on the expert views of authors and translators of textbooks on financial reporting in European languages other than English.

The authors find that although translation is possible, direct equivalence cannot be achieved. Translation problems can arise because of different language structures and the problems are likely to differ between different language families. A major problem is that meanings between different languages do not exactly overlap. These findings give rise to six recommendations and policy implications. One of these is the recognition that a subtle shift in meaning almost always occurs in

translation, and that some differences in interpretation between the original text and its translations will always remain.

This project was funded by the Scottish Accountancy Trust for Education and Research (SATER - see page 65). The Research Committee of The Institute of Chartered Accountants of Scotland (ICAS) has also been happy to support this project. The Committee recognises that the views expressed do not necessarily represent those of ICAS itself, but hopes that the project will add to the debate about how to achieve global accounting harmonisation and assist standard setters and accounting regulators in addressing the problems caused by translation.

Allister Wilson
Convener of ICAS Research Committee
February 2011

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All the views expressed in this report are in the nature of preliminary observations and are the authors' own, unless otherwise indicated. Any mistakes or errors are the authors'.

Finally, the Research Committee and the researchers are grateful for the financial support of the Scottish Accountancy Trust for Education and Research, without which the research would not have been possible.

Executive summary

Prior research in linguistics, translation studies and accounting identifies problems and limitations of translation between languages. Such problems also occur in the translation of International Financial Reporting Standards (IFRS) and therefore affect accounting practice and education.

This report summarises the findings from a survey of authors and translators of textbooks on financial reporting in European languages other than English. Textbooks play an important role in accounting education, and accounting educators face problems in communicating unfamiliar concepts to students when these concepts are based on texts or standards written in a language other than their native language. Textbook authors may, in theory, base their material on available translations of IFRS, but in practice often rely either completely or partially on the original English version. They are therefore a suitable survey population for exploring translation problems arising in a highly specialised professional ‘register’ (or language), such as the technical language of accounting.

There is little research on problems arising and solutions adopted in the translation of IFRS. Therefore, this project aims:

- to identify specific issues which arise in the translation of accounting terminology, and in particular the terminology of IFRS, from English into other European Union (EU) languages;
- to explore the implications of these issues for the interpretation and application of translated terminology; and
- to make recommendations for stakeholders in IFRS adoption and translation.

A survey instrument was developed to achieve these objectives. 67 respondents, as native speakers of 23 languages, offered their views (representing a response rate of 23%). These responses reflect a

considerable degree of expertise and experience in this area, and provide extensive narratives with very full and detailed comments for analysis.

Six key findings and implications arise from this survey:

1. Respondents do not see translation as impossible. Where problems arise, a number of strategies and solutions are adopted to reduce their impact.
2. Exact equivalence cannot be achieved in translation. Where a concept does not form part of a culture, its translation is not meaningful, no matter what words are chosen.
3. Translation problems can arise because of different language structures. This means that subtleties may be expressed in different ways, and that literal translation is often not possible.
4. Problems encountered and solutions preferred are likely to differ between different language families.
5. Translations by the IFRS Foundation into EU languages may be inconsistent with the translations being produced by the European Commission.
6. Some of the solutions adopted by translators may give rise to concern by standard setters and regulators, for example if words are added or omitted. Because languages are indeterminate and meanings between different languages do not exactly overlap, translators have to interpret the original meaning; there is therefore a risk that they do not capture the meaning intended by the standard setter.

These findings give rise to six recommendations and policy implications:

1. Standard setters and regulators must be fully aware of the potential difficulties of translation, and should consider these difficulties at the drafting stage. This would allow translation problems to be greatly reduced.

2. There may potentially be a greater difficulty in translating accounting principles rather than more detailed and explicit rules.
3. Awareness of the limits of translation is required to avoid misunderstanding. For example, disagreement on points of policy and practice may arise from divergent interpretations of translations of the same source text into different languages.
4. A subtle shift in meaning almost always occurs in translation, and some differences in interpretation between the original text and its translations will always remain.
5. Translators have to have excellent knowledge of both source and target languages but also of both accounting subcultures.
6. Accounting educators must be sensitive to the difficulties which arise for students in understanding concepts that are not part of their own accounting cultures.

This report supports the findings of prior literature by illustrating that translation problems identified elsewhere also apply to the translation of IFRS. The report discusses the implications of this and should be of interest to accounting regulators, standard setters, educators, accountants in practice and the business community in general.

Finally, two important conclusions can be drawn from the survey. The first may be obvious but cannot be stressed enough – this is the importance of knowledge of other languages and cultures. The second is less obvious, and its implications may require further investigation: many respondents of this survey consult the English original version of IFRS. This may suggest that currently available translations of IFRS are not considered sufficient for their purposes. This is likely to be due to the inherent problems of language translation, as explored in this report, rather than the flaws in the translation process.

1. Background

Translation of International Financial Reporting Standards

Since January 2005 listed EU companies have been required to prepare consolidated financial statements in accordance with International Accounting Standards (IAS) and IFRS. However, European-wide application of IAS/IFRS may not be sufficient to ensure equivalent quality of financial reporting. Among the reasons for this are the remaining influence of local traditions and cultures, including legal and political systems, financial markets, corporate governance arrangements, auditing and enforcement of regulation (see e.g. Ball, 2006; Nobes, 2006; Zeff, 2007). These may lead to different interpretation and application of IFRS, especially where there are gaps or options in the standards. An additional problem is the translation of IFRS from the original English into other languages (Wong, 2004; Nobes, 2006; Zeff, 2007).

The IASB's working language is English. However, '[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'¹. Until 1997 translations of IAS were prepared by the (then) IASC's member bodies; this however resulted at times in a number of different translations, of differing quality, for one language (IASC Foundation, 2001, p. 15). This led the IASC to put in place its own official translation process in 1997.

To facilitate implementation of IFRS in the EU in 2005, timely translation of IAS and IFRS into the EU's official languages, which have equal standing, was required. The IASC Foundation's translation services were contracted by the European Commission's Directorate General (DG) to provide translations during various periods between 2003 and 2009, but representatives of the DG's Translation Services and of national governments were also involved in the process, and translations were reviewed by national representatives in the EU Accounting Regulatory Committee. Between October 2005 and June 2007 EU translations were performed by the DG's translation services without participation of

the IASC Foundation. After another period of collaboration between December 2007 and June 2009 the contract was ended and since June 2009, European Commission translations of IFRSs have been produced by the Commission. The Foundation, now renamed *The IFRS Foundation*, meanwhile continues to operate its own translation processes². Thus, the European languages being officially translated by the IFRS Foundation may be inconsistent with the translations being produced by the European Commission. The implications of this are not yet fully apparent.

Prior research

These procedural issues apart, there are inherent difficulties in language translation that mean that the equivalent interpretation and application of (foreign) concepts will always remain problematic. A selective introduction to prior literature is provided below.

A considerable body of prior 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 (see e.g. Haried, 1972 and 1973; Oliver, 1974; Belkaoui, 1980; Houghton, 1987; Adelberg and Farelly, 1989; Riahi-Belkaoui and Picur, 1991 and Bagranoff *et al.*, 1994).

The problem of different perception and interpretation is increased when concepts and regulation are translated from one language to another. This is 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). In other words, meaning is culture-dependent, and there is rarely a one-to-one correspondence, or an exact overlap of vocabulary in different cultures.

Even with terminology for tangible, concrete concepts a translation into another language usually brings with it a subtle shift in meaning. This problem is of course exacerbated when translating undefined abstract concepts, such as 'true and fair view', 'fair presentation' and other specific accounting concepts. Something is almost inevitably lost

(or added) in translation. Abstract concepts are common in accounting because accounting language is a highly specialised ‘dialect’ or variety of a ‘natural’ language (such as English). Such special varieties, characterised mainly, but not exclusively, by specialised terminology, occur where communication serves specific purposes. In the linguistics literature such varieties may be referred to (*inter alia*) as special ‘registers’ (Salmond, 1998), ‘languages for specific purposes’ (see e.g. Engberg, 2006), or even ‘jargon’ (Crystal, 2003; Allan, 2006). This is not to be confused with the common, and misleading, metaphor of ‘accounting as the language of business’, which refers to accounting practices and rules, not to the actual language in terms of lexicon and syntax in which these are expressed (see e.g. Evans, 2004).

Such special registers of languages can have a number of functions and implications. They facilitate communication among members of a group, such as a profession, by allowing economical, efficient and precise expression (Crystal, 2003; Allan, 2006), but 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). According to Mills (1989, p. 21):

As with other professional fields of knowledge, accounting in both its theory and practice is, and has been throughout most of its recorded history, peculiarly dependent on a specialised vocabulary or terminology, both to transact its business as expeditiously as possible and to differentiate it from other disciplines.

The translation of such specialised terminology can be particularly problematic. This is illustrated by Alexander and Nobes (2007, p. 186) with a simple 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 shows effectively 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. Such a lack of exact equivalence is also explored, in the context of the Swedish implementation of IFRS, by Dahlgren and Nilsson (2009), who find, for example, that Swedish accounting does not have 'a concept corresponding to 'income' (encompassing both 'revenue' and 'gains')' (Dahlgren and Nilsson, 2009, p. 16). With reference to this example, they suggest (*ibid*, p. 21):

... 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...

Prior literature in accounting that deals with the translation of specific accounting terminology also includes *inter alia* Rutherford (1983), Parker (1989), Zeff (1990), Nobes (1993), Alexander (1993), Evans and Nobes (1996), Aisbitt and Nobes (2001), but much of this is limited to one or few concepts (such as true and fair view - TFV) and/or is descriptive or conceptual in nature. The findings suggest for example that translations of TFV 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 (e.g. Nobes, 1993; Aisbitt and Nobes, 2001). Many countries imposed their own culture on what was to them an alien concept (Nobes, 1993; see also Parker, 1989). For example, Kosmala-MacLulich (2003) finds 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 TFV in English.

Archer and McLeay (1991) investigate whether accounting concepts are similar enough to permit equivalent translation but conclude 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.

Evans (2004) links problems of translation to the Sapir-Whorf hypothesis (cf. Sapir, 1929) which, in its weak form ('linguistic relativity'), suggests that people who speak different languages perceive and think about the world differently. This is supported also by Monti-Belkaoui and Belkaoui (1983), who find that professional concepts are interpreted differently when comparing monolingual speakers of separate languages with bilingual speakers. This would suggest that translation between one language and another is at the very least problematic and sometimes impossible.

Literature exploring the interpretation of so-called uncertainty or probability expressions (such as 'probably', 'likely', 'remote') has also been extended to cover translation. Davidson and Chrisman's (1993, 1994) findings suggest for example that such terms in English permit more precise interpretation than their French translations. Doupnik and Richter (2003, p.30) find *inter alia* 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) conclude 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).

Finally, prior literature on the translation of specialist vocabularies exists also in other disciplines, which also represent special 'registers' of languages. The relevance of such literature for accounting is explored in greater detail in Evans, Baskerville and Nara (2010). Translation in the discipline of law is particularly relevant to accounting. For example, Brown (1995) discusses the difficulties a translator faces when involved in the translation of legislation in the successor Soviet republics. Difficulties arise because neither suitable equivalent terminology nor equivalent concepts exist. Conventional translations are not suitable for the translations of Western legal terms and non-translation provides no perfect solution either, as 'recently adopted terms are typically used

slightly differently than their parent terms' (Brown, 1995, p. 69). Problems in legal translation are very relevant to accounting, since accounting rules or standards are included in statutory law in many jurisdictions. This also relates to IFRS, which are implemented in EU law. There is to date little evidence of systematic research relating to the translation of IFRS.

Research problem and motivation

To facilitate international harmonisation of financial reporting pursued by international standards setters (the IASB) and regulators (the EU), it is important that there are at least boundaries to divergence in the interpretation of IFRS. This is not only a technical problem: Accounting is not merely a neutral technical practice, but often serves more to legitimise behaviour of individuals or organisations than to aid decision making (Power, 2003). Thus equivalent translation of the requirements of accounting regulation in accounting practice and in education is essential, because of the importance of harmonisation and the political dimensions and economic consequences of accounting.

In theory, high quality translations and internationally agreed terminology may reduce translation and interpretation problems. This would require a multilingual glossary of terminology. The IFRS Foundation is producing such translations of IFRS key terms³.

However, reducing translation problems would also require efforts in accounting education. Education and training enable individuals to learn the registers and underlying concepts of their professional groups, and to become specialists in their respective disciplines (cf. e.g. Engberg, 2006). Accounting education can perpetuate differences in interpretation but it can also play a crucial role in encouraging equivalent interpretation and a common understanding of accounting terminology.

Given the importance of educators and textbooks in disseminating accounting concepts and facilitating common understanding, this project targets authors and translators of textbooks on IFRS into languages other than English. It explores how these deal (*inter alia*) with the communication of unfamiliar concepts, and contribute to reducing

problems of translation and interpretation of IASB terminology. In summary the project's objectives are:

- to identify specific issues which arise in the translation of accounting terminology, and in particular the terminology of IFRS, from English into other EU languages;
- to explore the implications of these issues for the interpretation and application of translated terminology; and
- to make recommendations for stakeholders in IFRS adoption and translation.

The analysis of responses to the survey also highlights that some issues may be specific to certain language families, and the origins of some problems may lie in the degree of difference between other languages and modern English. Research in this area will contribute to raising awareness of, and to identifying problems and risks in, the ongoing adoption of IFRS in Europe and non-equivalence in interpretation and education. Such research is also likely to assist in the development of recommendations to eliminate/reduce such problems, but also help users of financial statement information, standard setters and regulators to understand and accommodate the limits of translatability. It is therefore likely to be of interest to accounting regulators, standard setters, educators, accountants in practice and the business community in general.

2. Research approach and respondents

Approach and method

This study takes an interpretative approach, applying qualitative methods. The purpose of this project is not to analyse statistically and generalise from large quantities of data. Instead, it aims to explore complex social phenomena (culture, language and accounting) and how these are reflected in individuals' experiences and perceptions. Suitable methods for this approach are questionnaire surveys or semi-structured interviews. The latter was dismissed because of its considerably larger resource implications, and a questionnaire survey was instead chosen as the most appropriate method. Closed questions were included to capture, *inter alia*, the respondents' backgrounds, while open-ended questions were used to extract in-depth data and rich insights into their experiences and concerns with IFRS translation.

Feasibility

The feasibility of this project was first explored with a small number of authors of accounting textbooks who were considered representative of the survey population. They were invited to comment on whether the survey would be suitable to examine the types of research questions identified above. For example, it could have been conceivable that authors of textbooks on financial reporting do not deal with translation but depend entirely on official translations of IFRS in their native languages. The following question was therefore posed:

Do authors of textbooks on IFRS in languages other than English have to deal with translation issues?

The responses received suggested that the survey population would be suitable to address the research questions.

The research instrument

A questionnaire survey was developed using the survey software Qualtrics. The survey instrument consists of five sections. Section 1 and 2 capture information about the respondents: section 1 deals with their linguistic, academic and/or professional background and section 2 covers their current involvement in translation. Sections 3-5 explore respondents' perceptions and experiences relating to translation of accounting terminology. Specifically, section 3 provides five quotations dealing with language and translation, exploring respondents' level of agreement with these by means of Likert scales, and invites them to comment on these quotes. Section 4 consists of five questions based on extracts from IAS/IFRS and the IASB's Conceptual Framework. These extracts are representative of particular types of problems in translation (as identified in prior literature), namely uncertainty/probability expressions, complexity or length of sentences, concepts with wider or different meanings in 'everyday' language (such as 'prudence' or 'material'), terms denoting different concepts or multiple meanings (such as 'interest' or 'stocks') and undefined/indefinable concepts (such as 'presenting fairly'). In each case, respondents were asked whether the translation of these terms, concepts or structures provide particular problems, and how these are resolved. Finally, section 5 explores what aspects of translation are perceived as the most problematic by respondents (the 'biggest nightmare') and what solutions are adopted to translation problems. It also contains open-ended questions on terminology posing particular problems and inviting other comments on translatability of IFRS. The survey instrument was pilot tested in August 2009.

Survey population and respondents

To explore the research questions with authors and translators of accounting textbooks based on IFRS, a database of potential respondents was first created. This focuses on respondents involved in translation into the official languages of the EU member states (other than English),

as well as the three current candidate countries (Croatia, The Former Yugoslav Republic of Macedonia, Turkey)⁴. Since Norway and Iceland, as members of the European Economic Area, have to follow IFRS, potential respondents involved in translation into these countries' languages were also included. Finally, because of political and cultural/educational reasons, translators into Russian were also included, as were those translating into Welsh.

A variety of sources (existing contacts, research internet sites, academic publications, conferences sites, university websites etc.) were used to identify a number of academic contacts in each country with an interest in financial reporting. These were emailed with the following question:

Do you know (or could you advise me whom to ask) what currently are the main textbooks and/or authors of textbooks in [language] on financial reporting, esp. textbooks covering IAS/IFRS?

In addition to the responses from these emails, potential respondents were identified by 'snowballing' existing and new contacts, by exploring publishers' and/or internet book sellers' sites, and by contacting professional associations in different countries. Names and email addresses obtained were transferred to an Excel spreadsheet. If there were multiple authors for books, all email addresses were obtained. This process was stopped when saturation was achieved, that is when the same names recurred or when a sufficient number of names for a country had been collected. In some countries (for example Germany, The Netherlands or Italy) most senior academics write textbooks to support their teaching, and large numbers of textbooks exist. A total of 323 authors/translator email addresses were obtained.

The survey instrument was administered, with a covering email, by means of the Qualtrics survey software in early October 2009. A reminder was sent in November 2009. To reduce some of the limitations of the survey software (for example, the risk that emails from Qualtrics would be blocked by firewalls and junk-filters), this time the request was emailed with the link to the survey instrument from the email address

of the research assistant. At the same time a Word version of the survey instrument was sent as an alternative means for completing the survey. Excluding spam returns and address failures, in total 288 emails were successfully sent out. The summary of responses is provided in Table 1. The response rate was 23%. Since only minor changes were made to the research instrument after pilot testing, and one pilot tester was typical of our survey population, this tester’s response is included in the analysis.

Table 1 Responses

	Qualtrics software
1st Round (October 2009)	35
2nd Round (November 2009)	
Response via Qualtrics software	19
Response via Word version	12
Total survey responses	66
1 usable pilot response	1
Total included in analysis	67

Respondents’ demographics

Table 2 is based on the languages into which respondents translate and shows these grouped according to language families. One respondent translates into Bosnian, which was not one of the languages listed in our survey instrument (but a response to ‘other’). Figure 1 shows gender and age groups and Figure 2 the primary type of employment for respondents.

Table 2 Language families into which respondents translate

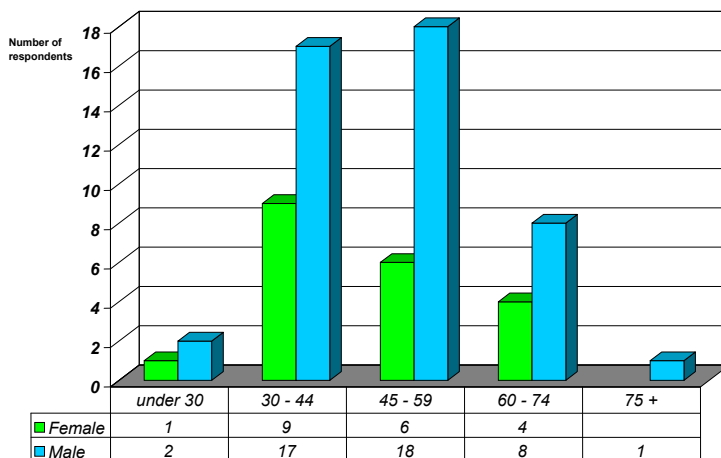
Language family	No.	%
Balto-Slavic (Bosnian, Bulgarian, Croatian, Czech, Latvian, Lithuanian, Polish, Russian, Slovak, Slovenian)	8	11.9
Romance (French, Spanish, Portuguese, Italian, Romanian)	29	43.3
Scandinavian	13	19.4
German/Dutch	8	11.9
Finnish	1	1.5
Hellenic (Greek)	4	6.0
Hungarian	1	1.5
Other:		
Turkic (Turkish)	2	3.0
Semitic (Maltese)	1	1.5
Total	67	100.0

Notes:

1. Results from the Germanic language family were divided into Scandinavian languages (North Germanic) and the West Germanic family (German/Dutch).
2. A number of languages are not part of the Indo-European language family and are analysed separately (Maltese, Turkish, Hungarian, Finnish).

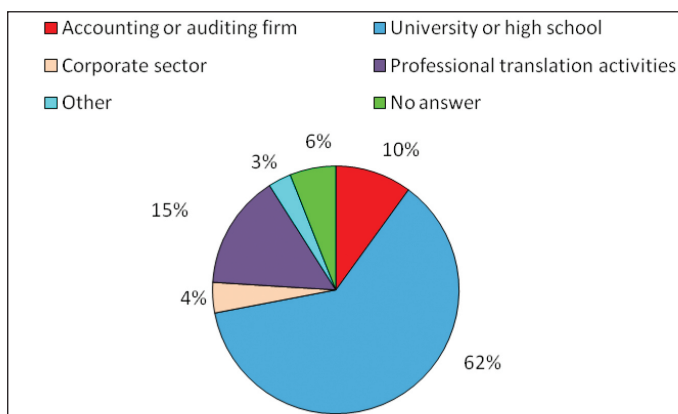
As shown in Figure 1, the majority of respondents are male, and most are between 30 and 59 years of age.

Figure 1 Gender and age (one non-response)



As expected, Figure 2 shows that the majority of respondents are employed in a teaching environment, rather than as professional translators.

Figure 2 Employment



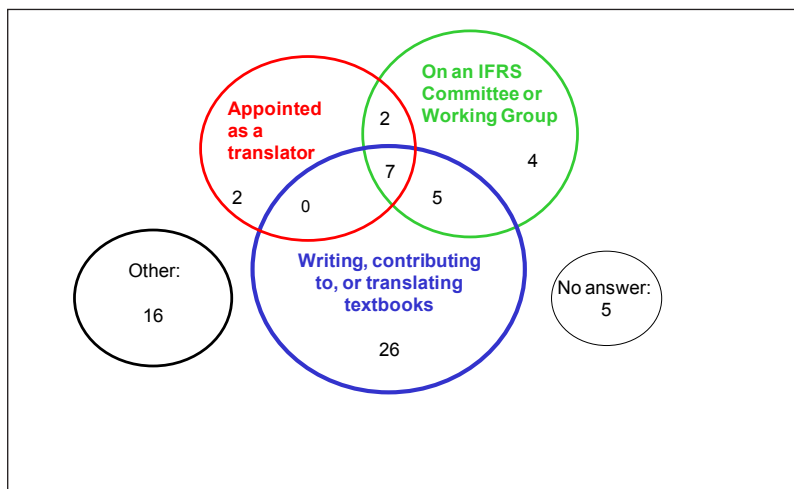
Note: 'Other' includes work for the IASB or retirement from university.

In order to gain further insights into respondents' translation activities, they were asked whether they had undertaken any of the following roles:

1. Writing, contributing to or translating a textbook on financial reporting and accounting in/into a European language.
2. Being appointed to translate IFRS into a European language.
3. Being appointed to a committee or working group which included reviewing translation of IFRS.
4. None of the above/other.

Although the survey aims to target responses from textbook writers, a number of respondents are also involved in translation activities associated with the actual IFRS standards, as indicated in Figure 3 below. This is an unexpected result.

Figure 3 Translation activities



The respondents' accounting related experiences are shown in Table 3.

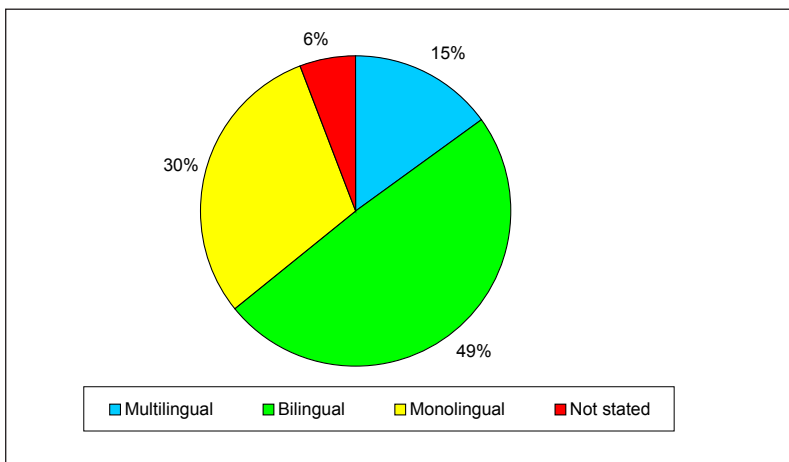
Table 3 Experience of accounting

Experience	No.	%
Teaching at high school/secondary school or university	23	34.3
Working in public practice (a private accounting or audit firm)	5	7.4
Working for a company or other business operation (other than an accounting or audit firm)	2	3.0
Self-employed other than in public practice	4	6.0
Other (Translation activity)	1	1.5
None	4	6.0
Multiple areas among the five	28	41.8
Total	67	100.0

Respondents' perceptions of their own foreign language skills, based on the above definitions, are illustrated in Figure 4. The survey instrument defined these skill levels as follows:

- Monolingual - to talk, read, write and conceptualise in only one language but with some proficiency in other languages.
- Bilingual - to talk, read, write and conceptualise equally fluently in two languages.
- Multilingual - to talk, read, write and conceptualise equally fluently in more than two languages.

Figure 4 Foreign language skills



The activities in translation and textbook writing of those who perceive themselves as monolinguals is a surprising result, as indicated in Figure 4. This is, however, a question of self-perception, and the measuring of linguistic capabilities of a population in bilingual nation-states challenges census writers. Even individuals with considerable skill and fluency in a second language are still likely to consider themselves as monolingual if they do not ‘talk, read, write and conceptualise equally well’ in two or more languages. This does not mean that they may not have good translation skills. Interestingly, when we examined languages where more than 30% of respondents stated they are monolingual, most of these languages are part of the Romance (Romanic/Latin) language family, as shown in Table 4 below. As English is a Germanic language, this may suggest that speakers of other Germanic languages are more likely to consider themselves as bilingual, because of the relatively greater closeness of these languages.

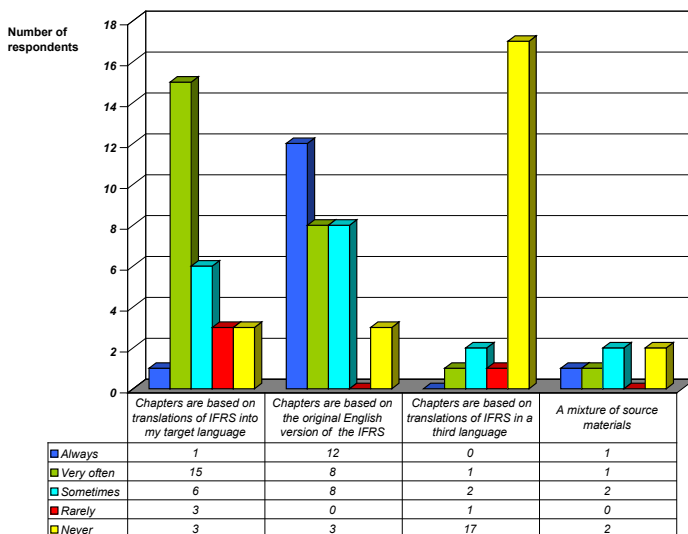
Table 4 Percentage of monolingualists

Monolingualists as % of all respondents		Respondents
33%	Portuguese	3
46%	French	13
50%	Czech	2
50%	Italian	8
50%	Polish	2
50%	Russian	2
66%	German	6
100%	Spanish	1

Including such questions in this survey may lead to further analysis of whether or not fluency in language affects the perceptions or interpretation of concepts, although this is not addressed specifically in this report. As already noted, Monti-Belkaoui and Belkaoui (1983) found that monolingualists in separate languages differ from each other and also from bilingual speakers in their perception of professional concepts.

One important question in the context of the research objectives was to establish to what extent respondents rely on translation of IFRS into their native language, or draw on the English original, or a translation into a third language. As shown in Figure 5, 33 respondents provided information on the source material used when writing, contributing to, or translating a textbook on financial reporting.

Figure 5 Resources used for writing, contributing to or translating textbooks



This has important implications: on the one hand it justifies the approach employed in this project in exploring translation issues with accounting educators, as many clearly engage with translation of the English original; on the other hand it may suggest that translations of IFRS into their native language are not considered sufficient, or not sufficiently clear by many of these respondents. This is likely to be due to the inherent problems of language translation, as explored in this report, rather than the flaws in the translation process.

3. Research findings

General views on translation and translatability

This chapter presents the findings vis-à-vis the research aims stated in chapter 1. The first aim was to identify specific issues which arise in the translation of accounting terminology, and in particular the terminology of IFRS, from English into EU languages. To address this, the questionnaire initially explores general views of translators and authors on translatability. To do so, it tests their reactions to five statements about language (Table 5). There is in general no clear distinction between members of different language families as to their concurrence or not with the opinions, but some of these viewpoints generated strong opinions.

Table 5 Statements about language

Viewpoint	Statements
Viewpoint one	<i>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)</i>
Viewpoint two	<i>...if one takes a concept embedded in the accounting traditions in one country but that has never been known or applied in another, even if it is translated as accurately as practicable into the language of the second country, the concept may not be understood. The words may be understood, but the concept may not be understood. (Zeff, 2007, p. 296)</i>
Viewpoint three	<i>It [translation] is a clear necessity as we ask a multilingual world to speak one financial reporting language. Only through consistent, quality translation can this be possible. (IASB Insight, 2008, p. 9)</i>

Table 5 Statements about language (Cont.)

Viewpoint	Statements
Viewpoint four	<i>In using the IFRS (IASB Foundation) glossary, would you concur that 'the creation of the glossary itself is creating a new accounting language'?</i>
Viewpoint five	<i>The problem facing the accountant is that the more precision is used in language, the smaller is the number of people who can use it since, inevitably, the language used has to adopt a technical nature unfamiliar to the layman. (Tweedie, 1976, p. 473)</i>

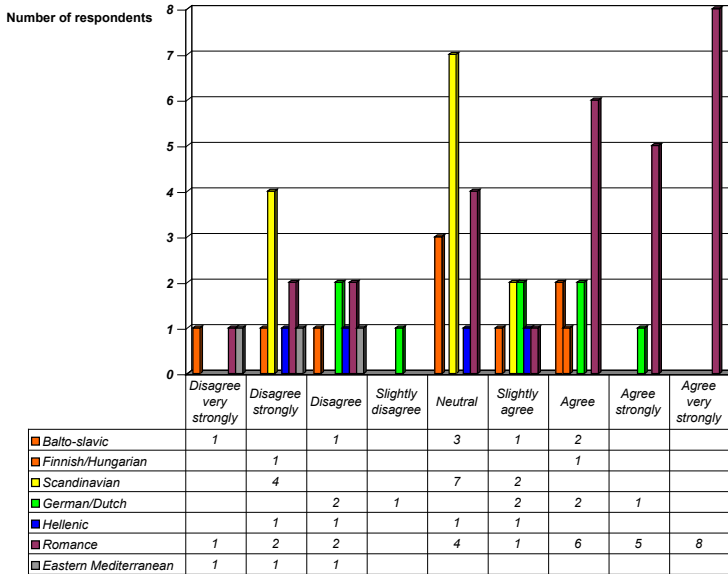
Viewpoint one

The first statement is a quotation from the work of John Joseph, a professor of linguistics:

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)

Figure 6 shows respondents' reaction to this statement.

Figure 6 Viewpoint one



When given the chance to comment further on this viewpoint, seventeen respondents elaborated. Examples of comments supporting Joseph (in principle), included:

traduire, c'est trahir un peu... (Translation is 'to betray a little...')

Whether or not they feel guilty or not I don't know; the point is that they ARE, inevitably, guilty.

It is quite impossible when you write for English-speaking people to make a literal translation, because you have to integrate their mental and cultural framework.

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.

Others take a somewhat different view:

In my opinion both types of violence are acceptable if the very message is properly communicated.

Often true but not always. Some texts are so badly written in the source languages, that the translation often marks a considerable improvement.

This may apply to some texts (certain beauties might get lost), but this definitely does not apply to business and finance. Finally, this is the task of the translator: not to do violence (especially not to the target language, because that would 'kill' the text itself).

Translators therefore seem to be well aware of the limits of what translation can achieve, and accept these limitations – in other words, these limits do not make translation impossible. However, translation cannot achieve complete equivalence, and meaning is likely to shift. The last quote above provides an interesting perspective. We assume that this respondent refers to stylistic features ('beauties') that may get lost, rather than to content. It is unclear whether she has no concerns about loss of content. If so, she is likely to consider accounting and finance to be a purely technical, culture-independent domain, which would be contrary to the majority views expressed in the survey and the prior literature.

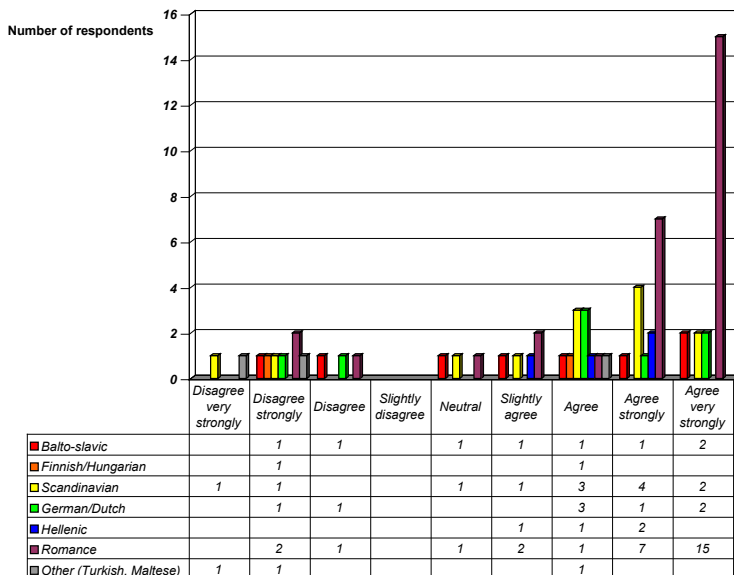
Viewpoint two

The second statement on which comments were invited is by Professor Stephen Zeff:

...if one takes a concept embedded in the accounting traditions in one country but that has never been known or applied in another, even if it is translated as accurately as practicable into the language of the second country, the concept may not be understood. The words may be understood, but the concept may not be understood. (Zeff, 2007, p. 296)

Respondents' levels of agreement with this quotation are summarised in Figure 7.

Figure 7 Viewpoint two



The reaction to this quotation shows the highest levels of agreement in this section of the survey. Seventeen respondents provide additional comments, two of which in particular illustrate the translator's dilemma. One suggests that

That is why a good translator should not only concentrate on translating but also on explaining to the reader what is really meant in the original text (translator's note, etc.). And obviously that implies that the translator is familiar with both traditions.

This suggests that the translator interprets the meaning of the original. However, another respondent warns against this:

True, but the translator should not try to second-guess, he should only translate as faithfully as possible. If the concept is strange to the speakers of the countries in whose language the standard is translated, so be it. It is not the task of the translator to teach or interpret.

A third respondent does not consider this a problem:

If the translator uses the right words, the concept will be understood even if it is absolutely unknown in the second country.

That, however, raises the fundamental question of what constitutes the 'right words'. Given the indeterminacy of language and the non-equivalence of terminology, this is not a straightforward task.

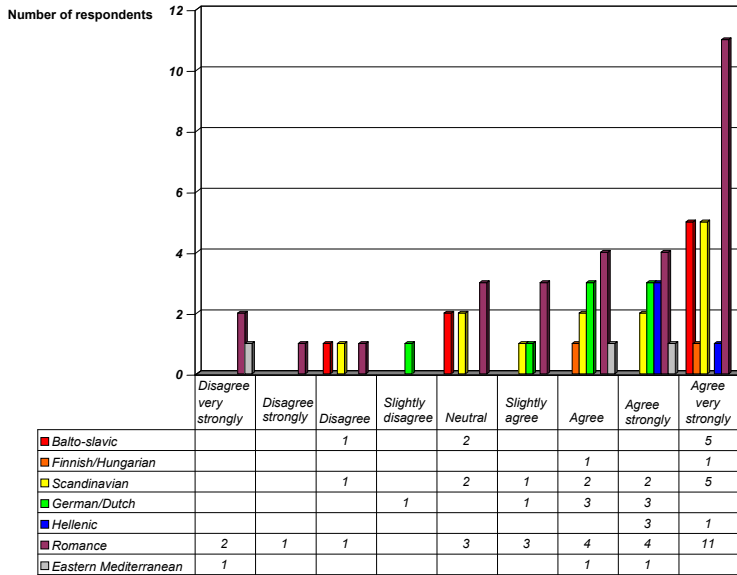
Viewpoint three

The third statement is the following quotation from the publication *IASB Insight*:

It [translation] is a clear necessity as we ask a multilingual world to speak one financial reporting language. Only through consistent, quality translation can this be possible. (IASB Insight, 2008, p. 9)

Respondents' levels of agreement with this statement are summarised in Figure 8.

Figure 8 Viewpoint three



Again the large majority of respondents agree with this statement in principle. For example, one respondent commented: ‘Could not be more true. Let not the language barrier be the first obstacle on the road to correct application of standards.’ However, some respondents have reservations regarding the statement’s validity, for example:

Again, difficult to answer properly; the statement is valid, but the outcome is unachievable.

Agreed to a high extent, even though I am unsure whether ‘consistent, quality translation’ is indeed possible ...

It is suggested, for example, that non-translation of terminology (‘maintain the original words’) with explanation of the original

accounting context may be easier 'than to translate concepts with (not) equivalent terms of a second language'.

One respondent strongly questions the foundation of the IASB's assertion:

We should not be asked to speak one financial reporting language. I consider this assertion as an example of manipulation by rhetoric.

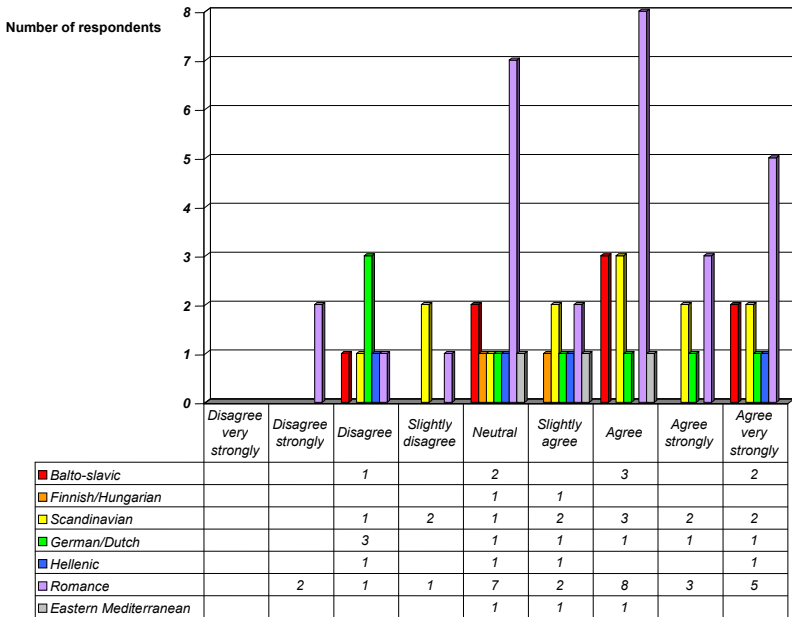
Viewpoint four

The fourth statement is in fact a question directed at respondents. They were asked:

In using the IFRS (IASB Foundation) glossary, would you concur that 'the creation of the glossary itself is creating a new accounting language'?

Their responses are summarised in Figure 9.

Figure 9 Viewpoint four



There is more diversity in the reactions to this statement, although the majority of respondents still agree or agree strongly. That ‘the glossary is empty of context’ is a concern for one respondent. This resonates with concerns expressed in other disciplines where dictionary translations or bilingual encyclopaedias are often seen as misleading, because they do not address the fact that meanings are culture-dependent. Some views are more neutral/marginally positive. For example, one respondent refers to the merging of US and UK English terminology. Others comment as follows:

It depends on the definition of ‘language’ - there might be notions for which translations (concepts) do not exist in a given language: there would be language creation for these notions, but not for the other ‘existing’ notions. If ‘creating a language’ means ‘clarifying

the use of certain words in a specific context' then the glossary (and its translations) are probably creating a language.

...and this is why translating the terms of the glossary is a very important issue that needs the cooperation between accountants (technical experts) and professional terminologists (language experts).

However, the fact that (accounting) language is rooted in (accounting) culture is seen as a major concern. 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 (institutionalised) over time (rooted)?

This may be interpreted as a concern relating to the use of (accounting) English as a *lingua franca*, an international working language among non-English native speakers. One respondent expressed a related concern even more strongly:

More than that: it creates and diffuses surreptitiously another mental framework. A process of colonisation.

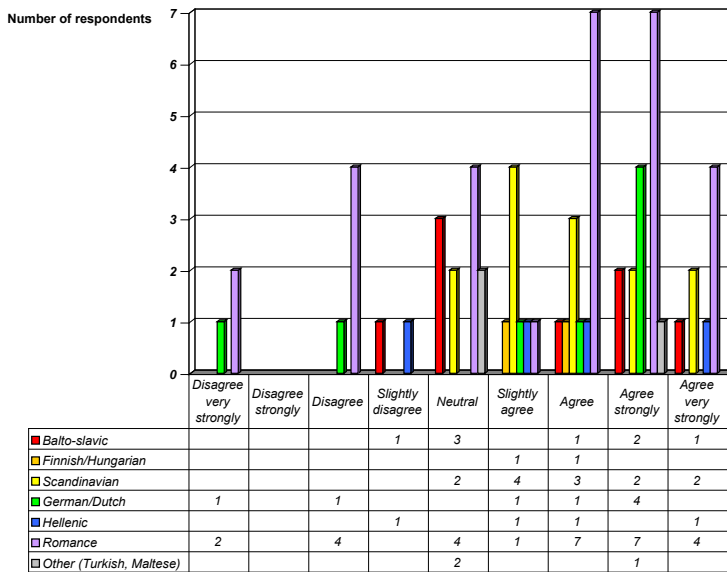
Viewpoint five

The fifth and final statement to which reactions were sought is the following quotation by David Tweedie:

The problem facing the accountant is that the more precision is used in language, the smaller is the number of people who can use it since, inevitably, the language used has to adopt a technical nature unfamiliar to the layman. (Tweedie, 1976, p. 473)

Respondents' reactions to this statement are presented in Figure 10.

Figure 10 Viewpoint five



Although not expressed in those terms by Tweedie, his comment refers to the features of languages for specific purposes, also referred to, *inter alia*, as (professional) ‘registers’, special ‘dialects’, or ‘jargon’. In such registers the meaning of terminology shared with ‘everyday’ language typically differs in its specialised contexts. While they facilitate communication between members of a specific (professional) group, they also exclude non-members (see Evans (2010) and chapter 1, above).

Although some respondents disagree or argue that this applies ‘not if language is used successfully’, others acknowledge this feature (or difficulty) of technical languages, for example:

Isn't it a feature of all specialist vocabularies/languages (especially in law)?

But the precision is a necessary condition of each language, in particular in the technical language.

It is a natural consequence of human progressive specialisation in the different domains of knowledge.

Interestingly, one respondent pointed out that:

Precision is needed, even more in principle based standards where little additional guidance is provided.

In summary, this section explored respondents’ views relating to five statements on language and translatability. Its findings suggest that there is general awareness regarding the limits of translation and communication, in particular of alien concepts and specialised terminology. Many of the specific comments made reflect issues raised in prior literature. Respondents’ comments and their implications will be discussed further in chapter 4.

Specific translation problems

As a next stage the survey attempted to identify problems relating to specific technical accounting concepts, sentence structure and grammar, or ‘vague’ expressions. Five specific problem areas were addressed:

1. Uncertainty/probability expressions.
2. Complexity of syntax/sentence structure or length of sentences.
3. Concepts with a wider or different meaning in ‘everyday’ language.
4. Terms denoting different concepts or multiple meanings.

5. Undefined or indefinable concepts.

In each case the respondents are asked (*inter alia*).

Does the translation of [the examples] create any particular problems when translating into your target language?

Table 6 summarises the responses to this question. The segment ‘No judgement’ indicates that the respondent added neutral narrative which could not be classified as agreement or disagreement.

Table 6 Specific problem areas in translation - responses

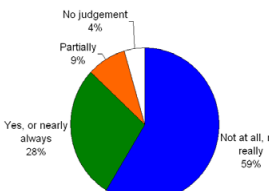
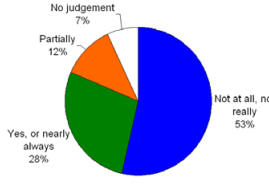
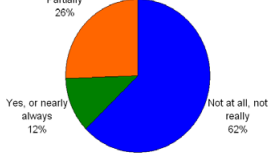
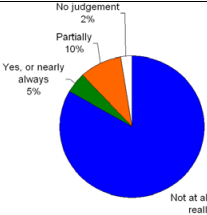
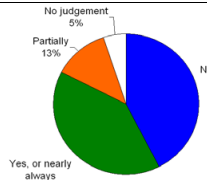
<p>1. Uncertainty/probability expressions such as:</p> <ul style="list-style-type: none"> - ‘undue’ [e.g. ‘undue delay’, Framework, para. 43] - ‘ordinarily’ [e.g. ‘not ordinarily interchangeable’, IAS 2.23] - ‘reasonable’ [e.g. ‘a reasonable estimate’, Framework, para. 86] - ‘probability’ [e.g. ‘the concept of probability’, Framework, para. 85] - ‘improbable’ [‘it is considered improbable that the economic benefits will flow to the entity’, <i>ibid.</i>, 90] <p>Do these create any particular problems?</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>No judgement</td> <td>4%</td> </tr> <tr> <td>Partially</td> <td>9%</td> </tr> <tr> <td>Yes, or nearly always</td> <td>28%</td> </tr> <tr> <td>Not at all, not really</td> <td>59%</td> </tr> </tbody> </table>	Response	Percentage	No judgement	4%	Partially	9%	Yes, or nearly always	28%	Not at all, not really	59%
Response	Percentage										
No judgement	4%										
Partially	9%										
Yes, or nearly always	28%										
Not at all, not really	59%										
<p>2. Complexity of syntax/sentence structure or length of sentences, such as:</p> <ul style="list-style-type: none"> - ‘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] <p>Do these create any particular problems?</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>No judgement</td> <td>7%</td> </tr> <tr> <td>Partially</td> <td>12%</td> </tr> <tr> <td>Yes, or nearly always</td> <td>28%</td> </tr> <tr> <td>Not at all, not really</td> <td>53%</td> </tr> </tbody> </table>	Response	Percentage	No judgement	7%	Partially	12%	Yes, or nearly always	28%	Not at all, not really	53%
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No judgement	7%										
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<p>3. Concepts with a wider or different meaning in ‘everyday’ language such as:</p> <ul style="list-style-type: none"> - ‘entities’ - ‘prudence’ - ‘material’ <p>Do these create any particular problems?</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Partially</td> <td>26%</td> </tr> <tr> <td>Yes, or nearly always</td> <td>12%</td> </tr> <tr> <td>Not at all, not really</td> <td>62%</td> </tr> </tbody> </table>	Response	Percentage	Partially	26%	Yes, or nearly always	12%	Not at all, not really	62%		
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Table 6 Specific problem areas in translation - responses (Cont.)

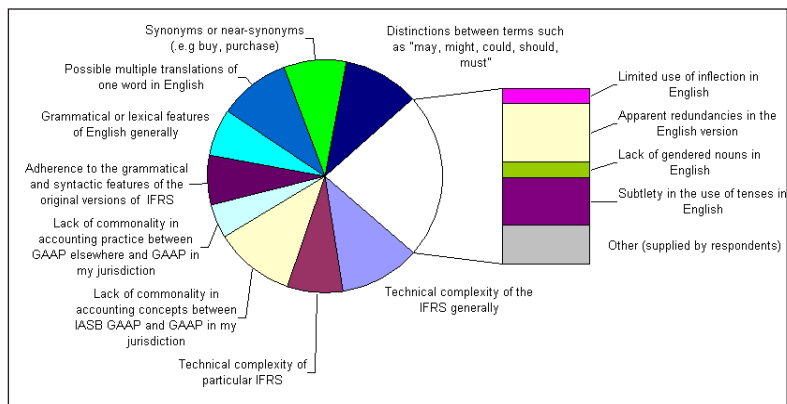
<p>4. Terms denoting different concepts or multiple meanings such as:</p> <ul style="list-style-type: none"> - interest (minority interest as an ownership share) compared with interest (return on investment) - stocks (share ownership compared with inventory) <p>Do these create any particular problems?</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Not at all, not really</td> <td>83%</td> </tr> <tr> <td>Partially</td> <td>10%</td> </tr> <tr> <td>Yes, or nearly always</td> <td>5%</td> </tr> <tr> <td>No judgement</td> <td>2%</td> </tr> </tbody> </table>	Response	Percentage	Not at all, not really	83%	Partially	10%	Yes, or nearly always	5%	No judgement	2%
Response	Percentage										
Not at all, not really	83%										
Partially	10%										
Yes, or nearly always	5%										
No judgement	2%										
<p>5. Undefined or indefinable concepts, such as:</p> <ul style="list-style-type: none"> - 'substance over form' - 'presenting fairly' <p>Do these create any particular problems?</p>	 <table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Not at all, not really</td> <td>42%</td> </tr> <tr> <td>Yes, or nearly always</td> <td>40%</td> </tr> <tr> <td>Partially</td> <td>13%</td> </tr> <tr> <td>No judgement</td> <td>5%</td> </tr> </tbody> </table>	Response	Percentage	Not at all, not really	42%	Yes, or nearly always	40%	Partially	13%	No judgement	5%
Response	Percentage										
Not at all, not really	42%										
Yes, or nearly always	40%										
Partially	13%										
No judgement	5%										

Only in the case of ‘undefined or indefinable concepts’ do the majority of respondents acknowledge problems. However, a substantial proportion of respondents also agree that there are difficulties in the cases of ‘uncertainty/probability expressions’ and ‘concepts with wider or different meaning in everyday language’. Examples of problems, and underlying causes of these, are discussed further below. There does not appear to be any specific driver to these responses from particular language family groups.

Biggest translation nightmares

Section five of the survey further attempts to identify specific issues giving rise to problems in translation, by asking ‘What are your ‘biggest nightmares’ in translation?’ and suggesting 14 options (including ‘Other’). All options are seen as a problem by at least four respondents (see Figure 11):

Figure 11 *Biggest translation ‘nightmares’*



Clearly the majority of respondents consider all possible ‘nightmares’ to be covered in the survey instrument, with so many of the suggestions being selected. None stands out in particular, and only ten ‘other’ responses are provided, which address the following:

1. Ambiguity on whether certain phrases relate to obligatory instructions, options, or illustrative purposes.
2. Wrong or inefficient use of punctuation.
3. Many ‘faux amis’ (when words in different languages look similar or identical, but have different meanings).
4. Complexity in the structure of long sentences.
5. Non-equivalent translations.
6. Inconsistency across IFRS standards.
7. Inconsistencies in use of terminology across IFRSs and IASs and the mix of US and UK accounting terminology.
8. The sheer volume of consistent vocabulary required.
9. A shared institutional and legal background is required to translate standards.
10. Epic (belletristic) style without the legal precision of a code-law-system.

Certain ‘nightmares’ are more common in the four major language families of respondents, as shown in the pie charts below (Figures 12.1-4).

Figure 12 Biggest translation ‘nightmares’ for four major language groups

Figure 12.1 Translating into Romance languages

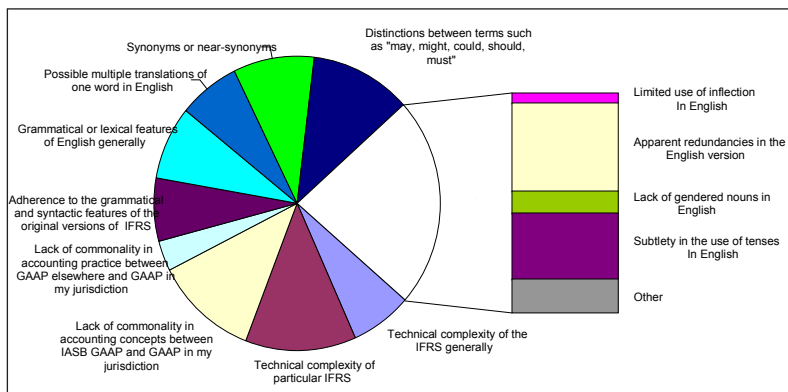


Figure 12.2 Translating into Balto-slavic languages

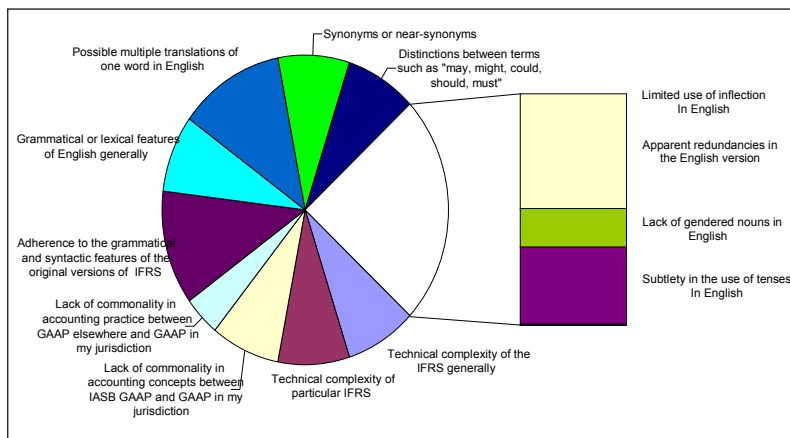


Figure 12.3 Translating into German/Dutch languages

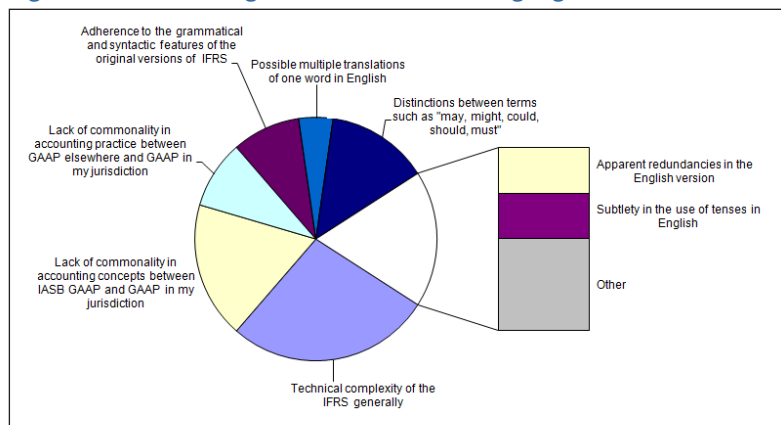
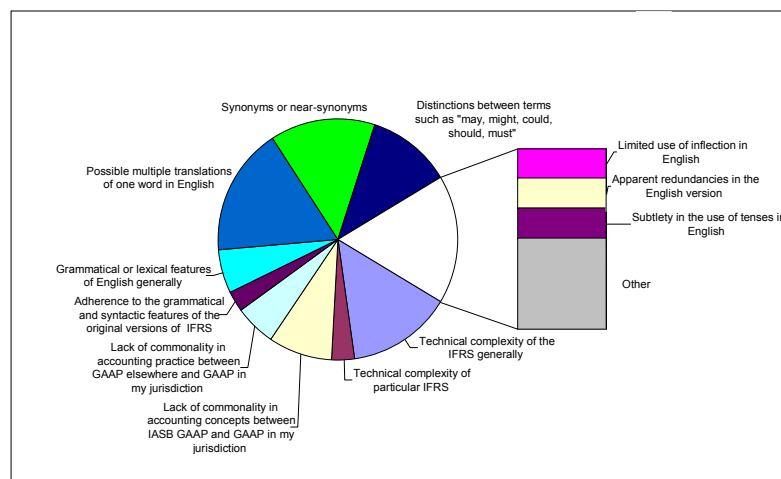


Figure 12.4 Translating into Scandinavian languages



These four charts indicate there may indeed be some differences between the major language families as to the key problems for translators. For example, while considerable concern is expressed by all

groups about the technical complexity of all or specific IFRS (not directly a language issue) and a lack of equivalent concepts and practices, these concerns are strongest among the German/Dutch group. The main concerns for respondents from the Balto-Slavic group are adherence to the grammatical and syntactical features of the original version of IFRS and apparent redundancies in the English version. The German/Dutch group, on the other hand, is also concerned with distinctions made in English between terms expressing obligation, such as ‘may’, ‘might’, ‘could’, ‘should’ and ‘must’. Such subtle distinctions cannot be made in German or Dutch.

Respondents from the Scandinavian group are also 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. The small number of respondents from two language families (Balto-Slavic and German/Dutch) is likely to inhibit generalisability of these findings. However, it is also apparent that there are some differences between technical (problem-solving) approaches in different language families, as in Figure 13 below.

In conclusion, responses to these two major sections of the survey suggest that the majority of problems at the core of issues for translators relate to four different areas, although there is some overlap between these categories.

Non-equivalence of terminology

A lack of equivalence in terminology is identified as a problem in various ways by many respondents. For example (with reference to point 3 in Table 6 above):

In my language equivalent terms exist but the meaning could be slightly different, i.e. ‘entities’ suppose a particular theory of the firm, or a specific perspective of observation; prudence in the IFRSs corpus is very different from the ‘Italian’ concept of prudence.

None of these words have a perfect equivalent in Finnish languages. How 'entity' is translated depends on the context. ... 'Prudence' is translated as 'varovaisuus' 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 'olennainen', 'essential'.

'Prudence' would be the most difficult to translate. There is an equivalent word in my target language, but some of the connotations would be lost.

Literal translations may be inappropriate, and one respondent suggests that:

*Sometimes it is better to avoid a translation. This is the case of 'fair value' (it was translated in Italian with *valore equo*). This translation is simply misleading.*

The perceived richness of/redundancy in the English language is noted as a problem by a number of respondents, who point out that English has a richer vocabulary than their native languages (for example, Swedish). One respondent notes that uncertainty expressions create problems in translation (into Latvian), 'because 'reasonable estimate' is quite illogical, redundant and ambiguous phrasing'. As pointed out by a Finnish speaker, even where (near-)equivalent translations are available, the terms may be interpreted and operationalised differently in different countries, or even between speakers of the same language: 'E.g. the actual point of time when 'is it considered improbable' may differ in practice.' One respondent notes:

The English language is very 'woolley' and often contains an unnecessary abundance of words to: a) avoid all doubt; or b) to create a certain impression of feeling. Undefinable concepts can often simply be omitted in the target language, as their translation would seem unnatural in the target language.

A number of respondents comment on a lack of consensus on translation of terms such as ‘entity’ and ‘material’. Further, the same terminology might be interpreted differently (even in English). This is attributed ‘to the principles approach of the IFRS, [rather] than to language problems’ by one respondent. Related to this is concern over translations of the term ‘present fairly’. For example, one respondent noted: ‘as long as the English meaning is somewhat unclear as well, even to English-speaking experts, it represents a great challenge’.

The generally richer vocabulary of English may mean that in particular literal translations will have a wider meaning than the English original. According to one of our respondents, Hungarian appears to have a ‘more sophisticated and complicated’ vocabulary than English – which may presumably 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. Some respondents are concerned about inconsistency in English terminology in different varieties of English and within IAS and IFRS. While 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.

Further problems relating to terminology are so-called ‘faux amis’. This phenomenon frequently leads to mistranslation. Examples of ‘faux amis’ are provided by a number of respondents:

- In Romanian, the English term ‘material’ (in an accounting context) is translated as ‘semnificativ’. A Romanian word ‘material’ exists however, which has led to translation errors.
- The Swedish ‘materiell’ is equivalent to the English ‘tangible’ (not ‘material’).
- Similarly, ‘material’ looks similar to French ‘materiel’ which means ‘physical’ or ‘tangible’. The French translation of ‘material’ would be ‘significatif’, which may in turn be confused with English ‘significant’.
- The meaning of ‘prudence’ in French differs from the English meaning.

- The words ‘substance’ and ‘forme’ exist in French but are not equivalent to English ‘substance’ and ‘form’ (as in ‘substance over form’).

Syntax and grammar

The fact that different languages construct sentences in different ways is a further problem identified by many respondents. In Romanian, syntax is of Latin origin and, according to one respondent:

...resulting in a lot of trouble for us. It usually results in phrases more complicated than the English wording, and sometimes things are lost in translation.

Italian (another Romance language) also has a complex syntax, and Hungarian (which is not an Indo-European language) tends also to use longer and more complex sentence structures than English. However, a Danish speaker considers English syntax ‘heavy’. Syntax also differs in Latvian. Another problem in Latvian is the lack of equivalents, which, in translation require circumlocution (description of a concept in a number of words). This leads to sentences even more complex than the English original. The lack of prepositions in Finnish leads to the adoption of a ‘non-Finnish style’ in translation – and presumably requires non-literal translations. One other respondent commented: ‘Multiple ‘of’ genitives are a nightmare for us, as we only can express ownership by an ending.’

The complexity of some of the constructs in extant IAS/IFRS (see examples provided in point 2 in Table 6) is considered a problem by most respondents. Such sentences are considered ‘too long and complex’. Some suggested strategies to deal with this: ‘The only reasonable way to translate is to imagine what the English text should have said’, or:

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.

A demand for simpler, shorter and clearer sentences in the original is expressed by a number of respondents.

Legal framework

IFRS derive from an accounting tradition grounded in common law legal tradition. Most European countries however have a Roman law or code law legal system. The differences between the legal systems are relevant *inter alia* because accounting rules were traditionally incorporated in legislation in many EU countries, and IFRS are now also included in statute law through the EU Regulation. Differences between common law and code law traditions are identified by some respondents as contributing factors to translation difficulties. For example: 'In Italy, a typical Code Law Country, substance over form is still very hard to assimilate.' They are in fact included under worst translation 'nightmares' by two respondents: One refers to the IFRSs' 'Epic (belletristic) style without the legal precision of a code-law-system' while another respondent comments that 'for those who are from civil law countries, different words can really embed different commitment'.

Underlying cultural differences

Cultural differences appear to be among the strongest causes of accounting differences. These are also perhaps the most difficult to overcome. Many respondents are acutely aware of the problems created by differences in (accounting) cultures and identify the cultural embeddedness of concepts such as 'prudence', 'reasonable' and 'material' as underlying the problems of translation. For example:

I think that translations are biased by the contextual factors such as national culture and way of thinking.

and

It is quite impossible when you write for English-speaking people to make a literal translation, because you have to integrate their mental and cultural framework.

Literal translations do not always make sense if one does not appreciate the origin of the respective accounting concepts. According to one respondent, knowing and understanding the original wording of accounting concepts and foreign languages are essential in appropriate (but not necessarily literal) translations.

Solutions adopted and recommendations made by respondents

Before discussing implications of the survey responses and conclusions and recommendations arising from the project, this section briefly explores solutions adopted by respondents when encountering problems in translation. Section 5 of the survey instrument posed the following question:

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...

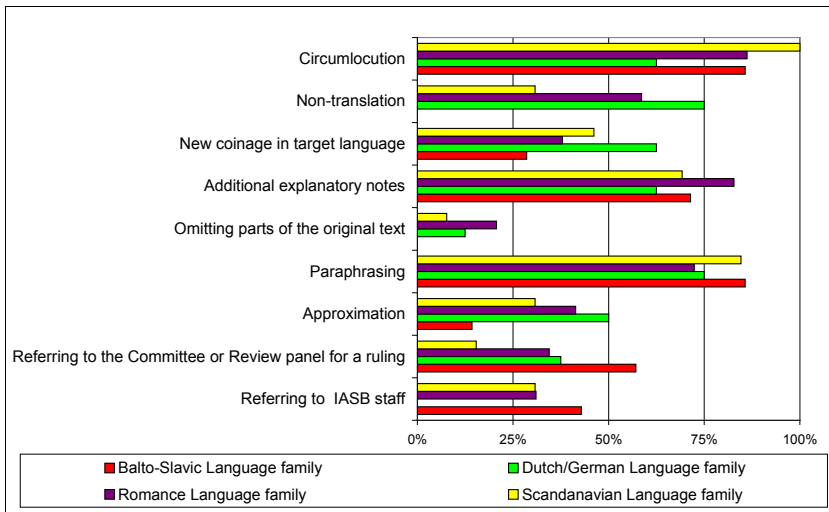
The following list of possible solutions, drawn from prior literature, was provided:

- Circumlocution (description of a concept in a number of words).
- Non-translation (using the original English term).
- New coinage in target language (creation of new 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.
- Referring to IASB staff.
- Other.

Figure 13 shows which solutions were ‘very likely’ or ‘likely’ to be adopted by respondents representing the four major language groups. This highlights that in some of the language families certain techniques were seldom used.

Figure 13 *Solution preferences of the different language groups*



Note: Percentages of respondents who would be ‘very likely’ or ‘likely’ to use this technique.

This suggests, 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.

A speaker of Romanian elaborates on the provision of additional explanatory notes:

Sometimes we have to expand the wording to explain the idea: for example, SOF [‘substance over form’] is in Romanian: ‘prevalenta realitatii economice asupra aparentei juridice’ (French: ‘prevalence de la substance economice sur l’apparence juridique’). Of course, we solve it through French.

The latter part of this comment refers to the fact that Romania, in its transition from a planned to a market-based economy, chose to follow French accounting traditions, and that as a Romance language, Romanian is (perceived to be) close to French. It appears also that many academics have good French language skills. The issue of providing additional explanations (or ‘expansion’ of the original wording) resonates with a comment cited above, namely that a good translator should also explain to the reader what is meant by the original. These comments touch upon the interface between translation and interpretation, and will be discussed further below.

While the above provides some information on what practical technical solutions are preferred by respondents, some more fundamental issues are also addressed. The importance of the translator’s familiarity with both accounting traditions is often seen as fundamental, ‘to avoid connotations or contradictions that otherwise the translator does not recognise’.

Other comments relate to the role of the standard setter, for example with regard to drafting in a less complex language that lends itself to easier translation (see the above discussion on syntax and grammar). One respondent put it bluntly: ‘Terrible English will be difficult to translate into good French or German.’

Other suggestions relate specifically to the status of accounting English as a special register of language (a language for specific purposes), and to the English of the IASB as a (new) *lingua franca*. For example, a

need to standardise IFRS terminology (which differs between IAS and IFRS and is based on a mixture of UK and US English) is emphasised. With reference to the IASB insight quote (in Figure 8), one respondent comments:

...IFRS (the IASB) does not seem to have formulated any language policy as to which English their English is... IFRS English consists of about 90% US terminology using UK English spelling and grammar – but across IFRSs and IASs terminology may differ. However, of lately IFRS has been seen to realign the terminology for more consistent use across standards, and also provide definitions that support the meaning of the terms applied in the various standards.

This respondent also feels that ‘IFRS English was a valid and proper attempt at creating a true global English as it offers a standard that may be followed for international English...’ As to how best to create such a global accounting language, she suggests:

It will be necessary in LSP [languages for specific purposes] to apply specialised terminology because of precision and equivalence or at least near-equivalence. Therefore, in coining new terminology it is recommendable to create a forum for debate among accounting specialists and terminologists with in-depth understanding of the subject matter combined with their language expertise to ensure the best and most stringent conceptualisation.

and:

This is why LSP (accounting) translation needs to be done by professional LSP translators with background knowledge in accounting and an academic degree in translation.

In summary, respondents provide information on how they address problems inherent in translation (such as non-equivalence of

terminology and meaning), but also provide recommendations on more fundamental questions, such as the development of IFRS terminology.

Implications

Three implications arise from the responses to the survey. First, respondents overwhelmingly confirmed the claims made in translation theory and prior research literature that exact equivalence of meaning is not possible in translation. This is because accounting language is culturally determined, that is, concepts are only fully meaningful within the framework of a specific accounting tradition (see e.g. Evans, 2004). That does not mean that translation is impossible, but it means that specific strategies have to be adopted to make it meaningful and that a subtle shift in meaning almost inevitably occurs (see e.g. Evans, 2010). For example translations may have wider or narrower meanings than the original, and terms may be interpreted and operationalised differently. This shift in meaning and some of the strategies adopted by translators may be of concern to standard setters. For example, one respondent suggested that because of ‘unnecessary abundance of words’ in English, ‘undefinable concepts can often simply be omitted in the target language’. A number of respondents suggested that the translator had to add explanations, or to change complex sentence structures to make translations meaningful. This suggests that literal translation is often not possible, and that the translator’s role will inevitably require interpretation (see e.g. Evans, Baskerville and Nara 2010). However, as in law, rule-makers do not happily delegate such power (*ibid.*).

Second, accounting English is developing increasingly into a *lingua franca*, with an increasing adoption of Anglo-American accounting terminology and culture into accounting discourse in other languages (Evans, 2010). While a common accounting language (in a linguistic, rather than technical sense) may have practical advantages, it may be argued that it stifles thinking outside the ‘box’ of Anglo-American accounting traditions – in other words, potentially inhibit innovation and limit access to the wealth of knowledge and experience inherent in

other traditions. Such concerns have been raised in prior literature, in accounting as well as in other disciplines (*ibid.*). For example:

The original language of International Accounting Standards is English. Therefore Anglo-Saxon legal notions are connected with the terms used therein. Thus considerable problems arise with the... translation into the official languages of the European Union, because these other languages cannot convey the prerequisites associated with this terminology. Thus, for example, the translation of the term 'asset' as 'Vermögensgegenstand' is misleading; therefore the imprecise term of Vermögenswert is used. If one wishes to apply the International Accounting Standards truly correctly, [then] this can only occur on the basis of the English original text, with the consequence, that in this field the German legal language will be repressed. Accordingly, the contributions to discussions on International Accounting Standards and US GAAP are already at present riddled with English language terminology. (Schulze-Osterloh, 2003, p. 99, translation)

A number of respondents refer to the fact that accounting language is rooted in culture, and are concerned about the creation of a 'common language'. As noted above, while one respondent objects to being 'asked to speak one financial reporting language', another is concerned about the diffusion of 'another mental framework' as 'a process of colonisation'.

Third, accounting language (in English as well as in other languages) is a special register of language, a language for specific purposes. This means that meanings of accounting terms such as 'material' differ from the meanings of the same words in everyday language. Also, while such registers allow more efficient communication between members of a professional group, they typically exclude non-members. This was implied in the quote by Tweedie (1976) and noted by one of our respondents: 'At the end we create our own accounting language in Spanish that only experts really understand'. This exclusion of the layperson (in all languages) runs counter to the demands for understandable financial reporting, but appears inevitable in an accounting world of increasing complexity. In addition, special registers

follow different rules and style conventions in different languages. For example, legal drafting and interpretation, and the hierarchy of rules differ in different legal systems (see e.g. Evans, 2004; Evans, Baskerville and Nara 2010). This is referred to by a number of respondents, and has implications for accounting, for example with regard to the tightness of drafting, the strictness with which the regulation has to be applied and the degree of interpretation permitted/expected, as well as the conventions to be followed in interpretation. It also raises the question whether the IASB's principles-based approach is more or less prone to create translation problems than would be the case with a rules-based approach. Respondents suggest that precision in translation is even more important 'in principles-based standards where little additional guidance is provided' and that a principles-based approach allows greater flexibility in interpretation, and by implication, creates greater challenges and uncertainty in translation.

Key findings

Two important findings arise from the survey. First, many respondents consult the English original version of IFRS. The majority of our respondents were academics involved in the creation of textbooks, rather than translators. The fact that many felt a need to consult the English original rather than relying exclusively on translations into their native language suggests that available translations are often considered insufficient to permit full understanding of the intended meaning. The survey findings suggest that this is likely to be due to the inherent problems of language translation, rather than the flaws in the translation process. Second, our survey findings emphasise the importance of knowledge of other languages and cultures. In the words of one respondent:

I also believe it is important to know the original wording of various (accounting) concepts, so as to capture the true sense of concepts and understand the nature of differences between accounting cultures. I know IAS/IFRS mean globalisation, but I do not believe this can mean

erasing national senses. Concepts arise from different (accounting) cultures, and must adapt/survive in national contexts. Therefore knowledge of foreign languages is so important: understand the sense of concepts and be able afterward to find an appropriate word capturing it (not literal translations of foreign words). You can gain a better understanding of accounting when discerning backgrounds, and new research ideas can easily emerge.

Limitations

The survey-based findings are subject to two limitations. First, this survey is exploratory in nature, relying on a small number of respondents, and its findings are therefore not generalisable, nor are they intended to be. Second, the survey explores only translation issues arising in European languages. It is likely that more fundamental problems exist in translation into languages and cultures which are less closely related to English and Anglo-American accounting cultures, such as Arabic or Chinese.

4. Recommendations and policy implications

This report summarises the findings from a survey of authors and translators of textbooks on financial reporting into European languages other than English. Textbooks play an important role in accounting education, and accounting educators face problems in communicating unfamiliar concepts to students when these concepts are based on texts or standards written in a language other than their native language. The survey thus explores problems in the communication of accounting concepts originating in the IASB's Anglo-American accounting culture in other languages and accounting cultures.

The following findings arise from this report:

- There is general support for claims made in prior research and literature that exact equivalence cannot be achieved in translation. This is because accounting concepts in any language are part of that language community's accounting culture. Where a concept does not form part of a culture, its translation is not meaningful, no matter what words are chosen.
- There are further problems arising from differences in languages' syntax, grammar, style and lexicon. This also supports prior literature. For example, English has many more words than most other European languages, but some other languages have more complex or flexible grammatical structures than English. This means that subtleties may be expressed in different ways, and that literal translation is usually not possible.
- There is some indication that specific problems encountered and solutions preferred differ between different language families. For example, closely related languages share terminology with common roots. This gives rise to the problem of 'faux amis', where words are similar, but do not mean the same thing. On the other hand, where languages are less related, they are likely to differ not only in terminology, but also in syntax and grammatical features. Therefore

significant change to the original sentence structures often occurs in translation.

- Sentences may also become more complex in translation because additional explanations, paraphrasing or circumlocution are adopted by translators to deal with a lack of equivalent terminology.
- On a positive note, translation is not seen as impossible by respondents. In many cases, respondents do not consider problems identified in prior literature as problematic for themselves. Where problems arise, a number of strategies and solutions are adopted to reduce their impact.
- However, some of the solutions adopted by translators may give rise to concerns for standard setters and regulators, for example where perceived redundancies in the original English are omitted, where words are added to provide explanation or where sentence structures have to be changed because of the demands of the target language. This suggests that translators always have to interpret the original meaning, and there is a risk that they do not capture the meaning intended by the standard setter. This problem arises equally in legal translation.

These findings give rise to six recommendations and policy implications:

1. Standard setters and regulators must be fully aware of the potential difficulties of translation, and should consider these difficulties at the drafting stage. This would allow translation problems to be greatly reduced.
2. There may potentially be a greater difficulty in translating accounting principles rather than more detailed and explicit rules.
3. Accountants in practice, individuals involved in standard setting and accounting academics who have no foreign language skills are often unaware of the limits of translation. Such awareness is required to avoid misunderstanding. For example, disagreement on points

of policy and practice may arise from divergent interpretations of translations of the same source text into different languages.

4. Standard setters, regulators, accountants in practice and especially auditors working in an international context must be aware that a subtle shift in meaning almost always occurs in translation, and that some differences in interpretation between the original text and its translations will always remain.
5. Translators not only have to have excellent knowledge of both source and target languages but also of both accounting subcultures.
6. Unlike our survey respondents, many educators may not have foreign language skills. They may therefore not be aware of the difficulties in conveying or understanding a concept in another language. However, it is important that accounting educators are sensitive to the difficulties which arise for students in understanding concepts that are not part of their own accounting cultures.

The survey-findings discussed in this report would benefit from more in-depth and systematic exploration. This applies for example to the different types or degrees of difficulties arising in translating principles as opposed to more detailed rules; the differences in interpretation between individuals who have no or limited foreign language skills, and those who are bilingual or multilingual; and potential difficulties arising from differences between EU and IFRS Foundation translations of terminology. Further research is also required into what lessons accounting can learn from translation work in other disciplines, such as law (Evans, Baskerville and Nara, 2010). As globalising of business continues, there will be a need for more and more translations into other languages, including those of Asia and Africa. We are concerned that translation can be a 'darkening glass', obscuring meaning, and leading to non-equivalent application of accounting rules, unless the importance of these issues discussed in this report is recognised and debated in the regulatory arena. We hope that studies such as this can make a contribution to developing solutions in the very near future.

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Endnotes

- 1 See: <http://www.ifrs.org/Use+around+the+world/IFRS+translations/IFRS+translations.htm>
- 2 See: <http://www.ifrs.org/Use+around+the+world/IFRS+translations/IFRS+translations.htm>
- 3 This is available through the eIFRS subscription services at <http://eifrs.ifrs.org/eifrs/Menu>
- 4 See http://europa.eu/abc/european_countries/index_en.htm for a list of member states and candidate countries.

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Nigel Macdonald
Chairman of SATER

February 2011

A single global accounting language surely must be the aim of the accounting profession in its bid to support the global economy and markets. However, there are a number of practical and political issues which may hinder this process. This report addresses one of these issues - that of translation. It is vital that all those involved in the standard setting, regulation, adoption and translation process are aware of the problems and limitations of translation.

This report takes a European perspective: to identify specific issues which arise in the translation of accounting terminology; to explore the implications of these issues; and to make recommendations for stakeholders in IFRS adoption and translation. The project is based on the expert views of authors and translators of textbooks on financial reporting in European languages other than English.

The authors find that although translation is possible, direct equivalence cannot be achieved. Translation problems can arise because of differences in accounting systems and language structures. Problems are likely to differ between different language families. A major problem is that meanings between different languages do not exactly overlap. These findings give rise to six policy implications for consideration by the profession.

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