



Report writing

3. Writing accounting and finance reports

Introduction

“The basic routine for many accountants consists of collecting financial information, analysing it, and then reporting on it to others.” (Fletcher & Gowing, 1979, p. 45). Learning *how* to report on financial information and issues to others is an important component of accounting and finance studies. For this reason you may be set an assignment requiring you to analyse a company’s financial data and to write a report detailing your findings. This type of assignment is a practical learning task because it requires you to apply the theories you have been studying to real world (or realistic) situations. Your assignment question will most probably guide you as to the type of information that should be included and the steps you should follow. For example:

- (a) *carry out* a thorough analysis of the company’s earning power
- (b) *evaluate* from your analysis the profitability of the company
- (c) *comment* on what you believe to be the prospects of the company
- (d) *make recommendations* to improve the company’s performance
- (e) *identify* two other resources which would enhance your analysis

In this example there are separate, yet related tasks, and this will be reflected in the structure of the report: information will be divided into sections with headings (for example *Recommendations*), and the sections will follow a logical progression.

Structure of the report

In business, the information provided in reports needs to be easy to find, and written in such a way that the client can understand it. This is one reason why reports are divided into sections clearly labelled with headings and sub-headings. Technical information which would clutter the body of the report is placed in the appendix. These considerations are important for accountants working in industry, so they are also significant for accounting and finance students writing a report for a fictional client.

The structure of a report and the purpose and contents of each section is shown below. The examples provided are from a first year Accounting and Finance case study report.



1. Overview



2. Writing laboratory reports



3. Writing accounting and finance reports



4. Writing technical reports

Learning objectives

This module will help you to:

- understand the generic function and structure of reports
- understand how different types of reports and their audiences influence the structure and style of the report
- set out the information in your report
- refer to any tables and graphs in your report in an effective way
- use appropriate grammatical structures



The report also investigates the fact that the analysis conducted has limitations. Some of the limitations include: <ul style="list-style-type: none"> • forecasting figures are not provided • nature and type of company is not known nor the current economic conditions • data limitations as not enough information is provided or enough detail i.e. monthly details not known • results are based on past performances not present 	
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Table of contents

In a report longer than several pages a table of contents should be included as it assists the reader to locate information quickly. It also functions to give the reader a schematic overview of the structure and contents of the report. It includes all section headings and subheadings, numbered and worded as they appear in the report. It also includes page numbers, and a list of tables or figures in the report.

Table of contents (excerpt only)	
1: Introduction	1
2: Analysis	2
2.1 Earning power.....	3
2.2. Liquidity and credit management.....	4
2.3 Inventory management.....	5

Introduction

The introduction states the report’s terms of reference and outlines the report’s structure. ‘Terms of reference’ refers to the report’s parameters (the what, where, and when), and the reports’ objectives or purpose. While there will be some duplication in the contents of the executive summary and the introduction, the purpose of the executive summary is to provide a summary of the findings of each section of the report. The purpose of the introduction, however, is to outline what the report will cover. The introduction may also include some background information such as why the report was commissioned.

Introduction	
This report provides information obtained through ratio analysis, regarding the profitability, liquidity and financial stability of Outdoor Equipment Ltd for the years 1993-1995.	<i>terms of reference</i>
This report will pay particular attention to the earning power, liquidity and credit management, inventory management and debt management, and will highlight major strengths and weaknesses while offering some explanation for observed changes.	<i>terms of reference and outline of report's structure</i>
The report will comment on the prospects of the company and make recommendations that would improve Outdoor Equipment’s Ltd’s current performance. These observations do have limitations which will be noted. This report will explain how a cash flow statement and a prospectus could enhance analysis.	<i>outline of report's structure</i>

Note the 'grammatical parallelism' of each bulleted item, that is, the grammatical structure of each recommendation is the same. Each recommendation begins with an imperative verb (instructional word): for example, *improve*, *do not*, *reduce*. The student could also have written *reducing*, *improving*, and *offering*.

Bibliography

As with essays, it is essential to include a bibliography of the reference material you consulted during your research for the report.

Appendix

Information that is not essential to explain your findings, but that supports your analysis should be placed in the appendix (plural *appendices*). These should be numbered separately and referred to by number in the body of the report, for example, "see Appendix 2".

Conclusion

While the report format outlined above is fairly standard, it is always best to check with you tutor as to his or her expectations. Also, you may find it beneficial to look at reports written by students in higher years, or from an accounting environment. Models of good writing can provide you with important information on layout, language and style. Check with your tutor on the availability of model reports from previous years. Finally, this unit has not focussed on the language of accounting and finance reports; however, it is similar to that of essay writing: that is, formal, objective and clearly written. For a detailed discussion of the important aspects of academic language, see the self access module *Academic Writing*.

Notes

This material is adapted from R. Woodward-Kron (1997). *Writing in Commerce: a guide to assist Commerce students with assignment writing*, (Revised edition), Centre for the Advancement of Teaching and Learning, The University of Newcastle, pp. 25-31.

Reference

Fletcher J. & Gowing, D. (1979). *Effective Writing for Accountants*, The Institute of Chartered Accountants in England and Wales: London.