



Report writing

Business



UNIVERSITY
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INTRODUCTION

Learning *how* to report on accounting and financial information and issues to others is an important component of business studies. You may get an assignment that asks you to analyse and report on a company's financial data. This type of assignment is a practical learning task, as it requires you to apply theory to real (or realistic) situations. Your assignment question will guide you as to the type of information you should include and the steps to follow. For example:

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

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

STRUCTURE

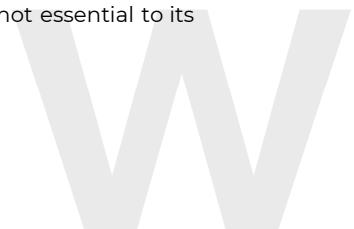
In business, the information provided in reports needs to be easy to find, and written in such a way that the client can understand it. This is one reason why reports are divided into sections clearly labelled with headings and sub-headings. Technical information which would clutter the body of the report 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 following are from a first year Accounting and Finance case study report.

Cover Page	subject code and name assignment title your name and student number your tutorial class submission date
Executive Summary	overview of subject matter methods of analysis findings recommendations
Table of Contents	list of numbered sections in report
Introduction	terms of reference outline of report's structure
Body	headings and sub-headings which reflect the contents of each section
Conclusion	findings of the report recommendations
Reference List	list of reference material consulted during research for report
Appendix	information that supports your analysis but is not essential to its explanation

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EXECUTIVE SUMMARY

An executive summary gives the reader an overview of the report's key information: subject matter and background problem, method(s) of analysis, most important findings, conclusion and recommendations. It is usually about two hundred to three hundred words long.

Check your subject outline or lecturer to see whether this summary is included in the assignment word count.

Example: Executive Summary

This report provides an analysis and evaluation of the current and prospective profitability, liquidity and financial stability of Outdoor Equipment Ltd. Methods of analysis include trend horizontal and vertical analyses as well as ratios such as Debt, Current and Quick ratios. Other calculations include rates of return on Shareholders Equity and Total Assets and earnings per share to name a few. All calculations can be found in the appendices. Results of data analysed show that all ratios are below industry averages. In particular, comparative performance is poor in the areas of profit margins, liquidity, credit control, and inventory management.

subject matter

methods of analysis

key findings

The report finds the prospects of the company in its current position are not positive. The major areas of weakness require further investigation and remedial action by management. Recommendations discussed include:

conclusions and recommendations (can be bulleted)

- improving the average collection period for accounts receivable
- improving/increasing inventory turnover
- reducing prepayments and perhaps increasing
- inventory levels

The report also investigates the fact that the analysis conducted has limitations. Some of the limitations include:

- 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

TABLE OF CONTENTS

In most reports 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.

Example: Table of Contents (excerpt)

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 report's objectives or purpose. While there will be some duplication in the contents of the executive summary and the introduction, the executive summary highlights the main elements of each section of the report. The introduction outlines everything the report will cover, and may also include some background information, such as why the report was commissioned.

Example: Introduction

This report provides information obtained through ratio analysis, regarding the profitability, liquidity and financial stability of Outdoor Equipment Ltd for the years 2018-2020.	<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>

BODY OF THE REPORT

This section of the report has headings and subheadings which reflect the contents of each section. For example, the main heading for the body of one report was **Analysis**, and the subheadings were i) **earning power**, ii) **liquidity and credit management** iii) **inventory management** and iv) **debt management**.

CONCLUSION

The conclusion of a report details its findings and should include recommendations. Recommendations can be written in prose, or presented as 'bulleted' information. They often reads read as a list of things the client should do, helping an executive make decisions.

Example: Conclusion

Outdoor Equipment Ltd is not in a very secure financial position. Improvements in every area of the company are needed if the company is, in the first instance, to survive and then grow.	<i>findings of the report</i>
The key areas of reform are the liquidity of the company and the quantity and quality of working capital, profitability, and financial stability. Management must address these areas simultaneously if the company is to overcome its present poor record.	<i>recommendations</i>
It must be remembered that this analysis is limited – a greater depth of understanding and evaluation can only occur with utilisation of other resources such as comparisons with budget forecasts and the statement of changes in financial position. Only after this process can a full appreciation of the company's current situation and possible future occur.	<i>limitations of report*</i>

* The inclusion of limitations in the conclusion will depend on the report's terms of reference.



Prospects

At this point the company does not have strong future prospects in the areas of profitability, liquidity or stability if it continues on its current path. Investors should be concerned with current rates of return and management and creditors should be concerned with the liquidity of the company as indicated in the ratio analysis.

findings

Recommendations (excerpt)

- improve the average collection period for accounts receivable
- do not extend credit to slow payers reduce credit terms
- improve efforts to collect debts i.e. hire a debt collection agency
- offer discounts to early payers

*recommendations
(to do list)*

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

REFERENCE LIST

It is essential to include a reference list of the sources you referred to as in-text citations in the report.

APPENDIX

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

CONCLUSION

While the format outlined above is fairly standard, it is always best to check with your tutor as to his or her expectations. You may also find it helpful to look at reports written by more experienced students in your discipline. 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. Like essays, the style of reports in accounting and finance should be formal, objective and clear.

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