in « L'entreprise, le chiffre et le droit », **éditeurs J.G. Degos et S. Trébucq, Bordeaux (2005), pp. 13-28.**

The Australian Institute of Management Business report awards and their influence on corporate reporting in Australia

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Abstract

In 1950, the Australian Institute of Management introduced an Annual Report Award, which was designed to improve the form and presentation of annual reports. The purpose of this paper is to investigate the impact the award scheme had on annual report design and presentation and the financial practices of Australian companies.

Keywords: *Annual Reports; design; presentations; accounting practices*

1 - Introduction

The corporate annual report has long been established as the major form of communication between a company and its shareholders. The primary objective of financial reporting was for management to report on their stewardship to owners where stewardship was narrowly interpreted as management and protection of resources provided by the owners. Where possible companies only disclosed what was prescribed and chose not to voluntarily disclose any additional information.
However the annual report can be used by companies to further promote the company's their activities to a wider audience than shareholders. With the return to peacetime conditions following the Second World War, this time of change presented a challenge to companies to be recognised for the important role they played in a country's prosperity. It was acknowledged that the annual report could be used to promote the role of private industry and foster community support and acceptance.

To be successful in the post war period, companies would need consumer goodwill, cooperation from employees and sound relations with business suppliers. This could best be achieved succeed if business were more transparent in their annual reports. This message was particularly important in a decade of continuing industrial disputes and communist influence (Bolton, 1991). Industrialist, John Storey, was one person who recognised the need for business to engage in a public relations exercise with the community and the need for workers and management to recognise their common interests (Lack, 2000,p.321). In his Presidential address to the Institute of Management he stated:

> “if the public mind is confused by the propaganda of those who want all business to be managed by the Government, if it is influenced by the cry that profits are excessive, that private industry is exploitation of the worker, and that efficiency measures in industry mean sweated labour, that equipment which reduces costs and raises living standards is the source of unemployment, that slowing down of output hurts the boss but not the worker, or that wages which can be paid have no relationship to production and production costs- it is because we have failed to give the public the facts on which to base an accurate opinion (Storey,1944,p.11).

Storey believed that such disclosure would unite the efforts of management and workers and lead to improved efficiency. Another motivation for additional disclosure was the need for companies to access finance from the Australian public. During and after the war Government regulations limited the investment opportunities available to Australians. However investment in companies was one alternative available to them and the post-war years were one of growth in company listings (Mathews and Grant, 1962). In order to gain the support of the investing public, the annual report would play an important role as improved disclosure would encourage and maintain the support of investors in this type of investment. This could best be achieved by improved disclosure of financial and other information in the annual report. To encourage business to improve their communication with shareholders, two prominent accountants, E. S. Owens and R. K. Yorston, instituted an annual report awards competition sponsored by the Australian Institute of Management.

Owens explained how the idea for the awards had arisen:

> ‘for some considerable time prior to the middle of 1948 when the idea finally crystallised, it had occurred to me on many occasions, that the financial statements and accompanying reports of public companies and matters of finance and accountancy generally were to the layman shrouded for want of a better term “black magic”. The suggestion to a layman that he should take more interest in the published accounts of the companies in which he was a shareholder was met with a despairing shrug of the shoulders and a statement to the effect that what chance had he of understanding a balance sheet or accounts, which even though prepared on a basis of reasonable disclosure was far beyond his ability and in any case annual reports were unattractive to him. Such a situation was, I felt, generally recognised at that time but very few companies were progressive enough to do anything about it” (Owens, 1958).

The objective of the award was to improve the standard of financial reporting in Australia by establishing a set of criteria, independent of existing requirements, which would encourage additional presentation and disclosure in annual reports. They believed that companies could disclose, move information than required by law, and that such disclosure should be not only to shareholders, but extended to include employees and the wider community. This would enable companies to make known the important role they played in society, to tell about their achievements and such increased disclosure would enhance public confidence and assist future funding requirements (Yorston and Owens, 1958,p.11).

The nature and criteria underlying the awards have been examined by Olsson (1983) and Fraser (1983) but this paper extends their work to investigate the impact the award scheme had on the accounting and financial reporting practices of Australian companies.

2 - Background

E. S. Owens and R. K. Yorston, both practising accountants were responsible for the establishment of the awards by the Institute of Management.

Both men were prominent members of the Institute of Chartered Accountants in Australia and active in business, education and the wider community. Owens, the son of an Anglican Minister, qualified as a Chartered Accountant in 1947 following war service in the Middle East and New Guinea. Yorston, a graduate of the University of Melbourne, was a practising accountant who was also the Principal of the Australian Accountancy College, a private educational college.

In pursuit of improved disclosure by Australian companies, Owens and Yorston why were both members of the Australian Institute of Management Finance Panel convinced the Institute to commence annual report awards in 1950. The AIM had been formed in the early 1940s with the objective of assisting managers to secure their future in an ever-changing business environment (Fogarty,n.d.).The AIM announced that to improve the presentation and content of annual reports, the Institute would make an award for the best annual report published in that year. The object of the award was to encourage better annual reports so as to:

> Make known the important place of private enterprise in the community.
> Encourage the dissemination to shareholders and others of information about company activities in a form, which those without business training can understand. Endeavour to establish better employee-employer relations by making known facts about the company and the financial result of its activities, and to endeavour to create employee pride in the company, its products and the services, which it provides (AIM Newsletter 1950, p.1).

Initially the award was a competitive one with all companies listed on Australian stock exchanges invited to submit their annual reports for examination. An adjudicating panel was formed comprised of representatives from the Sydney stock exchange,the accountancy profession, the AIM and two non-accounting professions. Annual reports were evaluated against a set of criteria guided by award objectives and detailed analysis of entries under three main headings: form of presentation, financial data and general information.

Awards were made to those reports receiving the highest marks, which were graded (from lowest to highest) merit, credit or distinction.

The criteria for which marks were awarded were: -

General impression in respect to readability, public relations, clarity of layout and typography.

Notice of meeting clearly shown and logical order of contents.

Highlights page.

Financial statements well classified and clearly presented with adequate notes.

Comparison of data with prior years.

Adequate detail in financial statements, including amount and composition of turnover, depreciation, stock valuation and tax provision.

Source and use of funds statement.

Adequate statistical and other performance data.

Informative directors' report.

Information about employees.

Appropriate use of graphs and charts

Cost of annual report not apparently excessive.

As indicated the criteria specified were limited to one sentence and did not identify the attributes required to meet the listed criteria. Three award levels were made, the award for the best annual reports, while those less able to meet the specified criteria, were awarded either distinction or merit awards. In 1958 the awards were extended to include organizations not listed on the stock exchange, government and semi-government bodies, chartable and welfare groups. The diversity of organizations now considered for the award made judgement more difficult and separate criteria were developed for the unlisted organizations. This led to the a review of the objectives of the award and the first objective was replaced by a new objective, to encourage the development and use of valid and objective measures of company performance (AIM,1972, p. 1).

In 1973, the listed and unlisted categories were replaced by three divisional classifications for organizations. This new classification system was not endorsed by the Chairman of the Adjudicating committee, businessman Norman Rydge who wrote to the President of the AIM stating:

> "we are now far very far away from what was the original intention and this was to emphasis the important part that Private Enterprise plays in giving our community the highest standard of living that has yet been possible under any system operating in any part of the world. I do feel with the introduction of semi-governmental undertakings, charitable and community organizations that the basic primary object of the introduction of the annual report awards is being disregarded. And I do feel that today, more than ever before, it is necessary to stress the importance of the private enterprise system and the role it plays in our community. It is now more important than in 1950 to stress the importance of private enterprise (Rydge, 1973).

Rydge's views were disregarded and a new awards classification scheme introduced. The and the principal activities of an organization determined the basis of under which category it was classified. Three divisions were established, Division A was all competitive business enterprises including government business enterprises in competition with private enterprise, Division B public administration and Division C all charitable and community organizations. Under this new scheme the selection and judging process was revised. Three stages were now involved and the first stage of the judging process involved all reports received. and to qualify for the next two stages, the reports had to contain:

> A clear indication of what the organization does;
> A reasonably comprehensive review of its operation;
> Financial information in a form, content, and detail appropriate to an organization of its type;
> Statistical and other data of a sufficient number of items for a minimum period of five years; and
> Design and typography of a reasonable standard.

For the second stage, committee's were formed to examine reports for each division.
Judging of annual reports in this stage was based upon about 25 criteria specifically chosen to meet the individual informational needs of each classification. In all cases up to two-thirds of the criteria was directed to informing shareholders, customers, and employees.

About one-quarter of the criteria were designed to meet the needs of professional analysts and industry specialists; the remaining criteria were selected to evaluate the format, appearance, and readability of the report. At the conclusion of this second stage of examination, committees presented their recommendations for consideration by the full Annual Report Awards Committee.

The third stage consisted of presenting the annual Report Award Committee's report and recommendations to an adjudicating panel. It was open to this panel to question the recommendations of the Annual Report Awards Committee, to offer any advice that might assist the Committee, and finally to confirm the awards recommended.

In the same year the award categories of best, merit and distinction were discontinued. Instead the awards were now designated gold, silver and bronze. Gold was awarded for annual reports of a high standard which fully met all aspects of the criteria. A silver award meant that the report met all aspects of the criteria but had minor shortcomings, while the bronze award was for reports that met substantially the criteria laid down for the industry classification to which it belonged.

In 1974 a further objective was added, that been, to create public awareness of the objectives of enterprises and organizations and of their achievements and to promote a better understanding of the significant factors underlying the particular results achieved and the report also provided more detailed info on criteria used. The objectives and criteria to evaluate reports remained unchanged until 1989 when the AIM caused its involvement in the awards. In the next section of the paper we will examine the awards in relation to the financial reporting practices of companies listed on the Stock Exchange.

3 - Adjudicator's views of annual reports

At the time the awards were introduced, corporate law provisions governed the extent of disclosure in annual reports and while legislation was State-based, the provisions were substantially the same, the main difference relating to reporting by holding companies (Gibson, 1971). The Act (s) required specific disclosures be made which included a profit and loss account and balance sheet. The profit and loss account had to show under separate headings the net balance of profit and loss on the company's trading. Income from general investments. Income from investments in subsidiary companies. Amounts charged for depreciation or amortization of (a) investments; (b) goodwill (c) fixed assets. Any profit or loss arising from the sale or revaluation of fixed or intangible assets. Directors' fees.

Where appropriate, companies also had to comply with the recommendations on accounting principles issued by the Institute of Chartered Accountants in Australia in 1946 (ICA, 1946). These recommendations were just that, and not compulsory or enforceable at law.

The objective of the award was to encourage better disclosure and the emphasis was on style and presentation. Annual reports were judged by an Adjudicating Panel comprised of a chairman of directors as chairman, the chairman of the Sydney Stock Exchange, a nominee of the Institute of Chartered accountants, a nominee of the AIM finance panel and nominees from the AIM production, personnel and marketing panels of the AIM who possessed no accountancy training. They took as their guiding principle the three objectives listed earlier and made a detailed analysis of the entries under the following three headings- presentation, financial data and general information. In their report they selected Jantzen(Australia)Limited as winner of the first award and a further twenty other companies were included in the merit list. In the first report the committee stated that it was not influenced by the costliness of printing paper or general layout. Reports should speak for industry in simple terms, with the aid of proper graphs and charts, without large expenditure being incurred. The one-line criteria provided little guidance as to what the adjudicator's sought, but their written report for each year's awards gave some indication of how reports were assessed. More instructive is the approach adopted by Jantzen (Australia) Limited, the winner of the inaugural award. While satisfying the requirements of the Companies Act of New South Wales, the company considered that such reporting did not tell the story of their business satisfactorily, nor was it circulated adequately by being confined to shareholders and the press. Their 1950 annual report was addressed to shareholders, employers and business associates, in recognition of a larger readership, to whom was owed an obligation of reporting. Additional contents included in the award winning entry were a company message on human relationships:

> The previous year's figures for comparison on the explanatory profit and loss statement and explanatory balance sheet;
> A statement on the meaning of profits;
> A pie chart on division of available income between employees, shareholders, and retained profits;
> A chart on employees and their service; and a statement on changes in financial position during the year (Yorston and Owens 1958, pp. 29 – 36).

The same weaknesses identified in the first adjudicator's report were repeated over the next three years. The adjudicators desired that standard practice to include a pie or bar chart showing sales composition. This will show clearly to the layman the relationship of material, labour, and administration costs, taxes, dividends and reserves and does more to correct the erroneous impression of high dividend and reserve appropriations than any other factor. Presentation and style were still their concern. They were critical of companies, which did not clearly display their name on the outer cover and did not clearly indicate that it was the company's annual report. The type should also be improved as many companies used too small size. By 1955 most reports were judged to be prepared in an attractive manner, which was necessary to encourage shareholders to read the document. Two years later the adjudicators believed the standard of reporting was the highest since the inception of the award and led to the promotion of better relations between companies, employees and the public. Nevertheless, adjudicator's were critical of certain aspects of reporting including the reluctance of companies to disclose turnover, the perfunctionery recognition of employee's contribution and the lack of useful information contained in the director's report.

While the emphasis of the awards was on presentation, the Panel did however raise concerns about some accounting-based reporting matters. They believed that some long- term assets and liabilities were misclassified so that companies could report an improved liquidity position.

They were also critical of vague disclosures on stock valuation, claiming that few companies gave meaningful descriptions of value. The Victorian Companies Act 1936 required under section 124(10 that every balance sheet of a company … shall state the basis of valuation of each class of assets Whilst this requirement was complied with, and stock was disclosed as valued at cost or less than cost, the Panel considered this less useful than disclosing cost, market selling price or replacement cost, whichever is lower. The Panel was also critical of the failure by companies to disclose the amount of provisions for depreciation, as they believe that if these were not disclosed, it was impossible to judge their adequacy.

By 1958 the Adjudicating Panel considered there had been an improvement in the standard of financial reporting (AIM, 1958, p. 1). However, serious weaknesses in corporate reporting were still present and the adjudicator's considered the level of takeover activity in Australia had exposed these during the year. Such activity had raised questions about the level of disclosure and the accuracy of accounting information and forced company managers to provide additional information. For acquiring companies, annual reports did not identify the activities of the takeover candidate as indication was given of the contribution of various segments to company performance, and the rate of return earned by these segments and its adequacy could not be determined. Yet, by the end of the first decade the Panel considered that improved use of graphs, photographs and colour illustrations had occurred (AIM, 1960, pp.1-2). Despite these improvements annual reports were still lacking in disclosure. A study of Australian annual reports found that these reports were brief did not clearly disclose the nature of activities, failed to disclose sales, cost of sales and operating costs, and had little value for purposes of financial analysis. (De Maris and Zimmerman, 1960). The authors concluded that it was a precise technical document designed to reach a special limited audience, and supported the view of Irish who observed some years earlier that everybody tends to obey it so that it becomes a maximum rather than a minimum standard of disclosure (Irish, 1948, p. 405). Yorston and Owens believed fear of criticism made companies behave in this way (Yorston and Owens 1958, p. 8), but fear of competitive disadvantage by increasing disclosure may have been a move significant reason. The lack of disclosure also occurred because the level of disclosure beyond legal obligations was at the discretion of management and directors.

The second decade of awards continued to criticise companies for layout, use of too small typeface, and lack of illustrations, no company name displayed on the front cover and the failure to make annual reports attractive to all recipients. The influence of the annual reports awards was evidenced by the inclusion in the ninth schedule, part of the 1961 Companies Act. This schedule incorporated two of the awards requirements, the grouping of assets and liabilities in the balance sheet and the introduction of comparative figures for two years. The reports submitted as entries for the award usually met these requirements but their inclusion in the schedule imposed the requirement on all companies. Despite the new Companies Act, those judging the reports were still concerned with company's not displaying their name clearly on the front cover and not including a notice of meeting. While the inclusion of a highlights page was almost generally accepted, even with the requirements of the new Act many companies failed to show depreciation provisions as clearly as they should despite and it is not possible to gauge whether provisions are adequate, deficient or excessive (AIM,1963,p.4) These criticisms would appear of less significance to the underlying causes of corporate collapses around this time.

As Australia's economy faltered, a series of corporate collapses including Reid Murray, Latec Investments and Sydney Guarantee Ltd occurred led to criticisms of financial accounting practice and the misleading nature of financial statements. The complex relationships across some of these companies raised concerns about companies accepting money as deposits without a prospectus. Public Borrowings Acts were introduced to require borrowing or guarantor companies to file half yearly accounts. An indication of the influence of the award was the request by A.B.Mellor, Chairman of the Sydney Stock Exchange the awards criteria include half-yearly reports. Mellor was concerned that there would be non-compliance by companies with the listing rules and corporate law requirements, and as well, that many reports would be inadequate and not useful to shareholders. He believed inclusion in the awards criteria would overcome failure of companies to fully disclose the required information. From 1965 the awards included interim reports in their criteria for future awards. Despite further corporate failures, the view of the adjudicating Panel was that annual reports had improved, noting:

> There has been a marked trend this year towards the type of annual report, which presents the company to the public instead of merely recording statistics. This is something, which the Australian Institute of Management has encouraged since the beginning of the Award and it is rewarding to see so many companies taking this approach (AIM, 1964 p. 2).

Nevertheless the criticism made in the earlier years were still identified as weaknesses the remainder of the decade. Yet by the end of the decade, adjudicators believed that companies were producing more informative reports (AIM, 1969, p. 2).
Until this time as Gibson had observed, the most effective work done through the awards was the development of better presentation and style in financial reporting (Gibson 1971, p 203). Yet the adjudicating panel believed there was continued improvement in financial reporting and this led them to believe award entrants benefited from their comments. In their 1972 report they provided information on the items that were components of the main headings: format, text financial statements general statistical data and summary However, the need to improve company accounts was a continuing ever, one and the more influential presence of accountants on the Adjudicating Panel led to increased attention to accounting practice and disclosure. In the 1972 report they believed further disclosures were necessary on mztters such as revenue recognition, leasing and investments in associated companies. (AIM, 1972, pp. 6 – 11).

In their 1973 report, they identified the attributes of annual reports that gained either gold or silver awards. These included:

> A clear statement of corporate objectives to the various groups to which a company is particularly responsible – namely shareholders and lenders – and in manner suitable to inform customers, employees, and other members of the community.
> Provision of information (both in totals and percentages) on assets, sales and profits for each division of the organization.
> Detailed information on the organization’s people – an organisational chart and facts about industrial relations, staff training and welfare.
> A profit and loss account showing income or sales by divisions and adequate detail of expense items.
> The composition of stock in the balance sheet, or in the notes itemising raw materials, work in progress stock in transit, and finished goods.
> Disclosure f the amount of interest capitalised on construction projects.
> Statement of source and application of funds showing gross rather than net figures and supplemented by charts or graphs.
> Highlights page with current and preceding year’s figures and percentage changes, and with figures accompanied by a written statement, setting out the main features of the year’s activities.

Directors' reports commenting in detail on the year, including prospects for the next year.
A five or ten year statistical summary which showed not only a summarised balance sheet and profit and loss information, but also operational information (e.g production, sales, or miles flown) and relevant percentages (e.g load capacity or occupancy ratio).
Suitability of a report's size, layout and typography.
Clear graphs and charts supporting the relevant figures, which appear on the same page (AIM, 1973, p. 10).

In the same report they identified areas of common weakness as:

Lack of information on activities, including the relative importance of different divisions or subsidiaries, of the company.
Absence of a clear description of major accounting policies.
Lack of detail in profit and loss accounts, many of which did not follow the pattern of beginning with a sales figure, then deducting costs, to give trading profit from which deductions, and to which additions were made.
Inadequate reporting on associate companies.
Use of "netting" in the source and application of funds.
Little information on employees, particularly staff training and development programmes. Many failed to state wages and salaries paid.
Production of unnecessarily lavish reports (AIM, 1973, pp. 14 -15).

Some of these concerns continued to be raised over the next few years. While the awards lacked statutory authority, they were still influential on the disclosure and reporting behaviour of companies. For instance, their continued and repeated concern about the methods used by companies to accounting for investments in associated companies led to the issue of an exposure draft on this topic by the accounting profession.

Equally, their continued advocacy of segmental disclosure was heeded when four large diversified companies voluntarily disclosed this information in 1974. Clearly, the few companies believed such disclosure would benefit their image and enhance their award winning capability and influence other companies to follow their example. Yet, some time elapsed before an accounting standard was issued on this subject, (AARF 1984) as the profession's attention was directed to how to adjust historical cost accounting for changing price levels. In the early part of the 1970's oil prices and domestic wage pressure were responsible for a period of high inflation in Australia (Kriesler, 1999). This led the accountancy profession both in Australia and overseas to consider modifications to the historical cost accounting system (AASC, 1976) although no accounting standard became mandatory.

The adjudicators were aware of the deficiency ofin financial statements. In their 1976 report they noted that there was inadequate explanation of the impact of inflation on company's performance and financial position (AIM, 1976, p. 3).

The failure by companies to account for inflation was criticised in adjudicators' reports until 1985, although by that time the issue was less urgent, as inflation rates had declined by this time. Despite the failure to resolve how to incorporate inflation accounting into financial reports adjudicators still believed there had been a general improvement in the level of financial reporting (AIM, 1979, p. 1).

The awards had improved the level of financial reporting in Australia as it led companies to meet the criteria as achievement of any level of award enhanced the standing and prestige of a company and achieve an award which and the prestige gained by a company. Therefore the awards provided an incentive to companies to increase their level of disclosure and improve the communication process with shareholders and other users of the annual report. A clear indication of the awards influence is the increased disclosure by companies of the major highlights of the year as part of the annual report. Adjudicators had listed this as a criteria and the prestige of the awards was responsible for the increased percentage of companies including such a statement in their annual report (Pang, 1982).

In these intervening years adjudicator's continued to identify new areas of disclosure for companies to include in their annual reports. They believed annual reports should reflect community interest and disclosure should include current matters of concern such as the environment, employment policies, and community involvement and how the company was socially responsible (AIM, 1981, pp.13 – 14). They advocated inclusion of a value added statement, which they claimed was effective in reporting and communicating to employees and unskilled investors on how the value created by the company was distributed(AIM, 1981, p.14). Yet their concern with increased disclosure in the profit and loss statement continued. Corporate law requirements were still viewed as been of limited significance and divisional reporting was considered necessary to inform readers of the relative importance to the company of the company's different areas of activity.

Inclusive in such disclosure would be disclosure on transfer pricing policies and the extent of inter-divisional business (AIM, 1982, p.13). Further, information should also be disclosed on acquisition and divestment of subsidiaries, details of share issues as well as a statement of future prospects. While companies may be reluctant to forecast where economic conditions are difficult. Some attempt to provide this information was warranted as the Panel considered the provision of detailed treatment of income and expenses would also inform readers of the major determinants of the company's results. As well, more attention to the impact of inflation on company results is still desirable, despite the failure of the accounting profession to mandate a method of accounting. (1983, p15).

In 1984, adjudicators considered the standard of reporting had not improved on the previous year (1984, p.16). They recommended more reporting on cash flows, debt-equity ratio's, trend analysis and borrowing arrangements (1984, p.18).

While the regulatory environment changed in 1985 this did not alter the view of adjudicators that there was room for improvement. In particular they considered improved disclosure was desirable on the effect of foreign currency movements. In late 1983 the Australian government had floated the Australian dollars and its decline in value following this decision and this affected the financial performance of many Australian companies. The adjudicator's criticisms were that companies did not disclose the accounting policies used, how they treated the financial effects of changes in the Australian dollar in the current year and the anticipated effects for the next year (AIM, 1986, p.16). In the same report they identified other areas of allocating and disclosure that needed resolution. These included redeemable preference shares, unrealised gains, lack of accounting policies on revenue and departures from accounting standards.

Other major areas where there was often room for improvement in presentation and details including the following:

> impact of inflation, state of the economy and its effect on the industry and the company, dealing with contentious issues in the financial statements, impact of deregulation, marketing / competitive position (AIM, 1986, p. 17)

In 1987 the share market crash brought with it further corporate collapses and renewed criticism of the accounting profession, the quality of financial reporting and whether the standard - setting process would successfully resolve these matters.

This ultimately led to a revision of the standard – setting process in Australia. The Australian Accounting Standards Board (AASB) replaced the ASRB, and granted wider powers to set accounting standards and develop a conceptual framework.

In the last two years, adjudicators continued to identify the same weaknesses listed in earlier reports. They expressed concern about the "cavalier" approach to informing shareholders on major items such as debt defeasance arrangements, the lack of disclosure and discussion on subsidiaries reporting large profits or losses (AIM 1988, p. 14). Other concerns included lack of disclosure on research and development, no explanation of major changes in the balance sheet and the company's competitive position (AIM 1988, p. 17).

The 1989 report was the last award made by the AIM.. There were a number of reasons for the decision to cease its involvement in future awards. Firstly, the instigators of the award Yorston and Owens and business people who supported the awards, were no longer involved. The changed regulatory environment also let the institute's management to recognise that the maintenance of their role was no longer a core activity of their management body. Indeed they believed a new sponsor would recognise the objectives of the award and the importance of quality annual reports. Awards are still conducted annually, sponsored by the Australian Business Magazine.

4 - Evaluation and Conclusion

The awards were introduced to improve the quality of annual reports. Yorston and Owens believed that annual reports prepared at this time were not properly explaining the role of business in society, nor did shareholders or employees understand them. A set of criteria were established which were designed to improve the presentation and style of annual reports. The criteria would enable companies to better tell their story in a way that readers would understand.

In evaluating the success of the awards in achieving their objectives, we need to review the criteria. Throughout the life of the award, the adjudicators claimed that the standard of financial reporting continually improved.

This view was based on the number of companies who satisfied the criteria. Yet this was only a small proportion of entrants. Given that the number of entrants does not necessarily increase each year, one can argue that the awards have limited success in improving the quality of financial reporting. Many companies are not interested and unlikely, to implement the criteria in their annual reports. Further, as indicated by Appendix B the best report award was shared over the years by a small number of companies. While these statistics may support the earlier point that the awards interested only a small number of companies, the evidence would suggest otherwise. Companies may still have improved their level of reporting although not gaining award. Equally, companies could be achieving a higher award over time as they continue to strive for recognition.

The judgement of whether or not financial reporting had improved was related to the criteria specified. These criteria were one line items with no detail provided. Their substance was in the subjective assessment of adjudicators and this could only be gleaned from their reports. No indication of how the criteria were developed was provided and whether they had been chosen in relation to the needs of readers. Another weakness was that the importance of each criterion was not known. If all items were treated equally, this ignored their relative importance, and could influence the ranking of annual reports.

Where entrants only satisfied some and not all the criteria, the adjudicators would be required to make a judgement. In the early years, the focus of the criteria was on style and presentation. These attributes of annual reporting were seen as enabling better understanding of annual reports. The regular revision of the criteria also ensured that the criteria reflated the reporting environment at that time. Gibson believed the most effective work done by the awards was to develop better presentation and style, and that the award could claim credit for the improvement in company reporting (Gibson, 1971 pp 203 – 11). However in the subsequent periods, the awards also considered the issues of accounting practice and disclosure and were influential in contributing to an improvement not only to better presentation and style but also to some extent in the disclosure of additional information and improved accounting practice.

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Appendix A Awards 1972 – 1989 - Category A*

	Gold	Silver	Bronze	Total
1973	1	5	38	44
1974	1	5	32	38
1975	-	10	29	39
1976	2	10	34	46
1977	2	9	32	43

1978	3	14	34	51
1979	2	15	34	51
1980	3	16	33	52
1981	3	21	33	57
1982	4	25	26	55
1983	4	21	38	63
1984	6	17	43	66
1985	9	23	41	73
1986	6	23	35	64
1987	4	22	29	55
1988	4	26	26	56
1989	5	26	31	62

* Includes unlisted organisations.

Appendix B - Award Winning Companies 1950 – 1989

Year	Name	Status
1950	Jantzen (Australia) Limited	Taken over 1973
1951	Jantzen (Australia) Limited	Taken over 1973
1952	Leroy Manufacturing Co. Ltd	Name change 1976
1953	Leroy Manufacturing Co. Ltd	
	Ampol Petroleum Ltd	Taken over 1989
1954	ICIANZ Limited	
1955	National Radiators Ltd	Taken over 1998
1956	Ampol Petroleum Ltd	
	Australian Paper Manufacturers Ltd	
1957	Leroy Manufacturing Co. Ltd	Taken over 1984
1958	Ansett Transport Industries Ltd	Taken over 1981
1959	Ansett Transport Industries Ltd	
1960	H.C. Sleigh Ltd	Taken over 1984
1961	Lend Lease	
1962	Marcus Clark & Co. Ltd	Taken over 1966
1963	Larke Consolidated Industries Ltd	Taken over 1973
1964	Larke Consolidated Industries Ltd	
1965	Larke Consolidated Industries Ltd	
1966	Larke Consolidated Industries Ltd	
1967	Ampol Petroleum Ltd	
1968	John Lysaght Australia Ltd	
1969	CRA Ltd	
1970	Larke Consolidated Industries Ltd	
1971	Larke Consolidated Industries Ltd	
1972	Hooker Corporation Ltd	Taken over 1985

Gold Award Winners 1973 – 1989

Company	1973	1974	1975	1976	1977	1978	1979
Pye Industries Ltd	X						
Four Seasons		X		X			X
North Broken Hill				X	X	X	
Hooker Corporation						X	

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
North Broken Hill	X	X	X		X			X		
Hooker	X	X	X	X	X	X	X			
Four Seasons	X	X								
CSR			X	X	X	X	X			X
Bank of NSW			X		X					
Kern						X				
David Syme						X			X	
CRA						X	X			
NAB								X		X
Advance Bank										

Appendix C - Number of Award Entries*

1972	320	120 unlisted
1978	245	
1979	320	
1980	378	
1981	430	
1982	402	30 1st time entrants
1983	400 plus	
1984	428	
1985	412	
1986	363	
1987	348	
1988	388	

* Not disclosed in years not listed.