

Report Writing

Accounting professionals often write reports for audiences within their firm and outside of their firm. These reports cover a wide variety of topics such as analysis of technical accounting issues, assessment of a client's internal control systems, evaluation of the company's new recruiting practices, and analysis of competitive forces in the market. The reports vary in length, scope, and level of detail; but they all have one common purpose: to provide the user with information that will facilitate decision making. This handout contains suggestions for writing a good report and also a checklist for revising and editing a report. You should use your judgment as you apply these suggestions to your writing.

Content

1. A report generally consists of the following main sections: **Introduction**, **Discussion of Data (or Discussion of Problem)**, **Analysis of Alternatives**, **Recommendations**, and **Conclusion**. These sections may vary for some reports; you can use other section headings that are appropriate for the content and the context of the report.
2. The **Introduction** should include a brief description of the purpose, scope, and content of the report. It should be clear and concise; it should not be abrupt and blunt.
3. The **Discussion** should include the analysis of data and/or identification and analysis of the problem. You can include the conclusions in this section. These

conclusions should be logical inferences from the data/analysis presented. Often, the visual aids appear in this section of the report to support the analysis presented.

4. The **Alternatives** should focus on the different alternatives available to the reader for resolving the problem. It should also focus on the feasibility of the suggested alternatives.

5. The **Recommendations** should include the recommendations based upon the analysis of data and the feasibility of the proposed alternatives.

6. The **Conclusion** should include remarks that ensure a smooth closure. Sometimes, you can combine the **Recommendations** and **Conclusion** sections.

Organization

1. Before you start writing the report, analyze the audience, and determine the purpose of the report. The audience profile will help in shaping the content and the structure of the report; it will also help in selecting the writing style and level of detail. Having a clearly defined purpose will help you to determine the content and the structure of the report.

2. Create an outline for your report. Use headings and subheadings in your outline for the different topics/ideas covered in the report. Review your outline and make necessary changes to ensure that the ideas are organized in a logical and coherent manner. This will enhance the 'readability' of the report. There is no one 'correct'

way for organizing the content of a report; on the other hand, you should realize that some patterns of organization are far more effective than others in a given context. Use your judgment in selecting a pattern of organization that will enable you to communicate your ideas to the intended audience in a clear and coherent way. To emphasize the importance of creating an outline before you start writing the report, I am quoting an excerpt from a letter that I received from a partner in a Big Six firm:

" I rarely see staff members outline their thoughts before they begin writing....After dumping their thoughts into the PC, most don't bother to edit, and those that do edit their drafts tend to leave a number of extraneous thoughts attached to paragraphs in awkward places. It is frustrating to fight through these memos."

3. If the report is longer than a page, use headings and subheadings (as in the outline) to indicate the structure and the content of the report. Make sure that the headings are descriptive of the content of the sections. You can enhance the structure of reports by using lists in certain sections (examples: list of procedures; checklist for evaluation); the items in a list should be parallel in grammatical structure.

4. Establish appropriate transitions within sections and between sections to ensure that the ideas flow smoothly.

5. Once you have written a draft, read it and determine whether you have sustained the logic within sections and between sections. Look for thoughts/ideas that may suggest to the reader that you are waffling, and unable to maintain the line of

argument you initiated. Check and make sure that your recommendation (or final stance) stems from the preceding arguments.

Writing Style and Mechanics

1. Use appropriate words/phrases that will communicate your ideas clearly to your readers. Avoid unnecessary words and phrases. Your writing should be clear, precise, and concise, not blunt, abrupt, and inadequate. Reading a lot of good writing will help you to improve your writing style; seeing words in 'contexts' will enable you to develop an appreciation for the proper use of words/phrases.
2. You can use an informal style of writing, but avoid slang and colloquialisms. Use technical jargon if you are certain that the reader will understand it. Understand that the rhythms of writing are different from the rhythms of speech. Maintain a professional tone in your writing. Avoid humor, jokes, and anecdotes if they are not appropriate for the context and audience.
3. Write in the active voice whenever possible. This will make your writing sound strong and forceful. Writing in the active voice does not mean that every sentence should begin with the word "I." Passive voice renders the writing weak and wordy, but it has its uses. Use the passive voice when you have to maintain an impersonal tone. Avoid a shift in voice in the same sentence.
4. Vary the structure of your sentences so that your writing does not sound monotonous. By revising and editing your paper, you can enhance the quality of your writing.

5. Follow the conventions of grammar, punctuation, and spelling while writing professional documents. Make sure you have access to a grammar book, a dictionary, and a thesaurus. Use the grammar checker and spell checker features of the word processing software; understand these features have their limitations. These features cannot replace careful editing and proofreading on your part.

Use of Visual Aids

1. Both in oral and written communication, it is easier for readers to understand and remember information that is conveyed through visual aids such as tables, graphs, charts, and pictures. You can include these visual aids in the text of the report or in the appendix. Use word processing or graphics software to create these visual aids; hand-drawn visual aids do not look professional.

2. You should select a visual aid that is appropriate for the objective.

- i) Use a table if you have to present large quantities of data
- ii) Use a bar graph to compare items and also to indicate the segments within an item
- iii) Use a line graph to indicate trends
- iv) Use a pie chart to indicate the whole and its components

3. After creating your visual aids, check for the following:

- i) Every visual aid should have a number (examples: Table 1, Table 2, Graph 1, Graph 2) and a descriptive title (example: **Change in GNP**)

- ii) In tables, the rows and columns should be labeled, the units for the numbers should be indicated and the items should be arranged in a logical order (highest to lowest, alphabetical, chronological)
- iii) In bar graphs, the bars and the segments should be proportional
- iv) In line graphs, time should be indicated on the horizontal axis and the other variable on the vertical axis
- v) In pie graphs, the wedges should be arranged from the largest to the smallest in a clockwise manner with the largest wedge starting at the 12 o'clock position (This may not be possible with some software!)
- vi) The data represented through the visual aids should be accurate
- vii) The visual aids should not be cluttered with too many details

4. Use visual aids whenever they will convey information more effectively than text. Integrate the visual aids into the text of the report in an effective way (examples: **As seen in Table 2**; **This trend is indicated in Graph 2**). If possible, place the visual aids close to the references so that the reader can easily follow your discussion of the data.

Format and Professional Appearance

1. Generally, a fairly long report consists of

- Title Page
- Letter of Transmittal
- Table of Contents
- Table of Visuals
- Executive Summary
- Report
- Appendices
- List of References

The reports that you will write in the Project Discovery courses are likely to include

Title Page
Executive Summary
Report
Appendices
List of References

What you should include will depend on the nature and length of the assignment. Follow the guidelines provided by your instructor and clarify any doubts you may have regarding the scope and nature of the report.

2. Use a 12-pitch font so that it is easy for the reader to read the report. Do not vary the font type frequently in the report; this may distract the reader. Exercise judgment in your use of the **bold**, *italics* and underline features of the software. These features sometimes enable you to enhance the readability of the document; sometimes they can divert the reader's attention from the main message.

3. Include page numbers if the report is longer than a page. Have a 1" margin on the top, bottom, and sides of the page. Maintain a balance between white space and print to enhance the visual appeal of the report. Staple together the pages; do not use paper clips or report folders.

Criteria for evaluating written reports

Content

Does the report provide relevant and accurate information?
Is the report complete? Is it adequate?

Organization

Is the report coherent? Does it have a logical structure?
Are the transitions appropriate and adequate?
Do section headings and lists enhance readability and coherence?

Writing Style

Is the report clear and concise?
Are the writing style and tone appropriate for the subject, audience, and context?
Is the report free of grammatical, spelling, and punctuation errors?

Use of Visual Aids

Are the visual aids relevant and accurate?
Are the visual aids adequate and complete?
Are the references to visual aids well integrated into the text of the report?

Format and Professional Appearance

Is the report (text and visual aids) visually appealing?
Does the visual appearance (margins, font type and size, use of **bold**, *italics*, underline features, visual aids) enhance readability?

Common Mistakes in Writing

1. Use of its and it's

its is a possessive pronoun.

The firm prepared its financial statements.

it's is the contraction of it is.

It's important to understand the application of these principles in different contexts.

Wrong: The company should pay attention to the concerns of it's stockholders.

Right: The company should pay attention to the concerns of its stockholders.

Wrong: Its necessary to analyze the effects of this change in policy.

Right: It's necessary to analyze the effects of this change in policy.

2. Use of apostrophes and plurals

Use an apostrophe to show the possessive case of nouns.

If a word (singular or plural) does not end in s, add an apostrophe and s to form the possessive.

the firm's capital
the employee's wages
an asset's useful life
the company's profit
the children's books

If a singular word ends in s, add an apostrophe and s or just an apostrophe to indicate the possessive.

James's taxable income
James' taxable income

If a plural word ends in s add only the apostrophe to form the possessive.

the workers' wages

the users' needs
stockholders' equity

Abbreviations and numerals can form the plurals with an apostrophe and s or s.

1990s or 1990's
CMAs or CMA's

Use an apostrophe for the possessive form, not for the plural form.

Wrong: The school must hire two more teacher's to maintain this student-teacher ratio.

Right: The school must hire two more teachers to maintain this student-teacher ratio.

Wrong: The stockholder's will vote on this issue at the next annual meeting.

Right: The stockholders will vote on this issue at the next annual meeting.

3. Use of commas and semicolons

Use a semicolon between two independent clauses.

Context: Preparing a Statement of Cash Flows

An increase in accounts receivable decreases net income; a decrease in accounts receivable increases net income.

Use a comma when two independent clauses are joined by a coordinating conjunction (and, but, for, or, yet, nor, so).

An increase in accounts receivable decreases net income, and a decrease in accounts receivable increases net income.

Use a semicolon and a comma when using a conjunctive adverb (however, therefore, thus, nevertheless, indeed, instead, consequently) between 2 independent clauses.

An increase in accounts receivable decreases net income; however, a decrease in accounts receivable increases net income.

4. Misplaced/dangling modifiers

"A dangling modifier is one that has nothing to modify because what it ought to modify has not been clearly stated in the sentence." [Prentice-Hall Handbook for Writers]

Place a modifier next to the word/phrase it modifies.

Wrong: By hiring a Principal, Table 3 shows that the company's net income will decrease by \$22,000.

Who hired the Principal? Table 3?

Right: As seen in Table 3, net income will decrease by \$22,000 if the school hires a Principal.

Wrong: Using this information, revenue was estimated.

Who used this information? You? Revenue?

Right: Using this information, I (or "we") estimated revenue.

Wrong: Being very popular in university towns, we decided to sign a contract with Red Ripe Tomatoes.

Who is popular in university towns? You? The band?

Right: We decided to sign a contract with Red Ripe Tomatoes because they are popular in university towns.

Wrong: We only sold 2500 tickets.

Right: We sold only 2500 tickets.

Wrong: After estimating the cash flows, the net present value of the investment was calculated.

Right: After estimating the cash flows, we calculated the net present value of the investment.

Wrong: After explaining the difficulty in interpreting certain financial statement numbers, more information was needed by the analyst.

Right: After explaining the difficulty in interpreting certain financial statement numbers, the analyst said that she needed more information.

Wrong: Students will only be affected by this change.

Right: Only students will be affected by this change.

Wrong: Assuming costs increase by 20% next year, Exhibit 7 exhibits the change in net income.

Right: Exhibit 7 displays the change in net income if costs increase by 20% next year.

Wrong: If the school only hires two teachers, net income will increase by \$25,000.

Right: If the school hires only two teachers, net income will increase by \$25,000.

5. Active Voice and Passive Voice

Sentence Structure - Active Voice

Subject (actor/actress), active verb, object

The cat killed the rat.

Sentence Structure - Passive Voice

Object, verb, original subject

The rat was killed by the cat.

Active voice is direct and concise; it produces strong structure. Passive voice is often weak and wordy. Avoid a shift in voice in the same sentence.

Wrong: After we signed contracts with the band, the arena, and the ticket agency, the cash flow plan was prepared.

Right: After we signed contracts with the band, the arena, and the ticket agency, we prepared the cash flow plan.

Wrong: It is recommended that the restaurant should change its menu to meet the needs of the customers.

Right: We recommend that the restaurant should change its menu to meet the needs of the customers.

Wrong: The objectives must be identified by the firm before it selects a competitive strategy.

Right: The firm must identify its objectives before it selects a competitive strategy.

Passive voice, of course, has its uses.

Example: It was decided that the employees should be fired.

We don't want the employees to know **who** made the decision.

6. Parallel Constructions

In parallel constructions, a grammatical structure is repeated in a balanced way. [Prentice-Hall Handbook for Writers]

Wrong: I called the arena to find out what services they provided and the different payment options.

Right: I called the arena to find out what services they provided and what payment options they offered.

Wrong: The ShowPoll summary showed an increase in ticket sales and that music sales had decreased.

Right: The ShowPoll summary showed an increase in ticket sales, but a decrease in music sales.

Wrong: The firm supports its distributors with advertising and it also provides extensive training programs.

Right: The firm supports its distributors with advertising and extensive training programs.

7. Use of 'affect' and 'effect'

affect is a verb

effect can be used as a noun or as a verb

The changes in tax laws will affect everyone.

The new accounting method will have an effect on the financial statements.

The new policies are intended to effect a better representation of the company's financial position.

Wrong: An increase in tuition will effect enrollment.

Right: An increase in tuition will affect enrollment.

Wrong: The company appointed a task force to monitor the affects of this new policy.

Right: The company appointed a task force to monitor the effects of this new policy.

8. Use of 'principal' and 'principle'

principle means "a rule or code of conduct"

principal means "a thing or matter of primary importance" [source: Webster's Dictionary]

Principle is used as a noun; principal can be used as a noun or as an adjective.

The auditor determines whether the financial statements are prepared according to generally accepted accounting principles.

The principal amount is paid at the maturity date.

The company promised to repay the principal by the end of 1995.

Wrong: The school will hire a principle by the end of the year.

Right: The school will hire a principal by the end of the year.

Wrong: The company stated the revenue recognition principal in the Notes to the Financial Statements.

Right: The company stated the revenue recognition principle in the Notes to the Financial Statements.

9. Use of 'myself,' 'herself,' 'himself'

Myself, himself and herself are reflexive pronouns that are used to emphasize the noun or the pronoun that was previously mentioned in the sentence.

Examples: He **himself** prepared the financial statements for his company.

She **herself** took the initiative in this matter.

She hurt **herself** in this tournament.

Do not use **myself** as a substitute for **I** or **me**.

Wrong: My supervisor and myself attended the annual convention.

Right: My supervisor and I attended the conference.

Wrong: If you need more information, call Sandy or myself.

Right: If you need more information, call Sandy or me.

10. Use of 'number' and 'amount'

Use **number** to refer to countable objects and **amount** to refer to quantity or mass.
(Prentice-Hall Handbook for Writers)

Wrong: A limited amount of tickets was available.

Right: A limited number of tickets were available.

(‘number’ refers to tickets; so the plural form of the verb (‘were’) can be used.)

Wrong: A large amount of employees took advantage of the early retirement plan.

Right: A large number of employees took advantage of the early retirement plan.

Wrong: The amount of students in a classroom can affect the quality of instruction.

Right: The number of students in a classroom can affect the quality of instruction.

11. Restrictive and nonrestrictive clauses

A nonrestrictive clause adds meaning to a sentence; it does not limit or define the meaning of a sentence. Such a clause is set off by commas and generally begins with “which.”

Example: The annual shareholders' meeting, which was held in Phoenix, was televised to all the stores in the country.

A restrictive clause defines or limits the meaning of a sentence; it is not set off by commas and begins with “that.”

Example: The plan that was approved at the last shareholders' meeting was implemented successfully.

12. Use of 'precede' and 'proceed'

Precede means "to go before" and **proceed** means "to begin."

Example: Many accountants attended the workshops that preceded the conference.

Example: The board stated that the project team can proceed with the design and development of the new information system.

13. Use of 'then' and 'than'

Wrong: If 80 students enroll, than the school will have to hire two more teachers.

Right: If 80 students enroll, then the school will have to hire two more teachers.

Wrong: The increase in fixed costs will be greater then the increase in revenue.

Right: The increase in fixed costs will be greater than the increase in revenue.

14. Use of 'to' and 'too'

Wrong: The company is trying too cut the costs of manufacturing the new product.

Right: The company is trying to cut the costs of manufacturing the new product.

Wrong: This will affect the quality of the products to.

Right: This will affect the quality of the products too.

15. Use of 'their' and 'there'

Wrong: Their are many alternatives to this situation.

Right: There are many alternatives to this situation.

Wrong: These additional expenses will reduce there income.

Right: These additional expenses will reduce their income.

16. Use of collective nouns such as committee, group, audience, jury

Collective nouns take on verbs that are singular or plural depending on the context. If the collective noun refers to a group that is considered as a single unit, then the singular form of the verb is used.

Example: The committee agreed to publish its findings.

If the collective noun refers to the members of a group, then the plural form of the verb is used.

Example: The audience have taken their seats.

17. Shift in number, person and tense

Avoid unnecessary shifts in number, person and tense.

Wrong: The school is able to pay their bills on time.

Right: The school is able to pay its bills on time.

Wrong: The firm stated that it will permanently reduce 10% of their workforce within the next 2 years.

Right: The firm stated that it will permanently reduce 10% of its workforce within the next 2 years.

Wrong: The school should maintain its low student teacher ratio; your enrollment may decline if this ratio increases.

Right: The school should maintain its low student teacher ratio; enrollment may decline if this ratio increases.

Wrong: The firm should focus on introducing new products; you can stay ahead of the competition this way.

Right: The firm should focus on introducing new products which will enable it to stay ahead of the competition.

Wrong: The firm's current ratio indicated that the company's liquidity position was strong; in addition, the inventory turnover ratio is high.

Right: The firm's current ratio indicates that the company's liquidity position is strong; in addition, the inventory turnover ratio is high.

Wrong: While the asset turnover ratio declined, the profit margin is constant.

Right: While the asset turnover ratio declined, the profit margin remained constant.

18. Use of the word 'feel'

Avoid the use of the word 'feel' in memos and reports in which you present the results of a study and recommend alternatives to your clients. As a consultant, you should state your thoughts and opinions, not your 'feelings.'

Wrong: We feel that such internal transfers will increase company profits.

Right: We believe (think) that such internal transfers will increase company profits.

19. Use of sexist language

Avoid sexist language in your documents; you can use one of the following alternatives to make the language nonsexist.

Example: Everyone will be allowed to display his paintings.

Alternative 1: Use the plural form.

Example: The participants will be allowed to display their paintings.

Alternative 2: Use **his/her**.

Example: Everyone will be allowed to display his/her paintings.

Caution: Too many of these **his/her** constructions will lead to an awkward style.

Alternative 3: Use **you** if the memo is addressed to the participants.

Example: You will be allowed to display your paintings.

20. Word Choice and Style

About clarity and precision

Choose words/phrases, and structure sentences that can convey your ideas clearly and precisely to the reader. When we mark a word/phrase/sentence for word choice, it means that the idea has not been clearly and precisely communicated by the writer. It does not mean that we are expecting the writer to use that mysterious word/phrase that only we know. There are different ways of communicating ideas, some much better than the others. As Strunk and White advise, "When you say something, make sure you have said it." [The Elements of Style by William Strunk Jr. and E. B. White.]

About conciseness

"Vigorous writing is concise. A sentence should contain no unnecessary words, a paragraph no unnecessary sentences, for the same reason that a drawing should have no unnecessary lines and a machine no unnecessary parts. This requires not that the writer make all his sentences short, or that he avoid all detail and treat his subjects only in outline, but that every word tell." [The Elements of Style by William Strunk Jr. and E. B. White.]

Here are some of the sentences written by students. Have these students "said" what they meant to say?

1. If security 1 suddenly crashes, the whole stock portfolio is upset.
2. After 5 years of sitting, a profit of \$120,000 would be collected.
3. If these barrels are recorded as a period cost, they are to be recorded as expenses of the first year the wine went into them.
4. All of the above information leads into the below analysis.
5. The hardware store manager might want LIFO because a nail is a nail.
6. In periodic, shrinkage is lost in cost of goods sold.
7. If there is extreme inflation or deflation, the average cost method's income could be thrown above or below the FIFO net income.
8. If he finds that most customers are inelastic, he could increase prices at a larger percentage.
9. I should have, for instance, found the averages of all the concert dates.
10. Using the average cost method results in net income lying between the net incomes produced by LIFO and FIFO.
11. Mr. Delaney can remain at his prices and provide the same quality service he has in the past.
12. The NPV equation says do not buy the proposed equipment.
13. The tea should be responsible for this allowance.
14. The coupon should make the 20% allowance instead of just the 10% of total coupons it has received.
15. That is another reason to leave ticket prices alone.