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Pictures and public relations in corporate annual reports

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Ovadia's 1982 effort is a start of that relooking. The tax accounting literature tended to be fragmented and very tax avoidance oriented.

The cataclysmic Tax Reform Act of 1986 brought the Natural Business Year concept back to more than seventy years ago for individuals and partnerships. While the Tax Reform Act of 1987 contained minor modifications, the Natural Business Year concept is in a severely weakened position. Was the Tax Reform act of 1986, at least in the instance of the Natural Business Year, a child of neglect by the AICPA? Was the Natural Business Year change caused by tax avoidance advocacy in the accounting literature? Should accountants become proactive again on this topic?

^{Flesher: Pictures and public relations in corporate annual reports}
In conclusion, the writers had an overwhelming feeling of sadness at the end of the research process. There was a failure to maintain a truly marvelous literature. There was an almost complete absence of "theoretical" articles in the Natural Business Year literature of the last 50 years. There was a relatively complete switch from a proactive to a reactive stance taken by the AICPA, by accountants, and by accounting academics. The writers realize that there is much research to be done on the Natural Business Year Council and on the AICPA's Natural Business Year Committee. If these two institutions are needed to get us back to where we were, they need to be studied in great detail.

PICTURES AND PUBLIC RELATIONS IN CORPORATE ANNUAL REPORTS

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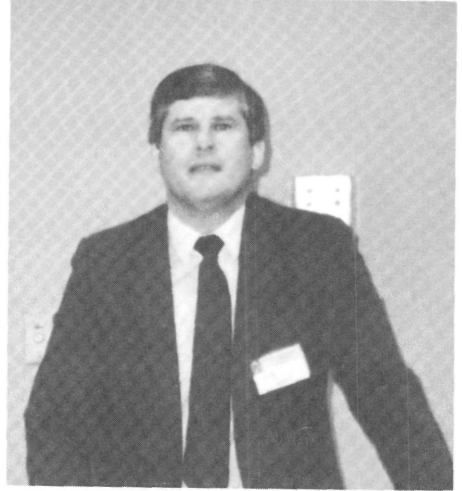
A corporate annual report has a wider purpose than the mere communication of financial information. The report is a public relations tool to "sell" the firm to interested readers. The firm's story is told using the traditional methods—financial statements, notes, management letter, and auditor's report. But sooner or later, the firm adopts the use of pictures and narrative captions to aid in the telling of its story. This study examined the first use of photos by 14 large corporations. The average year of first usage was 1947. In most cases, companies evolved slowly in-

to the use of pictures, but a few companies jumped into the activity with a vengeance.

The magazine, *Financial World*, played an important role in this transition. *Financial World* did not specifically call for using pictures in annual reports, but its annual survey and awards brought an awareness to the business community of the public relations potential for annual reports. Since most companies whose reports won awards had photos, it was quickly recognized that pictures are an important public relations tool in the promotion of a company's image.

The use of pictures often brings with it several other changes. The report size changes—usually larger, but sometimes smaller. Southern Railway Company used a picture in its 1954 annual report. The text size of that report was 3.75 inches by 7 inches. Neither the 1955 or 1956 report contained pictures. The text size of both years was 6 inches by 9 inches. The company returned to pictures and reduced the text size back to 3.75 inches by 7 inches. Most companies that changed their report size, however, increased the size.

The use of pictures brought additional changes. The paper used in the report often shifted to high gloss stock. The length of the written text grew at a faster rate than the growth prior to pictures. At the point when pictures are first used, the report seems to adopt an expanded purpose. This expanded purpose does not, however, affect the readability of the written text. One change that did not occur was with respect to reading levels. In general, reading levels did not change over the years.



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It would be a rare annual report that did not use pictures today. Pictures communicate well. However, more than 40 years was necessary to make annual reports with pictures the normal practice. The use of pictures required management to change its concept of the annual report. All change is difficult, but to change one's convictions is the most difficult change of all.

