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Cogent Business & Management

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Suggested Citation: Fakhfakh, Mondher (2016) : Understandability of unmodified audit report on consolidated financial statements: A normative and advanced study of the international normalization, Cogent Business & Management, ISSN 2331-1975, Taylor & Francis, Abingdon, Vol. 3,
<https://doi.org/10.1080/23311975.2016.1258134>

This Version is available at:

<https://hdl.handle.net/10419/205925>

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Received: 20 September 2016
Accepted: 03 November 2016
Published: 21 November 2016

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Reviewing editor:
Collins G. Ntim, University of Southampton, UK

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ACCOUNTING, CORPORATE GOVERNANCE & BUSINESS ETHICS | RESEARCH ARTICLE

Understandability of unmodified audit report on consolidated financial statements: A normative and advanced study of the international normalization

Mondher Fakhfakh^{1*}

Abstract: The consolidated audit report is considered among the most used tools of financial communication. It is a written message that conveys the opinion of the independent auditor on the consolidated financial statements. Theoretically, the same report can reinforce the mechanisms and systems of governance of corporate groups. The consolidated audit report must be readable by all users of the financial statements and readers of financial information. Comprehensibility of the report is a qualitative feature that enhances the usefulness of financial information. Internationally, the content of the consolidated audit report is standardized by the International Standard on Auditing 700. The linguistic imperfection of international accounting standardization can reduce the relevance and reliability of the consolidated audit report. This article analyzes the structure and language features of this report. It measures the linguistic performance of the illustration provided by the international standard ISA 700, and discusses the impact of the translation of the normative consolidated audit report.

Subjects: Communication Studies; Technical Communication; Business, Management and Accounting

Keywords: consolidated audit report; ISA 700; linguistic features; readability; translation

1. Introduction

Since 1983, the International Standard on Auditing (ISA 700) models the content and wording of the report of the independent auditor. At various times, the standard was revised to fill gaps in the international standardization of the audit report. Originally, the audit report was short. The consolidated audit report is modeled by the third illustration provided by the International Standard on Auditing 700.

ABOUT THE AUTHOR

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PUBLIC INTEREST STATEMENT

The unmodified consolidated audit report is a useful document for making a decision. Currently, the form and content of this report are defined by the International Standard for Auditing ISA 700. The comprehensibility of the independent auditor's report is a qualitative characteristic that can condition the satisfaction of users' needs in the consolidated financial statements. These users require readable reports to facilitate the interpretation of financial statements. The public is also looking for legible audit information to enhance the quality of financial disclosures.

At this time, the International Standard on Auditing 700 influences the process of preparing the reports of the independent auditors. Currently, all illustrations provided by this standard are normative reference for the independent auditors. The same standard determines the content of the two categories of audit reports: audit report on the separate financial statements and audit reports on the consolidated financial statements.

The consolidated audit reports are considered among the most used communication tools. These reports must contain information that enhances the reliability and relevance of the consolidated financial statements. As written text, the consolidated audit reports must contain data that assist the analysis and interpretation of financial information. The international audit standards play a fundamental role in the standardization of audit principles. These standards are the main components of Generally Accepted Auditing Standards (GAAS).

Financial communication requires consolidated audit reports that improve the reading and interpretation of financial information. The linguistic quality of these reports enhances the credibility and legitimacy of the independent auditors. The opinion of the independent auditor loses its usefulness when the consolidated audit report is not readable by most users of financial statements. The intelligibility of consolidated audit reports is influenced by several determinants such as the competence of the independent auditor, the educational level of users of financial statements and the quality of communication used.

The performance of the consolidated audit reports is a crucial issue for the quality of financial reporting. Linguistic characteristics may influence the effectiveness of audit reports and the reading of the opinion of the independent auditor. Intelligibility is among the qualitative characteristics that are accepted by the conceptual framework of financial reporting. According to this feature, the consolidated audit report must be readable by all users of financial statements. Linguistically, the readability is a concept that is based on several theoretical assumptions (text structure, writing style, style of presentation of information ...).

According to the accounting literature, the independent auditor's report does not seem to be understood by many users of financial statements (Fakhfakh, 2013a). Several previous studies show that the hypothesis of harmonization of audit reports is not always accepted (Archer, Mcleay, & Dufour, 1989; Bavishi, 1995; Fakhfakh & Fakhfakh, 2010; Gangolly, Hussein, Seow, & Tam, 2002; Hussein, Bavishi, & Gangolly, 1986; Jones & Karbhari, 1996; King, 1999; Wallage, 1993). Other research indicates that the structure of the audit reports (length of paragraphs, sentence length, and word length) vary between countries (Zeghal, Maingot, & Tassé, 1999). In a study published in 1999, Zeghal, Maingot, and Tassé (2000) indicate that the readability of audit reports is not fully harmonized.

The perfect transmission of audit information depends on the quality and characteristics of the reports of the independent auditors. These auditors are encouraged to optimize the use of communication technologies and linguistic principles. For corporate groups, the communicative power of the opinion of the independent auditor is influenced by the form and content of audit reports. Consequently, the preparation of these reports should be neat and audit information should be structured. As written text, the content of the consolidated audit report must comply with Generally Accepted Linguistic Standards (GALS).

Linguistically, the normative performance of the consolidated audit reports has not been the subject of empirical and theoretical research. Most previous research has focused on the content of the audit reports on separate financial statements. The linguistic study of the consolidated audit reports deserves advanced analytics to improve the quality of financial reporting and auditing.

For the first time, this article discusses the communicative power and structural characteristics of the consolidated audit reports which is illustrated by the international standard ISA. Our work focuses on the linguistic characteristics of consolidated audit reports and the determinants of their readability.

If we consider the previous results, it is relevant to ask questions about the linguistic characteristics of consolidated audit report which are illustrated by the International Standard on Auditing 700. These questions focus mainly on the structure of the consolidated audit report with an unmodified opinion, the linguistic performance of unmodified audit report on the consolidated financial statements and the main determinants of the readability of the consolidated audit report.

Through an advanced linguistic analysis, this article discusses the contributions of the international standardization of the content of the consolidated audit report. Any shortfall encourages setters to revise the models that are recommended to the independent auditors. This article includes original research on the performance of the standardization of unmodified consolidated audit reports. Our research can contribute to the enrichment of the accounting literature and extension of previous accounting research

The objective of this paper was to analyze the structure and linguistic features of consolidated audit reports that illustrated by the third illustration provided by the ISA 700. Our investigation refers to the theoretical principles that measure the legibility of auditing information.

The organization of the paper is as follows: after the introduction, there is a theoretical synthesis of communicative value of the consolidated audit reports. The third part provides a normative synthesis of International standardization of unmodified consolidated audit report. The fourth section presents the previous researches on the wording of consolidated auditor's reports. The fifth part discusses the linguistic features of unmodified audit report on consolidated financial statements. The sixth part analyses the impact of translation on the legibility of unmodified consolidated audit report and, lastly, the seventh part is devoted to drawing the main implications of research findings.

2. Theoretical synthesis of communicative value of the consolidated audit reports

The audit report is a communication tool that transmits information describing the financial situation. As a tool of information, it summarizes the results of audit and includes the opinion of the independent auditor. For corporate groups, the consolidation of financial statements is a technique that improves the quality of financial disclosures. The audit reports on the consolidated financial statements reinforce this quality and enhance the efficiency of separate financial statements.

The consolidated audit report facilitates interpretation of the financial results. It secures the reading of the consolidated financial statements and guides the users of accounting information.

2.1. The informational value of the consolidated audit report: A theoretical discussion

Theories of corporate governance focus on the organizational characteristics of firms and analysis of managerial inefficiency. The usefulness of consolidated reports can be justified by several theoretical assumptions. Under these assumptions, the report of the independent auditor protects the rights and interests of shareholders.

The consolidated audit report is a tool for communication with those charged with governance. Those charged with governance are the persons or organizations (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.

Several theories postulate that the consolidated report is a corporate governance mechanism. It plays a regulatory role for financial disclosure. This report reduces the cost of monitoring and research information. The consolidated audit report contains an opinion which evaluates the reliability of financial statements. According to the corporate governance theories, this report is a means of resolving conflicts that arise within the group of companies. In the absence of consolidated audit reports, conflicts are increasing rapidly.

The consolidated audit report reinforces the financial transparency of companies. This transparency secures the performance of companies and promotes reliable financial disclosures. Financial credibility reassures users of the consolidated audit reports and financial statements. The consolidated audit report reduces the falsification of financial statements. The abusive alteration of financial statements may mislead users of financial statements. The same report is seen as a tool that reduces multiple conflicts of interest between shareholders and managers.

The theoretical legitimacy of the consolidated audit reports is justified when the financial information is not shared fairly. The information imbalance encourages economic agents to consult various sources to use financial data. The consolidated audit report is seen as a tool that reduces information asymmetry. The wide publication of consolidated information promotes healthy relationships and reduces the conflict of interest.

The consolidated audit report can simplify complex financial information. Theoretically, the consolidated report is seen as a signal that directs financial decisions and economic choices. The opinion provided by the consolidated audit report transmits independent information to users. This independence reduces asymmetric information and conflicting interests that generate fraudulent management. The auditor's report is an instrument of financial signage for all stakeholders. The quality of this signal determines the efficiency of financial markets and the relevance of the annual reports.

2.2. Normative recognition of the needs of the users of the consolidated audit reports

Several accounting standards have valued the satisfaction of information needs of users of consolidated financial statements. The international Conceptual Framework for Financial Reporting advocates a detailed categorization of users and their needs. The comprehensive study of this framework describes the importance of consolidated reports for stakeholders. It is generally accepted that internal users of the consolidated financial statements include the leaders of parent companies and subsidiaries. These users require more management information. For these users, the consolidated audit report is considered as a source of information that evaluate the effectiveness of managerial choices (such as choice of accounting methods, choice of accounting estimates ...).

External users of financial statements seek relevant information that guide the choice of investments and funding sources. The Table 1 describes the informational value of the consolidated audit reports for multiple users of financial statements (such as investors, shareholders and donors ...).

Table 1. Informational value of the consolidated audit reports

	Users of consolidated financial statements and auditors' reports	Informational value of the consolidated audit reports
External users (categorization provided by the conceptual framework of financial accounting)	Investors and lenders	The audit report can secure information on the risks of investments and loans
	Grantmakers	Reliability of information that relate to the achievement of business objectives
	Institutions with powers of regulation and control	Securing more information about the distribution of income and economic resources
	Other business partners	These partners require information on the ability of the company to generate cash flow
	Other interest groups	These groups want to know whether the company is working for the public interest. The report certifies information on trends and recent developments in business development

3. Normative synthesis of International standardization of unmodified consolidated audit report

Internationally, the first standardization of the consolidated audit reports was conducted by The International Federation of Accountants (IFAC). International Standard on Auditing 700 “The Auditor’s Report on Financial Statements” provides an illustration of the consolidated audit report with unmodified opinion. According to GAAS, the opinion expressed by the auditor when the auditor concludes that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

The third illustration contained in the ISA 700 is recommended for the auditor’s report on consolidated financial statements prepared in accordance with a fair presentation framework designed to meet the common financial information needs of a wide range of users. The wording of this illustration is required for the following situations:

- Audit of consolidated financial statements prepared for a general purpose by management of the parent in accordance with International Financial Reporting Standards;
- The terms of the group audit engagement reflect the description of management’s responsibility for the financial statements in ISA 210; and
- In addition to the audit of the group financial statements, the auditor has other reporting responsibilities required under local law.

The International Standard on auditor’s report enumerates various elements related to the wording of the auditor’s report on consolidated financial statements. Five elements dealing with the form of the consolidated report are identified, covering the title of the auditor’s report, the addressee, the date of the audit report, the auditor’s address, and the auditor’s signature. In addition to form, ISA 700 prescribes 22 elements that relate to content. These elements serve to describe the introductory paragraph, the management’s responsibility, the auditor’s responsibility, and the opinion paragraph. Table 2 shows the elements of the audit reports prepared according to the ISA 700.

Table 2. Elements of the consolidated audit reports prepared according to the International Standard on Auditing–ISA 700

Elements of the auditor’s report		Form of opinion		
		Circumstances when an unmodified opinion is Required	Applicable Financial Reporting Framework	Normative illustrations of auditors’ reports with unmodified opinion
Elements of form	Title	The financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework	International Financial Reporting Standards (IFRS)	Illustration 3 (ISA 700)
	Identification of addressee		Financial reporting framework, encompassing law or regulation but which is not a fair presentation framework	Illustration 2 (ISA 700)
	Date of the report			
	Auditor’s Address			
	Auditor’s signature			
Elements of content	Section with the heading “Introductory Paragraph”	The auditor concludes that, based on the audit evidence obtained, the financial statements as a whole are free from material misstatement	International Financial Reporting Standards (IFRS)	Illustration 3 (ISA 700)
	Section with the heading “Management’s Responsibility”	The auditor is not unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement	Financial reporting framework, encompassing law or regulation but which is not a fair presentation framework	Illustration 2 (ISA 700)
	Section with the heading “Auditor’s Responsibility”		International Financial Reporting Standards (IFRS)	Illustration 3 (ISA 700)
	Section with the heading “Auditor’s Opinion”	The auditor is not unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement	Financial reporting framework, encompassing law or regulation but which is not a fair presentation framework	Illustration 2 (ISA 700)

Originally, the International Standards on unmodified audit report is published in English. Under the effect of the variability of accounting models, the standard is translated to several languages. The revised drafts are reviewed periodically and translated by accounting bodies (Fakhfakh, 2016a). Currently, the illustration of consolidated audit report is widely recognized in the English-speaking countries.

4. Previous researches on the wording of consolidated auditor’s reports

The readability of the financial information has been the subject of several empirical investigations. In reviewing the past literature, several researches are found in the areas of the annual report readability (Courtis, 1986, 1995; Jones, 1988; Pashalian & Crissy, 1950; Schroder & Gibson, 1990; Soper & Dolphin, 1964) and the area of legibility of explanatory information (Courtis, 1995; Smith & Smith, 1971). Previous research indicates that the level of legibility of information varies with the characteristics of preparers of financial statements.

Table 3. Selected Studies on the readability of auditor’s report (Separate financial statements/Consolidated financial statements)

Authors	Collected data	Measuring scale	Empirical results
<i>(a) Previous studies on De Jure Readability of auditors’ reports on separate financial statements</i>			
Zorio et al. (2011)	Clarified International Standards on Auditing	Flesch Reading Ease, SMOG index and the FOG index	The results show very low readability of ISAs, according to all the readability indices applied
Fakhfakh (2013a)	International illustrations on unmodified and modified auditor’s report	Lexical density, Gunning Fog Index, Flesch Reading Ease, ARI index and SMOG grade level	The results show that the standardized audit reports are not fully readable. These reports do not fulfill their informative function
Fakhfakh (2016a)	Unmodified audit reports illustrated by the ISA 700	Flesch Reading Ease, Gunning Fog Index and Index of Kandel and Moles	The three illustrations provided by the ISA 700 are not fully readable by the users of separate financial statements. The length of several sentences greatly exceeds the linguistic standards
Fakhfakh (in press-b)	Modified audit reports illustrated by the ISA 705	Flesch Reading Ease, Gunning Fog Index and Index of Kandel and Moles	The illustrations provided by the ISA 705 are not always understood by the readers of the separate financial statements. The wordings of modified audit reports do not comply with Generally Accepted Linguistic Standards
<i>(b) Previous studies on de facto Readability of auditors’ reports on separate financial statements</i>			
Barnett and Leoffler (1979)	Audit report published by independent auditors in the United States of America	Flesch formula (Flesch Reading Ease)	The audit reports are unreadable. The information reading difficulty is extreme
Pound (1981)	Audit reports published in Australia	Flesch formula (Flesch Reading Ease)	The reading of the audit reports is difficult
Hay (1998)	Audit information published by the independent auditors in New Zealand	Flesch formula (Flesch Reading Ease)	The financial statement users face many difficulties in the interpretation of the audit results
Zeghal et al. (1999)	90 audit reports published in nine countries from Anglo-American model and continental model	Word length, Sentences length and paragraph length	Anglo-American reports are more uniform in terms of their organization than those related to the continental model
Zeghal et al. (2000)	90 audit reports published in nine countries (Australia, Canada, the USA, the UK, Germany, Belgium, France, Italy, and Japan)	Flesch formulas and Gunning Fog Index	The audit reports are difficult to read by users of financial statements. The results confirmed the existence of significant differences between the readability scores of reports
Fakhfakh (2013b)	Audit reports issued by the statutory auditors in Tunisia (Separate auditors’ reports)	Flesch Reading Ease, Gunning Fog Index, lexical density, complexity of sentence, and complexity of vocabulary	The results of this research show that the Tunisian reports are not legible to users of financial statements. The difficulty in understanding audit information hampers the interpretation of financial statements

The first study on the readability of international auditing standards was conducted by Zorio, Garcia-Benau, and Civera (2011). This study being a pioneer in this field opened up new avenues of research in a context of high regulatory activity. The main objective of this work was to analyze whether the Clarity Project undertaken by the International Auditing and Assurance Standards Board has achieved one of its objectives, i.e. to result in “readable” ISA. A secondary objective of this paper was to explore many explanatory factors for ISA’s readability. The results show very low readability of ISA, according to all the readability indices applied. The authors could neither identify any clear readability trends or patterns in the structure of ISA, apart from a decrease in readability from the objectives and definitions sections to the requirements section, nor could they identify any explanatory factors for readability (length, area covered or controversy generated by the standard).

The previous researches on the legibility of the consolidated audit reports are not numerous. As a relevant theme, the readability of consolidated audit reports was not fully discussed by the accounting literature. All Certified Public Accountants apply International Standards on Auditing as unquestionable dogma. Regarding the literature, it is important to note that most previous research has been focused on the wording of the audit reports on separate financial statements. A distinction should be made between what prior research refers to as *de jure* readability (Fakhfakh, 2013a; 2016a, 2016b; Zorio et al., 2011) and *de facto* readability (Barnett & Leoffler, 1979; Fakhfakh, 2013b; Hay, 1998; Pound, 1981; Zeghal et al., 1999, 2000). Table 3 displays a list of the most significant studies.

5. Linguistic features of unmodified audit report on consolidated financial statements: An advanced analysis

5.1. Theoretical framework for the comprehensibility of the consolidated audit reports

The preparation of reports is a mental activity that requires complex efforts. During the writing process, the preparers of audit reports must use their knowledge, skills, writing skills, and strategies. The independent auditor fulfills a communicative function that enhances the transmission of audit information. Theoretically, the summary of audit results must consider the linguistic features including readability and comprehensibility.

The International Accounting Standards Board (IASB) identifies understandability as the qualitative attribute of accounting information. Understandability refers to the attribute that users of financial report will perceive the significance of reported items to their decisions. Such perception involves understanding the economic effects of a firm’s actions and the measurement and reporting of those economic effects in the financial reports. Understandability enables users to perceive the exact meaning of information. It increases when information is classified, defined, concise, and clearly presented. Comparability can also increase intelligibility. This qualitative characteristic refers to financial reporting that treats similar items in the same way and different items differently. Consistency refers to financial reporting that treats an item the same way over time (Fakhfakh, 2013a).

Throughout the writing of reports, the independent auditor must overcome several problems that could reduce the intelligibility of audit results. To minimize the difficulties of understanding, the auditor should consider the capacity of readers. The choice of plain language (including vocabulary) is required when the audit report contains unfamiliar concepts by stakeholders.

The readability of consolidated audit reports is a key parameter for the understandability of financial information. According to linguistic literature, there are several principles that facilitate the reading of texts. A majority of these principles are concerned with several elements such as: syntax, vocabulary, semantics, and typography. These elements are usually combined to determine readability. Readability is a fundamental characteristic that is always stipulated in writing techniques and theories of communication. This characteristic is a principal component of the text analyzer tools. Most text analyzers display several statistical indicators that measure the readability of documents.

Readability research has resulted in the development of formulas to estimate the relative success of comprehension of written messages without requiring the reader to actually read it and be tested. Originally, these formulas have been proposed for measuring comprehensibility of texts in English. The first aim of the readability formulas was to develop practical methods to match reading materials with the abilities of students and others. These efforts were centered on making easily applied readability formulas which teachers and librarians could use. The linguistic experts have proposed formulas such as the Flesch Reading Ease that measure the ease of reading, while others have developed formulas to predict the level of education for understanding (Gunning Fog Index).

Most of the indexes of readability consider a number of factors like average word length and average sentence length. In reviewing the linguistic literature, several standards are found in the area of the issuance of writing texts (Table 4).

5.2. Research design

Given the objective of the article, the electronic copy of International Standards ISA 700 was downloaded in order to analyze the linguistic features of the wording of consolidated auditor’s report. This download has been performed from the electronic site of the IFAC. Two illustrations were selected: Illustration (1) is related to an auditor’s report on consolidated financial statements prepared in accordance with a fair presentation framework designed to meet the common financial information needs of a wide range of users. Illustration (2) deals with the auditor’s report on consolidated financial statements prepared in accordance with a compliance framework designed to meet the common financial information needs of a wide range of users.

The electronic copy of ISA 700 is initially presented in PDF format. The conversion to Word format was necessary so that the software analyzes the content of the text. The choice of measurement scales refers to the accounting literature and GALS. In this research, we followed a rigorous methodology to measure the performance level of written communication of audit information. To do this, we have prepared an analytical framework that is inspired by the Table 4. The selected linguistics formulas are appropriate for the analysis of the wording of the consolidated audit report.

Table 4. Linguistic requirements for the legibility of audit reports con consolidated financial statements

Linguistic units	Average length (Number of characters)	Average length (Number of syllables)	Average length (Number of word)	Level of difficulty
<i>(a) Linguistic standards for the structure of audit reports</i>				
Short words	Less than 4	1	-	Low
Mean word	5-8	2	-	Moderate
Long words	9 or more	3 or more	-	Extreme
Short sentence	Less than 75	Less than 25	Less than 15	Low
Sentence with moderate length	75-100	25-33	15-20	Moderate
Long sentence	More than 100	More than 33	More than 20	Extreme
<i>(b) Linguistic standards for readability of audit reports</i>				
<i>Readability formulas</i>	<i>Linguistic criteria</i>		<i>Scores</i>	<i>Level of difficulty</i>
Flesch Reading Ease	206.835-(1.015 × ASL)-(84.6 × ASW)		71 or more	Low
			60-70	Moderate
			Less than 60	Extreme
Gunning fog index	(0.4 × ASL) + percentage of complex word		Less than 9	Low
			9-12	Moderate
			13 or more	Extreme

Notes: ASL = average sentence length and ASW = average word length in syllables.

The empirical study is assisted by an analyzer of texts. This linguistic software is integrated with the computer program “Microsoft Word.” At the end of each grammar checking, the analyzer displays several readability statistics such as: the number of sentences, the number of syllables, the number of characters, and the Flesch test. Several statistical tools are used to analyze the observed data.

5.3. Analysis of empirical results

5.3.1. Length of standardized illustration of consolidated audit report with unmodified opinion

The length of the audit reports can influence the comprehensibility of the audit results. Generally, analyses on comprehensibility focus on the structural features of the texts. These features are related to word length, size of sentences, and length of paragraphs.

The results of this study show that the consolidated audit report on financial statements prepared in accordance with International Financial Reporting Standards (IFRS) includes 399 words, 19 sentences, and 14 paragraphs. The section with the heading “Auditor’s Responsibility” displays the longest element which includes 211 words, 9 sentences, and 4 paragraphs. In contrast, the shorter element (Section with the heading “Auditor’s Opinion”) was provided with 56 words, 2 sentences, and 2 paragraphs. This section is prepared with unmodified opinion. Table 5(a) summarizes the statistics that describe the structure of illustration of consolidated audit reports.

The audit report length is reduced when the consolidated financial statements are not prepared in accordance with IFRS. In circumstances when the consolidated financial statements are prepared for a general purpose by management of the entity in accordance with a financial reporting framework, encompassing law or regulation, designed to meet the common financial information needs of a wide range of users, the wording of consolidated audit report includes 365 words, 19 sentences, and 14 paragraphs (Table 5(a)).

According to GALS, the use of hard words and long sentences may hamper the readability of information. For all elements of consolidated audit report on financial statements prepared in accordance with (IFRS), the average word length should be around 6.10 (per character) and 2.11 (per syllable). These lengths are consistent with the principles of comprehensible writing. At the level of significance ($\alpha = 0.05$), the results of the one-sample *t*-test reject the hypothesis that the average word length is strictly greater than the linguistic standards (Table 5(b)).

According to the clear writing principles, the sentence length should not be excessive. For all parts of consolidated auditor’s report on financial statements prepared in accordance with (IFRS), the average sentence length is about 28.50 words. This shows that the length of sentences greatly exceeds the linguistic rules. The exaggerated length of sentences disrupts the organization and comprehensibility of auditing information. The results show that all sections include long sentences. The one-sample *t*-test does not confirm the shortness of sentences and rejects the hypothesis of linguistic compliance (Table 5(b)).

In terms of structure, the consolidated audit report is longer than the audit report on the separate financial statements. The lengthening of the wording of the auditor’s report can be explained by the addition of specific terms that are related to the consolidation of financial statements. Statistically, the difference between these two reports is not significant (Table 5(c) and (d)).

5.3.2. The readability of standardized illustration of consolidated audit report with unmodified opinion

According to the Flesch Reading Ease Formula, the wording of consolidated auditor’s report which illustrated by the International Standard on Auditing ISA 700 is not readable by several users of consolidated financial statements. According to the same formula, the average index of readability of the consolidated report on financial statements prepared in accordance with (IFRS) is -5.02 . As can be seen from the Table 6(a), the international illustration of consolidated audit report is best understood by college graduates.

Table 5. Linguistic measurement for the length of unmodified illustration of consolidated auditor's report

	Full report (All sections)	Introductory Paragraph	Management's Responsibility	Auditor's Responsibility	Auditor's Opinion
<i>(a) Descriptive Statistics for the length of the illustration of consolidated auditor's report [Audit of consolidated financial statements prepared in accordance with IFRS]—[Audit of consolidated financial statements prepared in accordance with a FRFELR]</i>					
Number of characters	[2,435]–[2,193]	[357]–[299]	[391]–[353]	[1,269]–[1243]	[306]–[186]
Number of syllables	[842]–[763]	[128]–[104]	[136]–[124]	[444]–[435]	[101]–[67]
Total word count	[399]–[365]	[60]–[53]	[58]–[56]	[211]–[207]	[56]–[35]
Average word length per character	[6.10]–[6.01]	[5.95]–[5.64]	[6.74]–[6.30]	[6.01]–[6.00]	[5.46]–[5.31]
Average word length per syllable	[2.11]–[2.09]	[2.13]–[1.96]	[2.34]–[2.21]	[2.10]–[2.10]	[1.80]–[1.91]
Number of sentences	[19]–[19]	[1]–[1]	[2]–[2]	[9]–[9]	[2]–[2]
Average sentence length per character	[128.16]–[115.42]	[357.00]–[299.00]	[195.50]–[176.50]	[141.00]–[138.11]	[153.00]–[93.00]
Average sentence length per syllable	[44.32]–[40.16]	[128.00]–[104.00]	[68.00]–[62.00]	[49.33]–[48.33]	[50.50]–[33.50]
Average sentence length per words	[21.00]–[19.21]	[60.00]–[53.00]	[29.00]–[28.00]	[23.44]–[23.00]	[28.00]–[17.50]
Number of paragraphs	[14]–[14]	[1]–[1]	[2]–[2]	[4]–[4]	[2]–[2]
Average paragraph per character	[173.93]–[156.64]	[357.00]–[299.00]	[195.50]–[176.50]	[317.25]–[310.75]	[153.00]–[93.00]
Average paragraph per syllable	[60.14]–[54.50]	[128.00]–[104.00]	[68.00]–[62.00]	[111.00]–[108.75]	[50.50]–[33.50]
Average paragraph per words	[28.50]–[26.07]	[60.00]–[53.00]	[29.00]–[28.00]	[52.75]–[51.75]	[28.00]–[17.50]
Average paragraph per sentences	[1.36]–[1.36]	[1.00]–[1.00]	[1.00]–[1.00]	[2.25]–[2.25]	[1.00]–[1.00]
<i>(b) Results of One-Sample Student's t-Test—Average word length and average sentence length of all sections [Audit of consolidated financial statements prepared in accordance with IFRS]—[Audit of consolidated financial statements prepared in accordance with a FRFELR]</i>					
	t (Observed value)	t (Critical value)	df	One-Tailed p-Value	Alpha
Average word length per character	[-11.22]–[-14.82]	[2.35]–[2.35]	[3]–[3]	[0.99]–[1.00]	[0.05]–[0.05]
Average word length per syllable	[-8.16]–[-14.02]	[2.35]–[2.35]	[3]–[3]	[0.99]–[1.00]	[0.05]–[0.05]
Average sentence length per character	[2.24]–[1.73]	[-2.35]–[-2.35]	[3]–[3]	[0.94]–[0.91]	[0.05]–[0.05]
Average sentence length per syllable	[2.21]–[1.91]	[-2.35]–[-2.35]	[3]–[3]	[0.94]–[0.92]	[0.05]–[0.05]
Average sentence length per words	[1.80]–[1.32]	[-2.35]–[-2.35]	[3]–[3]	[0.91]–[0.86]	[0.05]–[0.05]
<i>(c) Student's t-test for independent samples</i>					
	Consolidated auditor's report (Compliance with IFRS)/ Separate auditor's report (Compliance with IFRS)			Consolidated auditor's report (Compliance with IFRS)/Separate auditor's report (Compliance with a FRFELR)	
	t (Observed value)	t (Critical value)	df	t (Observed value)	t (Critical value)
Average word length per character	0.70	2.45	6	-1.35	2.45
Average word length per syllable	0.85	2.45	6	-1.23	2.45
Average sentence length per character	0.37	2.45	6	-0.82	2.45
				p-value (Two-tailed)	Alpha
				0.51	0.05
				0.43	0.05
				0.72	0.05
				0.22	0.05
				0.27	0.05
				0.44	0.05

(Continued)

Table 5. (Continued)

Average sentence length per syllable	0.41	2.45	6	0.69	0.05	-0.82	2.45	6	0.44	0.05
Average sentence length per words	0.22	2.45	6	0.83	0.05	-0.61	2.45	6	0.56	0.05
Consolidated auditor's report (Compliance with a FRFELR)/Separate auditor's report (Compliance with IFRS)										
	t (Observed value)	t (Critical value)	df	p-value (Two-tailed)	Alpha	t (Observed value)	t (Critical value)	df	p-value (Two-tailed)	Alpha
Average word length per character	0.76	2.45	6	0.47	0.05	0.09	2.45	6	0.93	0.05
Average word length per syllable	1.17	2.45	6	0.28	0.05	0.66	2.45	6	0.53	0.05
Average sentence length per character	0.30	2.45	6	0.78	0.05	-0.19	2.45	6	0.85	0.05
Average sentence length per syllable	0.34	2.45	6	0.75	0.05	-0.11	2.45	6	0.91	0.05
Average sentence length per words	0.19	2.45	6	0.85	0.05	-0.22	2.45	6	0.83	0.05
(d) Two-Samples Comparison of Variances										
Consolidated auditor's report (Compliance with IFRS)/Separate auditor's report (Compliance with IFRS)										
	F (Observed value)	F (Critical value)	df	p-value (Two-tailed)	Alpha	F (Observed value)	F (Critical value)	df	p-value (Two-tailed)	Alpha
Average word length per character	1.07	15.44	3	0.96	0.05	1.57	15.44	3	0.72	0.05
Average word length per syllable	1.37	15.44	3	0.80	0.05	2.98	15.44	3	0.39	0.05
Average sentence length per character	1.59	15.44	3	0.71	0.05	1.53	15.44	3	0.74	0.05
Average sentence length per syllable	1.68	15.44	3	0.68	0.05	1.79	15.44	3	0.65	0.05
Average sentence length per words	1.37	15.44	3	0.80	0.05	1.34	15.44	3	0.82	0.05
Consolidated auditor's report (Compliance with a FRFELR)/Separate auditor's report (Compliance with a FRFELR)										
	F (Observed value)	F (Critical value)	df	p-value (Two-tailed)	Alpha	F (Observed value)	F (Critical value)	df	p-value (Two-tailed)	Alpha
Average word length per character	1.04	15.44	3	0.97	0.05	0.71	15.44	3	0.78	0.05
Average word length per syllable	1.12	15.44	3	0.93	0.05	0.51	15.44	3	0.60	0.05
Average sentence length per character	1.20	15.44	3	0.88	0.05	1.25	15.44	3	0.86	0.05
Average sentence length per syllable	1.20	15.44	3	0.88	0.05	1.13	15.44	3	0.92	0.05
Average sentence length per words	1.17	15.44	3	0.90	0.05	1.19	15.44	3	0.89	0.05

Notes: IFRS—International Financial Reporting Standards; and FRFELR—Financial Reporting Framework. Encompassing Law or Regulation.

Among the elements of the consolidated audit report on financial statements prepared in accordance with (IFRS), the section with the heading “Auditor’s Opinion” is the most readable. The less level of readability is found in the section with the heading “Management’s Responsibility” and section with the heading “Introductory Paragraph.”

According to Gunning Fog Index, understandability of consolidated audit reports with unmodified opinion requires a very high level of education. The average level of education required for the readability of the auditor’s report on financial statements prepared in accordance with (IFRS) is 27. For the four sections of this audit report (Introductory Paragraph, Management’s Responsibility, Auditor’s Responsibility and Auditor’s Opinion), the Text analyzer indicates that the required level of education varies between 22.87 and 40.44. This level is an indication of the number of years of formal education that a user requires in order to easily understand the audit report on the first reading. The paragraph with medium score of legibility has a Gunning Fog Index of 33.83 (Table 6(a)).

The readability of the audit report is improved when the consolidated financial statements are prepared, for a general purpose by management of the entity, in accordance with a financial reporting framework, encompassing law or regulation (Table 6(b)). Statistical comparisons show that the consolidated audit report is more readable than the report issued on the separate financial statements. The Gunning Fog Index confirms the same result. The statistical difference between the two consolidated audit reports illustrated by ISA 700 is not significant (Table 6(b) and (c)).

The statistical relationship between the Flesch Reading Ease Score and Gunning Fog Index is not accepted. At the level of significance ($\alpha = 0.05$), the decision is to not reject the null hypothesis of absence of correlation. In other words, the correlation between the two formulas is not significant (Table 6(d)). Comparison of means shows that the level of readability of consolidated auditor’s report is not consistent with the principles of readability. According to the empirical results, the assumption of compliance is not accepted (Table 6(e)).

5.3.3. Linguistic consistency of illustration of consolidated audit report with unmodified opinion

According to the linguistic literature, the coherence of a text is characterized by the connection between its various components. Consistency requires the harmonious organization and consistent presentation of the elements of a text. The χ^2 statistical test has been applied in order to determine if organizational differences exist between the sections of consolidated auditor’s report. The linguistic measures which focus on the distribution of number of character confirm the assessment of the structural homogeneity of report on consolidated financial statements (The results appear in Table 7(a)).

The linguistic analysis which focuses on the distribution of frequency of words does not confirm the assessment of the structural homogeneity of report on consolidated financial statements. At the level of significance ($\alpha = 0.05$), the χ^2 likelihood ratio test rejects the hypothesis of consistency of all sections of consolidated auditor’s report. For several sections of consolidated audit reports, the International Standard on Auditing (ISA700) follows heterogeneous linguistic structures (Table 7(b)).

Furthermore, readability formulas, theories of communication advocated several indicators that measure the understandability of texts. Linguistic parameters that are most commonly used include the lexical diversity. The type-token ratio (TTR) is a measure of vocabulary variation within a written text. The TTR is shown to be a helpful measure of lexical variety within a text (Lexical diversity).

As can be seen from this Table 7(c), the vocabulary is less varied in the Section with the heading “Auditor’s Responsibility” than in the other sections. A high TTR indicates a large level of lexical variation and a low TTR indicates relatively little lexical variation. According to the TTR, the assumption of consistency of all sections of consolidated auditor’s report is rejected.

Table 6. Readability of international illustration of consolidated auditor's report with unmodified opinion

	Flesch Reading Ease	Gunning Fog Index	Level of difficulty	Grade levels
<i>(a) Descriptive statistics for readability of consolidated auditor's report [Audit of consolidated financial statements prepared in accordance with IFRS]— [Audit of consolidated financial statements prepared in accordance with a FRFELR]</i>				
Full audit report	[-5.02]–[-0.65]	[26.83]–[25.32]	Very difficult to read	Graduate college
Introductory paragraph	[-33.13]–[-12.97]	[38.00]–[32.52]	Very difficult to read	Graduate college
Management's responsibility	[-48.95]–[-37.33]	[40.44]–[38.83]	Very difficult to read	Graduate college
Auditor's responsibility	[2.44]–[3.20]	[22.87]–[22.52]	Very difficult to read	Graduate college
Auditor's opinion	[-2.59]–[11.78]	[33.83]–[26.57]	Very difficult to read	Graduate college

(b) Student's t-test for independent samples (Flesch Reading Ease test)

Auditor's report	Financial statements	p-value (Two-tailed)	Alpha
Consolidated	Compliance with IFRS	[0.44]–[0.67]	[0.05]–[0.05]
	Compliance with a FRFELR		
Separate	Compliance with IFRS	[0.19]–[0.30]	[0.05]–[0.05]
	Compliance with a FRFELR		
Consolidated	Compliance with a FRFELR	[0.92]–[0.80]	[0.05]–[0.05]
	Compliance with IFRS		
Consolidated	Compliance with a FRFELR	[0.45]–[0.68]	[0.05]–[0.05]
	Compliance with a FRFELR		

(c) Two-samples comparison of variances

Auditor's report	Financial statements	p-value (Two-tailed)	Alpha
Consolidated	Compliance with IFRS	[0.78]–[0.86]	[0.05]–[0.05]
	Compliance with IFRS		
Consolidated	Compliance with IFRS	[0.73]–[0.81]	[0.05]–[0.05]
	Compliance with a FRFELR		
Consolidated	Compliance with a FRFELR	[0.94]–[0.97]	[0.05]–[0.05]
	Compliance with IFRS		
Consolidated	Compliance with a FRFELR	[0.89]–[0.92]	[0.05]–[0.05]
	Compliance with a FRFELR		

(d) Pearson's correlation coefficient test (Two-tailed p-value)

	Consolidated auditor's report on financial statements			
	FRFELR	IFRS	FRFELR	IFRS
IFRS	Gunning Fog Index	Gunning Fog Index	Flesch Reading Ease test	Flesch Reading Ease test
Gunning Fog Index	-	-	0.33	0.14
Flesch Reading Ease test	0.02	0.14	-	-
FRFELR	FRFELR	IFRS	FRFELR	IFRS
	Gunning Fog Index	Gunning Fog Index	Flesch Reading Ease test	Flesch Reading Ease test
Gunning Fog Index	-	-	0.08	0.02
Flesch Reading Ease test	0.08	0.33	-	-

Table 6e. Results of One-Sample Student's t-Test

	Financial statements	One-tailed p-value	Alpha
Flesch Reading Ease test	Compliance with IFRS	0.00	0.05
Gunning Fog Index	Compliance with IFRS	0.00	0.05
Flesch Reading Ease test	Compliance with a FRFELR	0.01	0.05
Gunning Fog Index	Compliance with a FRFELR	0.01	0.05

Notes: IFRS—International Financial Reporting Standards; and FRFELR—Financial Reporting Framework. Encompassing Law or Regulation.

Table 7. Words length for original illustration of International audit report on consolidated financial statement

Word length per character	Full report (All sections)	Introductory paragraph	Management's responsibility	Auditor's responsibility	Auditor's opinion	χ^2 test (One-tailed p-value)	
<i>(a) Words length (Number of character) [Audit of consolidated financial statements prepared in accordance with IFRS]—[Audit of consolidated financial statements prepared in accordance with a FRFELR]</i>							
1	[3]–[4]	[1]–[1]	[0]–[1]	[1]–[1]	[1]–[1]	[<0.0001]–[0.67]	
2	[71]–[65]	[11]–[8]	[9]–[10]	[40]–[40]	[10]–[6]		
3	[73]–[72]	[12]–[12]	[10]–[11]	[38]–[37]	[12]–[11]		
4	[36]–[29]	[5]–[6]	[6]–[5]	[15]–[14]	[9]–[3]		
5	[30]–[28]	[4]–[4]	[3]–[3]	[20]–[20]	[3]–[1]		
6	[12]–[11]	[2]–[2]	[1]–[1]	[6]–[6]	[1]–[0]		
7	[28]–[27]	[4]–[5]	[2]–[2]	[17]–[16]	[4]–[3]		
8	[26]–[25]	[4]–[3]	[2]–[2]	[16]–[16]	[4]–[4]		
9	[40]–[30]	[6]–[4]	[7]–[4]	[15]–[15]	[6]–[1]		
10	[31]–[31]	[2]–[2]	[7]–[7]	[20]–[20]	[2]–[2]		
11	[14]–[13]	[3]–[3]	[3]–[3]	[5]–[5]	[1]–[0]		
12	[24]–[22]	[5]–[3]	[6]–[6]	[11]–[10]	[2]–[3]		
13	[6]–[3]	[1]–[0]	[1]–[0]	[3]–[3]	[1]–[0]		
14	[4]–[4]	[0]–[0]	[1]–[1]	[3]–[3]	[0]–[0]		
15	[1]–[1]	[0]–[0]	[0]–[0]	[1]–[1]	[0]–[0]		
<i>(b) Frequency of words and occurrences [Audit of consolidated financial statements prepared in accordance with IFRS]—[Audit of consolidated financial statements prepared in accordance with a FRFELR]</i>							
Occurrences	Full report (All sections)	Introductory paragraph	Management's responsibility	Auditor's responsibility	Auditor's opinion	χ^2 test (One-tailed p-value)	
1	[84]–[84]	[36]–[38]	[30]–[30]	[66]–[65]	[37]–[26]	[0.01]–[0.00]	
2	[30]–[31]	[1]–[0]	[6]–[4]	[22]–[21]	[1]–[3]		
3	[17]–[12]	[1]–[2]	[4]–[6]	[3]–[3]	[3]–[1]		
4	[7]–[7]	[2]–[1]	[1]–[0]	[3]–[3]	[2]–[0]		
5	[5]–[4]	[1]–[1]	[0]–[0]	[2]–[3]	[0]–[0]		
6	[1]–[1]	[1]–[0]	[0]–[0]	[4]–[3]	[0]–[0]		
7	[1]–[1]	[0]–[0]	[0]–[0]	[1]–[1]	[0]–[0]		
8	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]		
9	[2]–[2]	[0]–[0]	[0]–[0]	[2]–[2]	[0]–[0]		
10	[1]–[1]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]		
11	[1]–[3]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]		
12	[0]–[1]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]		
13	[1]–[0]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]		
16	[1]–[0]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]		
17	[1]–[0]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]		
18	[0]–[1]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]		
21	[1]–[0]	[0]–[0]	[0]–[0]	[1]–[1]	[0]–[0]		
31	[0]–[1]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]		
32	[1]–[0]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]		
<i>(c) Test on contingency table for lexical diversity [Audit of consolidated financial statements prepared in accordance with a FRFELR]—[Audit of consolidated financial statements prepared in accordance with a FRFELR]</i>							
Lexical diversity	Full report (All sections)	Introductory paragraph	Management's responsibility	Auditor's responsibility	Auditor's opinion		χ^2 test (One-tailed p-value)
Different words	[98]–[98]	[41]–[42]	[33]–[32]	[73]–[73]	[40]–[28]		[<0.0001]–[<0.0001]
Similar words	[301]–[267]	[19]–[11]	[25]–[24]	[138]–[134]	[16]–[7]		

6. The impact of translation on the legibility of consolidated audit report with unmodified opinion

Originally, the international auditing standards are published in English. Several organizations translate these accounting standards to encourage the independent auditors to comply with international accounting rules.

The standard translation process is based on textual strategies to overcome problems of understanding and communication. Translation is a delicate task since it determines the equivalent terminology in a foreign language. Translation of English standards on auditor’s report must be treated to improve communication of audit results.

It is generally accepted that translation work faces several constraints such as: preservation of the meaning of auditing standards; fidelity to the original text; and the maintenance of linguistic performance standards (Fakhfakh, 2016a). In most cases, the translation of audit standards is supervised by accounting bodies. The participation of specialists in linguistics is necessary to improve the quality and readability of auditing principles.

Currently, the international standard is widely recognized in the French-speaking countries (Table 8). Nowadays, the French translation of international audit report is a reference for the independent auditors who belong to the Euro-Continental accounting models. The French translation was considered in order to strengthen the comparative. The choice of the French version has been justified by several reasons:

Table 8. Scope of the consolidated audit reports prepared according to the International Standard on Auditing-ISA 700

Region (Number of states)	Country	Predominant accounting model	
Africa (21)	Botswana, Cameroon, Eritrea, Gambia, Ghana, Kenya, Lesotho, Liberia, Malawi, Namibia, Nigeria, Rwanda, Sierra Leone, Somaliland, South Africa, South Sudan, Sudan, Swaziland, Tanzania, Uganda, and Zambia	Anglo-American accounting model (Countries where English is an official language)	
Africa/Indian Ocean (2)	Zimbabwe and Mauritius		
Asia (4)	India, Pakistan, Philippines and Singapore		
Caribbean (10)	Antigua and Barbuda, Bahamas, Barbados, Dominica, Grenada, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad, and Tobago		
Central America/Caribbean (1)	Belize		
Europe (3)	United Kingdom, Ireland and Malta		
North America (2)	United States and Canada		
Oceania (15)	Cook Islands, Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, Australia		
South America/Caribbean (1)	Guyana		
Africa (21)	Democratic Republic of the Congo, Madagascar, Cameroon, Ivory Coast, Burkina Faso, Niger, Senegal, Mali, Rwanda, Guinea, Chad, Burundi, Benin, Togo, Central African Republic, Republic of the Congo, Gabon, Comoros, Equatorial Guinea, Djibouti, and Seychelles		Euro-Continental accounting models (Countries where French is an official language)
Europe (5)	France, Belgium, Switzerland, Luxembourg, and Monaco		
North America (1)	Canada		
Central America (1)	Haiti		
Oceania (1)	Vanuatu		

- Improvement of the comparative approach of this research;
- The importance and influence of the French accounting model;
- Examination of the effect of translation on the comprehensibility of audit reports;
- The importance of Francophone organizations in the revision and translation of International Auditing Standards;
- Wide application of the French version in several continents.

In general terms, the translation of International Auditing Standards is carried out in accordance with the IFAC Policy Statement—Policy for Translating and Reproducing Standards. The French translation of several International standards is conducted by The Canadian Institute of Chartered Accountants. The official translation is reproduced with the permission of IFAC. According to the language measures, we believe that the English wording of unmodified report is not similar to the report translated into French.

6.1. The impact on the length of illustration of unmodified consolidated audit report

The empirical results show that the French illustration of audit report on consolidated financial statements prepared in compliance with IFRS includes 430 words, 19 sentences, and 14 paragraphs. The wording of consolidated audit report will be shorter when the consolidated financial statements are not prepared in accordance with IFRS. Table 9 summarizes the statistics that describe the length of French illustration of International consolidated audit reports.

For the French audit reports on consolidated financial statements prepared in accordance with IFRS, the lengths of all sections are consistent with the principles of comprehensible writing. The same assumption of compliance is not rejected when the French report is issued on reports on consolidated financial statements prepared in accordance with financial reporting framework, encompassing law or regulation. At the level of significance ($\text{Alpha} = 0.05$), the results of the One-Sample *t*-test rejects the hypothesis that the average word length of each section is strictly greater linguistic standards (Table 9(b)). Consequently, the French translation did not affect compliance with linguistic standards.

Regarding the impact of translations of International auditor's report, the results show that the French ISA 700 standardizes the longest illustration of consolidated audit report. The lengthening of the wording of the French report is justified by the large number of characters, number of syllables and number of words. The lengthening of the wording of translated auditor's report can be explained by the addition of specific words that are related to the features of French language. Consequently, the French translation of ISA 700 extends the length of auditor's report on consolidated financial statements.

Statistically, the difference between the original English illustration of consolidated audit reports and translated report is not significant (Table 9 (c) and (d)). At the level of significance $\text{Alpha} = 0,050$ the decision is to not reject the assumption of homogeneity of the observed samples. In other words, the difference between the English and French consolidated audit report is not significant.

6.2. The impact on the readability of illustration of unmodified consolidated audit report

In terms of readability, and according to the index of Flesch, the content of translated auditor's report on consolidated financial statements prepared in accordance with IFRS is not readable by several readers of financial statements. Towards the Flesch formula, the average index of readability of the consolidated report is around 9. Statistical indicators show that the French illustration of consolidated audit report is best understood by college graduates. The section with the heading "Auditor's Responsibility" is the most readable. In contrast, the less score of readability is found in the section with the heading "Introductory Paragraph" and section with the heading "Management's Responsibility."

Table 9. Linguistic measurement for the length of unmodified illustration of consolidated auditor's report

	Full report (All sections)	Introductory paragraph	Management's responsibility	Auditor's responsibility	Auditor's opinion	
<i>(a) Descriptive Statistics for the length of the illustration of consolidated auditor's report [Audit of consolidated financial statements prepared in accordance with French IFRS]/[Audit of consolidated financial statements prepared in accordance with a French FREELR]</i>						
Number of characters	[2,636.00]–[2,342]	[391.00]–[329]	[403.00]–[342]	[1,392.00]–[1,360]	[326.00]–[187]	
Number of syllables	[954.00]–[845]	[146.00]–[121]	[145.00]–[124]	[497.00]–[485]	[124.00]–[73]	
Total word count	[430.00]–[395]	[67.00]–[60]	[59.00]–[55]	[229.00]–[224]	[58.00]–[39]	
Average word length per character	[6.13]–[5.93]	[5.84]–[5.48]	[6.83]–[6.22]	[6.08]–[6.07]	[5.62]–[4.79]	
Average word length per syllable	[2.22]–[2.14]	[2.18]–[2.02]	[2.46]–[2.25]	[2.17]–[2.17]	[2.14]–[1.87]	
Number of sentences	[19.00]–[19]	[1.00]–[1]	[2.00]–[2]	[9.00]–[9]	[2.00]–[2]	
Average sentence length per character	[138.74]–[123.26]	[391.00]–[329.00]	[201.50]–[171.00]	[154.67]–[151.11]	[163.00]–[93.50]	
Average sentence length per syllable	[50.21]–[44.47]	[146.00]–[121.00]	[72.50]–[62.00]	[55.22]–[53.89]	[62.00]–[36.50]	
Average sentence length per words	[22.63]–[20.79]	[67.00]–[60.00]	[29.50]–[27.50]	[25.44]–[24.89]	[29.00]–[19.50]	
Number of paragraphs	[14.00]–[14]	[1.00]–[1]	[2.00]–[2]	[4.00]–[4]	[2.00]–[2]	
Average paragraph per character	[188.29]–[167.29]	[391.00]–[329.00]	[201.50]–[171.00]	[348.00]–[340.00]	[163.00]–[93.50]	
Average paragraph per syllable	[68.14]–[60.36]	[146.00]–[121.00]	[72.50]–[62.00]	[124.25]–[121.25]	[62.00]–[36.50]	
Average paragraph per words	[30.71]–[28.21]	[67.00]–[60.00]	[29.50]–[27.50]	[57.25]–[56.00]	[29.00]–[19.50]	
Average paragraph per sentences	[1.36]–[1.36]	[1.00]–[1.00]	[1.00]–[1.00]	[2.25]–[2.25]	[1.00]–[1.00]	
<i>(b) Results of One-Sample Student's t-Test—Average length of all sections of French illustration of International auditor's report</i>						
	French consolidated auditor's report (Compliance with French IFRS)			French consolidated auditor's report (Compliance with French FREELR)		
	t (Observed Value)	t (Critical Value)	df	Alpha	t (Observed Value)	t (Critical Value)
Average word length per character	-11.05	2.35	3	0.05	-10.33	2.35
Average word length per syllable	-10.21	2.35	3	0.05	-10.98	2.35
Average sentence length per character	2.30	-2.35	3	0.05	1.71	-2.35
				One-Tailed p-Value	One-Tailed p-Value	Alpha
				1.00	1.00	0.05
				1.00	1.00	0.05
				0.95	0.91	0.05

(Continued)

Table 9. (Continued)

Average sentence length per syllable	2.43	-2.35	3	0.95	0.05	1.93	-2.35	3	0.93	0.05
Average sentence length per words	1.81	-2.35	3	0.92	0.05	1.42	-2.35	3	0.87	0.05
<i>(c) Student's t-test for independent samples</i>										
	Consolidated auditor's report (Compliance with English IFRS)/Consolidated auditor's report (Compliance with French IFRS)				Consolidated auditor's report (Compliance with a FREL)/Consolidated auditor's report (Compliance with a FREL)					
	t (Observed Value)	t (Critical Value)	df	p-value (Two-tailed)	Alpha	t (Observed Value)	t (Critical Value)	df	p-value (Two-tailed)	Alpha
Average word length per character	-0.14	2.45	6	0.89	0.05	-0.44	2.45	6	0.67	0.05
Average word length per syllable	-1.08	2.45	6	0.32	0.05	0.30	2.45	6	0.77	0.05
Average sentence length per character	-0.21	2.45	6	0.84	0.05	0.14	2.45	6	0.89	0.05
Average sentence length per syllable	-9.97	2.45	6	0.73	0.05	0.27	2.45	6	0.80	0.05
Average sentence length per words	-0.20	2.45	6	0.85	0.05	0.22	2.45	6	0.84	0.05
Average paragraph per character	-0.27	2.45	6	0.79	0.05	0.17	2.45	6	0.87	0.05
Average paragraph per syllable	-0.44	2.45	6	0.68	0.05	0.29	2.45	6	0.78	0.05
Average paragraph per words	-0.26	2.45	6	0.81	0.05	0.24	2.45	6	0.82	0.05
Average paragraph per sentences	0.00	2.45	6	1.00	0.05	0.00	2.45	6	1.00	0.05
<i>(d) Two-Samples Comparison of Variances</i>										
	Consolidated auditor's report (Compliance with English IFRS)/Consolidated auditor's report (Compliance with French IFRS)				Consolidated auditor's report (Compliance with a FREL)/Consolidated auditor's report (Compliance with a FREL)					
	F (Observed Value)	F (Critical Value)	df	p-value (Two-tailed)	Alpha	F (Observed Value)	F (Critical Value)	df	p-value (Two-tailed)	Alpha
Average word length per character	1.01	15.44	3.00	1.00	0.05	2.29	15.44	3.00	0.51	0.05
Average word length per syllable	2.22	15.44	3.00	0.53	0.05	1.52	15.44	3.00	0.74	0.05
Average sentence length per character	0.81	15.44	3.00	0.87	0.05	1.30	15.44	3.00	0.84	0.05

(Continued)

Table 9. (Continued)

Average sentence length per syllable	0.78	15.44	3.00	0.84	0.05	1.46	15.44	3.00	0.76	0.05
Average sentence length per words	0.73	15.44	3.00	0.80	0.05	1.37	15.44	3.00	0.80	0.05
Average paragraph per character	0.77	15.44	3.00	0.83	0.05	1.35	15.44	3.00	0.81	0.05
Average paragraph per syllable	0.80	15.44	3.00	0.86	0.05	1.42	15.44	3.00	0.78	0.05
Average paragraph per words	0.71	15.44	3.00	0.79	0.05	1.32	15.44	3.00	0.83	0.05
Average paragraph per sentences	1.00	15.44	3.00	1.00	0.05	1.00	15.44	3.00	1.00	0.05

Notes: IFRS—International Financial Reporting Standards; and FRFELR—Financial Reporting Framework. Encompassing Law or Regulation.

Table 10. Readability of International illustration of French consolidated auditor's report with unmodified opinion

	Flesch Reading Ease	Gunning Fog Index	Level of difficulty	Grade levels
<i>(a) Descriptive Statistics for readability of French consolidated auditor's report [Audit of consolidated financial statements prepared in accordance with IFRS]—[Audit of consolidated financial statements prepared in accordance with a FRFELR]</i>				
Full audit report	[9]–[16]	[21.05]–[20.09]	Very difficult to read	Graduate college
Introductory paragraph	[0]–[0]	[36.95]–[34.13]	Very difficult to read	Graduate college
Management's responsibility	[0]–[0]	[28.75]–[27.07]	Very difficult to read	Graduate college
Auditor's responsibility	[9]–[10]	[21.70]–[21.60]	Very difficult to read	Graduate college
Auditor's opinion	[2]–[32]	[20.57]–[16.73]	Very difficult to read	Graduate college
<i>(b) Results of One-Sample Student's t-Test—Average readability of all sections of French illustration of International auditor's report [Audit of consolidated financial statements prepared in accordance with IFRS]—[Audit of consolidated financial statements prepared in accordance with a FRFELR]</i>				
	<i>t (Observed Value)</i>	<i>df</i>	<i>One-Tailed p-Value</i>	<i>Alpha</i>
Flesch Reading Ease	[−26.80]–[−6.56]	[3]–[3]	[1.00]–[1.00]	[0.05]–[0.05]
Gunning Fog Index	[3.70]–[3.18]	[3]–[3]	[0.98]–[0.97]	[0.05]–[0.05]
<i>(c) Student's t-test for independent samples (Flesch Reading Ease test)</i>				
<i>Auditor's report</i>	<i>Consolidated financial statements</i>		<i>p-value (Two-tailed)</i>	<i>Alpha</i>
English	Compliance with IFRS		0.11	[0.05]–[0.05]
French	Compliance with IFRS			
English	Compliance with a FRFELR		0.19	[0.05]–[0.05]
French	Compliance with a FRFELR			
<i>(d) Student's t-test for independent samples (Gunning Fog Index)</i>				
<i>Auditor's report</i>	<i>Consolidated financial statements</i>		<i>p-value (Two-tailed)</i>	<i>Alpha</i>
English	Compliance with IFRS		0.26	[0.05]–[0.05]
French	Compliance with IFRS			
English	Compliance with a FRFELR		0.35	[0.05]–[0.05]
French	Compliance with a FRFELR			
<i>(e) Two-samples comparison of variances (Flesch Reading Ease test)</i>				
<i>Auditor's report</i>	<i>Consolidated financial statements</i>		<i>p-value (Two-tailed)</i>	<i>Alpha</i>
English	Compliance with IFRS		0.02	[0.05]–[0.05]
French	Compliance with IFRS			
English	Compliance with a FRFELR		0.57	[0.05]–[0.05]
French	Compliance with a FRFELR			
<i>(f) Two-samples comparison of variances (Gunning Fog Index)</i>				
<i>Auditor's report</i>	<i>Consolidated financial statements</i>		<i>p-value (Two-tailed)</i>	<i>Alpha</i>
English	Compliance with IFRS		0.97	[0.05]–[0.05]
French	Compliance with IFRS			
English	Compliance with a FRFELR		0.94	[0.05]–[0.05]
French	Compliance with a FRFELR			

Notes: IFRS—International Financial Reporting Standards; and FRFELR—Financial Reporting Framework. Encompassing Law or Regulation.

Table 11. Words length for French audit report on consolidated financial statements

Word length per character	Full report (All sections)	Introductory paragraph	Management's responsibility	Auditor's responsibility	Auditor's opinion	χ^2 test (One-tailed p-value)
1	[5]–[8]	[1]–[1]	[0]–[2]	[2]–[2]	[2]–[3]	[0.59]–[0.71]
2	[87]–[80]	[14]–[14]	[13]–[12]	[43]–[41]	[12]–[8]	
3	[61]–[63]	[8]–[8]	[6]–[7]	[41]–[41]	[6]–[7]	
4	[35]–[32]	[6]–[6]	[3]–[3]	[15]–[15]	[10]–[7]	
5	[37]–[34]	[5]–[6]	[4]–[4]	[21]–[21]	[7]–[3]	
6	[16]–[9]	[5]–[3]	[2]–[0]	[7]–[6]	[2]–[0]	
7	[32]–[31]	[4]–[4]	[5]–[5]	[16]–[16]	[4]–[3]	
8	[28]–[29]	[7]–[7]	[1]–[1]	[18]–[18]	[2]–[3]	
9	[27]–[21]	[6]–[1]	[7]–[7]	[11]–[11]	[1]–[0]	
10	[57]–[50]	[7]–[6]	[8]–[7]	[31]–[30]	[7]–[3]	
11	[18]–[17]	[2]–[2]	[4]–[4]	[10]–[10]	[1]–[0]	
12	[11]–[9]	[2]–[2]	[2]–[1]	[5]–[4]	[1]–[1]	
13	[5]–[3]	[0]–[0]	[1]–[0]	[2]–[2]	[2]–[1]	
14	[8]–[8]	[0]–[0]	[2]–[2]	[6]–[6]	[0]–[0]	
15	[3]–[1]	[0]–[0]	[1]–[0]	[1]–[1]	[1]–[0]	

(b) Frequency of words and occurrences [Audit of consolidated financial statements prepared in accordance with French IFRS]—[Audit of consolidated financial statements prepared in accordance with a French FRFELR]

Occurrences	Full report (All sections)	Introductory paragraph	Management's responsibility	Auditor's responsibility	Auditor's opinion	χ^2 test (One-tailed p-value)
1	[91]–[98]	[46]–[45]	[34]–[29]	[73]–[72]	[41]–[33]	[0.00]–[0.00]
2	[39]–[40]	[1]–[0]	[5]–[6]	[21]–[20]	[4]–[3]	
3	[20]–[13]	[1]–[1]	[2]–[2]	[7]–[7]	[1]–[0]	
4	[8]–[4]	[3]–[2]	[0]–[1]	[4]–[4]	[0]–[0]	
5	[4]–[2]	[1]–[1]	[2]–[1]	[0]–[1]	[0]–[0]	
6	[0]–[1]	[0]–[0]	[0]–[0]	[5]–[4]	[1]–[0]	
7	[3]–[3]	[0]–[0]	[0]–[0]	[0]–[1]	[0]–[0]	
8	[0]–[1]	[0]–[0]	[0]–[0]	[3]–[2]	[0]–[0]	
9	[0]–[0]	[0]–[0]	[0]–[0]	[1]–[1]	[0]–[0]	
10	[2]–[3]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]	
11	[3]–[2]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]	
12	[0]–[1]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]	
13	[0]–[1]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]	
14	[1]–[1]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]	
15	[2]–[0]	[0]–[0]	[0]–[0]	[1]–[1]	[0]–[0]	
29	[0]–[1]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]	
34	[1]–[0]	[0]–[0]	[0]–[0]	[0]–[0]	[0]–[0]	

(c) Test on contingency table for lexical diversity [Audit of consolidated financial statements prepared in accordance with French IFRS]—[Audit of consolidated financial statements prepared in accordance with a French FRFELR]

Lexical diversity	Full report (All sections)	Introductory paragraph	Management's responsibility	Auditor's responsibility	Auditor's opinion	χ^2 test (One-tailed p-value)
Different words	[101]–[111]	[50]–[48]	[37]–[33]	[80]–[81]	[44]–[34]	<0.0001]–<0.0001]
Similar words	[329]–[284]	[17]–[12]	[22]–[22]	[149]–[143]	[14]–[5]	

(Continued)

Table 11. (Continued)

Word length per character	Full report (All sections)	Introductory paragraph	Management's responsibility	Auditor's responsibility	Auditor's opinion	χ^2 test (One-tailed p-value)
<i>(d) Test on contingency table for words length (English/French consolidated audit report) [Audit of consolidated financial statements prepared in accordance with French IFRS]—[Audit of consolidated financial statements prepared in accordance with a French FRFELR]</i>						
	Full report (English/French)	Introductory paragraph (English/French)	Management's responsibility (English/French)	Auditor's responsibility (English/French)	Auditor's opinion (English/French)	
χ^2 test (One-tailed p-value)	[0.05]–[0.16]	[0.89]–[0.51]	[0.87]–[0.76]	[0.80]–[0.81]		[0.44]–[0.37]
<i>(e) Test on contingency table for Frequency of words and occurrences (English/French consolidated audit report) [Audit of consolidated financial statements prepared in accordance with French IFRS]—[Audit of consolidated financial statements prepared in accordance with a French FRFELR]</i>						
	Full report (English/French)	Introductory paragraph (English/French)	Management's responsibility (English/French)	Auditor's responsibility (English/French)	Auditor's opinion (English/French)	
χ^2 test (One-tailed p-value)	[0.97]–[0.81]	[0.69]–[0.89]	[0.71]–[0.85]	[0.78]–[0.78]		[0.88]–[0.80]
<i>(f) Test on contingency table for lexical diversity (English/French consolidated audit report) [Audit of consolidated financial statements prepared in accordance with French IFRS]—[Audit of consolidated financial statements prepared in accordance with a French FRFELR]</i>						
	Full report (English/French)	Introductory paragraph (English/French)	Management's responsibility (English/French)	Auditor's responsibility (English/French)	Auditor's opinion (English/French)	
χ^2 test (One-tailed p-value)	[0.72]–[0.70]	[0.43]–[0.92]	[0.52]–[0.76]	[0.94]–[0.85]		[0.59]–[0.40]

Notes: IFRS—International Financial Reporting Standards; and FRFELR—Financial Reporting Framework. Encompassing Law or Regulation.

The education level of Gunning Fog Score said that the auditor's report on consolidated financial statements prepared in compliance with IFRS is complex. On average, the intelligibility of the illustration of consolidated audit report requires 21 years of schooling (Table 10). Regarding four sections of consolidated auditor's report, the results show that the computed level of education varies between 20.57 and 36.95.

The statistical relationship between the indexes of readability (Flesch Reading Ease/Gunning Fog Index) is not accepted. At the level of significance ($\alpha = 0.05$) the decision is to not reject the null hypothesis of absence of correlation. In other words, the correlation between the two formulas is not significant.

The One-Sample Student's t-Test shows that the level of readability of French consolidated auditor's report is not consistent with the principles of readability. According to the empirical results, the assumption of compliance with standards of readability is not accepted (Table 10(b)).

Reading difficulty is decreased when the French consolidated financial statements are prepared, for a general purpose by management of the entity, in accordance with a financial reporting framework, encompassing law or regulation (Table 10(a)). Statistically, the difference between the two French audit reports (Audit report on financial statements prepared in accordance with a FRFELR/ audit report on financial statements prepared in accordance with a FRFELR) is not significant.

The indexes of readability (Flesch Reading Ease/Gunning Fog Index) show that the French illustration of consolidated audit report is more readable than the English report provided by the original International Standard on Auditing. The statistical difference between the two audit reports illustrated by ISA 700 is not significant. The Student's t-test for independent samples rejects the hypothesis of heterogeneity of the readability of reports submitted by two versions: English and French (Table 10(c) and (d)). Hence, the translation of International Standard on Auditing did not affect the readability of consolidated audit report (Table 10(e) and (d)).

6.3. The impact on the linguistic consistency of illustration of consolidated audit report with unmodified opinion

The Statistical analysis which focuses on the distribution of word length (per character) does not reject the assumption of the structural homogeneity of French audit report on consolidated financial statements.

The linguistic analysis which focuses on the occurrences does not confirm the assessment of the structural homogeneity of French auditor's report on consolidated financial statements. At the level of significance (Alpha = 0.05) the χ^2 test reject the hypothesis of consistency of all sections of consolidated auditor's report on financial statements prepared in accordance with IFRS (Or with Financial Reporting Framework, Encompassing Law or Regulation). For several sections of consolidated audit reports, the International Standard on Auditing (ISA700) follows heterogeneous linguistic structures (Table 11(b)).

Similar to the English illustration of consolidated auditor's report, the vocabulary is less varied in the French section with the heading "Auditor's Responsibility." According to the TTR, the assumption of consistency of all sections of French consolidated auditor's report is rejected.

The χ^2 statistic tests for the equality of proportions has been used in order to compare the organization of the consolidated auditor's report between English and French illustrations provided by the International Standard on Auditing 700. At the level of significance (Alpha = 0.05), the results of the test on contingency table (for word length per character) does not reject the assumption of homogeneity of English and French consolidated auditor's report (Table 11(d)). When the consolidated financial statements are not prepared in accordance with IFRS the same hypothesis is retained.

Besides word length, other measures (such as Frequency of words and Lexical diversity) do not show significant differences between the English and French translation of illustration of consolidated auditor's report.

7. Conclusions, implications, and scope for future research

The consolidation of the financial statements is an accounting phenomenon that can enhance the control and management of corporate groups. This phenomenon influences the content of the report of the independent auditor. The consolidated audit report remains an important information tool for multiple users of financial statements.

The imperfection of consolidated audit report amplifies the company's dysfunction and corporate governance issues. The International Standard on Auditing ISA 700 was the first serious attempt to standardize the consolidated audit report. The third illustration provided by this standard is an exemplary model for several standard-setting bodies.

In order to improve audit quality, several independent auditors consult International Standards that describe the form and content of the consolidated audit reports. Compliance with international standards ISA is seen as a determinant of the quality of financial statements and the adequacy of audit results.

In this article, we performed an original analysis of the linguistic content of the independent auditor's report on the consolidated financial statements. The empirical results show that the International illustration of unmodified audit report on consolidated financial statements is not fully readable by a wide range of users of financial statements. So, the hypothesis of the linguistic performance of the consolidated audit report (with an unmodified opinion) is not always accepted. The length of several parts of the consolidated audit report is excessive.

Currently, the consolidated audit report is not readable by several users of financial statements. The incomprehensibility of this report is a linguistic problem which hampers the achievement of the audit objectives. This problem threatens the quality of financial reporting and transmission of audit

information. The illegibility of consolidated audit report causes several problems that reduce the informational quality of audit results (Asymmetric information, Expectation Gap, Ambiguity ...).

The imperfection of the accounting standardization contradicts the theoretical assumptions that justify the usefulness and relevance of financial audit. The linguistic inadequacy of international auditing standards reduces the informative function of the consolidated audit report. The wording of this report does not strengthen the governance of companies and corporate groups.

The incomprehensibility of the consolidated audit reports can reduce the professional reputation of the independent auditors. The communicative failure of consolidated audit report can criticize the competence of the auditors and the efficiency of standardization of audit principles.

With its current standards, the consolidated audit report is not always appreciated in the International financial markets. Therefore, the content of this report can be criticized by the stock exchange operators who seek extreme informational qualities. Given the International nature of ISAs, all illustrations of the consolidated audit report have been translated into French. The statistical results show that the French translation has not improved the readability of the illustration of the report of the independent auditor.

At this time, the IFAC is set to publish a specific audit standard to the reports of the independent auditor on the consolidated financial statements. Such a standard is needed to fill the gaps in the International standardization of consolidated audit reports.

This research can be considered as a case study that focuses on an illustration provided by the International Standard on Auditing 700. For this type of study, generalization of statistical results could be criticized. Indeed, the small number of empirical observations can skew the relevance of results. Therefore, our analyses will be interpreted carefully to consider the limitations of case studies.

Some authors have raised the question of scientific rigor and validation of results produced by this type of research (Fortin, 2010). Despite all the limitations, the case studies are generally regarded as a preparatory stage for scientific research. They are used to explore the fields of research and development of theoretical assumptions (Dupriez, 2010).

Besides the statistical issue, the linguistic analysis which was adopted in this article can be criticized. Readability mathematical indices do not fully measure the reading difficulties and problems surrounding the comprehensibility of written information. For these reasons, many experts and researchers advocate advanced methods that can refine the linguistic and structural analysis of texts. Beyond all the criticism, we believe that our work can enrich the literature on the performance of financial communications. For future research, we try to overcome all the difficulties that hinder the linguistic analysis of the independent auditors' reports.

Funding

The author received no direct funding for this research.

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Citation information

Cite this article as: Understandability of unmodified audit report on consolidated financial statements: A normative and advanced study of the international normalization, Mondher Fakhfakh, *Cogent Business & Management* (2016), 3: 1258134.

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