HOW DOES THE ENGLISH OF IFRS CHALLENGE
AN INTERNATIONAL STUDENT COHORT?
EVIDENCE FROM A CHINESE COHORT

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How does the English of IFRS challenge an international student cohort? Evidence from a Chinese cohort.

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Abstract:

Educators and regulators world-wide are recognizing a range of problems that are arising in both teaching and implementation of IFRS due to language and translation issues. The research question asks what it is about the English in which IFRS are written that causes problems for an effective understanding of IFRS by a Chinese undergraduate student cohort. All 88 participants, with Chinese as their first language, were studying accounting at New Zealand and Chinese Universities. They translated, and then independently back-translated, four sentences of IFRS chosen for the research. There were 168 back-translations useable for the analysis. This study highlights the specific problems students face in understanding the specialized English of accounting, and in particular illustrates problems with the syntax and lexicon used in IFRS. The significance of the findings of this paper originate in the method used; there are other studies which tackle the issue of translatability but only using a quantitative approach. The analysis of these sentences from IFRS is detailed enough to illustrate exactly how problems arise in syntax and the lexicon. We suggest what steps educators may take to alleviate the degree to which pedagogical outcomes are compromised by such issues of understandability.

PROLOGUE

Chinese Auditor: "There are many new concepts or new methods, which have not emerged before. It is like half-cooked rice, we have to swallow it without fully chewing and digesting".

Interviewer: "How do you understand new concepts? Do you understand them in English or translate them into Chinese?"

Chinese Auditor: "We will refer to cases. I do not know about other accounting firms. When we find a new concept, we will check the definition of the concept in a trading finance book. Then we will research its cases and see what the concepts express and its story, not literal understanding of the concept."[1]

INTRODUCTION

Educators and regulators world-wide are recognizing a range of language and translation issues that are arising in both teaching and implementation of International Financial Reporting Standard(s) (IFRS). McPeak, Pincus, and Sundem (2012) remind us of how much the significance of different shared beliefs and values, languages, and social, educational, and legal systems all pose a challenge for teaching IFRS. In addition, there is a significant increase in the proportion of overseas students in our classrooms, combined with a more 'European' or international curriculum for the majority of students in North America, and an increased exposure to IFRS in their future jobs in multi-national enterprises and Big 4 accounting firms (Bonnier, Demerens, Hossfeld, and Manh 2013). The language in the actual IFRS is complex: with convoluted syntax, specific meanings (the lexicon), as well as sentence length. Some non-English accounting researchers have contributed to a steadily mounting critique of language and translation issues in IFRS, but there is little research about the 'IFRS English' from the educational angle.

There have been sporadic but consistent reports concerning the quality of the English in which IFRS are written. The International Accounting Standards Board (IASB, or IFRS.org) responded some time ago to these concerns by identifying their own experts to consider IFRS for translatability. However the use of accounting experts in such tasks, and their familiarity with the extent to which accounting standards are written in a language for a specific purpose (LSP), means

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[1] From an interview in a series of interviews (in Mandarin) of large-firm Shanghai auditors, by telephone in January 2010. The research question in that project had centred on: what risks do auditors experience in using translated IAS? Most respondents explained that they did not use translations, but used the English version of IASs for guidance when auditing listed companies.

that problems of understanding such 'LSP English' for students, without yet having acquired such expertize, deserves further research attention. Thus the research question addressed in this report is: "What is it about the English in which IFRS are written that causes problems for an effective understanding of IFRS by the Chinese undergraduate student cohort?"

It was decided to answer this question by using a back-translation method, focusing in particular on IFRS uncertainty expressions: take a sentence from the IFRS, translate into Chinese, and then ask a different person to translate back into English. The four sentences used in this research all invoked concepts of probability or uncertainty. The findings of this study highlight the specific problems students face in understanding the specialized English of accounting, and in particular illustrate problems with the syntax and lexicon used in IFRS. The significance of the findings of this paper originate in the method used; there are other studies as described further, which tackle the issue of translatability, many with a quantitative approach. This may be persuasive in proving there is a problem, but may not address the issues of why or where the problem arises. The microanalysis (thick analysis) of only four sentences in this study is detailed enough to illustrate exactly how problems arise, and then we suggest what steps educators may take to alleviate the degree to which pedagogical outcomes are compromised by such understandability issues.

In order to answer this research question, this study commences with a description of LSPs (Languages for Specific purposes). A summary review of some of the extended research on uncertainty expressions, and a small amount of research on ethnic distinctions in perceptions of uncertainty is offered. The back-translation method and detailed results of analysis of back-translation of four IFRS sentences is then provided, ending with discussion, limitations, and conclusion.

LANGUAGES FOR SPECIFIC PURPOSES (LSPs)

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)

The language used in teaching accounting has long been recognized as a highly specialized 'dialect' or variety of a 'natural' language (such as English), as described by Baskerville and Evans (2011), and Evans, Baskerville & Nara, (in press). These special registers have developed in

professions because they facilitate communication among members of a group, by allowing economical, efficient and precise expression (Crystal 2003; Allan 2006), and are most commonly referred to as 'languages for specific purposes' (LSPs).

The language of an accounting standard epitomizes an LSP. As such, the IFRS have to be offered in a technical language which is relatively conservative. The meanings and understandings of the words have to be stable over the lifetime of the IFRS. Universal English may be subject to very rapid change; i.e. meanings can change very rapidly, but circumlocutions and convoluted sentences in IFRS are there because they have been used before and it is deemed they are understood. Maybe in the end they become archaic and the only people who understand them are the experts. But it is not beneficial if understandings of words in the IFRS were to shift and change. The language must be the same in five years' time, unlike fast-moving changing meanings in universal common English (Baskerville and Rhys 2014). Certainty that comes from the conservatism of a specialist language gives it its understandability for experts and specialists. But not necessarily understandability for students as they begin their path toward a professional career,

The language of accounting we teach our students is, as such, a specialized language. The accounting students we teach have not yet all acquired the accounting expertize to understand such a language for such a specific purpose, and therefore they cannot all understand what they are taught, without targeted attention by educators to tackle the problem.

RESEARCH ON TRANSLATION, PROBABILISTIC THINKING AND UNCERTAINTY EXPRESSIONS

It has been long recognized that linguistic and cultural barriers make it virtually impossible to achieve exact equivalence in translation from one language to another. This problem is especially acute in the translation of abstract technical concepts, such as the expression of uncertainty or probability, because meaning and interpretation depend on the language speaker's linguistic and cultural context. Equivalence may be difficult to achieve in translation, particularly when the concept does not form part of the country's existing culture (Jackling 2013).

As described in Baskerville and Evans (2011), prior literature relevant to this study comes from two areas: literature examining the theory of communication and meaning; and accounting literature focusing on language translation. Bagranoff, Houghton, and Hronsky (1994) suggested the former "is often focused on determining whether or not the message sent has the same content as the message received" (1994, 39). Early studies (Haried 1972 and 1973; Oliver 1974; Belkaoui 1980; Houghton 1987, 1998; Adelberg and Farelly 1989), sometimes utilizing psycholinguistic approaches, were undertaken in order to determine whether accounting, being an LSP, was understood differently by different groups, such as academics, users and preparers of accounting information, and students.

Further accounting research, based on earlier psychological research on communication and decision making (e.g. Beyth-Marom 1982; Budescu &Wallsten 1985), examined the interpretation of uncertainty/probability expressions especially those used in FASB Statement of Financial Accounting Standards (SFAS) No. 5: such as "probable, reasonably possible and remote" (e.g. Schultz and Reckers 1981; Jiambalvo and Wilner 1985; Harrison and Tomassini 1989 and others). These indicated a low degree of group consistency (e.g. Reimers 1992; Laswad and Mak 1994, 1997 2000; Simon 2002; Psaros, Patel and Warnakulasuriya 2003; Aharony and Dotan 2004). Riahi-Belkaoui and Picur (1991) and Bagranoff et al. (1994) attempted to test whether national culture affects the perception of accounting concepts even within the same language arena. Walton (1991) and Parker (1994) also draw on linguistic theories, and in particular on Saussure, in examining the development and changing meaning of technical accounting terminology. A study of the differences in the interpretation of verbal probability expressions in IFRS by Portuguese auditors (Teixeira and Silva 2009) also documents a range of perceptions and varieties of interpretation.

Research in accounting that deals with the translation of specific accounting terminology includes Rutherford (1983), Parker (1989), Zeff (1990), Nobes (1993), Alexander (1993), Evans and Nobes (1996), Aisbitt and Nobes (2001), and Baskerville and Evans (2011). One example is the research into translations of 'a true and fair view': translations "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)" (Baskerville and Evans 2011, 11). A further example is the detailed and robust research by Dahlgren and Nilsson (2012) on conceptual, syntactic and lexical issues of translation into Swedish: their analysis of paragraph 34 in IFRS 7 demonstrated that the Swedish text means the opposite to that intended in the English IFRS

The problems of translation are linked by Evans (2004) to the Sapir-Whorf hypothesis (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 further supported in accounting research by Monti-Belkaoui and Belkaoui (1983), suggesting that professional concepts are interpreted differently by unilingual speakers of different languages as well as by bilingual speakers. Further support for linguistic relativity was documented in an English-Chinese comparison of person cognition (Hoffman, Lau, and Johnson. 1986),

More recently, Huerta, Petrides and Braun (2013) examined in detail the translation of English into Mexican Spanish, a study of particular interest as this marks one of the few studies of IFRS when used in an EU language outside of the EU. They asked accountants to translate 23 generic and 24 accounting specific phrases. They found less agreement between these accountants on generic English words, as compared with specialist accounting words, which foreshadows the observations in this report: that it can be common English words such as recover, remote and outflow, which result in considerable variation.

Over the last forty years there has also been a small body of research examining ethnic differences in probabilistic thinking. Starting with that by Wright et al. (1978) of 53 UK Students at Brunel University 53 in Hong Kong, 96 in Malaysia, and 101 students in Indonesia, this early study used back-translation for three groups whose courses were mainly taught in English. They found that Asians showed less probabilistic thinking than the British cohort.

Another study illustrating that language differences result in communication problems, and perception of concepts as well, was by Monti-Belkaoui and Belkaoui (1983), who tested 66 students in three groups: monolingual accounting graduates in French, monolingual accounting graduates in English, and bilingual accounting graduates, asked to perform experiments in English and then in

French. All subjects were in Ottawa. They tested twelve concepts (framework elements), finding that there were differences between the monolingual French group and the monolingual English group, and significant differences between bilingual groups and unilingual groups, as well as significant differences between bilingual groups as well. Their conclusion was that language differences result in problems for both communication as well as perception of concepts.

Lau and Ranyard (1999) sent a questionnaire in their native language to 30 native Chinese speakers and 30 native English speakers in the Bolton Institute (UK). In this case the Chinese were divided into two groups - those with more or less than five years in the UK. Probability scale results from the Chinese did not generate the same variety of understandings of uncertainty expressions, but not because of their unfamiliarity with English, but because they did not 'think about it' to the same extent. English probability words are more precise than Chinese. These authors suggest that habitual linguistic expression of probability is likely to be related to probabilistic thinking. In a similar approach, Doupnik and Richter (2003) chose subjects among American, German, Swiss, and Austrian CPAs. They offered an all-English questionnaire, all-German questionnaire, and a mixed German-English questionnaire. Based on questions related to work experience, specialization, firm scale, familiarity with International Accounting standards and frequency of using IASs, they found a language-culture effect but no 'nationality effect', indicating that language-culture affects the interpretation of uncertainty expressions

As far as translation is concerned, there is an extensive body of research including that by Davidson and Chrisman (1993, 1994), and Doupnik and Richter (2003, 2004, 2006), which extended to the extent of examining interpretations of uncertainty expressions within extracts of International Accounting Standards in IFRS as in this study. These studies suggested that:

— uncertainty terms in English permit more precise interpretation than their French translations;

— the translation of such expressions from English to German results in significant differences in interpretation; and

— cultural differences may lead to a lack of equivalent interpretation of uncertainty expressions.

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However, Chand and White (2006) find no significant differences in the interpretation of IAS/IFRS (not specifically probability expressions) between different ethnic/cultural groups in Fiji and conclude that different cultural values may be overridden by professional influence.

Tsakumis, Campbell, and Doupnik (2009) suggest that in the official IFRS translation, the same word "remote", used in IAS 31 and IAS 37, was translated into different French and German words. They concluded that "in some cases, words and phrases used in English-language accounting standards cannot be translated into other languages without some distortion of meaning" (2009, 37). It is also of interest that in the study of German/English translation issues of by Holthoff, Hoos, and Weissenberger (2012), they found that the use of the German translations of IFRS, in particular IAS 24, resulted in a positive effect on accounting judgment. But they also warn that the increasing tendency to teach IFRS in the EU in English-speaking classes only might not be wholly beneficial; teaching IFRS translated into the 'first language' of students may be more beneficial than starting only with the English versions.

In order to further examine whether or not Chinese show a significantly less level of probabilistic thinking, possibly sourced to cultural differences, the study by Lau and Ranyard in 2005 offered a cross-ethnic study of English gamblers, and English non-gamblers in UK, comparing these with Chinese gamblers and Chinese non-gamblers in Hong Kong. These four groups differed in ethnicity, cultural groups, and gambling habits, but no specific method of categorization is mentioned. Chinese participants showed significantly lower levels of probabilistic thinking which they attributed to cultural differences.

As China moves to IFRS, Chinese academics suggest that the practitioners must improve their professional ability to apply judgment in the implementation of the new standards; and Chinese academics should "focus on the increased development of professional judgment into their curriculum" (Ping, Collins, and Shanping 2013, 287). Whether or not 'national culture' has a significant effect on the judgments of accounting students when interpreting and applying IFRS containing uncertainty expressions was examined by Chand, Cummings, and Patel (2012). In this research, there were 39 Australian students, and 229 Chinese Students or Chinese Australian Students.

Groups were divided by born in China/foreign born, secondary education in China/Australia, tertiary education in Australia. Their questionnaire included two sections, one for demographic data, and a second section studying percentage probability scales of uncertainty expressions selected from IFRS. They found that 'national culture' has a significant effect on the judgments of accounting students when interpreting and applying IFRS containing uncertainty expressions. However, Chinese students studying accounting in western nations like Australia may not necessarily show a greater consistency in accounting judgment.

A different result was derived from another study of interpretation of probability expressions by English and Chinese: Salleh, Gardner, Sulong, and McGowan (2011) tested 24 'native' Chinese speaking and 19 'native' English speaking accounting students in UK universities. Demographic profile questionnaires, including study year, major, familiarity with international accounting standards, professional qualification, age, gender, and citizenship, were all included. However, there were no obvious differences between the two groups in their interpretation of probability expressions.

In order to examine whether or not Australian and Chinese accounting students interpret uncertainty expressions in IFRS differently, Hu, Chand, and Evans (2013) categorized their student cohort into Anglo-Celtic accounting students, Chinese Australian accounting students (immigrants who had secondary /high school study in Australia), Chinese Accounting students (born in China, have secondary study in China, tertiary study in Australia), and other minority cultural groups such as those of Indian origin. This categorization was based on whether Chinese students had spent less than five years in Australia or more than five years in Australia. Their study suggested that Chinese students are more conservative and also that 'Chinese Australian' students were more acculturated to Australian culture than more recently arrived Chinese students. Such studies of students are most valuable for pedagogical research in this area. Thus this study hopes to contribute to that literature.

METHOD AND ANALYSIS

This study utilizes six research occasions: three in NZ in August 2012 and three in China in September 2013 (20 participants in NZ, 68 in China). All participants were volunteers from second-year accounting classes taught by the authors. Their participation was anonymous and the responses were only identifiable by code numbers (China) or self-chosen fictitious names (NZ). All participants were given sentences of IFRS on separate sheets of paper. After translating the sentence into Chinese, the original English was stapled over (hidden) and then another student would translate the Chinese back into English. It was important in this project not to use expert Chinese/English speakers, but instead to consider the pedagogical challenges for a Chinese student cohort reading and learning the IFRS in English. Our students are not expert translators.

Back-translation has been enthusiastically adopted in cross-cultural research in psychology, although there are few in Chinese cross-cultural research. In Russell's critique he notes that "the back translation criterion of success is insufficient because it can only achieve the best translation which may not be an exact equivalent" (1991, 433). This resonates closely with the findings of Baskerville and Evans (2011). Barger, Nabi and Hong (2010) offered a case study of Chinese disgust terms using back-translation, suggesting that standard back-translation procedures may not capture proper emotion concepts. It is this which makes back-translation such a useful technique to assess the understandability of the English to those for whom English is not their first language.

In this study, two of the authors undertook the role of assessing each of the 168 useable examples of back-translation of IFRS, coming to independent conclusions. Any difference was discussed and reviewed to ensure consistent and robust results, in order to assess the extent to which the original functional meaning of IFRS had survived back-translation. The analysis was decoupled into (i) an overall assessment of the extent to which the back-translation reflected the meaning of the original English at a functional level (ii) questions focussing on the particular grammatical, syntactical or lexical issues which crystallized in the following selected sentences:

a) Sentence one from IAS 11 (Construction Contracts) paragraph 4: "Contract costs that are not probable of being recovered are recognized as an expense immediately".

b) Sentence two from IAS 16 (Property, Plant and Equipment) paragraph 7: "The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably".

c) Sentence three from IAS 31 (Interests in Joint Ventures) paragraph 54: A venturer shall disclose the aggregate amount of the following contingent liabilities, unless the probability of loss is remote, separately from the amount of other contingent liabilities: etc….

d) Sentence four from IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) paragraph 23: "Where it is not probable that a present obligation exists, an entity discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote".

The four paragraphs were chosen because both questions one and four have the same expression "not probable", and question three and four have the same expression "remote". "Probable" in question two is asymmetric to "not probable" in one and four. As the official translation used different Chinese words for the two expressions (not probable and remote) in different standards, it was anticipated that these would show some variation. In fact, this is demonstrated in results in Table two.

Part I: Results for the overall assessment of the extent to which the back-translation reflected the meaning of the original English at a functional level

Overall, the grading of these answers was on the basis of the A – D range as follows:

A= successfully reflects the meaning of the original English at a functional level.

B= reflects the meaning in most aspects

C= reflects the meaning in some aspects

D= did not make sense at all, or induced a meaning opposite to that intended in the standard.

The graded assessments of all 168 useable back-translations were as follows:

(Insert here Table one)

The graded assessments of all useable back-translations shows that in some cases the students were unable to translate these sentences sufficiently accurately into Chinese to allow an operational back-translation. There is only a low percentage overall (6½%) of A-grade back-translations where the overall meaning has survived well. Therefore we undertook a more detail analysis of the sentences and problems which arose with each sample.

Part II: Results of analysis focussing on the particular grammatical, syntactical or lexical issues

Sentence one from IAS 11 (Construction Contracts) paragraph 4

"Contract costs that are not probable of being recovered are recognized as an expense immediately". Two examples of an A-graded translation are

- Those contract costs which are not probable to be recovered should be verified as expenses directly" (ref: response 27)

- In contract, the cost which is not probable to be made up is considered as the loss immediately" (ref: response 23).

Such equivalently operational translations were rare, as in table one. Why such a low success rate? In the analysis and assessment five questions were addressed:

i. Has the subject of the sentence (Contract costs) survived in meaning? Results: This had survived in 25 of the cases i.e. out of the 42 back-translations it had survived in 60%. The issue was that the words 'contract costs' were understood in some cases as: the costs of the contract, being a legal document, or contract fees.

ii. Is there any reference to probability? Results: Yes, in 26 cases (61%).

iii. Has the meaning of 'not probable' been retained? This was variously understood as impossible, can never, that cannot, possibly can't. Results: Its meaning appeared correct in 11 (26%) of the cases.

iv. Has the word 'recovered' survived? This word was problematic. The most common English usage is when it is taken to mean recovered, as from an illness, or recovered, as with

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furniture. It was variously offered in these back-translations as: compensated, taken back, to find, to be withdrawn, to resume, to compensate for, to regain, included, can't be made up for, revealed easily, included, remedied, taken back, offset, to be made up, received, returnless, to be reduced, remaintained, claimed back, returned. Results: It had retained sufficiently similar meaning in 20 cases (48%).

v. Had the stray adverb 'immediately' survived? It was correctly back translated in 14 cases, and in a further 7 cases was back translated as: on time, nowadays, directly, at once, gradually, constantly. It strayed into the subject twice, and disappeared 19 times. To summarize, it was successfully back translated in 45% of the examples.

Overall this sentence caused both syntactical and lexical problems.

Sentence two from IAS 16 (Property, Plant and Equipment) paragraph 7

"The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

a. It is probable that future economic benefits associated with the item will flow to the entity; and

b. The cost of the item can be measured reliably".

An example of an A-graded translation was: The costs of property, workshop and facility should be verified as properties if and only if they meet the following conditions:

(a) The future economic benefits it stands for is almost likely to inflow to the business (entity enterprise)

(b) At the same time its cost can be measured reliably.

We were aware this was the sentence the students would have been most familiar with as it is widely referred to in teaching, and expected the highest successful back-translation for this example. This did not occur, most likely for the following reasons:

In this paragraph, "An item will be recognised as an asset" if "both (a) and (b) are satisfied" means exactly the same thing as: if "both (a) and (b) are satisfied" then "the item will be recognised as an asset". They both also mean that for an item to be recognized as an asset it is sufficient that it should satisfy properties (a) and (b). However both the equivalent implications above also mean that

for an item to satisfy (a) and (b) it is necessary (although not sufficient) for it to be recognized as an asset. So if a translator produces one of these implications in an attempt to interpret an "if and only if" statement, the question as to whether the "if" reflects a necessary or sufficient condition is not meaningful until we have established what is being said to be a condition for what.

It is of note that one of the features of natural language is that meaning is conveyed not just by the words that are used but also by the order in which they are used. In matters such as this, a simple transposition of words can negate the intended meaning and this makes precision of expression quite important. One can feel every sympathy for translators of such convolutions from one natural language to another. In many cases, natural language (English, at least) is not well suited to the expression of these sorts of ideas.

The multiple-noun 'Property, Plant and Equipment' survived, but often back-translated to words such as workshop, facilities, tools, house, factories, housing estate, land, machinery, instruments. A fortune, and cash, both appeared once. The three questions asked in further analysis were:

i. Has the necessary and sufficient condition expressed as "if and only if" survived? Results: The back-translations at times provided these as an imperative (shall be …when) in 2 cases; an option (should/could be….when) in 11 cases; a condition (only if; or can't be…unless) in 21 of the 43 cases; and the correct back-translation "if and only if" in only 9 cases (21%).

ii. Has the concept of reliability as expressed in "can be measured reliably" been retained? This survived in 31 out of the 43 cases in the back-translation (72%). It was expressed in those words, or in words such as: embodied accurately, accurately measured, identified exactly, credibly, correctly estimated, firmly calculated, or legitimately.

iii. Has the word 'probable" in section (a) survived? This was addressed in various guises of uncertainty, using words such as 'is very likely', highly probable, foreseeable, possible, almost likely, more likely, and others. Results: there was a sufficiently functional version expressing 'probable' in the back-translation in 26 out of the 43 cases (60%).

That such an important definition should cause these problems in understandability is a matter of some concern.

Sentence three from IAS 31 (Interests in Joint Ventures) paragraph 54

"A venturer shall disclose the aggregate amount of the following contingent liabilities, unless the probability of loss is remote, separately from the amount of other contingent liabilities: etc."

An example of an A-graded translation: A speculator should announce the whole amount of contingent liabilities below, unless the probability of loss is very little and apart [sic] them from the number of other accidental obligations separately: (ref. response 33)

A key issue with this is the subordinate clause, "unless the probability of loss is remote" which could have been moved to the beginning of the sentence. As it stands, it interrupts the flow of the sentence and compromises the objective of the regulation. The subordinate clause refers to the disclosure of the aggregate amount, not the different idea in the latter part of the sentence that the disclosure should be separate. In many back-translations the second comma was lost and the last part of this sentence was seen as an extension of the subordinate clause.

It might have been preferable to split this sentence during drafting into two to clarify the exact meaning as follows: 'A venturer shall disclose the aggregate amount of the following contingent liabilities, unless the probability of loss is remote. This disclosure shall be separate from the amounts of other contingent liabilities'. The sentence structure was particularly problematic in this exercise.

There were three other problems which were apparent from the back-translation results. First, the noun, Venturer: back-translation produced the word 'investor' frequently, which inverted the meaning. Second, 'Remote', meaning a small probability, was perceived as geographical (a long way away) or in a temporal dimension (a long time away). In sentence four the word remote is used to qualify the word 'possibility'. In this sentence, it is used as a 'remote probability', something any English speaker would be unlikely to say in natural conversation. It would have been much clearer to use the word 'small' or 'low', as in a small or low probability. All users of accounting language appreciate that any probability is within the range of zero to one, not in space or time as the word

'remote' implies. Third, the verb 'disclose' produced a wide range of back-translations, as further described below.

The four questions asked during analysis were:

i. Has the noun 'venturer' survived? The most frequent noun in the back-translations was 'investor', which inverts the meaning (18 cases). Results: there was a sufficiently functional version in only 11 out of the 40 cases in the back-translation (28%). It was expressed in the word venturer, or in words such as speculator, risky investigator, 'chance chaser', risky adventurer. The reference only to company, enterprise, business, was not included in this count of those which survived.

ii. How has the word 'disclose' been treated? This survived in 34 out of the 40 cases in the back-translation (85%). It was not often expressed in the word 'disclose' (5 cases), however, other words such as: announced, 'should throw light on', reveal, expose in public, uncover, show, or publish, were deemed sufficiently close to represent the requirements.

iii. How have the words 'the probability of loss is remote' survived? This was addressed in various guises of uncertainty and remoteness, using words such as 'can't possibly occur', little probability, 'except for the cost is probable is a long time', 'unless the probability of bad debt is tiny', unless little possibility, not likely to happen, extremely small, a long period of time in the future, little chance, 'except that the possibility of causing loss is far away', and others. Results: there was a sufficiently functional version expressing a small probability of loss in the back-translation in 27 out of the 40 cases (67%).

iv. Has the idea of being 'separately disclosed from the amount of other contingent liabilities' survived? This was generally successful: 28 were deemed sufficiently close to represent the requirements out of the 40 cases (70%).

Overall, the translation of this sentence was the most successful back-translation overall.

Sentence four from IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) paragraph 23

"Where it is not probable that a present obligation exists, an entity discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote".

An example of a B-graded translation:

Entities should disclose 'probable liability' or liability that is unsure or unlikely being such entity's current responsibly, unless the entity's economic benefits and resources outflow have very little or no connection with 'probable liability'. (Ref. response 40)

Analysis: This paragraph represents a very complex and specialized accounting vocabulary; it is possible that the sequence of sub-clauses might have been better represented as: "Unless the possibility of an outflow of resources embodying economic benefits is remote, an entity discloses a contingent liability, even when the likelihood of a present obligation is improbable". This is, nevertheless, a difficult sentence to understand at first reading.

The five questions asked were:

i.   Has the concept of a contingent liability survived? Results: This did not provide evidence of a straight forward translation; and it was observed correctly in only 16 of the 43 cases (37%). It appeared in the back-translation in a variety of alternative understandings, with words such as an accidental debt, incidental debts, potential debts, temporary liabilities; these were not included in those deemed sufficiently close to represent the requirements.

ii. Has the concept of disclosure survived? This survived in 34 out of the 43 cases in the back-translation (79%). As for question three[2], it was not often expressed with the word 'disclose'(7 cases); however, other words such as: concealed…unless; announce; will make public; reveal; point out; uncover; publish; expose; and 'throw light' were deemed sufficiently close to represent the requirements.

iii. Has the idea of 'not probable" survived? This was addressed in various guises of uncertainty, with similar results to those words in Question one. Results: there was a sufficiently

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[2] Those participating in the exercise did not all work on the same examples, and those translating or back translating this sentence would not necessarily have worked on example three, and vice versa.

functional version expressing 'probable' in the back-translation in 19 out of the 43 cases (44%). As it provided the opening words (the first condition) of the requirement it appears to have received more attention (successfully) than in question one.

iv.   Has the idea of an outflow in the words "outflow of resources embodying economic benefits" retained the concept of an outflow, expense or loss? It survived in 23 of the 43 cases (53%).

v.   How did the concept of 'a remote possibility' survive; in the words: "unless the possibility of an outflow of resources embodying economic benefits is remote". Unlike question three, the word remote was qualifying the word 'possibility', a far more common – and correct- usage in English. It survived in 21 of the 43 cases (49%). The words 'really small', 'very small', or 'little', were deemed sufficiently close to represent the requirements. Alternate meanings given were remote in time and space, such as unreachable, in the future, and far away, in the far future, a long time.

The complexity of this analysis was largely attributable to the complexity of the syntax in this sentence.

Summary of analysis of successful back-translation of specific words

A summary comparison of the successful translation of particular words is as follows:

(Insert Table two about here)

Table two: The ranked order of successfully functional translations

The low ranking of the nouns was surprising and unexpected to the analysts; but offers extremely strong evidence to support student and educator access to the IFRS multilingual translators' glossary. It is suggested that student English/Chinese dictionaries do not provide an accurate understandings of these nouns in such specialized usage.

Part III: The experience of participants in this research

At the end of the research, the students were asked a series of questions about whether or not certain aspects made the back-translation easier or more difficult; out of the 19 NZ participants there were 18 useable responses, and 68 from the Chinese participants. The only material difference

between the Chinese participants in NZ and those in China was the response on the whether or not their understanding of the exact meanings made it easier (yes from the NZ cohort, less so from the China cohort). Overall, it was clear that what they had already learned about accounting; and their understanding/fluency in Chinese, both made their task easier. Conversely, English words often having more than one meaning or unclear meanings; and concepts of uncertainty or probability being understood differently in Chinese thought, could both be seen to have made the job more difficult; in particular English words often having unclear meanings. This needs to be taken on board by educators when teaching IFRS in the lecture room with international students of any ethnicity.

DISCUSSION

The research question as to what it is about the English in which IFRS are written that causes problems for an effective understanding of IFRS by an international undergraduate student cohort demanded a subjective and thick analysis. This was able to demonstrate precisely a number of lexical and syntactic issues apparent from the back-translation analysis and grading. The few studies that address translation difficulties in IFRS are mostly based on a quantitative approach, but this gives no useful information to regulators and those concerned with teaching IFRs as to the exact nature of the problems. Generally, these students showed evidence of many of the tools for translators described by Baskerville and Evans (2011 page 49) such as circumlocution, omitting parts, paraphrasing, and approximation.

Limitations

The first limitation of this study is that we were restricting our consideration to a case study in financial reporting language. That those educators teaching tax and business law would have more problems is almost inevitable, as the closer a topic moves towards the specificity of legal languages, then less clarity, and more complexity, of English is likely.

Another limitation is the issue of the English skills of the student cohorts: we asked these volunteers "when, for how long, where?" their education/training in English language skills had taken

place. However, for the purpose of this report on the problems of the type of English used in IFRS, this data was not utilized; because, as educators, we are very aware that those students whose native language is English inevitably show a very wide range of English skills; as such, their tertiary grades are often directly affected. On a similar basis, two Chinese students who study accounting in English may have had the same level of English education, and yet show markedly different skills in English. Personal aptitude is far more important that data related to their learning of English, as quantified in other studies. English language ability is extremely difficult to measure when dealing with an LSP; their ELTS or other foreign language scores are based on common, not specialist, English. A further limitation is whether or not this cohort is typical of the Chinese student cohort learning the IFRS, a limitation typical of all studies which call for volunteer participants.

It could also be argued that more sentences would need to be analyzed to identify all of the issues in the quality of the English. However, none of these limitations constrain our astonishment at the problems caused by the English in which IFRS are written when a very detailed qualitative analysis is undertaken on only four sentences. The value in this project is that the detailed micro-analysis does pinpoint what is wrong with the English, rather than offering a raft of quantitative analysis which shows there is a problem, without stating which words/syntax the problems surface, and why. Proposed standards need to be continuously and repeatedly reviewed for clarity of expression and simplicity of syntax to maximize understandability for students entering the profession.

CONCLUSION

To conclude, standard setters cannot achieve four objectives simultaneously: to offer IFRS which

a) Are principles-based;

b) Are written in the relatively complex 'expert legal' and/or the LSP accounting language, thereby to reduce/diminish loopholes or vagueness;

c) Offer clarity and understandability - in the English as used - for English speakers and students; and lastly,

d) Meet some level of a "translatability" requirement.

In nature, an adaptation by any organism cannot be optimal if it is has to meet multiple functions. For example the human ear cannot be perfectly adapted for auditory functions whilst it still has a 'balance' function. The same with IFRS. The standards need to try to satisfy all four criteria sufficiently to be operational. Currently, this research would indicate that clarity of well-written English and translatability are being sacrificed from pressures inherent in the political interests of some stakeholders, including those from the EU, most with a Code-law based history, who may well prefer the second objective to override the other three. The future of harmonisation with the United States may remain 'up in the air' but such convergence would also put more pressure on the IASB to offer tighter prescriptive standards, with the accompanying detailed and specialist use of English. The announcements of the SEC in 2012, and a lack of a timeline for further consideration of IFRS means that American educators are left without clear direction for the adoption of IFRS in their teaching (Jackling 2013).

Boards such as the international boards regulating accounting standards, public sector standards, auditing standards, and education standards appear increasingly aware of such problems in understandability in international standards; McPeak et al. (2012) described how the International Accounting Education Standards Board embarked on a clarity project, adopting new drafting conventions and considering stakeholder reactions in early implementation to determine where there was a need for revisions and redrafting for increased understandability.

What additional steps should educators take? Firstly, one approach may be to lobby for free access by all students to the IFRS translator's glossary. Secondly, alert students that Chinese/English dictionaries, for example, will not capture all the nuances of English, nor will they capture the meanings within the LSP on which accounting is based. Thirdly, it is not enough to draw attention to a list of American and British lexical distinctions. Educators can build up on-line guidance; mini-quizzes by PowerPoint, or allocating tutorial time to find out which terminology is in need of clarification. The Textbook or Handbook glossaries too often don't have the words which are most troublesome, because these may be common-English words with an LSP overlay. While there is some

prior literature on accounting and language translation, the translation and interpretation of IFRS pronouncements by our students (both English and non-English) in accounting remains under-researched. A variety of different methods, and research in different jurisdictions on this topic, will contribute to raising awareness of, and to identifying problems and risks in the ongoing adoption of IFRS world-wide. Such research is also likely to assist in the development of recommendations to both educators and regulators to acknowledge, and then steadily reduce, such problems.

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Table one: The graded assessments of all useable back-translations

	A	B	C	D	total useable responses N=168
Q.1.	4	15	12	11	42
Q.2.	2	13	18	10	43
Q.3.	3	20	14	3	40
Q.4.	2	13	18	10	43

Table two: The ranked order of successfully functional translations

Q.2. 1.	21%	if and only if	necessary and sufficient condition
Q.1. 3.	26%	not probable	**uncertainty**
Q.3. 1.	28%	Venturer	noun
Q.4. 1.	37%	Contingent liability	noun
Q.4. 3.	44%	not probable	**uncertainty**
Q.1. 5.	45%	immediately	stray adverb
Q.1. 4.	48%	recovered	verb
Q.4. 5.	49%	remote	**uncertainty**
Q.4. 4.	53%	outflow	noun
Q.1. 1.	60%	Contract costs	noun
Q.2. 3.	60%	probable	**uncertainty**
Q.1. 2.	61%	probability	**uncertainty**
Q.3. 3.	67%	remote	**uncertainty**
Q.3. 4.	70%	make separate disclosure	verb
Q.2. 2.	72%	reliable	adjective
Q.4. 2.	79%	disclose	verb
Q.3. 2.	85%	disclose	verb