

Background

1. As the majority of people in IFRS countries are non-native English speakers, the quality and consistency of IFRS translation is vital to the success of IFRS. The process of translation introduces potential risk to the consistency and quality of IFRS as it is produced in multiple languages. This paper describes the process we enable to promote translation consistency and quality. It is hoped that the Advisory Council will advise on known translation-related issues and make suggestions as to how we can further mitigate translation related risk.

The Translation Team

2. The Foundation Content Services team includes the Translation Team. The team of five consists of one manager, three project managers and one part-time coordinator. Responsibilities are divided by language. Each team member is responsible for a portion of the 72 languages currently relevant to IFRS. In 2011 we anticipate new projects in 29 languages.
3. The team reports to Ken Creighton, Director of Content Services. Ken reports directly to Tom Seidenstein, COO. Ken also reports to the Trustee Education and Content Services Subcommittee chaired by Jeff Lucy.

The Translation Process...

4. The translation team does not translate IFRS, but manages the translation process which has two key steps:
 - (a) translation by professional translators; and

This paper has been prepared for discussion at a public meeting of the IFRS Advisory Council of the IASB.

The views expressed in this paper are those of the authors.

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRS Interpretation Committee or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in IASB *Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.

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- (b) review by a committee of native speakers who are technical accounting experts.

...depends on expert review committees.

- 5. The technical accounting review committee is key to the quality and success of IFRS translation. Due to the technical nature of the standards, it is not sufficient for them to be only translated by professional translators. Accounting experts are needed to ensure the technical accuracy of the translation. Moreover, as language crosses political borders, we strive to ensure review committees represent all markets sharing a language. Therefore, review committees are often international. We also strive for diversity within industry, and seek experts from academia, accounting firms, standard setters, membership organisations and government.
- 6. The first step of each review committee is to approve the list of key terms. This list currently has over 1,500 technical accounting terms. This list is provided to the translators to create a consistent first draft.

We translate into a new language when the need is identified...

- 7. A translation project is begun when a specific need has been identified. The need is often driven by adoption. Frequently we are contacted by a local industry organisation to begin the translation process to support adoption; well before an adoption decision has been made and a date set.

...and the translation process never ends...

- 8. Translation is a never-ending process. Projects and committees are set up to be on-going and sustainable. It takes well over a year for IFRS to be fully translated. Once a version is up-to-date, maintaining an up-to-date translation is comparatively easy. For example, the Spanish translation team, consisting of members representing the whole of the Spanish-speaking world, keep the

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translation updated by producing a translation of everything issued by the IASB within two months of receiving the English.

...and covers all IASB-issued content.

9. To support adoption, the IFRSs and/or IFRS for SMEs are translated. Often the XBRL taxonomy is translated as well. All three are translated using the same process; it is vital that they use the same terminology.
10. Exposure Drafts (EDs) in Traditional Chinese, Japanese and French are also translated. This is due to specific national legal requirements. At present the Foundation is not promoting the translation of EDs due to our need to receive and respond to letters in English, and the time-limited comment periods for each ED.
11. However, we are watching this area closely. In January 2011 we surveyed key entities, representing 12 languages, asking about the need for ED translation. They consistently stated translation was not sought at this time. Comments made referred to:
 - (a) a preference for using the original English; and
 - (b) the lack of time and resources.
12. The translation team does manage the translation of some IFRS Foundation content not issued by the IASB. This content is generally not reviewed by the review committees. Content in this category includes the IFRS for SMEs training material and communications documents such as the Who We Are and What We Do document.

The Foundation team does not translate; we manage the process.

13. While managing all translations, the level of direct involvement by the Foundation translation team varies from language to language. Some languages, like Spanish, are directly managed by the Foundation translation team. Due to the international nature of the language, it is not acceptable to have one regional

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organisation in a leadership role. Thus, the numerous countries represented on the review committee are coordinated by the Foundation translation team.

The Foundation sells products to fund translation...

14. All of the Foundation's direct translation expenses are expected to be recovered through product sales. Although translation revenues vary from language to language, combined annual revenue from translation products has always exceeded direct translation costs.

...and the organisations we license to translate do the same.

15. The majority of languages are directly managed by partner organisations, and their direct translation costs are not seen by the IFRS Foundation.

For adoption, only the requirements are provided to governments

16. Individual standards come in three main sections: the requirements; bases for conclusions; and implementation guidance. The requirements are provided for free on the IFRS website. They are also provided to adopting governments to be printed as law.
17. The bases for conclusions and implementation guidance are only ever sold as commercial products. Therefore, IFRS translations are sold in the same way as English IFRS products. It is important to note that any consideration of the dissemination strategy of English content must consider translations. For example, any discussion on providing all IFRS content for free online would need to consider the funding model for translations.

We allow only one translation per language...

18. One key objective of the IFRS Foundation is to endorse only one translation per language. The policy has also been understood and accepted by adopting countries. Countries understand that the consistency of international standards

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could be undermined if, at any one time, there were different translations of different versions using different terminology.

19. Spanish is a good example of both the need for one translation, and the success of the policy. With representatives from Europe and throughout Latin America, we produce a single, international Spanish translation. When a term is deemed to be unsuitable in one region, the committee asks that representative to suggest three alternative terms. The committee chooses one term from the three alternatives. As a result we have one shared translation. The terminology used in the translation is becoming the terminology used throughout business and academia in the Spanish-speaking world.

The Foundation maintains the copyright in all languages.

20. Another key translation policy is the protection of copyright. Copyright in existing IFRS content is expressly retained by the Foundation in all contracts. All Foundation contracts licensing third parties to translate IFRS also transfer all copyright in the translation to the Foundation. This is vital to ensure we have the ability to control the distribution of IFRS content.
21. The IFRS Advisory Council should note that at present the European Commission has taken direct responsibility for the translation of IFRS into the 21 official European languages, for the purpose of their incorporation into the EU regulation. This practice began in 2009.
22. Therefore, the official international translation we produce in languages such as Spanish and French are also produced separately by the European Commission.

Communication...

23. The key daily task of the translation team is to manage our numerous review committees and projects. We also produce a regular IFRS Translation Update; at present 6,202 individuals have registered to receive the update.

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...and Team Work are key to our success...

24. Our work with international donor organisations such as the World Bank and Inter-American Development Bank is vital. Over the years we have developed a close working relationship with the World Bank in many regions. They help explain, promote and fund translation-related projects.

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2011 Translation Work Plan

25. Below please find a table identifying language projects planned for 2011.

2011 Translation Work Plan

Languages	IFRSs	SMEs	Adoption**	EDs	XBRL	SME Training
1. Albanian			✓			
2. Arabic	✓				✓	✓
3. Armenian	✓		✓			
4. Azeri	✓		✓			
5. Belarusian	✓		✓			
6. Bulgarian		✓				
7. Chinese Traditional	✓		✓			
8. Dutch					✓	
9. French*	✓		✓	✓		
10. Georgian	✓					
11. German*	✓					
12. Hebrew	✓		✓			
13. Japanese	✓	✓		✓	✓	
14. Kazakh	✓		✓			
15. Khmer		✓	✓			
16. Korean	✓		✓		✓	
17. Kyrgyz	✓		✓			
18. Macedonian	✓		✓			
19. Mongolian	✓	✓				
20. Polish	✓	✓				
21. Portuguese (Brazil)	✓		✓			
22. Romanian	✓		✓			
23. Russian	✓	✓	✓			✓
24. Serbian	✓	✓	✓			
25. Spanish*	✓		✓			✓
26. Tajik	✓		✓			
27. Turkish	✓		✓			✓
28. Ukrainian	✓	✓	✓			
29. Uzbek	✓					

* Spanish, French, Italian and German translations are directly managed by the IFRS Foundation translation team.

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*** Adoption refers to a translation of the requirements only to enable national adoption.*

+ European languages covered by European adoption are not included in this list.