

*Lise Mourier\**

## **Communicating financial reporting across continents**

### **Abstract**

Financial reporting is an area with distinctive terminology characteristics. High quality translations require both language and specialist knowledge. The varieties of English complicate the choice of language: British, American or international English? The article examines the challenges translators face when choosing between these 'Englishes'. To determine how/whether a theoretical approach and a proper translation process can result in higher quality, the article will look at translation tools and strategies, problem-solving activities and consistency in choice of terminology.

### **1. Introduction**

Most Danish companies are required to produce translations of their financial data, primarily in English. Traditionally they have focused on UK English, but today an increasing number of Danish companies address the US and therefore need to communicate in US English. Several companies have adopted the International Accounting Standards (IAS)<sup>1</sup> and prefer an international variety of English and - because they address target groups outside the US and the UK - need to use English as a lingua franca, not particularly wishing to be US or UK biased. The recent enactment of a new Danish Financial Statements Act, which is widely based on IAS, has further shifted the focus towards international, IAS-based English.

Accounting is a challenging subject requiring much specialist background knowledge, and financial reporting is an area with distinct

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<sup>1</sup> From 2001, new standards are referred to as IFRS (International Financial Reporting Standards).

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terminology characteristics. Therefore, high-quality translations in this subject area require both language and specialist knowledge. That it is impossible for a translator to translate a text he or she does not understand (Kurz 1988:424) highly applies to the complex subject of accounting. As Parker puts it: "Understanding accounting terminology in languages other than English thus needs to go hand in hand with acquiring a knowledge of relevant accounting theory and practice" (Parker 2001:102). My findings show that this statement is indeed also true of English, given the numerous varieties of this language which further complicate the translator's task when translating from Danish into English: Which English? British, American or international English? It is the translator's responsibility to ensure that the target text (TT) works; the consequences of mistranslations are many and serious. Investors may make wrong decisions because of low-quality translations. Within this subject area, the choice of English variety is important as accounting terminology highly differs between UK and US English. International 'IAS' English is a mixture of the two, though with a strong US bias (see below). My observations are based on a text corpus consisting of annual reports for 2001 in Danish and English presented by Danish KFX companies listed on the Copenhagen Stock Exchange. The corpus contains enterprises in reporting class D<sup>2</sup> to which the most comprehensive reporting requirements apply under the new Danish Financial Statements Act 2001.

My investigations show that translations of financial reporting are often poor. In a previous paper (Mourier 1996) it was shown that lack of background knowledge was the most serious reason for poor translation quality, and that such knowledge is a prerequisite for high quality in accounting text translation. According to Gile (1995:86-87), translators can 'gain non-trivial understanding of the text or speech in spite of their lack of specialised knowledge'. This applies especially to technical texts, as Gile's example from a medical textbook also illustrates. In financial reporting texts, however, much is implied and the mere knowledge of terms is not sufficient to achieve high quality. With regard to accounting texts, I agree with Gile's translation model

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<sup>2</sup> Class D companies are defined in the Danish Financial Statements Act 2001 to be listed or state-owned public limited companies (S.1 (4)).

(1995:102) from which it appears that extra-linguistic knowledge plays a *major* role in both the comprehension and the reformulation phases in the translation process. The translator will of course never audit or prepare financial statements. However, my findings<sup>3</sup> show that his or her extra-linguistic background knowledge must be at a fairly high level and certainly sufficiently adequate for understanding the accounting subject matter in order to enable him or her to provide translations of a satisfactory standard. This view is also held by Parker (2001:102): "... translation is not simply a mechanical exercise of substituting a foreign language term for an English one. The translator needs a knowledge not just of terminology, but also of the financial and fiscal systems in which companies operate".

The role of language is important to Danish companies when they issue financial reports in English. Adequate communication to stakeholders requires that the translated text conveys the same message as the source text (ST). Language is part of the company's image and a means of communicating important messages to target readers. Therefore, the choice of a particular variety of English will often be a management decision.

This paper will examine the importance of the appropriate type of English in financial reporting communication and some of the challenges faced by the translator. It will conclude with a discussion of the methodology and tools available to the translator.

## **2. Challenges when translating into English**

The obstacles to understanding company financial statements can be divided into (a) differences in accounting principles, and (b) linguistic (terminology) differences. According to Nobes & Parker (2000:427), even professional analysts find the language barrier a significant problem in international financial analyses. One of the objectives of IAS is to make it possible for company stakeholders to compare financial statements across borders and industries. The wording of the IASC<sup>4</sup> objective is:

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<sup>3</sup> Two examples appear below.

<sup>4</sup> The International Accounting Standards Committee.

”(a) to develop, in the public interest, a single set of high quality, understandable and enforceable global accounting standards that require high quality, transparent and comparable information in financial statements and other financial reporting to help participants in the world’s capital markets and other users make economic decisions”.<sup>5</sup>

Uniform rules are obviously helpful. As for language, however, uniformity is not treated in IAS. The International Accounting Standards Board (IASB) has not adopted any language policy for uniform English terminology, and therefore the standards reflect the English used by IAS authors: American, British, Canadian, etc., though, as stated above, with a strong US English bias. Therefore, international accounting English constitutes a variety of ‘Englishes’, and companies are free to choose whether to translate into UK, US or other types of English when applying the IASs. IAS English is discussed in more detail below.

Company policy differs as to choice of English: some companies are subsidiaries of American groups and are required to use US English as their corporate and reporting language; other companies may wish to signal their European origin by opting for British English. Others again wish to be global and ask the translator to translate into international English. The choice of variety is an important, strategic decision that should never be made at random, but indeed by management.

As a small country, it is essential that Denmark translates text material into English in order to reach an international forum. This also applies to financial reporting texts. Therefore, Danish translators are faced with the challenge of translating *from* their mother tongue *into* a foreign language, which is the opposite of what translators in other countries normally do. Danish translators must therefore have a very high level of language proficiency in both Danish and the different varieties of English - together with specialist background knowledge of the subject matter of both the ST and the TT universes (i.e. language areas). Together with extra-linguistic knowledge, a theoretical approach and a translation process with adequate strategies, problem-solving methods and proper tools (parallel texts, dictionaries etc.) help translators achieve high quality (Mourier 2000:128).

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<sup>5</sup> IASC Foundation Constitution. Part A: Name and objectives. IASB CD-ROM edition, expiry in December 2002.

### 3. Isn't English English?

The framework and underlying principles in British and American accounting are generally the same, but accounting terminology is very different in the UK and the US. Some terms are different, but unproblematic in that they can easily be understood by the native US or UK user, and even by the non-native speaker of English (see Figure 1). However, even if they do not result in comprehension problems, accounting terms in English should not be chosen at random. It may be detrimental to the image of the company (the sender) that UK and US terminology appear as a mixed bag.

UK	US
debtors	receivables
creditors	payables
fixed assets	property, plant and equipment

Figure 1: Examples of unproblematic accounting terms UK/US English.

It applies both for TTs that are operational and informative that terminology must be consistent and applied with care. The linguistic form is an important parameter in successful corporate communications and expected to add quality to the corporate image. Sloppy language signals sloppiness in general (in delivery, product quality, etc.). The financial text genre is characterised by sensitive language: wording and terminology are carefully chosen in the source language and such choices must be mirrored in the TT.

UK	US
financial year	fiscal year
turnover	sales
stocks	inventory
equity capital	common stock
equity	equity capital

Figure 2: Examples of problematic accounting terms UK/US English

Figure 2 shows examples of English terms with different meaning depending on their UK or US origin. The reason that I refer to such

terms as problematic is that the use of a UK term in a US TT context may cause the TT reader to misunderstand the content. The UK term 'financial year' refers to the accounting year, as does the US 'fiscal year'. However, in UK English, the term 'fiscal year' refers to the tax year and not the accounting year. In the UK context, 'turnover' refers to goods and services sold, whereas in the US context, 'turnover' refers to the turnover of employees or creditors. US terminology applies 'sales' for goods and services sold. The UK term 'stocks' is equivalent to US 'inventory', and the US term 'stocks' refers to securities. The term 'equity capital' is particularly tricky: equivalent to 'equity share capital' when used in UK English and to 'equity' when applied in US English. It is imperative that the translator is aware of which terms are problematic to achieve high quality in the TT – a mixture of UK and US terminology may lead to serious misinterpretation of the text's message.

#### **4. English benchmarking**

As mentioned above, Danish companies are required to publish their financial reports in English to address their international stakeholders. What should be used as benchmark once the choice of English has been made? What is international English?

##### **4.1. UK and US English**

British accounting terminology appears in the Companies Act of 1985, which determines the overall accounting rules, and in the Statements of Standard Accounting Practice and (from 1991) the Financial Reporting Standards that define accounting procedures and concepts. American accounting rules are laid down by the Financial Accounting Standards Board (FASB) and appear in the FASB Conceptual Framework and Statement of Financial Accounting Standards that include terminology definitions (FASB 2000). Therefore, for UK and US terminology, adequate source material is available.

##### **4.2. International English**

The obvious sources for international English accounting terminology are the IASs and IFRSs.<sup>6</sup> As already mentioned, the IASB does not have any distinct language policy as to which type of English terminology is

to be employed and simply states that ‘the approved text of any exposure draft or standard is that published by IASC in the English language’ (IAS Preface, IASB CD-ROM). The ‘Help’ section to the CD-ROM edition appreciates differences between UK and US English: ”If you are familiar with US terminology or spelling please key in both the UK and the US word” (IASB CD-ROM). Terminology is clearly important to the IASB: key accounting concepts (consisting of both UK and US terms) are defined in a Glossary of Terms included in an appendix to the IASs, which is an extremely helpful tool to the translator. Here, the US or UK English terms are defined as applied for IAS purposes. As IASs/IFRSs draw heavily on the US FASB statements, there is a strong bias towards US English accounting terminology. However, spelling leans towards UK English, as appears from terms such as ‘amortisation’, ‘realisable’ and ‘labour’, where US spelling has ‘amortization’, ‘realizable’ and ‘labor’. The general importance of language appears from the fact that the translation into Danish of the standards<sup>7</sup> has been approved by the IASB as the official Danish translation. Therefore, the mix of US and UK English in IAS terminology seems strange (see Figures 3 and 4 below).

To the user of IASs/IFRSs written in English, it seems that authors of the individual standards have applied whichever English terminology they are used to, and this terminology then becomes the IAS/IFRS English terminology. An example: profit is referred to also as income (although named the *income* statement, the format shown in the appendix to IAS 1 employs the term *profit* rather than *income* to individual items). Figure 4 below shows other examples of the mixture of ‘Englishes’.

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6 See note 1.

7 Published 2002 in ‘Internationale Regnskabsstandarder 2002’ by FSR and IASB, distributed by Forlaget Thomson.

UK	US
<i>Profit and loss account</i>	<i>Income statement</i>
Turnover	Net sales/revenues
Gross profit/loss	Gross profit/loss (or: gross margin)
Operating profit/loss	Income/loss from operations
Profit/loss before taxation	Income/loss before income taxes
Net profit/loss for the year	Net income/loss

UK	US
<i>Balance sheet*</i>	<i>Balance sheet*</i>
[vertical format]	[horizontal format]
Tangible fixed assets	Current assets
Current assets (Creditors < 1 yr)	Property, plant & equipment
Net current assets (Creditors > 1 yr)	<u>Total assets</u>
Capital and reserves	Current liabilities
<u>Total liabilities and equity</u>	Long-term liabilities
	Stockholders' equity
<i>*as appears, the orders of liquidity in the B/Ss differ</i>	

Figure 3: Examples of different accounting terminology UK/US English:

It is now interesting to compare the terms in Figure 3 with the IAS terminology and presentation in Figure 4 (US-biased terms are marked with '\$'):

<i>Balance sheet</i>	<i>Income statement \$</i>
Non-current assets \$	Revenue
Property, plant & equipm.\$	Cost of sales
Current assets	Gross profit (\$)
Inventories \$	Other operating income \$
Equity(\$) and liabilities	Finance cost
Capital and reserves	Income tax expense \$
Non-current liabilities \$	Profit after tax
Current liabilities	Net profit/loss for the period

Figure 4: Example of IAS accounting terminology (Illustrative Financial Statement Structure. Appendix: Presentation of Financial Statements, IAS 1 (revised 1997)):



The balance sheet is presented in the horizontal format with increasing order of liquidity: format as in US usage, order of liquidity as in UK usage. The income statement is presented in the vertical format that is widely used by companies both in the UK and the US. By US and IAS definitions, the concepts of non-current and current liabilities contain provisions. Compared with DK and UK terminology, the concepts of ‘non-current’ and ‘current liabilities’ fail to be fully equivalent with the DK ‘langfristede gældsforpligtelser’ and ‘kortfristede gældsforpligtelser’ as well as the UK ‘short-term creditors’ and ‘long-term creditors’ that do not include provisions. The Danish balance sheet format<sup>8</sup> lacks the broader concept ‘forpligtelser’ which is equivalent to ‘liabilities’. Because it is presented in the vertical format, the UK balance sheet does not show the term. The FASB, UK and IAS definitions of ‘liability’ compared with the Danish definition of ‘forpligtelse’ provide evidence for the equivalence between the concepts and show characteristic features of the superordinate concept:

**IAS def.:** *Liability: A present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits. (IAS 37.10, F.49(b); Glossary of terms).*

**DK def.:** *Forpligtelser: Eksisterende pligter for virksomheden opstået som resultat af tidligere begivenheder, og hvis indfrielse forventes at medføre afståelse af fremtidige økonomiske fordele. (Lov nr. 448 af 7. juni 2001 (Årsregnskabsloven), Bilag 1. Definitioner, C. Årsrapportens elementer.).*

**US def.:** *Liabilities are probable future sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events. (FASB Statement of Financial Accounting Concepts No. 6. Elements of Financial Statements, 35.).*

**UK def.:** *Liabilities are defined as: An entity's obligation to transfer economic benefits as a result of past transactions or events. (Financial Reporting Standard 5: Reporting the substance of transactions. Definitions).*

Figure 5: Definitions of ‘liability’ and ‘forpligtelser’

<sup>8</sup> The Danish format implements the format in the EC 4th Directive that has the same ‘gap’: Passiver: A.Egenkapital; B.Hensættelser; C.Gæld. (Rådets Fjerde Direktiv af 25.7.78, Afd.3, Art. 9).

## 5. Annual reports translated into English

My observations show that Danish companies applying IAS make a distinct choice of either UK or US English terminology. Where bias towards the Danish ST is necessary for correct understanding, IAS terminology may be an appropriate choice. A case in point is the term 'associate' (see Example 3 below with comments). To the translator the challenge is that he or she must be able to operate in all three English universes and be familiar with the US/UK/IAS terminology.

Apart from the items in the financial statements, other terminology in the annual report differs widely in the various 'Englishes'. A particularly challenging term is 'ledelsesberetning', in UK English referred to as 'directors' report' and in the US as 'Management's Discussion and Analysis (of Financial Condition and Results of Operations)'. Here, background knowledge is also essential: the Danish 'beretning' (report) is - as laid down by law - the responsibility of both the board of directors (bestyrelse) and the executive board/management board (direktion). As appears, the UK term is not equivalent to the Danish term and will, if applied, distort the meaning. The US term may be used if the Danish term 'direktion' is translated into 'executive board' instead of 'management'. This leaves the term 'management' open to be applied for 'ledelse' and interpreted in the general sense of the term that encompasses both board of directors (supervisory board) and executive board. The trend in international English translations is indeed towards 'supervisory board + executive board' for 'bestyrelse + direktion', leaving 'management' to be used for 'ledelse' in general. This also solves the translation problem so that 'ledelsesberetning' translates into 'management review'<sup>9</sup> and 'ledelsespåtegning' into 'statement by the management on the annual report'.

I have chosen the following three examples from Danish annual reports translated into and from English to document that the translator must possess specialist background knowledge:

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<sup>9</sup> 'Annual report' is equivalent to 'Årsrapport' i.e. the total financial reporting material presented including financial statements and reports.

Intangible fixed assets are valued at acquisition price less \*depreciation or at \*recovery value if lower.

*Immaterielle anlægsaktiver måles til anskaffelsessum med fredag af foretagne afskrivninger eller genindvindingsværdi, såfremt denne er lavere.*

Example 1: NEG Micon: Accounting policies. TT: UK terminology - Danish ST shown below. (Annual Report 2001).

In connection with intangible fixed assets, the term for ‘afskrivning’ is ‘amortisation’,<sup>10</sup> as ‘depreciation’ is used in connection with tangible, fixed assets. ‘\*Recovery value’ is a word-by-word translation as the term equivalent to ‘genindvindingsværdi’ is ‘recoverable amount’.<sup>11</sup> With adequate background knowledge supplemented with research on definitions of concepts and use of parallel texts, the errors might have been avoided. The changed Danish terminology in the new Danish Financial Statements Act, which is applied in the 2001 Annual Report of NEG Micon, might have been reflected in the English version with a translation of ‘måles’ by ‘measured’ instead of ‘valued’, as the changed Danish terminology builds on the changed English terminology<sup>12</sup>.

10 This appears from accounting standards (both UK/US standards and IASs) and from financial statements published as STs in English.

11 Recoverable amount: The higher of an asset’s net selling price and its value in use (IAS 36.5); genindvindingsværdi: for et aktiv er genindvindingsværdien den højeste værdi af kapitalværdien og salgsværdien fratrukket forventede omkostninger ved et salg. (Årsrapportens elementer, Definitioner, Bilag 1, Årsregnskabsloven 2001).

12 Applying the new terminology is important in that this signals the new approach to the presentation of financial statements that stems from FASB and IAS.

<p><i>BALANCE SHEET</i></p> <p><i>Liabilities and shareholders' equity</i></p> <p><i>Shareholders' equity</i></p> <p><i>Provisions</i></p> <p><i>*Liabilities</i></p> <p><i>*Long-term liabilities</i></p> <p><i>*Current liabilities</i></p> <p><i>Total liabilities and shareholders' equity</i></p>
<p><i>BALANCE</i></p> <p><i>Passiver</i></p> <p><i>Egenkapital</i></p> <p><i>Hensættelser</i></p> <p><i>Gæld</i></p> <p><i>Langfristet gæld</i></p> <p><i>Kortfristet gæld</i></p> <p><i>Passiver i alt</i></p>

Example 2: Vestas Wind A/S: Balance sheet. TT: UK terminology - Danish ST shown below. (Consolidated accounts and annual accounts for 2001):

The item 'liabilities' is a broader concept in relation to the subordinate item 'provisions' that is defined as part of short-term or current liabilities (see Example 2 above). The translation error occurs because of the translation of 'gæld' into 'liabilities', because the term 'liabilities' is equivalent to 'forpligtelser' (cf. definitions in Figure 5 above). However, in choosing 'liabilities and shareholders' equity' for 'passiver', the translator provided a correct solution to the challenge of the Danish term, which carries the two semantic elements 'egenkapital' (shareholders' equity) and 'forpligtelser' (liabilities).

The Danish balance sheet format jumps directly from 'passiver' ('equity and liabilities') to the items: 'hensatte forpligtelser' ('provisions') and 'gældsforpligtelser' ('creditors/debt'), split into 'kortfristede gældsforpligtelser' ('short-term creditors') and 'langfristede gældsforpligtelser' ('long-term creditors').

In Figure 6 below, the solid arrows show the items as presented in the format in the Danish Financial Statements Act; the broader concept

'liabilities' (missing in the format) above the narrower concepts 'provisions' and 'creditors' has been inserted between the dotted arrows in a parenthesis.

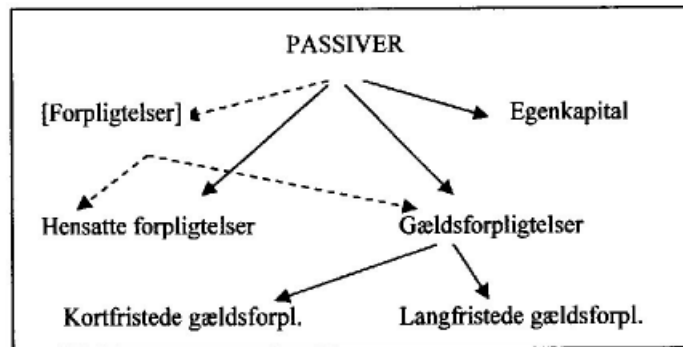


Fig. 6: Tree diagram: balance sheet terminology, liabilities and equity (passiver). Glossary: Passiver = equity and liabilities; Forpligtelser = liabilities; Egenkapital = equity; Hensatte forpligtelser = provisions; Gældsforpligtelser = creditors/debt; Kortfristede gældsforpl. = short-term creditors; Langfristede gældsforpl. = Long-term creditors).

The translator must be able to cope with problems like these, comparing definitions to ensure that the target reader will get a true and faithful view of the ST.

*Investments and other assets*  
*Investments in subsidiaries and associated enterprises are stated in the Financial Statements of the Parent Company under the equity method, which required that a proportionate share of their annual net income or loss is reflected in the Statements of Income of the Parent Company.*

*Finansielle anlægsaktiver*  
*Kapitalandele i dattervirksomheder og associerede virksomheder værdiansættes i moderselskabets regnskab efter den indre værdis metode, således at der i resultatopgørelsen medtages en forholdsmæssig andel af virksomhedernes resultat for året svarende til moderselskabets andel.*

Example 3: TDC Annual Report 2001. Significant Accounting Policies. (ST: US terminology, TT: DK translation from US English ST).

The choice of US reporting language clearly appears from the text excerpt: 'Statements of Income' (US), not 'Profit and Loss Account' (UK). The concept of associated enterprise is not found in US accounting terminology. A 20-50% fixed asset investment (exercising significant influence) is referred to as a 'minority active investment'. To retain a DK source text bias and achieve full equivalence with the Danish concept 'associeret virksomhed', the translator had to reject the US term and opt for a term that is both internationally understood and equivalent. The IAS concept 'associate' and the UK concept 'associated undertaking' are fully equivalent to the DK concept of 'associeret virksomhed'. To maintain a US terminology bias and to opt for international rather than UK English, the translator chose to combine 'associate' with the US and IAS term 'enterprise'. The UK/EU term 'undertaking' for 'virksomhed' was unacceptable, as 'enterprise' - being the US equivalent to 'undertaking' - is a term generally applied in the TDC Annual Report. Consistency in terminology was achieved and the Danish data were 'presented fairly'.

This example shows how the translator can solve the problem when the TT universe fails to have an equivalent term. The translation should always be true and faithful to the ST and avoid misleading the target reader with inappropriate and inconsistent concepts. The need for correct understanding of the TT (i.e. the ST) overrules consistency in US or UK terminology. Generally, three options exist when the translator is required to solve a lexical gap in a particular type of English: the translator may

- (a) find an equivalent concept in international (IAS) English;
- (b) find an equivalent term in another variety of English (US if UK and vice versa); or
- (c) 'translate' the Danish concept into an English term that may not exist as a defined concept, but which will embody the characteristic features of the ST concept.

The translator who is asked to use international English as the reporting language will naturally use IAS English accounting terminology inasmuch as this is possible. A true and faithful translation of the Danish ST may, however, make it necessary to avoid IAS terminology. This happens if an IAS term is not equivalent to the Danish accounting term.

The new Danish Financial Statements Act relies heavily on IAS. The choice of IAS terminology in an English translation of the Act is therefore justified. Where IAS terminology ‘by default’ does not cover Danish concepts, the translation will apply UK or EU terminology. The EU has decided that listed companies in member countries must present financial statements according to IAS by 2005, and the EC 4<sup>th</sup> and 7<sup>th</sup> Directives are being adjusted accordingly at the time of writing. To which extent the EU terminology will be changed remains to be seen.

## 6. Translation process and strategies

The discussion above illustrates the need for the translator to have extra-linguistic background knowledge:

- about the ST context universe to be able to understand the ST, and
- about the UK, US and international TT context.

Clear insight into terminology and definitions used in UK, US and IAS accounting English is another prerequisite. The model below illustrates the translation process:

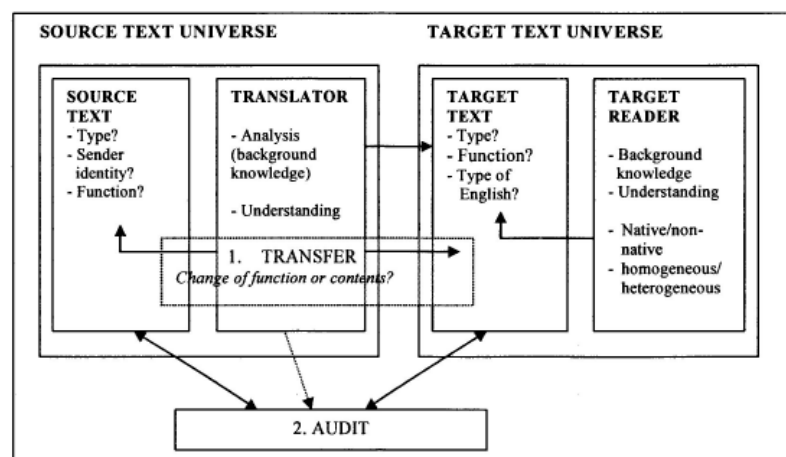


Figure 7: Translation Process Diagram, Mourier 2003

In the following I apply the model to a translation of an annual report from Danish into English: The ST stems from a Danish company with a controlling US shareowner. The shares are traded both on the Copenhagen and New York Stock Exchanges. Obviously, this establishes a US TT universe, and the TT must appear in US English. Having decided this, the translator will now read through the ST and analyse it in terms of text genre (financial report), style (important to preserve the style of the ST in the TT) and tone of voice: passive voice for facts and professional data, and active voice for management's views and responsibility statements. Any hedging in the ST must be maintained in the TT as financial reports contain sensitive data. Figures must be represented with great accuracy. The translator must be loyal to the sender. The translator will rely on her/his linguistic expertise for high quality language in the TT and on his/her extra-linguistic background knowledge with a view to producing a true and faithful representation of the ST contents. To ensure equivalence, accounting terminology definitions of the ST must be carefully compared with those of the TT. Terms should never be chosen at random, even though the time factor is always a challenge. Where equivalence between particular concepts does not exist, the translator must carefully study the ST context to produce a TT that correctly reproduces the Danish contents to the target readers, in this case the US stakeholders and the US Securities and Exchange Commission with whom the annual report must be filed.

## **7. Translator qualities**

Much is required from the professional translator. Language expertise is a prerequisite, but not sufficient. Extra-linguistic specialist background knowledge is a must, particularly in language for accounting purposes. Techniques for acquiring and sustaining such knowledge are essential for the professional translator. As pointed out by Gile (1995:141), it is important that the translator is able to assess knowledge acquisition requirements and possibilities before accepting an assignment. Therefore, self-awareness is important. The translator should refrain from accepting translations within subject areas that he or she does not master. To meet this challenge, the translator can specialise in certain subject areas. Financial reporting texts may be difficult to handle, but once the necessary accounting background knowledge is acquired, a



wide array of assignments are open to the translator, bearing in mind that this background knowledge must of course be currently updated.

Other requirements include: experience, self-confidence, loyalty to sender, openness to dialogue with client or commissioner (to ask questions, clarify understanding and discuss choice of English variety). To this can be added analytical thinking, problem solving and decision-making. After the analytical stage in the translation process, the translator must be experienced in finding quick answers to problems of understanding and in making prompt decisions about terminology. Not to forget the translator's challenge of time: most translation work is made against the clock. The panacea is adequate specialist background knowledge, appropriate strategies and tools, and the ability of quick decision-making to which must be added experience.

## 8. Translation tools

As financial texts are quite complicated, adequate tools are important. Gile classifies the translator's information sources into human and non-human sources and discusses the variables, weaknesses and strengths of the different sources (Gile 1995:133ff).

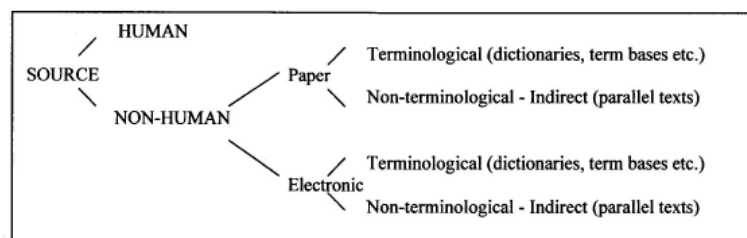


Figure 8: Classification of information sources (based on Gile)

In Figures 9, 10 and 11 below, the information sources are classified for reporting text translation purposes:

## HUMAN SOURCES:

*client, commissioner, accountant (expert), sparring partner (translator colleague)*

Figure 9: Human sources for accounting texts

## NON-HUMAN SOURCES:

Paper

- (a) Terminological (dictionaries, term bases, glossaries, definitions etc.)  
*Monolingual dictionaries on finance and accounting*  
*Bilingual dictionaries on finance and accounting*  
*Term bases with DK, UK, US or IAS terminology*  
*IAS Glossary of terms (English and Danish versions)*  
*Definitions in accounting legislation and standards*
- (b) Non-terminological - Indirect (parallel texts)  
*Company annual reports in Danish and UK/US English (both as STs and as TTs)*  
*Accounting standards (UK/US/IAS)*  
*Accounting legislation (UK/EU/IAS)*  
*Booklets on special accounting subjects published by accountancy firms*

Figure 10: Non-human paper sources for accounting texts

## NON-HUMAN SOURCES:

Electronic

- (a) Terminological (dictionaries, term bases etc.)  
*The translator's own term bases (tool: e.g. Multiterm)*
- (b) Non-terminological - Indirect (parallel texts)  
*The translator's own parallel text corpus and previous translations (tool: e.g. Translator's Workbench)*  
*Websites such as the Danish Commerce and Companies Agency; the International Accounting Standards Board; the US Financial Accounting Standards Board; the Institute of Chartered Accountants in England and Wales; accountancy firms (Deloitte & Touche; KPMG; PricewaterhouseCoopers; Ernst & Young); listed companies in DK, the UK and the US (the Securities and Exchange Commission's website gives access to the EDGAR database with US financial statements) etc.*
- (c) Search engines such as google.com, finans.yahoo.dk, etc.  
*For general and advanced searches.*

Figure 11: Non-human electronic sources for accounting texts

As tools, bilingual dictionaries may provide inspiration in that they suggest an array of terms for translating the entry in question. However, definitions or characteristic features are seldom found in bilingual dictionaries. Therefore, such dictionaries must be used with great care by the translator. The choice of term from the range of translation suggestions must not be made at random. Therefore, bilingual dictionaries are useful as a starting point in the search for an adequate equivalent term. Suggested terms will next have to be checked in monolingual special subject dictionaries that define each entry in question, enabling the translator to choose the equivalent term. Blind faith in bilingual dictionaries leads to errors and poor translation quality. The best tools are found in parallel texts and 'home-made' term bases furnished with definitions and comments based on the translator's own experience. Translation memories (such as Translator's Workbench) of course also provide a valuable tool for maintaining consistency in recurring translations of the same type.

## **9. The translator's challenges**

Translations of financial reporting texts are particularly challenging to the translator, not only because of the special financial and accounting terminology and the requirements for extra-linguistic background knowledge of a difficult subject, but also because of the different genre types present in the text material. The annual report consists of various text genres: operating review, financial review, statement by the management on the annual report, auditors' report, accounting policies, financial statements: profit and loss account, balance sheet, etc., and often also supplementary statements such as the environmental report, the intellectual capital report, and not least, the notes to the financial statements. The translator must be familiar with the different tones of voice in the formal financial statements with their particular accounting code language and in the operating and financial reviews where the focus is on language and style. Furthermore, the translator must be able to advise the company/client on choice of variety of English and must master DK, UK, US and international (IAS) accounting terminology. For the translation process, the translator must have specialist background knowledge to understand the ST properly and produce a high quality TT. When annual reports must be submitted to the US

authorities (the Securities and Exchange Commission - SEC), besides being presented to the US stakeholder, the translator is faced with the particular challenge of addressing two different target groups. This requires a change in the style of the contents in the annual report as presented to stakeholders, when presenting the same financial data in the form 10-K<sup>13</sup> to the SEC. Surprisingly, this change may be from a formal style in the annual report to a more informal tone of voice in the 10-K! This process requires a thorough linguistic background knowledge and experience.

## 10. Conclusion

To produce high quality financial reporting text translations, the translator will need a range of personal and professional qualities, extensive background knowledge, solid experience, and access to adequate tools. A translation strategy is imperative. To this can be added the extra challenge with which the translator is faced: English is not even English. There are at least three important varieties in accounting language: UK, US and IAS English. A mixture of these must be avoided. The choice of TT language (variety of English) is a strategic decision that ideally rests with company management. Only then can the translator, as the communications and language expert, contribute effectively to the communicating of financial reporting texts across continents.

Note: *August 2003 saw the publication of an electronic accounting dictionary on the Internet covering Danish and English terminology. The dictionary is available free of charge at [www.regnskabsordbogen.dk](http://www.regnskabsordbogen.dk) and is compiled by ass.prof. Sandro Nielsen, prof. Henning Belgenholtz (both Aarhus School of Business) and ass.prof. Lise Mourier (CBS); database and layout by Richard Almind (Aarhus School of Business). Further research work on the dictionary is going on.*

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<sup>13</sup> 10-K is the name of the SEC-form.

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