The linguistic and the contextual in applied genre analysis: The case of the company audit report

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Abstract

By means of an analysis of the genre of the audit report, this study highlights the respective roles of linguistic and contextual analysis in genre analysis, if the results are to be of maximum use in ESP course design. On the one hand, based on a corpus of current and authentic written auditors’ reports produced in a large international Hong Kong accounting firm, the study explores how communicative purposes are achieved through the systematic schematic structuring and linguistic realisation patterning of the genre. On the other hand, through a more ethnographic analysis of the context of production, the study investigates the respective roles of templates and original writing in the production of such reports. The texts analysed and the auditors observed and questioned show that, although the use of templates is widespread, there is, in fact, some original writing involved in drafting the reports, especially in reports which draw attention to irregularities in the accounts reviewed (qualified reports). The study also finds that although the reports are written in English, a mix of languages (English, Cantonese and Putonghua) is used by the members of the audit team in their production. The implications of the findings are highlighted, with suggestions on how language trainers can focus on particular sections of the audit report in order to help auditors write better. The overarching conclusion of the paper is that the linguistic and contextual approaches to genre analysis can complement each other effectively.

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1. Introduction

Since Swales’s (1990) seminal book on the topic, the notion of genre has been extremely significant in research in the field of English for Specific Purposes (ESP) (see e.g. Bhatia, 2004; Hyland, 2004; Paltridge, 2001; Swales, 2004 for overviews). Genres can be defined as staged, structured, communicative events, motivated by various communicative purposes, and performed by specific discourse communities (Berkenkotter & Huckin, 1995; Bhatia, 1993, 2004; Johns, 1997; Swales, 1990, 2004). A host of structural and functional analyses of various genres has appeared over the years, providing insights into their prototypical linguistic/pragmatic features and social contexts. These studies have in turn provided insights for syllabus and materials designers working in ESP pedagogy (e.g. Bhatia, 1993; Flowerdew, 1993; Hyland, 2004; Johns, 2002;
The great majority of this research, however, has been focussed upon the various academic genres, most notably the research article (see, for example, many articles published in this journal), much less attention being paid to professional or workplace genres (but see Bhatia, 1993, 2004; Bargiela-Chiappini & Nickerson, 1999; Devitt, 1991; Sless, 1999; Van Nus, 1999; Swales, 1998 for further development of their approaches).

In an earlier paper (Flowerdew & Wan, 2006), the present writers made a small contribution aimed at redressing this imbalance, studying the tax computation letter, an important genre used by tax accountants. In that study, in addition to drawing attention to a particular business genre, we attempted to demonstrate how, in addition to the structural-functional analysis of the various moves and steps and their lexico-grammatical realisations, emphasis may be put on the social context in which the letters were written. Use was made of ethnographic techniques of observation and interview to understand more fully the role of the tax computation letter as it is used by the tax accounting community and to reveal those parts of the letter which were most significant as far as the tax accountants were concerned and therefore important pedagogically. In the present paper, we will continue this line of research, turning our attention to another, related, discourse community, that of auditors, and an important genre used by that community, the company audit report. Again, we will emphasise the value of a more ethnographic, or contextual, approach in addition to the more linguistically oriented functional/structural one.

Focussing on current and authentic written auditors’ reports produced in the Hong Kong branch of a large international accounting firm, this paper, therefore, explores how communicative purposes are achieved through the rhetorical structuring and linguistic realisations of these reports. More specifically, the paper looks into qualified reports (audit reports which highlight irregularities in company accounts) and examines how much, if any, original writing is involved. This consideration is made possible through the use of ethnographic techniques focussing on aspects of the context of the genre’s production, investigating, for example, the work that goes into producing the report, how other genres are involved in this production, and, in this study in particular, the use of templates. This emphasis on an ethnographic dimension to genre analysis and on context can provide a more insightful set of findings in certain situations, it is argued, than a narrower linguistically oriented genre analysis, with greater value for the ESP practitioner.

2. Approaches to genre analysis

Following Hyon (1996), at least three approaches to genre analysis may be distinguished: the ESP approach, the Sydney School approach and the New Rhetoric approach (see also Hyland, 2004; Johns, 2002). Here we will review these three approaches, but will argue that because of the similarities shared by the ESP approach and the Sydney School approach, for our purposes in this paper, the first and second of these approaches can be combined, thereby creating a dichotomy between the ESP and Sydney Schools, on the one hand, which are both more linguistic in approach, and the New Rhetoric, which is more contextually oriented, on the other (see also Flowerdew (2002a) for a discussion along these lines of a linguistic vs. a contextual approach).

2.1. The ESP Approach

The ESP approach to genre was developed by practitioners working in the field of English for Specific Purposes (ESP). The best-known members of this group are John Swales and Vijay Bhatia, authors of the two seminal books on the subject (Bhatia, 1993; Swales, 1990). The motivation for genre analysis for these researchers was the goal of developing pedagogic materials for non-native speakers of English. Swales and Bhatia both define genre as a type of communicative event with a particular purpose which is readily identified by what they refer to as its discourse community (those people who regularly engage in it). Genres are staged events (Bhatia, 1993; Swales, 1990), that is they develop through a sequence of what Swales (1990) and Bhatia (1993) call moves and component steps. This sequence, which is sometimes referred to as a genre’s schematic structure, may vary between different instances of a genre. Some moves may be optional, some may occur in different orders, some may be embedded in others, and some may be repeated (Swales, 1990). However, a prototypical schematic structure will be recognisable in terms of the most typical realisation pattern, as identified.
by the discourse community (Swales, 1990, p. 58). As well as having a prototypical schematic structure, the various communicative functions of a genre exhibit typical conventionalised verbalisation patterns, or realisations, which are again recognized as such by the discourse community. Knowing how to perform a genre, according to this ESP view, involves knowing both its schematic structure, or staging, on the one hand, and the specific form–function correlations of each stage, on the other.

As a counterpart to ESP-based genre theory, there is a considerable literature on ESP-based genre pedagogy, a pedagogy which applies the findings of genre analysis to course design in ESP contexts (e.g. Bhatia, 1993; Flowerdew, 1993; Henry & Roseberry, 1998; Hyland, 2003, 2004; Johns, 2002; Paltridge, 2001; Swales & Feak, 2000, 2004; Tardy, 2006).

2.2. The Sydney School

This approach to genre is referred to by Hyon as the Sydney School, because it developed at the University of Sydney among followers of the systemic-functional linguist Halliday. The Sydney School employs a methodology derived from Hallidayan systemic-functional linguistics, a model particularly powerful in identifying the close correlations between form and function which are a characteristic of specific genres. Although Halliday does not use the term genre, his followers, most notably Martin (1992), have devoted considerable attention to the notion of genre and how it might fit into a systemic model, developing the notion of schematic structure, or structural formula (Hasan, 1977,1984), or generic staging (e.g. Coffin, 2006), in similar ways to Swales and Bhatia in the field of ESP (Hasan, 1977, 1984; Martin, 1992; Ventola, 1987).

Because we are not employing this approach in this paper we will not dwell on it here (but see Flowerdew, 2002a for an application of this approach to ESP). We should mention, however, that, just as the ESP approach is associated with a particular genre-based pedagogy, so is the Sydney School (Martin & Rose, 2009; Rothery, 1994). Whereas genre-based pedagogy for ESP has focussed primarily on adult second language learners, for the Sydney School the focus has been primarily on school children.

2.3. The New Rhetoric

As can be seen, the ESP view and the Sydney view of genre have a lot in common. They both emphasise communicative purpose, schematic structure and form–function correlation at the level of the clause. It is for these reasons that they are considered here to both be fundamentally linguistic in approach. In the textual analysis part of the present study we will adopt an ESP approach to analysis, in so far as our approach to form–function relations will be eclectic and will not be based on systemic-functional grammar.

A rather different way of looking at genre, adopted particularly in North America, is more social in its preoccupations (Freedman & Medway, 1994a, 1994b). Scholars subscribing to this view (referred to by Hyon (1996) as the New Rhetoric School) are critical of the linguistic approach, seeing it as too deterministic and simplistic and not paying enough attention to context. Hyon (1996, p. 698) tells us that the New Rhetoric focuses more on situational context than linguistic forms and that it emphasises social purposes and the actions resulting from these purposes within specific situations. Miller (1984, p. 151), one of the most influential members of the New Rhetoric group, argues that a definition of genre should be focussed on the action it is used to accomplish rather than substance or form.

An important outcome of this emphasis on action is that genre analysis methodology needs to be ethnographic rather than linguistic; it must focus on the activities, attitudes, beliefs, values and patterns of behaviour (in short, the culture) of the discourse community engaging in the genre or genres which is/are the focus of study. There is, therefore, a need to go beyond what Luke (1994, p. ix) refers to as the mere “broad brushstroke references to the importance of ‘context of situation’” of more text-oriented researchers.

As a result of its textual orientation, the linguistic approach, according to these New Rhetoric scholars, also over-emphasises the conventional nature of form–function relations at the clause level and thereby neglects the potential for creativity within genres. Perhaps because of its social nature, the New Rhetoric stresses the fluidity of genres, how they are ever-changing and may be manipulated by their participants (Schryer, 1993, refers to “stabilized-for-now” structures of genres). One ramification of this fluidity is that even conventionalised genres may be open to change when manipulated by particularly influential or powerful individuals or
institutions. A final important point about the New Rhetoric School is its emphasis on intertextuality and how any given genre is part of a genre set or system and interacts with other members of the set or system (Bazerman, 1994; Devitt, 1991).

Whereas the ESP and Sydney School each have an easily recognized pedagogy associated with them, there is not such a clearly identifiable pedagogy espousing the New Rhetoric. As Johns states: “Many [New Rhetoric] proponents are skeptical about genre pedagogies, about the ways in which schooling might assist students in acquiring, critiquing, and using genres for their own purposes.” (Johns, 2002, p. 9). This position is understandable, given the New Rhetoric’s more open ended approach to genre. However, the work of this group has nevertheless been influential in various pedagogic contexts (Freedman & Medway, 1994b) – North American academic writing programmes are one area (Bawarshi, 2003) – where an emphasis is placed on individual creativity and generic consciousness-raising rather than specific form–function relations (see relevant chapters in Johns (2002)).

3. Ethnographic methods

We have used the terms ethnography and ethnographic methods several times already and mentioned how they play an important role in the New Rhetoric approach to genre. An overview of these two topics is beyond the scope of this paper, but we should emphasise that, as mentioned again, ethnographic methods focus on discovering the activities, attitudes, beliefs, values and patterns of behaviour of the discourse community engaging in the genre or genres which is/are the focus of study. These methods include observation of the community under study (those responsible for and those producing the genre) and interviews with its members; it also may involve examination of the artefacts of the community (for genre analysis, collection of and analysis of representative texts) in their context of production. What it is important to emphasise is that for an ethnographic, or contextual, approach, texts are but one aspect of the broader context of situation. The methods employed in the present study accordingly involve observation and interview. It should be emphasised, however, that a full ethnography requires prolonged engagement with the context and the participants involved in the study (Flowerdew, 2002b; Lincoln & Guba, 1985). In the majority of ESP situations, including the one reported in the present study, such engagement is very often not feasible, although a lot can nevertheless be discovered through the use of ethnographic methods, even in a reduced time scale. One feature of an ethnographic approach that is employed in the present study is triangulation, the use of multiple methods, in this case observation, interview and textual analysis (Flowerdew, 2002b; Lincoln & Guba, 1985). A further feature of ethnographic methodology in this study – referred to as participant verification (Flowerdew, 2002b) – is the use of an expert informant (a qualified accountant and experienced auditor) to check on the validity of our findings and interpretation of the data.

4. Background information

The auditing procedure of the accounting firm which is the focus of this study is briefly as follows. In order to prepare an audit report, a group of auditors is first assigned a particular company to audit by an audit manager. These auditors work closely together by going to the company (for a span of a few days to weeks, depending on the size of the company) to investigate and gather information about the company’s invoices and financial statements and, most likely, to perform a stock take and interview certain employees. After gathering all relevant information, they are then ready to go back to the accounting firm to organize their notes, put their work together and create a report, based on their audit, which outlines their opinion of the accuracy of the company’s financial statements.

As previously stated, the aim of the present paper is to explore how communicative purposes are achieved through the structuring of audit reports and language realisations using current and authentic written auditors’ reports. We were first introduced into the accounting world in 2003 (Flowerdew & Wan, 2006), when both auditors and tax accountants were observed at ABC International Limited. Three years later, in 2006, this time auditors at the same accounting firm were observed more intensively. In the group that was observed, two are local to Hong Kong, one is from Mainland China and one is from the United States. Cantonese, Man-
5. Methodology

Reflecting the foregoing literature review, the methodology employed in this study was both linguistic and contextual, reflecting the ESP and New Rhetoric approaches, respectively. A focussed genre analysis similar to that of Swales’s (1990) and Bhatia’s (1993) work was applied in order to understand the communicative purposes, as expressed through the move structure of the reports, on the one hand, and the lexico-grammatical realisations of these moves, on the other. This analysis involved a reiterative reading of the reports in the corpus that was collected in order to decide on the purposes of the moves identified and their boundaries and the typical linguistic realisations of each of the moves. In reporting the results of this analysis, greater emphasis was put onto certain particular moves of the reports, because they exhibited greater variation in their realisation patterns and because these sections were shown to be more significant in the eyes of the participants, as revealed by the contextual analysis.

The focussed genre analysis was accompanied by a contextual perspective, using ethnographic techniques in the form of participant observation of the auditing process and reflective in-depth interviews with four auditors and with a technical manager. A professional accountant was also used as a specialist informant throughout the work on this study, including during the writing up phase. The group of auditors consists of one trainee, one assistant, one audit senior and one supervisor. The trainee and assistant auditors were both born, raised and educated in Hong Kong. The audit senior is from Mainland China and the supervisor is an American. The technical manager is also American. The four auditors were directly observed and their behaviour recorded while they were working over the three hour period of a morning. In addition, this group of auditors was accompanied and observed on an audit assignment in Central, Hong Kong. They were observed for three hours while they were auditing the client company. A week later, when the auditors had completed their audit work of the client company and were back at the accounting firm, they were again observed for three hours while they were finalising work related to their audit of the client company. Interviews were also conducted with the members of the audit team. An interview with a technical manager, an American, was also conducted, as it became clear that he was a significant stake-holder in the report writing process. While these methods can be described as ethnographic, given their limited scope and intensity, they do not constitute a complete ethnography. Nevertheless, as will be seen, they are effective enough to be able to provide important insights for genre analysis and ESP in the context of the audit report.

6. Analysis

The analysis will be presented in three stages. First, we will present a contextually-oriented description of the auditing process, in order to develop a sense of the auditors at work. Second, we will then provide the more ESP-based functional/structural analysis. Third, we will return to the contextually-oriented approach, this time in order to answer some of the questions arising from the text-focussed analysis.

6.1. General contextual perspective

Here we provide two vignettes: one of the three-hour visit on an audit assignment with the auditors (where the auditors visit a client’s company and audit the financial statements) and one three-hour sit-in with the auditors working in the accounting firm following the visit.

6.1.1. First vignette

The company under audit is located in the hub of Hong Kong’s financial centre – Central. The office is immaculately polished and furnished with modern works of art. The company covers three floors in a large commercial building and has well over three hundred employees attending to work related to the banking and finance industry. The four auditors who were observed were placed in a large conference room and left to audit the company with little disturbance. It was 9:30 am and they sat next to each other around the large
The auditors looked very tired. Perhaps because it was still quite early in the morning, they had not eaten breakfast yet. The first half hour in the conference room was spent eating breakfast and gossiping about who was next to quit, be dismissed, or promoted.

They seemed to be a relaxed, albeit tired group, but they immediately changed into business mode once the client’s accountant came in at 10:15 am. The accountant and the auditors started discussing the company at hand; who was who, the size of the business, profits and losses of the past few years, and the nature of the business. When the accountant left, the audit senior introduced a discussion of the assignment of tasks. After much talk about who was more experienced in certain areas, the audit supervisor devoted considerable time dividing up the audit work tasks and the group reached a consensus on the supervisor’s division of labour. Each auditor took on a different section of the audit, i.e. the trainee and the audit senior took on the banking section, while the audit assistant worked on sales and expenses and the supervisor worked on fixed assets and debtors.

The group then started to comb meticulously through stacks of invoices and company files, double-checking their investigation with the company’s financial statements. Even though Chinese was being spoken, the documents were all in English. The auditors each had their own notebook computer; they moved from combing through a file or invoice (with pencil and ruler), to checking the company’s financial statements, to inputting data into their own computers. Through this entire work process there was spoken communication between the auditors. The audit trainee asked many questions in Cantonese and Mandarin because she did not want to make any mistakes and the Mandarin-speaking audit senior had the task of explaining and demonstrating procedures to the inexperienced auditor. The audit supervisor intervened numerous times when he felt work could be done in more efficient ways than how the audit senior explained it. The auditors even left their seats at one time or another to ask the client’s in-house accountant questions regarding a particular invoice or file. Spoken communication was in the form of asking and giving information, explaining, problem-solving and socializing.

Throughout the visit to the company and observation of the audit, the observer was surprised by the number of technical English terms used by the auditors. The following spoken English terms, mixed in with the Mandarin or Cantonese were noted down throughout the observation: open market value, external valuer, controlled entities, equity methods, assets, depreciate, and material misstatement.

As the audit work progressed, it became apparent that problem-solving through group discussion is an important element of the group’s discourse. For example, the audit assistant brought to light the company’s failure to account for impairment loss on investment properties and asked his fellow co-workers about how he should proceed with asking the client’s accountant about the problem. The audit senior then proceeded with detailing a past similar experience and suggested to the assistant to make a note of the problem first and then analyse the client’s notes for an explanation before asking the accountant.

6.1.2. Second vignette

The second observation was 1 week after the initial three-hour visit to the client’s company where the auditors audited the financial statements. They were all back at the office tying up loose ends and trying to meet the audit deadline for this particular client. When the observation began, at 9 am, the trainee and assistant were both sitting together speaking Cantonese and eating their breakfasts. The audit senior and supervisor had still not arrived. All the auditors, except for the supervisors, managers and partners, shared three large long tables together, arranged parallel to each other, rather like a factory line.

When the audit senior arrived, he made his way to the other seat beside the audit trainee. By 10 am, the audit supervisor arrived and went to his own cubicle by the large windows of the room. Things did not start to develop until the supervisor arrived. During the first hour of the observation the auditors were checking their emails, chit-chatting, and eating their breakfasts.

Although there were 20 other auditors in the room, the observation focussed on only the four previously observed in the client’s office. Mandarin was the dominant language spoken between the audit senior, assistant and trainee. The three auditors were busy sharing information about the client under audit. They were recording numbers for information compilation and tidying up their working papers for the audit manager to review before the reporting deadline. The audit trainee seemed to need a certain amount of guidance, so she asked a lot of questions. When the questions were directed at the assistant, the interchange was entirely in Cantonese;
when the questions were directed to the senior, the interchange was entirely in Mandarin. It seems the role for English between these entry level auditors is minimal.

The supervisor did manage to make his way to the other three auditors twice during the three hours of the observation. The first time was to ask about their progress. The second time was to remind them of the deadline and to ask each of them to check their emails because he had emailed them with questions he wanted answers to by noon. Communication between the supervisor and the other auditors was entirely in English. There was also a lot of communication between the audit manager in charge of the client under audit and the supervisor. This was done entirely in English as both of them were native English speakers. Furthermore, there was communication via the telephone and email between the audit supervisor and the accountant working for the client under audit. Finally, there was also text messaging between the auditors on their laptops while they were working.

6.2. Textual perspective

6.2.1. Textual data

The corpus used for the present research consists of 25 authentic auditors’ reports (later supplemented, see below). The reports were produced by auditors to public and private company directors and/or existing and potential shareholders. The reports are reviewed by partners of the accounting firm through formal editorial procedures before they are formally released to the public or company directors. There are existing and widely used and accepted templates of auditors’ reports which the auditors follow. Audit reports are usually one to two pages long and embedded in a company’s annual report. The report, either published or unpublished (depending on whether or not the company is limited), is prepared by a group of usually three to five auditors of various ranks. The intended readership is the general public (potential shareholders) and/or existing shareholders. The purpose of the report is to inform and assure readers of the accuracy of the financial statements prepared by the company in question. A sample complete report is presented in the Appendix in order to provide an overview of these texts which will now be the focus of detailed analysis.

6.2.2. Move structure analysis

The communicative purposes of the audit report may be inferred from the model of structural moves shown in Fig. 1, while Table 1 provides frequency data from the corpus of reports for each of the moves (as previously mentioned, this original corpus was later supplemented (see below)).

All of the reports in the corpus have a heading or title in bold large font size (larger than the rest of the text) which states the company’s name (the company under audit) and which helps the reader identify what the text is about, i.e. an auditor’s report. These reports do not have an opening salutation.
SUMMARY OF CREDIBLE ACTIONS TAKEN, located after the heading, is the first move found in the audit reports. It tells the reader that certain financial statements were audited in accordance with recognized standards, thereby establishing credibility. This move does not have a heading or label.

(1) *We have audited the financial statements…* (all audit reports)

Before outlining the audit and basis for opinion, the move ADDRESS RESPONSIBILITIES is introduced, with the aim of detailing the responsibilities of major ‘players’ involved in preparing the company report. This move in a way serves the purpose of showing that the auditors are independent of the company, thereby establishing their credibility and professionalism. Separate headings address the directors’ responsibilities and auditors’ responsibilities, respectively.

(2) **DIRECTORS’ RESPONSIBILITY**

The directors of the company are responsible for…

**AUDITOR’S RESPONSIBILITY**

*Our responsibility is to express an opinion on these financial statements based on our audit… we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.* (a variation of this statement is made on all audit reports)

For the third move there are two choices, essentially depending upon whether the auditors are going to give the company a clean bill of health (the majority of cases) or not. Where the evaluation is positive, then there is a simple OPINION move. This move outlines the methodology of the audit and, again, serves to establish the credibility of the auditors and thus their opinion. This move expresses the positive evaluation of the auditors and affirms that the opinion conforms with international and local standards.

(3) *In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at [date] and of the Group’s profit and cash flows for the year then ended and have been properly prepared in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance.* (a variation of this statement is made on all audit reports where there is unqualified opinion).

Even though the opinion move may be positive, the auditors may nevertheless wish to draw attention to some issue in the financial statements. This is done in a move labelled EMPHASIS OF MATTERS, which may follow the OPINION move.

(4) *Without qualifying our opinion, we draw attention to note 2 to the financial statements which indicates that the Group record a thin bank position of approximately [amount]… We consider that the fundamental uncertainty has been adequately disclosed in the financial statements and our opinion is not qualified in this respect.*

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Table 1
Frequency of moves in the 25 Auditors’ Reports (original corpus).

<table>
<thead>
<tr>
<th>Move frequency</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>SUMMARY OF CREDIBLE ACTIONS TAKEN</td>
<td>25</td>
</tr>
<tr>
<td>ADDRESS RESPONSIBILITIES</td>
<td>25</td>
</tr>
<tr>
<td>OPINION</td>
<td>20</td>
</tr>
<tr>
<td>EMPHASIS OF MATTERS</td>
<td>5</td>
</tr>
<tr>
<td>QUALIFIED OPINION</td>
<td>4</td>
</tr>
<tr>
<td>DISCLAIMER OF OPINION</td>
<td>1</td>
</tr>
</tbody>
</table>
Where the audit does not give the company the all-clear (in a minority of cases), then there is one of three choices, signalled in a separate move labelled QUALIFIED OPINION, DISCLAIMER OF OPINION or ADVERSE OPINION. Before each of these moves there is an explanatory move labelled BASIS FOR QUALIFIED /DISCLAIMER OF/ADVERSE OPINION. This explanatory move is less formulaic than the others in the audit report and can vary in content from report to report.

The meaning of these three move labels is as follows. A QUALIFIED OPINION is given when the financial statement complies with the regulations in most respects, but with an exception/exceptions, such as when something is misreported or when the auditor was unable to corroborate a certain aspect of the statement.

(5) In our opinion, except for any adjustments that might have been determined to be necessary had we been able to obtain sufficient evidence as described above, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at [date] . . .

A DISCLAIMER OF OPINION occurs when the auditor is unable to complete the audit for whatever reason and is therefore not willing to give an opinion.

(6) Because of the significance of the matters described in the paragraphs of the basis for disclaimer of opinion and the fundamental uncertainties relating to the going concern basis we do not express an opinion on the consolidated financial statements as to whether the consolidated financial statements give a true and fair view of the state of the Group’s affairs as at [date] . . .

An ADVERSE OPINION is more serious than a disclaimer of opinion and occurs when the financial statement diverges significantly from the regulations and basically cannot be relied upon. Because an ADVERSE OPINION is highly unlikely to be accepted by the concerned parties, the company will usually be requested to revise the financial statement and have a fresh audit rather than allow the ADVERSE OPINION to go ahead. Consequently there were no reports of this type in our corpus. However, the possibility of this type of report was reported to us by our informants and is to be found in the auditing regulations and literature.

In our original corpus there were only four examples of QUALIFIED OPINION and DISCLAIMER OF OPINION reports. An initial analysis of the BASIS FOR QUALIFIED OPINION and DISCLAIMER OF OPINION moves, however, revealed that these moves were much less formulaic than the other moves and – partly because of this variation and partly because of what we found out about the use of templates (they were used much less for these moves) in the ethnographic part of the study – were worthy of further study. The corpus was accordingly supplemented by eight additional examples of QUALIFIED OPINION and DISCLAIMER OF OPINION reports obtained from the same source as the original corpus. The following is our (more detailed) analysis of these moves. Each of these moves is basically performing a similar function of providing a warrant for the opinion that has been chosen.

As already stated, this description of the functional and lexico-grammatical of the BASIS FOR QUALIFIED OPINION and BASIS FOR DISCLAIMER OF OPINION moves, while exhibiting clear form/function relations, is much less formulaic than the other moves in the genre of the audit report. Although itself a qualification or disclaimer of some sort, a justification for this qualification or disclaimer is still necessary. This is expressed through a function which can be expressed as warrant + claim (Toulmin, 1969). The warrant takes the form of a particular circumstance, such as lack of access to data e.g. We were unable to obtain sufficient reliable evidence . . .. We have not been provided with the evidence . . . The disclaimer itself is expressed by verbs such as (unable to) assess, (unable to) satisfy (ourselves) . . . The warrant may also be introduced in a separate sentence with an adjunct such as accordingly, e.g. Accordingly, we have not been able to obtain . . ., or by means of anaphoric reference followed by a prepositional phrase, e.g. This is not in accordance with . . . The link between the warrant and the claim may alternatively be signalled by a conjunct such as due to or because introducing the first of two clauses, e.g. Due to the unavailability of the financial information . . . we were unable to assess whether . . .

In some cases, where a lengthier disclaimer is presented, the warrant may take the form of a past tense narrative presenting an account of what had happened in the past to lead the auditors to qualify their opinion. In
one report, for example, there is an explanation of how the company in question had disposed of a subsidiary, but that adequate records were not available of this transaction. In another case, the auditors describe how a PRC-based company had previously audited the company in question and, as this company followed different auditing guidelines, adequate information was not available for the current audit. In these cases there is no overt expression of the qualification(s), but it is clear that this information provides the warrant for such, as it appears under the heading Basis for qualified opinion or Basis for disclaimer. The heading thus serves to identify the account as an expression of the warrant.

Indirectness is a general feature of the basis for qualification of opinion or disclaimer, or warrant. This can be interpreted as a face-saving strategy. In cases where there is qualification, the auditors are in a face-threatening situation. On the one hand, as auditors, it is their duty to highlight any irregularities in the financial statements under review, if such irregularities are detected. On the other hand, however, as auditors again, they are paid by the company under audit. Indirectness of discourse is an appropriate strategy, it follows, to alleviate this awkwardness, allowing both auditors and the company to save face.

Modality is the favoured linguistic means of realising this indirectness. In most cases the qualification is not expressed in terms of certainty, but rather of possibility or conditionality, e.g. Any adjustments to these figures might have a consequential effect on . . ., Any adjustments found to be necessary would have had a consequential impact on . . ., Any adjustments found to have been necessary . . . had we obtained . . . would have had a consequential effect on . . . What might be construed as criticism is therefore expressed tentatively.

Similarly, the warrant for the uncertainty is expressed in terms of the auditors or the company under audit not being able to do certain things, rather than as the result of their direct agency, e.g. We were unable to obtain sufficient information, We were not able to review . . ., We are unable to satisfy ourselves as to whether . . ., The company was unable to . . . provide . . . Furthermore, the auditors and the company under audit are referred to as the patient rather than the agent of the auditing activity referred to, e.g. We have not been provided with . . ., or agency is avoided, e.g. Due to the unavailability of . . ., Due to the lack of . . . By not implicating either the auditors or the company in these activities, the writers of the report free both parties from responsibility for the reported actions and both groups thereby save face.

Finally, the auditors further appear to absolve themselves and the company of responsibility for the contents of the report through the use of hypotheticality, realised through the use of the third conditional, e.g. If we had been able to satisfy ourselves as to . . . we would . . ., Had we obtained . . . we would have . . . Given different circumstances, the implication seems to be, the auditors would not have had to present a qualified opinion or DISCLAIMER OF OPINION. It is the circumstances that compel the auditors into this position. Given different circumstances, the stance taken by the auditors would have been different.

As already stated, this description of the functional and lexico-grammatical realisation of the BASIS FOR QUALIFIED OPINION, and BASIS FOR DISCLAIMER OF OPINION move, while exhibiting clear form/function relations, is much less formulaic than the other moves in the genre of the audit report. We will return to the significance of this for ESP pedagogy below.

6.3. The auditors’ perspective

Having provided earlier two vignettes of how auditors work in an international accounting firm and how the reports are structured rhetorically and linguistically, we now examine the auditors’ process of composing a report, i.e. what they do first, second . . . last. Following on findings of the previous study of tax accountants that demonstrated that there was a great reliance on templates and that only some moves exhibit great variation in wording, we are interested in whether or not the moves in the audit report diverge from the company template and in what situation(s) they would do so. This will be accomplished by drawing on the auditors’ comments made during the interviews.

6.3.1. Auditors

The auditors’ reports are highly standardized and follow a schematic prototypical structure. In fact, as already noted, a template is used and duplicated consistently, a common practice, the auditors indicated, in other accounting firms around Hong Kong. As reported by the audit senior:
1. Audit senior: All the accounting firms I’ve worked in use similar audit reports. Everything is the same, from the beginning paragraph to the opinion. We do make sure to change the page numbers which refer to the financial statements, the name of the company and the date.

Except in situations where there is QUALIFIED OPINION or DISCLAIMER OF OPINION, the auditors do not actually write up the report from scratch. They simply take an existing template and input the name of the company they have audited, the specific page numbers of the financial statements they refer to and change the date. There is, however, some original writing involved in most qualified reports, and this is found in the BASIS FOR QUALIFIED OPINION and DISCLAIMER OF OPINION (referred to as “fundamental uncertainty”) sections of the report.

In a situation, however, where a group of auditors working on a particular audit finds that there is fundamental uncertainty in the disclosures made, an auditor will work on the fundamental uncertainty paragraph(s) first. In the words of the audit assistant and trainee:

2. Audit assistant: The fundamental uncertainty paragraph is a little bit different. If we find fundamental uncertainty in a company, we will discuss this in a group first, analyse the uncertain (sic) and write out the paragraphs before we copy it. If the fundamental uncertainty is very same (sic) to another company we audited, then we will get the audit report of that company from our database and copy it onto the audit report we are working on. . . Very few reports are original. . . The technical manager is responsible for helping to writing (sic) a report like this.

3. Audit trainee: I have to make sure I get the audit work done right and as quick as possible. Once we get our parts of the task done, we can make the report by cutting and pasting information together from before (sic) templates which the situation is the same. The manager will review the report and see if we missed any crucial points regarding the fundamental uncertainty. (Laughing) . . I hope he never find (sic) too much (sic) mistakes!

There are existing templates for a multitude of situations concerning QUALIFIED OPINION and DISCLAIMER OF OPINION (fundamental uncertainty). As the audit supervisor commented:

4. Audit supervisor: We have copies lying around pertaining to every kind of situation you can possibly find and audit. The auditor’s job is to find the right template which matches his/her situation under audit and apply it to the report correctly.

We thus find that auditors are not too concerned with the structuring and writing of reports. They simply take the templates available and find the one(s) which match the audit situation and apply it. From this, divergence from the templates is slight, and the real focus is the work behind the report, i.e. the audit. The auditing professional body is quite standardized. Nevertheless, there are situations, although few, where original writing is involved.

During the interviews with the auditors, the role of the technical manager in the accounting firm was brought up several times. As reported to us by the auditors, the technical manager was brought into the report writing process when the problematic moves expressing fundamental uncertainty were involved. Accordingly, an interview with the technical manager at ABC International Ltd. regarding the writing of qualified audit reports was sought.

6.3.2. Interview with technical manager

The job duties of the technical manager involve reviewing all qualified audit reports (audit reports with irregularities); reviewing audit reports from listed companies; and answering all kinds of technical questions. The technical manager is a qualified accountant and a native English speaker. He was asked how he views the writing ability of the other staff, how he does the writing, and whether he uses templates.

The technical manager reviews a qualified report after it has already been reviewed by an audit manager. Because of this, the technical manager can only provide comments on the writing ability of the audit managers
in the accounting firm. From his point of view, the writing ability of the audit managers varies according to the audit manager and the audit situation.

He feels that he does less rewriting on reports reviewed by managers who are native English speakers. He does the most rewriting on reports reviewed by managers who speak English as a second or third language. And even these managers’ writing varies according to education level and the university they went to. Audit managers who obtained a university degree were more proficient in English than other managers who did not have a degree. Those who attended university overseas wrote much more fluently than those who studied in Hong Kong. Among the managers who went to university in Hong Kong, the technical manager claims that those who went to the top two local universities had a better grasp of the English language than those from other local universities.

Writing also varies according to the audit situation. Most of the managers, regardless of English language proficiency, education level and university attended, had difficulty conveying an accurate description of more complex audit situations. The technical manager feels that because the audit managers, native English speaking or not, have done so much work on an audit and have developed a lot of information, they naturally want to explain it fully in the reports, or they feel their work has been wasted. In complex audit situations, they may give a lot of attention to a subject that isn’t as important as another subject, or try to explain the situation with very long sentences, using complex technical terms. This could send readers mixed messages, confuse them, and leave them wondering what point the auditors are trying to make. The technical manager finds that he normally does some rewriting on reports that try to explain complex audit situations. Indeed, as he explained, it is the need for accurate original writing which keeps him in a job:

5. Technical manager: The guidelines do not cover every possible situation out there. That’s why I still have a job. There are situations where original writing is involved, and when these situations arise, I need to try to write it in a way that it complies with the guidelines as much as possible, and I need to make it look as polished and professional as it can be.

The technical manager has reviewed many qualified reports in his 19 years as an accountant. Most of the situations he has seen are not new. He admits that although there are few situations which require original writing, there have been situations where he had to write a report from scratch because the other audit managers were baffled by the situation and did not know how to approach the writing of the report. The most important finding from the technical manager was probably that his role becomes important in those situations where original writing is concerned, these being where fundamental uncertainty is in question.

7. Summary of contextual perspective

The auditors are concerned with working and problem-solving collaboratively. They are frequently out-of-office and need to interact and work with clients. They also use a lot of accounting jargon in their conversations, which is always in English.

An interesting aspect is the interaction of languages spoken amongst the auditors. Although the documents and texts the auditors work on and review are almost entirely in English, there is a mix of Mandarin, Cantonese and English being spoken. The pedagogical implications of this dynamic are taken up in the next section.

The auditors use very formulaic and standardized templates for the audit reports. There is, however, some original writing involved in qualified audit reports. An interesting finding from the interviews with the auditors is that they feel immense pressure to not only improve their written English skills for report writing, but to also improve their English and Mandarin spoken skills. This is more the case for the entry level auditors who work alongside native speakers of Mandarin. Nonetheless, we found that English is still extremely important in this accounting firm even though there is an increase in Mandarin speakers working in Hong Kong and despite China’s influence. This is because Hong Kong still embraces international standards and accounting practices, which are dictated in English and require reports to be written in English. An example of these regulations is the guidelines referred to by the technical manager in his interview.
8. Discussion

Referring back to our introduction, we can now ask what the overall value of this study is in relation to the literature referred to there and to genre analysis in general. Overall, this second of our studies into business genres—a field that has thus far been little explored as compared to academic genres—has reinforced our belief in the value of a focus on the contextual dimension as well as the functional/structural one in applied genre analysis for ESP. Although the functional analysis of the moves and steps and the linguistic analysis of their realisation patterns, as conducted in the early genre analysis work of e.g. Swales and Bhatia, is extremely useful (and this is the case here, especially with the uncertainty moves), the ethnographic dimension, by means of direct observation and interview, is invaluable for a fuller understanding of what is going on in the writing of the audit reports. As with our earlier study of tax computation letters and the tax accountants who write them (Flowerdew & Wan, 2006), the ethnographic dimension in this study of audit reports and auditors proved invaluable in highlighting the true pedagogical needs of aspirants to the profession. These needs are in terms of the particular parts of the audit reports which require most treatment (those which are less formulaic – where there is QUALIFIED OPINION or DISCLAIMER OF OPINION – and here our more detailed textual analysis could feed into materials design) and of the additional (oral and interpersonal) skills which accompany the actual writing of the given genre—the intertextual aspect, or how the report genre interacts with other related genres as part of a genre system or set (Bazerman, 1994; Devitt, 1991). The move analysis is very important, but the contextual dimension is equally so, in showing which parts of the move analysis are important for pedagogy and how the actual writing of the text comes about.

9. Pedagogical implications

This brings us to the pedagogical implications of the study. What is really required of the auditors who need to write these reports? Besides having a proficient grasp of the English language, which the reports are written in, they need to be able to read the social situations that indicate what kind of writing is appropriate. Although there are templates available for most of the communicative purposes of the audit reports, because there are so many of these templates, it can still be a challenge to select the most appropriate one, and individual writing is indeed required in certain cases (where there is QUALIFIED OPINION or DISCLAIMER OF OPINION). Auditors also need to understand and operate within the constraints placed upon them, which often means communicating in spoken English, Mandarin and Cantonese. They should work out what their role is, and at the same time, balance the expectations of the firm with their own needs.

Professional workers in Hong Kong are under intense pressure. They need to understand as much as possible their work context before making appropriate decisions. And, as seen in the second vignette, communication between the auditors in all three languages is paramount. For the auditors, this type of communication was what transformed individual effort into teamwork, and so is the ability to give and take feedback. The necessity of group-work in auditing and the increasing necessity to work together and problem solve in different languages will have some implications for ESP teaching. In addition to teaching principles of accounting and auditing, trainers could also consider the need to teach (spoken) management communication skills in the workplace to learners. That is, to provide auditors with the skills to participate communicatively in Mandarin and English during decision-making processes during the production of the audit report. It must be said that, given the intricacies of the different types of report, it is unlikely that an ESP teacher, unless they had specialist training in accountancy, would be able to do this on their own. There is therefore a case for team teaching.

Although it seems unlikely that in a training situation we can replicate the workplace scenario of auditors, as rich and dynamic as it is, doing so or attempting to do so may prove beneficial for trainers and learners. In this study, it was seen that the writing was part of a dynamic system of genres. There was communication, both written and spoken, that led to the production of texts; these texts were produced with the information from other texts, which lead to future texts. Ultimately they combined in different ways to serve the accounting firm’s goals. We also saw that the auditors differed not only in mother-tongue language spoken, but also in their knowledge and experience, in the levels of power they held, and in their objectives.

The importance of going beyond language in classroom contexts, although a challenge for trainers, is well recognized. The need to provide a social context and community is acknowledged in the literature (e.g. Gollin,
as is the value of giving opportunities to interact and play multiple roles (Dias, Freedman, Medway, & Pare, 1999). Hence it would seem desirable for trainers to visit the professional workplace and to find out about the various frameworks, roles, processes of writing and hear the languages spoken in order to accommodate, understand and appreciate the likely contexts of the professional world. They could provide scenarios which contain many of the features mentioned above and collaborate with trainers of other languages besides English. If learners can be given the chance to experience the wider world as part of their studies, they will begin to understand ways in which the classroom and the workplace differ, and ways in which roles in the workplace differ. More exposure to the workplace through internships or cooperative education programs will enable learners to see that the nature of the context will have an effect on the way they are expected to write.

Not only should learners grasp all the languages being used in the workplace, but they also need to see how people in authority work and write. The technical manager mentioned his frustration with the writing ability of locally educated auditors. We also observed some tension between the technical manager and the local auditors, where the local auditors tried to avoid him. Perhaps trainers in Hong Kong could work closely with and observe professionals of some authority in order to develop context-related learning materials for learners to help bridge the gap between these two groups of working professionals.

For many ESP trainers in Hong Kong, the increasing interaction of more than two languages may mean working alongside trainers of other languages besides English. Collaboration between the areas of Business English and other languages, especially Mandarin, may be the way of the near future, not only in Hong Kong, but in other multi-lingual contexts around the world. Further research into this possibility could prove interesting and beneficial.

To return to the theme of our paper, however, the interaction of the contextual and the linguistic in genre analysis, the more broadly based implications just referred to are based on the contextual analysis; those mentioned first in this section, regarding actual writing are derived largely from the linguistic analysis of the ESP-based genre analysis, although even here it is the contextual analysis, in the form of the auditors’ opinions, which confirms that more importance should be attached to certain more intricate moves. To conclude therefore, the linguistic and the contextual both have an important role to play, but, more than that, on the evidence of the paper, it is not unreasonable to say that the whole is greater than the sum of the parts and that used together these two dimensions add value to each other; the contextual adds value to the linguistic and the linguistic adds value to the contextual.

Appendix A. Audit report (disclaimer of opinion)

We have audited the financial statements on pages 7–30, which comprise the company balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

A.1. Directors’ responsibility for the financial statements

The directors of the company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

A.2. Auditors’ responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except for the limitation in the scope of our work as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable
assurance as to whether the financial statements are free from material misstatement. However, because of the matter described in the basis for disclaimer of opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

A.3. Basis for disclaimer of opinion

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. Yet, the evidence available to us was limited because we were unable to obtain sufficient evidence to ascertain the validity and the present status of the company’s interests in its direct and indirect subsidiaries, associates and joint ventures which carry out development projects in the People’s Republic of China. From our review of the company’s interests in its subsidiaries, associates and joint ventures, which amounted to HK$X in total in the balance sheet, we are of the opinion that an impairment provision of HK$X should be made, there were no other satisfactory audit procedures that we could adopt to satisfy ourselves that further provisions are not required for any impairment in value of these investments and for any non-recovery of the loans made to the subsidiaries, associates and joint ventures. Any adjustment to the figure may have a consequential significant effect on the profit for the year and net liabilities at 31 December 2006.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

A.4. Disclaimer of opinion: disclaimer on view given by financial statements and disagreement about accounting treatment

As more fully explained in note (2a), leasehold interests in land and buildings have not been separated into prepaid land lease payments, land use rights and leasehold buildings. In our opinion, lease payments in respect of leasehold land need to be classified as an operating lease and included in the balance sheet separate from the related leasehold buildings which should remain within property, plant and equipment in accordance with the requirements of HKAS 17 “Leases”. In addition, a leasehold land and building in the amount of HK$X has been included within property, plant and equipment whereas, in our opinion, the leasehold land portion should be shown separately in the balance sheet as prepaid land lease payment and the leasehold buildings portion should be included within investment properties. In the absence of the necessary valuation report, it is not practicable to quantify the effect of this failure to comply with the accounting standard.

Because of the significance of the possible effect of the limitations in evidence available to us as set out in the basis of opinion section of our report above, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company’s affairs as at 31 December 2006 or of its profit for the year then ended. In all other respects, except for the failure to provide for the impairment loss on unconsolidated subsidiary and separate the prepaid land lease payments and leasehold buildings referred to above, in our opinion the financial statements have been properly prepared in accordance with the Companies Ordinance.

References


