

## ePub<sup>WU</sup> Institutional Repository

Gerhard Edelmann

International Accounting Standards and Changes in Accounting Terminology

Paper

*Original Citation:*

Edelmann, Gerhard (2010) International Accounting Standards and Changes in Accounting Terminology. *WU Online Papers in International Business Communication Series Two: Business and Economic Terminology*, 1. Department für Fremdsprachliche Wirtschaftskommunikation, WU Vienna University of Economics and Business, Vienna.

This version is available at: <http://epub.wu.ac.at/144/>

Available in ePub<sup>WU</sup>: February 2010

ePub<sup>WU</sup>, the institutional repository of the WU Vienna University of Economics and Business, is provided by the University Library and the IT-Services. The aim is to enable open access to the scholarly output of the WU.

**Gerhard Edelmann**  
**Vienna**

# **International Accounting Standards and Changes in Accounting Terminology**

Department of Foreign Language Business Communication  
Vienna University of Economics and Business (WU)

WU Online Papers in International Business Communication  
Series 2: "Business and Economic Terminology"  
Paper 1  
January 2010

<http://epub.wu-wien.ac.at>

# International Accounting Standards and Changes in Accounting Terminology

Gerhard Edelmann

## Abstract

The language of accounting is subject to continuous change. One of the reasons for a change in terminology is the introduction of new legal requirements that bring about a change in the underlying concepts and therefore the need for new specific terms. Such a situation was created by the Regulation (EC) No. 1606/2002 on the application of international accounting standards (IAS). This regulation aims at harmonising accounting standards and procedures relating to the preparation and presentation of financial statements. It requires all EU companies listed on a regulated stock market to prepare accounts in accordance with IAS for accounting periods beginning on or after 1 January 2005.

We look at the texts of the mentioned regulation in several EU languages in order to identify changes regarding the designations of individual items of financial statements compared with the traditional terms and to find out whether the changes found differ from language to language. Then we choose the frequently used accounting term *property, plant and equipment* and compare financial statements published by large companies over a four-year period beginning in 2004 to find out whether there are changes in terminology in the year 2005, i.e. when listed companies were first required to prepare their financial statements in accordance with IAS.

## Keywords

International Accounting Standards (IAS); accounting; terminology; translation

## Introduction

In this paper we will explore the phenomenon of language change in the language of accounting, which has been brought about by the introduction of new legal requirements in the European Union (EU).

After discussing some aspects of language change in the field of accounting we will present a case study that examines a concrete example of change in several EU languages: the effects of introducing the *International Accounting Standards* (IAS) and *International Financial Reporting Standards* (IFRS) into large European companies in 2005.

As to the languages studied, besides English and German, we have chosen a representative sample of both Romance and Slavic languages, as well as Hungarian. In particular, we try to find out whether this important measure of European accounting policy has had an influence on terminology. For each European language we studied the annual reports of a bank and of an industrial group from the respective country. For German we chose a German bank and an Austrian industrial company because there are no significant differences in the accounting terminology of the two countries.

# International Accounting Standards / International Financial Reporting Standards

## Accounting Standards and Principles

The International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) aim at harmonising accounting standards and procedures relating to the preparation and presentation of financial statements in order to achieve convergence of the accounting standards used in Europe.

The Generally Accepted Accounting Principles, commonly abbreviated as US GAAP or simply GAAP, are a similar set of accounting rules developed in the US.

## History of the IAS/IFRS

The history and development of international standards for accounting and auditing can be traced all the way back to the late 1960s, but never have they reached greater prominence than today as the world moves closer towards international convergence. The creation of the *International Accounting Standards Committee* (IASC) in 1973 and its renaming as the *International Accounting Standards Board* (IASB) in 2001 were milestones in the history of international accounting standards. A key moment in the move to IAS/IFRS came on 6 June 2002, when the European Council of Ministers approved the regulation that would require all EU companies listed on a regulated stock market to prepare accounts in accordance with the *International Accounting Standards* for accounting periods beginning on or after 1 January 2005. (For further details see *The Institute of Chartered Accountants*.)

## Regulation (EC) No. 1606/2002

The Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards requires that from 2005 on, all listed EU companies (including banks and insurance companies) prepare their consolidated financial statements in strict accordance with the IAS. Member States may also permit or require companies to apply the system to their annual accounts, or require application of the new rules in non-publicly traded companies. The Regulation has as its objective the adoption and use of international accounting standards in the Community with a view to harmonising the financial information presented by the companies in order to ensure a high degree of transparency and comparability of financial statements and hence the efficient functioning of the Community capital market and of the Internal Market.

## Definitions

The *International Accounting Standards (IAS)* have been adopted by the London-based International Accounting Standards Board, on which the Commission is represented. As of 2002, these common rules have been known as *International Financial Reporting Standards (IFRS)*. For the purpose of the Regulation, according to Grünberger (2005: 23), the term "International Accounting Standards" includes the International Accounting Standards (IAS) proper, as well as the International Financial Reporting Standards (IFRS) and related *Interpretations*, subsequent amendments to those standards and related interpretations, future standards and related interpretations issued or adopted by the International Accounting Standards Board (IASB).

## **IFRS vs. US-GAAP**

To a large extent, IFRS and US-GAAP are identical. There are differences regarding their structure insofar as US-GAAP follow a rules-based approach as opposed to the IFRS, which follow a principles-based approach. Many rules which are part of the IFRS have been taken from US-GAAP. However, it seems that the IFRS will now be the leading standard of accounting principles worldwide (*cf.* Grünberger 2008: 1230).

## **Terminology**

Before entering into our topic, it is worth mentioning some terminological issues that will be important for further discussion.

### **Concept**

A concept is used to structure the knowledge and perception of the surrounding world. There is great diversity in definitions of *concept*. For the sake of simplicity, we will consider a concept a *unit of thought* (Sager 1990: 23). In the process of concept formation we group the data of our perception and experience according to common elements which are usually called *characteristics*.

### **Term**

A term is the linguistic representation of a concept (*cf.* Sager 1990: 57). Definitions provide a link between concepts and terms by means of an equation in which the *definiendum* is the term (*cf.* Sager 1990: 39). New concepts require that new terms are found (*cf.* Arntz/Picht 1989: 118). Following Sager (1990: 71), we distinguish three major approaches to the creation of new designations: 1) using existing resources; 2) modifying existing resources; and 3) creating new linguistic entities. Sager (1990: 105f) furthermore postulates three objectives for evaluating the effectiveness of communication in special languages, such as accounting: 1) the message should be as economical as possible without disturbing the effective transmission of the intention or knowledge extent; 2) the message should convey the intended content as precisely as possible; and 3) the message should be constructed as appropriately as possible so that the sender can optimally affect the recipient's state of knowledge in the way he intends.

### **Equivalence**

If we look at the conceptual systems of two or more languages, we have to describe, for example, two given relations and identify the terms that designate these concepts in the languages considered. Here we have to deal with the question of conceptual identity or "equivalence". In special languages it is easier to compare terms in two or more languages because connotations, which are extremely important in everyday language, can be ignored (*cf.* Arntz/Picht 1989: 159). In the case of complete equivalence (*cf.* Arntz/Picht 1989: 163), two concepts A and B are identical regarding all their characteristics. There is conceptual identity [A=B]. It is important to recognise that there is no equivalence at the level of terms. The structure of the terms may be different. There is no conceptual equivalence when none of the characteristics of A and B are identical [A≠B].

## The language of accounting

For the discussions in this chapter, we follow Evans (2008). This paper explores the reasons for and implications of language change with a specific focus on accounting language.

Parker (*cf.* Evans 2008: 5) suggests three reasons for the introduction or coinage of new words in accounting: requirements for 1) new technical terms; 2) terminology for discourse with non-accountants; and 3) enhancing accountants' prestige. Evans extends this framework by suggesting additional reasons for change and presents six different scenarios for language change in accounting.

An accounting example of where a change of meaning preceded a change of wording is the introduction of the expression *true and fair view (TFV)* into the UK Companies Act. More recently, there were the IASB's proposals to change the titles of financial statement components, such as renaming *balance sheet* to *statement of financial position* or *cash flow statement* to *statement of cash flows*. The argument brought forward by the IASB is that *statement of financial position* better reflects the function of the statement and is consistent with the *Framework* of the IAS/IFRS. It is argued that, while the term *balance sheet* simply reflects the basis of double-entry bookkeeping without explaining function or content of the statement, the proposed term is in line with terminology used in auditors' opinion statements (*cf.* Evans 2008: 7f).

Another type of change is brought about by the lack of an appropriate signifier for a new (or foreign) concept. Following its promulgation through the fourth EU company law directive, the concept 'true and fair view' had to be implemented into the national legislations of the member states and therefore translated into the member states' languages (*cf.* Evans 2008: 8).

Third, the perception that one type of GAAP or regulatory system is better than others may give rise to attempts to emulate this and lead to the introduction of foreign terminology, because the GAAP, as a set of rules developed in the US, are considered as highly prestigious by the accounting community worldwide. This type of change can be ascribed to fashion or cultural imperialism (*cf.* Evans 2008: 11).

Other explanations of change by Evans (2008: 14f) are control, power and the intentions of regulators; ideology and status; and last but not least, nationalism and linguistic purism.

## The language of the IAS/IFRS

For the national legislations in the field of accounting, the IAS/IFRS are new rules. Concerning the German situation, Niehus (2005: 2477) stresses three aspects that are important for our discussion: 1) these rules have not been created in an ordinary democratic process; 2) they are written in a foreign language; and 3) they are a collection of individual and separate rules following the so-called rules-based approach, as opposed to the German *Handelsgesetzbuch* which follows a principles-based approach. In this context we have to mention that Germany introduced a new law, the *Bilanzrechtsmodernisierungsgesetz*, which incorporates some IFRS rules into German law.

## Linguistic problems

We are going to stress the linguistic aspects, i.e. the fact that the IFRS rules are written in a foreign language and thus have to be translated into the respective national languages. The translations of the rules are provided by the International Accounting Standards Board Foundation. We face the problem that translation is done by translators who are not accountants. Furthermore, accounting terminology differs from country to country. We are going to present three sets of problems which have been identified by Niehus (2005: 2497ff).

### *Translation errors*

It will suffice to mention one of the examples given in the article of Niehus (IAS 27, 6, sentence 2). The English text reads as follows:

Separate financial statements need not be appended to, or accompany, those statements.

In the German text, however, the translation of *need not* is incorrect and reads like this:

Separate Einzelabschlüsse nach IFRS sind diesen Abschlüssen weder anzuhängen, noch beizufügen.

It is worth mentioning that in other languages, such as Spanish or Portuguese, the verb *need not* is correctly rendered:

No será necesario que los estados financieros separados se anexas o acompañen a los estados financieros consolidados.

As demonstrações financeiras separadas não necessitam de ser apenas a, ou de acompanhar, essas demonstrações.

### *Terminological errors*

Niehus (2005) quotes IAS 24, 17, which refers to transactions between related parties and states that, among other information, there shall be disclosed

the amount of outstanding balances and provisions for doubtful debts related to the amount of outstanding balances.

The German version renders these disclosure obligations as

den Betrag der ausstehenden Salden und Rückstellungen für zweifelhafte Forderungen hinsichtlich der ausstehenden Salden.

According to German accounting terminology, however, this cannot be a *Rückstellung*, but a *Wertberichtigung*. Furthermore, the term *ausstehende Salden* is redundant in German, because, according to German accounting terminology any *Saldo* is *ausstehend*.

Again it is worth having a look at other translations. So for example, the Spanish text speaks of *correcciones valorativas* and not of *provisiones*, which would have been the literal translation.

### Quality of language

Niehus remarks that the German version of the text sometimes lacks grammatical precision.

## Case study: change of accounting terms

In order to find out whether the introduction of the IAS/IFRS to the respective national legislations has led to a change in terminology, we have chosen one important term, the official translation of which brings about a modification of the existing terminology – at least in some languages. Subsequently, we will try to find out whether there is a change in meaning and what the reasons for this change are.

The term we are going to study is *property, plant and equipment*.

IAS 1, 68, states that, as a minimum, the balance sheet shall include: 1) **property, plant and equipment**; 2) investment property; 3) intangible assets; 4) financial assets; as well as a large number of other items.

We have chosen the following languages for our comparative analysis: English, German, French, Spanish, Portuguese, Italian, Polish, Czech, Croatian, and Hungarian. Thus we can provide, besides English and German, a representative sample of both Romance and Slavic languages, as well as Hungarian. For German we chose a German bank and an Austrian company, because in accounting terminology there are no significant differences between these two countries.

We then chose two companies from each country representing these languages. One of our model companies in each country is an industrial group, and the other one a bank. Table 1 contains the list of companies studied. Since 2005, these companies have been preparing their annual reports according to the IFRS. We will subsequently examine whether the new terminology of the IFRS has influenced the terms used by these companies.

Language	Companies [Abbreviations]
English	BP p.l.c. [BP] Barclays PLC [Barclays]
German	OMV Aktiengesellschaft [OMV] Deutsche Bank AG [Deutsche]
French	TOTAL S.A. [Total] BNP Paribas SA [Paribas]
Spanish	REPSOL YPF, S.A. [Repsol] Banco Santander Central Hispano, S.A. [Santander]
Portuguese	MOTA-ENGIL, SGPS, S.A. [Mota-Engil] Banco Espírito Santo [BES]
Italian	Eni S.p.A [Eni] Unicredit Group [Unicredit]
Polish	PKN ORLEN SPÓŁKA AKCYJNA [Orlen] Bank Handlowy w Warszawie [Handlowy]
Czech	Čez, a.s. [Čez] Komerční banka a.s. [Kom banka]
Croatian	INA Industrija nafte d.d. Zagreb [INA] Zagrebačka banka [Zaba]



Hungarian	MOL Magyar Olaj- és Gázipari Nyrt [MOL] OTP Bank Nyirt. [OTP]
-----------	--

Table 1: List of companies studied

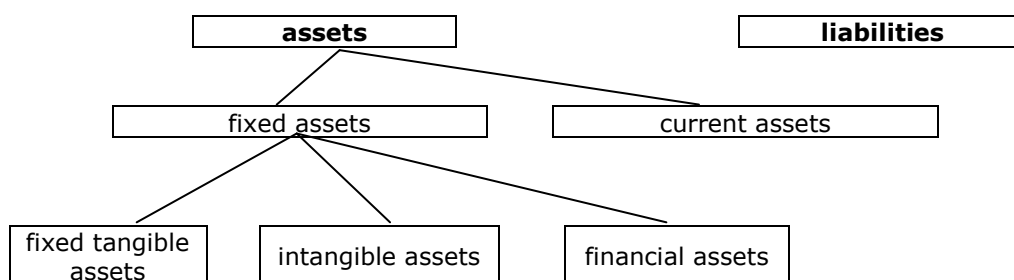
## Property, plant and equipment

### Definitions

IAS 16.6 defines *property, plant and equipment* as follows:  
 Property, plant and equipment are tangible items that:  
 (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and  
 (b) are expected to be used during more than one period.

The term *tangible fixed assets*, which is also used in English, does not appear in other English texts of the IAS/IFRS (cf. Tanski 2005: 3).

The term *tangible fixed assets (Sachanlagen)* is structured as a definition by analysis (*genus et differentia*; cf. Sager 1990: 42):



*Property, plant and equipment*, on the other hand, follows the structure of a definition by denotation (cf. Sager 1990: 43).

If we apply the above mentioned concept of equivalence to this term, we can say that, at least for our purposes, the English term and the terms used by the different languages studied are equivalent.

### Translations

The English term *property, plant and equipment* appears in the respective translations of IAS 1, 68. If we apply our concept of definition types to the terms used in the different languages (see table 2), we can see a mix of definitions by analysis and definitions by denotation. We notice at first sight that in Italian, Czech, Croatian and Hungarian the term seems to be a literal translation from the English designation. In Hungarian, however, there is a slight difference, because the literal translation of the Hungarian term would rather be *property, machinery and equipment*.

English	<i>property, plant and equipment</i>
German	<i>Sachanlagen</i>
French	<i>immobilisations corporelles</i>
Spanish	<i>inmovilizado material</i>
Portuguese	<i>ativos fixos tangíveis;</i>
Italian	<i>immobili, impianti e macchinari</i>

Polish	<i>rzeczowe aktywa trwałe</i>
Czech	<i>pozemky, budovy a zařízení</i>
Croatian	<i>nekretnine, postrojenja i oprema</i>
Hungarian	<i>ingatlanok, gépek és berendezések</i>

Table 2: Equivalent terms for *property, plant and equipment*

If we examine the reasons for coining a new term, that is a literal translation of the English designation, there might be three explanations:

1) Changes of meaning: As we said above, at least for practical reasons, there is equivalence between *property, machinery and equipment* and the traditional terms. However, one might argue that *property, machinery and equipment* better reflects the meaning and the function of this balance sheet item. If it were so, one would have to explain why this need was felt in only half of the languages examined.

2) Fashion: It might also be that the international accounting term that is used by countries with a high professional standard seems more fashionable than the traditional designation.

3) Literal translation: Another explanation might be that for the translators, who are not accounting professionals, it was tempting to choose the literal translation. This seems to be the most probable explanation which is in line with Niehus' remarks on translation and terminological errors (see 5.1.1 and 5.1.2).

The *European Accounting Guide* was published in 2003 in order to assist international accountants in the preparation of the first financial statements according to IFRS in 2005. We have taken this guide as a historical source because it shows the terminology used before the statements were prepared. It is interesting to see that the *European Accounting Guide* does not use in all cases the designations that later entered the EU texts. For example, the item referred to by *property, plant and equipment* in the English version of IAS is called as displayed in table 3 in the chapters on different European countries. There is a mix of the two types of terms designating our concept. Interestingly enough, there is a terminological difference between the German and Austrian designations, although the term is *Sachanlagen* both in Austria and in Germany.

English	<i>tangible fixed assets</i>
German [D]	<i>property, plant and equipment (Germany)</i>
German [A]	<i>fixed assets (Austria)</i>
French	<i>property, plant and equipment</i>
Italian	<i>tangible assets</i>
Polish	<i>fixed assets</i>
Czech	<i>property, plant and equipment</i>

Table 3: Terminological proposals of the *European Accounting Guide*

It is also amazing to see how a multilingual dictionary, which should be helpful in terminological matters, deals with our problem. The dictionary *Accounting A – Z* is a modern dictionary (published in 2007) with a special focus on the IFRS. The languages involved are German, French, Italian and English. We find the translations of the relevant terms in this dictionary displayed in table 4 (cf. Schellenberg 2007: 5f). We believe that, given the importance of the IAS/IFRS, the user of the dictionary, who might

be particularly interested in this terminology, is left uninformed that the Italian version of the IAS speaks of *immobili, impianti e macchinari*.

German	<i>Sachanlagen</i>
English	<i>tangible assets, property, plant and equipment</i>
French	<i>immobilisations corporelles</i>
Italian	<i>imobilizzazioni materiali</i>

Table 4: Translations proposed in *Accounting A – Z*

### The annual reports

Our examination of the annual reports of the companies starts with the year 2004, i.e. the last year before the companies were obliged to prepare their financial statements according to IAS/IFRS. We will then have a look at 2005, the first year of IAS accounting, and proceed to 2006 and 2007. The relevant data are displayed in table 5.

Language	Company	Year	Designation of the item <i>property, plant and equipment</i> in national language	English version
English	BP	2004	<i>tangible assets</i> (in the notes: <i>tangible assets – property, plant and equipment</i> )	–
		2005	<i>property, plant and equipment</i>	–
		2006+07	<i>property, plant and equipment</i>	–
	Barclays	2004	<i>tangible fixed assets</i>	–
		2005	<i>property, plant and equipment</i>	–
		2006+07	<i>property, plant and equipment</i>	–
German	OMV	2004	<i>Sachanlagen</i>	<i>fixed tangible assets</i>
		2005	<i>Sachanlagen</i>	<i>property, plant and equipment</i>
		2006+07	<i>Sachanlagen</i>	<i>property, plant and equipment</i>
	Deutsche	2004	<i>Sachanlagen</i>	<i>premises and equipment</i>
		2005	<i>Sachanlagen</i>	<i>premises and equipment</i>
		2006+07	<i>Sachanlagen</i>	<i>premises and equipment</i>
French	Total	2004	<i>immobilisations corporelles</i>	<i>property, plant and equipment</i>
		2005	<i>immobilisations corporelles</i>	<i>property, plant and equipment</i>
		2006+07	<i>immobilisations corporelles</i>	<i>property, plant and equipment</i>
	Paribas	2004	<i>immobilisations corporelles</i>	<i>tangible assets</i>
		2005	<i>immobilisations corporelles</i>	<i>property, plant and equipment</i>
		2006+07	<i>immobilisations corporelles</i>	<i>property, plant and equipment</i>
Spanish	Repsol	2004	<i>inmovilizaciones materiales</i>	<i>property, plant and equipment</i>

		2005 2006+07	<i>propiedades, planta y equipo</i> <i>propiedades, planta y equipo</i>	<i>property, plant and equipment</i> <i>property, plant and equipment</i>	
	Santander	2004 2005 2006+07	<i>activos materiales</i> <i>activo material</i> <i>activo material</i>	<i>property, plant and equipment</i> <i>tangible assets</i> <i>tangible assets</i>	
Portuguese	Mota-Engil	2004 2005 2006+07	<i>imobilizações corpóreas</i> <i>imobilizado corpóreo</i> <i>imobilizado corpóreo</i>	<i>tangible fixed assets</i> <i>tangible fixed assets</i> <i>tangible fixed assets</i>	
	BES	2004 2005 2006+07	<i>imobilizações corpóreas</i> <i>activos tangíveis</i> <i>activos tangíveis</i>	<i>tangible assets</i> <i>property and equipment</i> <i>property and equipment</i>	
Italian	Eni	2004 2005 2006+07	<i>immobilizzazioni materiali:</i> <i>immobili, impianti e macchinari</i> <i>immobili, impianti e macchinari</i>	<i>fixed assets</i> <i>property, plant and equipment</i> <i>property, plant and equipment</i>	
		Unicredit	2004 2005 2006+07	<i>immobilizzazioni materiali</i> <i>attività materiali</i> <i>attività materiali</i>	<i>tangible fixed assets</i> <i>property, plant and equipment</i> <i>property, plant and equipment</i>
	Orlen		2004 2005 2006+07	<i>rzeczowy majątek trwały</i> <i>rzeczowe aktywa trwałe</i> <i>rzeczowe aktywa trwałe</i>	<i>property, plant and equipment</i> <i>property, plant and equipment</i> <i>property, plant and equipment</i>
		Handlowy	2004 2005 2006+07	<i>rzeczowy majątek trwały</i> <i>rzeczowe aktywa trwałe</i> <i>rzeczowe aktywa trwałe</i>	<i>tangible fixed assets</i> <i>property and equipment</i> <i>property and equipment</i>
Czech	Čez	2004 2005 2006+07	<i>dlouhodobý hmotný majetek</i> <i>dlouhodobý hmotný majetek</i> <i>dlouhodobý hmotný majetek</i>	<i>property, plant and equipment</i> <i>property, plant and equipment</i> <i>property, plant and equipment</i>	
		Kom banka	2004 2005 2006+07	<i>dlouhodobý hmotný majetek</i> <i>dlouhodobý hmotný majetek</i> <i>dlouhodobý hmotný majetek</i>	<i>tangible fixed assets</i> <i>tangible fixed assets</i> <i>tangible fixed assets</i>
			INA	2004 2005 2006+07	<i>materijalna imovina</i> <i>nekretnine, postrojenja i oprema</i> <i>nekretnine, postrojenja i oprema</i>
	Zaba	2004 2005 2006+07	<i>zemljišta, zgrade i oprema</i> <i>nekretnine i oprema</i> <i>nekretnine i oprema</i>	<i>property and equipment</i> <i>property and equipment</i> <i>property and equipment</i>	

Hungarian	MOL	2004	<i>Tárgyi eszközök</i>	<i>property, plant and equipment</i>
		2005	<i>Tárgyi eszközök</i>	<i>property, plant and equipment</i>
		2006+07	<i>Tárgyi eszközök</i>	<i>property, plant and equipment</i>
	OTP	2004	<i>Tárgyi eszközök</i>	<i>tangible assets</i>
		2005	<i>Tárgyi eszközök</i>	<i>premises and equipment</i>
		2006+07	<i>Tárgyi eszközök</i>	<i>premises and equipment</i>

Table 5: 'Property, plant and equipment' in annual reports (2004-2007)

There is no doubt that the term *property, plant and equipment* that is used in the English version of IAS 1, 68, had a strong influence on the terms that appear in the reports of the companies of our sample. However, we do not see that the traditional accounting term is simply replaced by the translation of *property, plant and equipment*. We will therefore analyse the different patterns we can distinguish in our sample. We can distinguish four scenarios: 1) change to IAS translation: 4 cases; 2) no change, use of traditional term that is the IAS translation: 6 cases; 3) no change, use of traditional term that is not the IAS translation: 5 cases; 4) other scenarios: 5 cases. There seems to be a strong tendency towards maintaining the traditional term although an official IAS translation that uses a literal translation exists. Another group of reports followed the IAS translation which is not a literal translation. Interestingly enough, the sample shows one case (Repsol, Spanish), where the literal translation is used although the IAS translation has the traditional term.<sup>i</sup>

The analysis of the English versions from 2004 to 2005 and following years (18 reports; without English) is easier and shows the following scenarios: 1) change to *property, plant and equipment*: 7 cases; 2) no change, because *property, plant and equipment* had already been used in 2004: 5 cases; and 3) use of terms other than *property, plant and equipment*: 6 cases. It is amazing that in the last group there is one case (Santander, Spanish), where *property, plant and equipment* had been used in 2004, but in the following years was replaced by *tangible assets*.

## Conclusions

Since 2005, all listed EU companies have been required to prepare their consolidated financial statements in strict accordance with the International Financial Reporting Standards (IFRS).

From a linguistic point of view, it is important to recognise that these rules have not been created in an ordinary democratic process and that they are written in a foreign language. That is the reason why we can find translation errors, terminological errors and imprecise expressions in the translations into other languages.

We studied the practical use in different languages of the terms *property, plant and equipment*, the official translations of which constitute a modification of existing terminology, at least in some languages. The English term and the terms used by the different languages we studied are equivalent. In some languages, however, the text of the IAS uses new terms that differ from the traditional designations and are literal translations of the English designations. We found three possible reasons for this: 1) changes of meaning in the sense that the English wording better reflects the meaning

<sup>i</sup> For the sake of simplicity, we included English in this group, although in this case, one cannot speak of translation. Furthermore, we counted a change between the singular and plural forms (e.g. *activo material* – *activos materiales*) as no change.

and the function of the balance sheet items; 2) fashion; and 3) (mis-)translation, the last one being, in our opinion, the most probable explanation.

There is no doubt that the term *property, plant and equipment* used in the English version of the IAS had a strong influence on the terms used in the reports of the companies of our sample. However, there was no simple replacement of the traditional accounting terms with the officially recommended translation of *property, plant and equipment*. We were able to distinguish different patterns in our sample: 1) change to IAS translation; 2) no change, use of the traditional term which is the IAS translation; 3) no change, use of the traditional term which is not the IAS translation; as well as some others. We could also see a strong tendency towards remaining with the traditional terms.

It will be interesting to watch in the future how strong the influence which the terms of the IAS/IFRS translation exert on the terms used in the annual reports will be and whether there will be a standardisation of accounting terms according to the IAS/IFRS language.

## References

- Alexander, David/Archer, Simon, eds. (2003): *European Accounting Guide*. New York, Aspen: Miller.
- Arntz, Reiner/Picht, Herbert (1989): *Einführung in die Terminologearbeit*. Hildesheim/Zürich/New York: Georg Olms Verlag.
- Evans, Lisa (2008): *Observations in the Changing Language of Accounting*. 20.11.2008. <<http://www.accountingandfinance.stir.ac.uk/staff/list/l-evans.php>>
- Grünberger, David (2005): *IAS/IFRS 2006*. Wien: LexisNexis ARD Orac.
- Grünberger, David (2008): "Wer hat die Vorherrschaft in der internationalen Rechnungslegung?". *Steuer- und Wirtschaftskartei, Heft 30, pp. 1225-1230*; Vienna: Linde.
- Lüdenbach, Norbert/Hoffmann, Wolf-Dieter (eds.) (2007): *IFRS-Kommentar*. Freiburg: Haufe-Verlag.
- Niehus, Rudolf J. (2005): "Die IFRS auf Deutsch-Fehler und Unzulänglichkeiten der Übersetzung". *Der Betrieb, Heft 16 vom 18.11.2005, pp. 2477-2483*.
- Sager, Juan C. (1990): *A practical course in terminology processing*. Amsterdam/Philadelphia: Benjamins.
- Schellenberg, Aldo C. (2007): *Accounting A-Z*. Zürich: Versus.
- Tanski, Joachim S. (2005): *Sachanlagen nach IFRS*. Munich: Vahlen.
- The Institute of Chartered Accountants in England and Wales: *Knowledge Guide to IAS/IFRS*. 20.11.2008. <<http://www.icaew.com>>.

## About the Author

Born in Vienna in 1947, Gerhard Edlmann holds degrees in law, economics and translation studies (Spanish, Portuguese). He has lectured at the Centre of Translation Studies of Vienna University and at the Vienna University of Economics and Business. He has also worked as an investment banker. Since 2007 he has been a business consultant. Selected publications include: *Going Public in Österreich*, LexisNexis, Orac, Vienna, 2003<sup>2</sup>; *Going Public als Folgefinanzierung* in Nemeč/Reicheneder (Eds.): *Der Unternehmenskauf und seine Abwicklung in der Praxis*, Service Fachverlag, Vienna, 1994; articles in economic, investment and finance magazines.

gerhard.edlmann@gmail.com

## **WU Online Papers in International Business Communication**

WU Online Papers in International Business Communication are published by the Department of Foreign Language Business Communication at Vienna University of Economics and Business (WU). All papers are electronically available at <http://epub.wu.ac.at>.

### **Contents of Series One**

#### **Paper 1**

Gundula Gwenn Hiller: Intercultural Communication between Germans and Poles at the European University Viadrina (February 2008)

#### **Paper 2**

Elena Denisova-Schmidt: Transfer of Western Human Resource Practices to Russian Subsidiaries (February 2008)

#### **Paper 3**

Katharina Klingseis: Casual Wear and Casual Behaviour: the Different Fates of Non-conformism in Russia and 'the West' (February 2008)

#### **Paper 4**

Renate Rathmayr: Intercultural Aspects of New Russian Politeness (February 2008)

#### **Paper 5**

Christof Heinz: 'Understanding What You've Never Learned?' Chances and Limitations of Spontaneous Auditive Transfer between Slavic Languages (April 2009)

#### **Paper 6**

Anne Marie Bülow: E-Mail in International Negotiation (November 2009)