

Translation of Accounting Standards—An Example of IFRS

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Based on the Skopos Theory, this paper explores the major translation methods which are frequently used in translating accounting standards, taking International Financial Reporting Standards (IFRSs) as an example. Such frequent translation methods include repetition, amplification, deletion, conversion, inversion, division, and change of voice.

Keywords: Skopos Theory, IFRS, translation method

Introduction

International Financial Reporting Standards (IFRSs) are standards issued by the International Accounting Standards Board (IASB) to provide a common global language for business affairs so that company accounts are understandable and comparable across international boundaries.

IFRSs are now required in more than 140 jurisdictions, with many others permitting their use. They are the rules that accountants should obey when keeping accounts and writing financial reports (Zhou, 2014).

IFRS brings transparency by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions. IFRS strengthens accountability by reducing the information gap between the providers of capital and the people to whom they have entrusted their money. IFRS contributes to economic efficiency by helping investors to identify opportunities and risks across the world, thus improving capital allocation. For businesses, the use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs. Therefore, taking IFRS as the case can further the study on the translation of accounting standards.

Skopos Theory

“Skopos” is derived from a Greek word meaning aim or purpose. Skopos Theory focuses on translation as an activity with an aim or purpose, and on the intended addressee or audience of the translation. The Skopos Theory was established by the German linguists Hans Vermeer and Katharina Reiss. It comprises the idea that translating and interpreting should primarily take into account the function of the target text. The function of translation depends on the knowledge, expectations, values, and norms of the target readers, who are influenced by the situation and the culture which they are in. These factors determine whether the function of the source text can be preserved or have to be modified or even changed. The source text is an “offer of information”, which the translator turns it into an “offer of information” for the target audience (Huang, 2019).

The Skopos Theory includes three principles: Skopos rule, Coherence rule, and Fidelity rule (Reiss &

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Vermeer, 1984). Skopos rule explains that translation is justified by a purpose. Coherence rule mainly focuses on the coherence of form and meaning. Fidelity rule is faithful to the original writing. If there is contradiction among the three principles, the Skopos rule should be put in the first place.

According to Skopos theory, the major principle of all translation activities is to follow the Skopos rule, namely, a specific purpose for a target text situated in a specific culture. The purpose of translation is to determine the whole process of translation. Under normal circumstances, this purpose refers to the communicative purpose of the translation, that is, translation of the target readers in the target language in the social cultural context of communicative function.

The coherence rule is that translation must be in accordance with the standard of coherence, fluency, and readability in the target language to facilitate the readers to understand the contents of the original text.

Fidelity rule means that there should be interlingual coherence between the original text and the translation (Albrecht, 2003). This is equivalent to what other translation theories call fidelity to the original text, but the degree and form of faithfulness with the source text depends on the purpose of the translation and the translator's understanding of the original text.

Therefore, under the guidance of coherence rule, appropriate translation methods should be selected to achieve the goal of coherence and make it meaningful in the context of the target language.

Translation Methods Concerning Translating Accounting Standards

In order to deliver the contents of the original text faithfully, comprehensive application of translation method is necessary to translate the accounting standards. When translating compound sentences, division can make it convenient for readers to understand the logical structure of the sentence. In view of the different grammatical rules between English and Chinese, the translator sometimes needs to change the part of speech of words and the voice of sentence to make translation conform to the language habit of Chinese speakers. In order to make translation more coherent, the translator needs to adjust the word order, add necessary words, repeat the key points, and delete the redundant parts of the original text. This section is about the translation methods concerning translating accounting standards in detail.

Repetition

In translation, sometimes in order to be faithful to the original text, we have to repeat some words; otherwise, we cannot faithfully express the meaning of the original. This technique of repeatedly using certain words in translation is called “重译法” in Chinese.

Even if there is no word repetition in the English translation, in order to facilitate the understanding of the reader, sometimes the means of repetition can be used.

Example1: For equity-settled share-based payment transactions, the IFRS requires an entity to measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

Translation: 权益结算的以股份为基础的支付交易中, 国际财务报告准则要求主体计量接受的商品或服务, 以及相应增加的权益, 直接以商品或服务的公允价值计量, 除非公允价值无法可靠估计。

Analysis: The repetition of “measurement” (计量, *jiliang*) in the text is to make the translation easier for the reader to understand the theme of the sentence, namely, the accounting measurement methods of payment transactions in ordinary cases and exceptional cases.

Example 2: The cash flows of a foreign subsidiary shall be translated at the exchange between the functional currency and the foreign currency at the dates of the cash flow.

Translation: 国外子公司的现金流量应折算成记账本位币表示的现金流量, 所使用的折算汇率(指记账本位币和外币之间的兑换率)为发生现金流动当日的汇率。

Analysis: “Cash flow” (现金流量, *xianjin liuliang*) is the excess of cash revenues over cash outlays in a given period of time (not including non-cash expenses) (Han & Wang, 1998). The repetition of the concept in the text not only prevents confusion, but also maintains the accuracy.

Amplification

This translation method is called “增译法” in Chinese. Amplification is to add some words or phrases according to the need of meaning and syntax in translation, to faithfully express the contents of the original text. It can also make translation more consistent with the expression habits of the target language user.

Example 1: The amount of revenue arising on a transaction is usually determined by agreement between the entity and the buyer or user of the asset. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discount and volume rebates allowed by the entity.

Translation: 交易中发生的收入金额通常根据主体与资产的购买方或使用之间达成的协议来确定。这项金额是以收到或应收对价的公允价值计量的, 同时应考虑主体认可的商业折扣和数量折扣金额。

Analysis: The amplification method has been applied twice in the translation. Firstly, adding “达成的” (*dacheng de*) to modify “agreement” (协议 *xieyi*) makes the translation more coherent. Secondly, adding “同时” (*tongshi*) in the translation accurately expresses the implicit meaning of the adverbial.

Deletion

This translation method is called “减译法” in Chinese. In order to translate English into complete and fluent Chinese, the translator should not only make some necessary supplements, but also make some necessary reduction. There are two types of deletion in English-Chinese translation: deletion that meets the grammatical requirement and deletion that meets the rhetorical requirement.

Example 1: This conceptual framework sets out the concepts that underline the preparation and presentation of financial statement for external users.

Translation: 概念框架确立了向外部使用者编报财务报告所依据的概念。

Analysis: It is an example of deletion that meets the rhetorical requirement. Translating “preparation and presentation” into “编报” (*bianbao*) rather than translate literally as “准备与列报” (*zhunbei yu liebao*), not only makes the sentence concise and clear without losing its original meaning, but also fits Chinese language habits.

Conversion

This method of translation is called “词类转译法” in Chinese. This technique mainly refers to the process of changing the part of speech of some words in the original text according to the expression of the target language on the premise of keeping the content of the original text unchanged, so as to make the translation coherent and fluent.

This method not only refers to the change of part of speech, but also includes the change of part of speech function and the change of certain word order. Abstract expression in English leads to a large number of abstract nouns in English. The Chinese expressions are more specific. In addition, English words are more flexible, with a wide range of meanings. But the Chinese word meaning is quite rigorous, the word meaning

scope is narrow. Therefore, word class conversion is often needed in both English-Chinese and Chinese-English translation.

Example 1: Each identifiable asset and liability is measured at its acquisition-date fair value. Any non-controlling interest in an acquiree is measured at fair value or as the non-controlling interest's proportionate share of acquiree's identifiable assets.

Translation: 每一项可辨认资产和负债以其在收购日的公允价值进行计量。被收购方的非控制性权益可以按照公允价值或者非控制性权益在被收购方可辨认净资产所占份额比例进行计量。

Analysis: The translator has converted the part of speech of “proportionate” from adjective to noun “比例” (*bili*). Since the attribute to modify “share of acquiree's identifiable assets” is so long that may puzzle the readers, the conversion can prevent the potential redundancy caused by “成比例的” (*cheng bili de*).

Inversion

This method of translation is called “词序调整法” in Chinese. Word order refers to the sequence of each component in a sentence. This difference is mainly caused by the different ways of expression and thinking habits between English and Chinese. For example, time is expressed differently in English and in Chinese. For example, the Chinese expression for date is “year month day”, while the English expression for it is “month, day, year”.

Therefore, in the process of translation, sometimes we can neither copy the word order of Chinese into the English translation, nor impose the word order of English on the Chinese translation. Instead, we must make appropriate adjustments to the order of each component in the original text according to the word order habits of English and Chinese, so as to make the translation conform to the expression habits of English and Chinese.

Example 1: The entity shall recognize the cost of an item of property, plant, and equipment as an asset if, and only if:

- (a) It is probable that future economic benefits associated with the item will flow to the entity;
- (b) the cost of the item can be measured reliably.

Translation: 对于不动产、厂房、设备项目, 如果与该项目有关的未来经济利益很可能流入企业, 并且该项目的成本能够可靠计量, 那么该不动产、厂房、设备的成本应确认为一项资产。

Analysis: The original is a conditional adverbial clause which explains confirmation conditions and the accounting treatment method. If translation follows the word order of the original text, it is not convenient for readers to clarify the logical relationship. Therefore, the translation successively introduces the scope, two necessary conditions and the accounting treatment method. Adjusting the word order of “如果” (*ruguo*) makes the translation coherent and intelligible.

Division

This translation method is called “分译法” in Chinese. Division is mainly used for translating long sentences. Sometimes a long sentence has to be translated into two or more sentences in order to make the translation smooth and intelligible. This translation method includes division of a word, phrase and sentence. In this way, the translation can achieve the goal of accuracy.

Example 1: The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e., parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

Translation: 如果特定条件得以满足, 修正案将允许对冲会计法在一种情况下继续实行。这种情况就是: 已被指定为套期工具的金融衍生工具, 因为法律法规用中央结算对手更替(即双方已同意用一个新的交易对手来取代原来的对手)进而影响结算。

Analysis: This is a complex clause. Firstly, this sentence is a conditional adverbial clause introduced by “if”. Secondly, in the main sentence, there is a clause introduced by “where”, and an attributive clause introduced by “which”. Therefore, upon translating we should first translate the conditional adverbial clause, and then translate the attributive clause in the main sentence.

The translator divides the long adverbial clause which modifies “situation” (情况, *qingkuang*) into two sentences and gets a concise translation. The division clarifies the logic of the complex sentence.

Change of Voice

This method of translation is called “语态变换法” in Chinese. The voice here refers to the passive voice and the active voice. The usage of these two voices in English and Chinese is quite different. One of the characteristics of English is its wide use of the passive voice. The passive voice is used less frequently in Chinese. Even if it is used, it does not have a fixed or unified form like that in English. Therefore, the passive voice should be changed into an active one to make the translation conform to the Chinese expression habit.

Example 1: The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy shall be translated into a different presentation currency.

Translation: 如果主体的记账本位币并非处于恶性通胀经济体中货币, 则主体的经营成果、财务状况应折算为不同的列报货币。

Analysis: “Shall be translated” is translated into “应折算为” (*yin zhesuan wei*). By changing the passive voice into an active one, the requirement of the IFRS is expressed concisely and clearly. While the subject of the original text remains unchanged, the active form of the Chinese verb has implied the passive meaning, which conforms to the language habit of Chinese speakers.

Example 2: The concept of capital maintenance is concerned with how an entity defines the capital that it seeks to maintain. It provides the linkage between concepts of capital and the concept of profit because it provides a point of reference by which profit is measured.

Translation : 资本保全的概念关系到主体如何定义其力求保全的资本, 因为它提供了计量利润的参照点, 从而也就规定了资本概念和利润概念的联系。

Analysis: “Profit is measured” is translated into “计量利润” (*jiliang lirun*). Although translating the underlined part into “利润被计量” (*lirun bei jiliang*) is in accordance with the original text’s style, but this version conflicts with Chinese expression habit. The transformation from a passive voice to an active voice is suitable for the Chinese context.

According to the Skopos Theory, the translation should accord with the habit of target language users and be easy for them to understand while maintaining faithful to the source text to the greatest extent.

Conclusion

The main purpose of translating accounting standards is to standardize the accounting behavior, enhance the comparability of financial statements, and promote international business.

Selecting translation methods should also be based on the stylistic features of the original text. The contents of the accounting standards are the complicated business phenomena and relevant accounting methods.

The writing style of IFRS is very formal and precise. The existence of many terminologies and complex sentences may be difficult in understanding. Therefore, the important task of the translator is to make the translation not only accurately convey the original contents, but also make it easy to understand.

Flexible use of various methods can make the translation coherent and intelligible. When translating compound clauses, division is adopted to make it convenient for the readers to understand logical structure of the sentence. Secondly, the translator also needs to change the part of speech of words and voice of the sentence to make the translation conform to the language habit of Chinese users. Thirdly, in order to make the translation more coherent, the translator needs to adjust the word order, add necessary words, repeat the key points, and delete redundant parts of the original text.

Under the guidance of Skopos Theory, selecting appropriate translation methods can realize the communicative purpose of translation, facilitate the convergence of accounting standards in different countries, and further promote economic globalization.

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