

**ATA 56<sup>th</sup> Annual Conference 2015  
Session G-6**

***Financial-Legal Weasel Words Revisited:  
An Interactive Discussion and Analysis  
for German>English Translators***

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***General Financial and  
Financial-Legal Terms***

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## Absatz

- (Unit) sales, i.e. the number(s) of a thing sold, sales expressed in quantitative terms. This is in contrast to *Umsatz* (revenue, sales revenue – i.e. sales expressed in monetary terms)
- Subsection – of a law, regulation, etc.: the level below an “Artikel” or “Paragraph”, generally left out in translation. Example:  
 § 266 Abs. 1 = section 266(1)

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## Abwicklung

- Settlement (of trades, etc. by back office); sometimes the term “clearing” can also be used, especially at an abstract level
- Resolution (of banks – this is the term used in the new post-crisis world for winding-up a bank in an orderly fashion)
- Abwicklungsanstalt = bad bank
- Liquidation, winding up (of company, etc.)
- Processing, servicing (of loan, etc.)
- Workout (of non-performing loan)
- Processing (IT)

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## Angebot

- Offer
- Bid (large projects, takeovers, etc.)
- Quotation, quote (commercial)
- Proposal, tender (large projects)
- Offering (marketing)
- Range (of products, etc.) (NB: avoid the word “spectrum” in English marketing and general business texts)
- Supply (macroeconomics)  
“Angebot und Nachfrage” – “supply and demand”
- Proposition (“ein unmoralisches Angebot”)
- Proposal

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## Anlage(n)

- Assets (see next section)
- Investment
- Plant and equipment, machinery, system
- Facility, factory
- Grounds, complex, site
- Construction, layout, creation
- Annex, appendix, schedule, etc. (contract)
- Enclosure, attachment (letter, e-mail)

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## Anteil

- Share (of, in) – in general, and shares of e.g. closely held companies (cf. “Aktien” for listed companies)
- Unit (funds)
- Equity interest, equity investment
- (Slang, journalistic) stake
- Portion, proportion, percentage
- Quota
- Ratio
- anteilig – pro rata, proportional

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## Bezugsrecht

1. Pre(-)emptive rights, shareholders' pre(-)emptive rights (sometimes: pre-emption rights, rights of pre-emption (UK Companies Act))  
*Das Bezugsrecht der Aktionäre wird ausgeschlossen*  
 Shareholders' pre(-)emptive rights are disapplied  
 Bezugsrechtsemission = rights issue  
 Bezugsrechtshandel = rights trading
2. Stock options  
 If the context is stock options, then “Bezugsrechte” will generally mean “stock options”
3. (other rights attached to financial instruments)  
 subscription rights  
 For example subscription rights arising from convertible bonds.  
 Bezugsrechtsschein = warrant

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## Beteiligung

1. **General financial:**  
 equity investment  
 equity interest  
 investment  
 stake (less formal contexts – e.g. research, some press releases)
2. **Beteiligungsgesellschaft – beware of context!**  
*If referring to an entity in which an investment is made:*  
 investee  
 investee company  
 portfolio company  
 etc.  
*If referring to the entity making the investment, could be:*  
 investment company  
 investor  
 venture capitalist/private equity firm  
 etc.
3. **General language:**  
 involvement, participation

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## Eigenkapital...(Equity Ratios)

1. **Eigenkapitalquote**  
 equity ratio  
*Indicates the proportion of equity used to finance assets*  
*Formula: Equity / Total capital*  
*whereby "total capital" also = "total assets"*
2. **Eigenkapitalrendite**  
 return on equity (ROE)  
*Measures the rate of return on the shareholders' interest in the company*  
*Formula: Net income (= net profit) / Equity*
3. **Eigenkapitalrentabilität**  
 return on equity (ROE)  
*See 2. above for explanation.*
4. **Rendite des eingesetzten Kapitals**  
 return on capital employed (ROCE)  
*Compares earnings with capital invested in the company: Formula: EBIT / Fixed assets + working capital*  
*Many definitions of "capital employed", fixed assets + working capital is only one.*
5. **Gesamtkapitalrendite**  
 return on capital employed (ROCE)  
*See 4. above for explanation.*

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## Entwicklung/entwickeln

1. **develop(ment)**  
 General language term/function name (e.g. "R&D")
2. **trend**  
 e.g. "Gaspreise entwickelten sich im letzten Jahr nach oben" ("Gas prices trend upwards last year")
3. **grow(th)**  
 e.g. "die Entwicklung des BSPs um 3,5 %" ("3.5% GNP growth")
4. **perform(ance)**  
 e.g. "Bitte beachten Sie, dass die Anlageentwicklung der Vergangenheit nicht zwangsläufig der zukünftigen Anlageentwicklung entspricht"
5. **progress/increase**  
 e.g. "Entwicklung des Lebensstandards" ("increase in standard of living")
4. **omit**  
 e.g. in chart headings: "Entwicklung der Kennzahlen 2000-2010" (Key performance indicators 2000-2010")

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## Forderung, fordern

- (General) demand, request  
 e.g. "Forderung nach Gleichbehandlung" ("demand for equal treatment")
- Requirement (=Anforderung)  
 e.g. "kundenseitige Forderung" ("customer requirement")
- Claim (legal)  
 e.g. "bestrittene Forderung" ("contested claim")
- Receivable (accounting)
- Asset (loan, credit)
- Debt (= *Schuld*, e.g. in insolvency)
- Exposure (risk)
- Call (e.g. for collateral)

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## Gremium, Gremien

- Governing bodies (of a company)  
 (i.e. *Vorstand, Aufsichtsrat, HV* – synonymous here with “*Organe*”)
- Committee  
 e.g. “Gremienarbeit” (“committee work”)
- Forum  
 e.g. “international Gremien” (“international forums”)
- Body (general)  
 e.g. “unabhängige Gremien” (“independent bodies”),  
 “zuständige Gremien” (“competent bodies”),
- Group, panel  
 e.g. “Arbeitsgremium” (“working group”), “wissenschaftliches Gremium” (“scientific panel”)

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## nachhaltig

- Sustainable /sustainably (Nachhaltigkeit = sustainability)  
 e.g. “nachhaltig produziert” (“sustainably produced”)
- Consistent  
 e.g. “nachhaltig erfolgreich” (“consistently successful”)
- Persistent, ongoing  
 e.g. “nachhaltiger Verstoß” (“persistent infringement”)
- (For the) long-term  
 e.g. “Arbeitsplätze nachhaltig sichern” (“safeguard jobs for the long term”)
- Lasting/permanent/deep  
 e.g. “einen nachhaltigen Eindruck hinterlassen” (“leave a lasting impression”), “nachhaltige Veränderung” (“permanent change”)

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## Nennwert/Nominalwert/Nennbetrag

1. (receivables) principal amount  
*Forderungen aus L.u.L. werden zum Nennwert/Nominalwert bilanziert*  
 Trade receivables are carried at their principal amount
2. (bonds) principal amount, face value, (sometimes) nominal value  
*Gesamtnennwert*  
 aggregate principal amount
3. (liabilities) nominal amount  
*Verbindlichkeiten werden zu ihren Nennwert bilanziert*  
 Liabilities are carried at their nominal amount
4. (cash and bank balances) nominal amount
5. (derivatives) notional amount (as opposed to fair value)
6. (shares) par value  
*Nennwertlose Aktien/Aktien ohne Nennbetrag/Nennwert*  
 shares without par value, no-par value shares

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## Prüfung, prüfen (1)

- **Audit**  
 Statutory (by auditor/*Wirtschaftsprüfer*), official (e.g. by BaFin or other government body/authority), internal (by company = "*Revision*")
- **Inspection** (onsite, official)  
 e.g. "örtliche Prüfung" ("onsite inspection")  
 NB may also be by an official body such as BaFin)
- **Examination**  
 e.g. "Prüfung der Jahresbericht durch den Aufsichtsrat",  
 e.g. "mündliche Prüfung" ("oral examination")

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## Prüfung, prüfen (2)

- **Review**  
 e.g. “inhaltliche Prüfung” (“content review”)  
 NB: “*prüferische Durchsicht*” = review (by auditor, less than a full audit)
- **Test, check, verify/verification**  
 e.g. “Plausibilitätsprüfung” (“plausibility check”)

## Steuerung/Kontrolle (1)

### Steuerung

- **Steering**  
 e.g. “zur Steuerung der Wirtschaftspolitik” = “for steering economic policy”, “Steuerungsgremium” = “steering committee”
- **Management**  
 e.g. “Risikosteuerung” = “risk management” (higher-level, general term, often used in legal and business contexts)  
 “Nachfragesteuerung” = “demand management”
- **Control**  
 In technical/IT contexts  
 e.g. “Bus-Steuerung” = “bus control”/“bus controller”,  
 “numerische Steuerung” = “numeric(al) control”

## Steuerung/Kontrolle (2)

### Kontrolle

- **Control** (general and specific)  
 e.g. “Risikokontrolle” = “risk control” (more tightly focused, concrete/technical, often used in operational contexts, implies monitoring and checking), “elterliche Kontrolle” = “parental control”, “Vier-Augen-Kontrolle” = “dual control”
- **Monitoring**  
 e.g. “Überwachung und Kontrolle von BSE” = “surveillance and monitoring of BSE” (also monitoring of compliance with something)
- **Check, inspection, check-up**  
 e.g. “Sicherheitskontrolle” = “safety check”, “ärztliche Kontrolle” = “check-up”

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## Past year/Last year/Prior year

1. **Past year**  
 Generally refers to the 12-month period before a specific date in the current year, equivalent to year-on-year.
2. **Last year**  
 Generally refers to the preceding calendar or financial/fiscal year.  
 Caution: German financial narratives sometimes use “im letzten Jahr” or “letztes Jahr” to refer to the year prior to the reporting period/year under review, in which case use “prior year” or “prior-year period”.
3. **Prior year (prior-year period)**  
 This always refers to the year preceding the reporting period/year under review, i.e. two years before the year in which the report has been written.

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## ***Accounting and Tax Terms***

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### **Abschreibung (1)**

*Sachanlagen:* *Tangible fixed assets/Property, plant and equipment*

= Depreciation

- "The systematic allocation of the depreciable amount of an asset over its useful life"

*Immat. VG/VW:* *Intangible assets*

= Amortisation

- planmäßige Abschreibung(en) = depreciation, amortisation, depreciation and amortisation
- The common German term *planmäßige Abschreibung* **is never** translated as "scheduled" depreciation/amortisation, which is pure Denglisch/translatorese.

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## Abschreibung (2)

*Finanzanlagen: (Non-current) financial assets*  
 = Impairment (of financial assets)  
 Impairment losses (on financial assets)  
 Write-downs (of financial assets)

## Abschreibung (3)

- außerplanmäßige/unplanmäßige Abschreibung(en) = impairment, impairment loss, write-down (fixed/non-current assets)
- There is no such thing in English as "unscheduled/non-scheduled" depreciation/amortisation. This is simply not an English accounting term, despite what you may find in the translated financial statements of some blue chip German firms (or in e.g. SAP R/3!).
- write-down (current assets). Current assets are **never** depreciated or amortised!
- write-off = derecognise (often GWGs)

## The “E” Words – Ergebnis (1)

- *Ergebnis* is always a net, i.e. the product of income and expense
- Normally translated as “result” in **HGB** accounting contexts, e.g.  
*Finanzergebnis* = financial result  
*Ergebnis der gewöhnlichen Geschäftstätigkeit* = result from ordinary activities
- More complicated in **IFRS** contexts, which generally tend to use “profit”, “loss”, “profit or loss”, “net income” or “net loss” (depending on context) in income statement subtotals, e.g.  
*Finanzergebnis* = net finance costs (when amount is negative)/  
 net financial income (when amount is positive)  
*Betriebsergebnis* = profit (loss) from operations  
*Beteiligungsergebnis* = net income (loss) from equity investments,  
 net investment income (loss)  
*Ergebnis aus nicht fortgeführten Aktivitäten* = profit (loss) from discontinued operations  
*Periodenergebnis* = profit (loss) for the period.

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## The “E” Words – Ergebnis (2)

- *Ergebnis* also = “earnings”, as in EPS, but also more generally in a financial context (e.g. management report/MD&A) talking about an entity’s P&L. But: if *Ergebnis* refers to overall financial performance, e.g. including revenues+sales volume, use “results”.
- The language of accounting uses terminology conventions that result in synonyms used in different contexts (e.g. depreciation and amortisation for difference classes of assets). This practice also affects the translation of *Ergebnis*.
- In some contexts, *Ergebnis* is translated as “gain(s)”, “loss(es)” or “gains and losses”, mainly referring to financial instruments/ transactions.
- Examples:  
*Bewertungsergebnis* = (re-)measurement gains/losses  
*Ergebnis aus der Marktbewertung* = gains/losses from fair value (re)measurement
- These are conventions that the translator has to learn and apply correctly.

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## The “E” Words – Ertrag/Erträge

- *Ertrag* and *Erträge* are synonyms.
- They represent an item of income, i.e. they are not a net.  
Caution: some German authors use *Ertrag/Erträge* (incorrectly) as a synonym for *Ergebnis*!
- Examples:  
*Finanzertrag* = financial income  
*Beteiligungsertrag* = income from equity investments, investment income  
*Steuerertrag* = tax income  
*erfasste Erträge und Aufwendungen* = recognised income and expense  
*Zinsertrag/Zinserträge* = interest income  
*Erträge aus der Auflösung von Rückstellungen* = income from (the) reversal of provisions
- But: *Ertrag aus Planvermögen*, *Vermögenserträge* = return on plan assets (pensions accounting)  
*Ertragsausgleich* = equalisation paid (investment funds)

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## The “E” Words – Erlös(e)

- *Erlös(e)*
  - 1) A synonym for *Umsatzerlöse* = revenue, revenues, sales revenue, sales revenues (IFRS); sales (HGB)
  - 2) Another word for *Ertrag* = income
  - 3) Meaning “proceeds”, i.e. cash received from a transactionExamples:  
*Erlöse aus dem Börsengang* = IPO proceeds  
*Verkaufserlös(e)* = disposal proceeds, sale proceeds, proceeds of sale

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## The “E” Words – Einkünfte/Erfolg

- *Einkünfte* generally means “income” (often in a tax context).
- *Erfolg*
  - 1) often used as a synonym for *Ergebnis* (esp. CH/AUT)

Example:  
*einen Erfolg aus Kursunterschieden zwischen Emissions- und Rückkaufkurs unmittelbar erfolgswirksam ausweisen* = recognise a gain or loss in profit or loss from differences between issue and redemption price

  - 2) In a more general financial sense, *Erfolg* means “performance”
  - 3) *Erfolgsrechnung* = income statement, P&L
- 4) *Anlageerfolg* in funds = (investment performance)

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## Aktivierung/aktivieren

- recognition/recognise = to include a cost/an expenditure as part of the cost of an asset
  - *EDV-Programme werden als immaterielle Vermögenswerte aktiviert*
  - Computer software is recognised as an intangible asset
  - *Langfristige Vermögenswerte werden zu Anschaffungs- oder Herstellungskosten aktiviert*
  - Non-current assets are recognised at cost
- capitalisation/capitalise: only when referring to borrowing/ interest costs or to R&D expenditures
- *Fremdkapitalkosten sind als Teil der AHK des Vermögenswertes zu aktivieren*
- Borrowing costs are capitalised as part of the cost of the asset

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## bilden

- recognise
  - *Rückstellungen bilden*
  - = recognise provisions
  - *latente Steuern bilden*
  - = recognise deferred taxes
- Provisions may also be set up or established

## Teilwert/Teilwertverfahren

- going concern value = tax reports and enterprise valuations
- present value (for tax purposes)
- present value computed using the German entry age normal method (HGB pensions accounting)
  - Teilwertverfahren = (German) entry age normal method

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## ergebniswirksam/erfolgswirksam/ ertragswirksam (erfassen)

- recognise(d) in profit or loss (default for IFRSs)
- recognise(d) in the income statement (default for HGB)
- recognise(d) as income
- recognise(d) as an expense
- recognise(d) through profit or loss (IFRS financial instruments)

## aufwandswirksam (erfassen)

- recognise(d) in profit or loss (default for IFRSs)
- recognise(d) in the income statement (default for HGB)
- recognise(d) as an expense
- recognise(d) through profit or loss (IFRS financial instruments)

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## ergebnisneutral/erfolgsneutral/ ertragsneutral (erfassen)

- recognised in other comprehensive income (now standard for IFRS accounting for entities presenting statement of comp. income)
- recognise(d) directly in equity (standard for HGB accounting; also when an IFRS item is recognised in an equity account rather than in OCI)
- take(n) directly to equity (now rarely used)
- charge(d)/credit(ed) directly to equity (or to a specific equity account, e.g. retained earnings, hedging reserve, revaluation reserve)
- recognised outside profit or loss (very neutral formulation)
- not recognise(d) in the income statement
- not recognise(d) in profit or loss

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## Handelsbilanz/Steuerbilanz

Handelsbilanz (generic term)

- financial statements; (annual) financial statements under commercial law
- never “commercial balance sheet”!

Handelsbilanz I (HB I)

- local GAAP single-entity financial statements

Handelsbilanz II (HB II)

- single-entity financial statements adjusted (or: restated) to comply with uniform group accounting policies and translated into the group reporting currency
  - single-entity financial statements adjusted (or: restated) for uniform group accounting policies

Steuerbilanz

- tax accounts
- tax base (assets, liabilities), tax basis

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## Umsatzsteuer/Mehrwertsteuer

1. value added tax (VAT)
2. other type of multi-stage tax, e.g. GST in Canada, Australia, New Zealand
3. sales tax (e.g. USA)
4. (overarching generic term) VAT and sales taxes

## Vorsteuer

- input tax, input tax credit, GST credit (only arises in VAT or GST-type system)
- **not** “prior turnover tax” or any similar invented terms
- Input tax is the VAT a company pays on supplier invoices and can then set off against its VAT liability from the VAT it has charged to its own customers.

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## Ausgleichsposten

- Ausgleichsposten (generic) = adjustment item
- passivischer Ausgleichsposten für im Portfolio gesicherte Finanzinstrumente  
 = liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk - see IAS 39.89A (b)
- Ausgleichsposten für Anteile im Fremdbesitz  
 = minority interest(s)
- Ausgleichsposten für aktivierte eigene Anteile an Komplementärgesellschaften  
 = special reserve for capitalised own shares of general partner companies
- aktiver/passiver Ausgleichsposten für Organschaftsverhältnisse beim Organträger  
 = asset-side/liability-side adjustment item for consolidated tax group at group parent
- Ausgleichsposten aus der Konsolidierung  
 = consolidation adjustment item

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## Other Problem Terms (1)

- Posten = line item, item, caption, heading
- Position = account
  - Positionsplan = (consolidation) chart of accounts
- Bewertung/bewerten = measurement/measure (but: Neubewertungsrücklage = revaluation reserve)
- per/an = debit/credit, Dr/Cr
- kapitalmarktorientiert = publicly traded (see IAS Regulation)
- kreditorische Debitoren = debtors w/credit balances, debtors w/credits
- debitorische Kreditoren = creditors w/debit balances, creditors w/debits

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## Other Problem Terms (2)

- Aufzinsung = interest cost, unwinding of the discount
  - Aufzinsung von Rückstellungen = interest cost added back on discounted provisions, unwinding of discounted provisions
- Organschaft = consolidated tax group, tax consolidation group, tax(-)consolidated group (UK only = group relief)
- handelsrechtliches v. steuerrechtliches/steuerliches Ergebnis = accounting v. taxable profit
- zahlungswirksam/zahlungsunwirksam (also: nicht zahlungswirksam) = cash/non-cash
- Konsolidierung At Equity = equity method of accounting, inclusion in the consolidated financial statements using/under the equity method

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## Other Problem Terms (3)

- konsolidiert At Equity = equity-method accounted, equity-accounted, accounted for using/under the equity method
- Rückstellungen für Abfertigungen = provisions for severance (payments), provisions for termination benefits (Austrian GAAP only)
- Wertaufhellung, werterhellende Tatsachen/Umstände = (accounting for) adjusting events after the balance sheet date
- Wertbegründung, Wertbeeinflussung = (accounting for) non-adjusting events after the balance sheet date
- periodenfremd = prior-period
- von außergewöhnlicher Größenordnung oder Bedeutung = of exceptional size or incidence