



## Measuring and assessing tone at the top using annual report CEO letters

Research output: Book/Report > Book

J. Amernic  
Russell Craig  
D. Tourish

[Accounting & Financial Management](#)

CEOs have a strong influence on the tone at the top of companies. How they exercise this influence has the potential to affect the quality of financial reporting. Consequently, it is important that auditors and other users find a way of examining and evaluating the tone at the top and the resultant risks to which companies might be exposed. The authors contend that the CEO letter to shareholders in annual reports is one of the most important of the mediums used by corporate leaders to communicate their attitudes and values. They argue that by analysing the text of such letters, auditors and other interested parties can gain insight into the tone at the top of major corporations. This book demonstrates two complementary methods for undertaking this analysis. First, through the use of the text analysis software package DICTION to analyse the CEO letters of FTSE 100 companies and the top 100 FORTUNE 500 companies. Second, through conducting a close reading or forensic examination of selected company letters (General Electric, Enron, BP and New Century Financial) to understand their inherent ideology, rhetoric and use of metaphors, and to highlight any silences.

Original language	English
Place of Publication	Edinburgh, Scotland
Publisher	The Institute of Chartered Accountants of Scotland
Number of pages	210
ISBN (Print)	9781904574552
Publication status	Published - 2010

### Documents

[CRAIG\\_2010\\_pub\\_Bk\\_Measuring\\_and\\_assessing\\_tone\\_at\\_the\\_top\\_using\\_annual\\_report\\_CEO\\_letters.pdf](#)   
Final published version, 1.55 MB, PDF document

[Relations](#)

[Get citation](#)  
(various referencing formats)

ID: 231888



### About

The Portsmouth Research Portal links to our live database of research information (Pure)

[About](#)



### Useful websites

[University research home page](#)

[Research & Innovation Services](#)

[Graduate School](#)



## Contact

E: [pure@port.ac.uk](mailto:pure@port.ac.uk) [Twitter: uopresearch](#)



## Key information

[Pure login](#)

[Library research support](#)

[Privacy statement](#)



UNIVERSITY OF  
PORTSMOUTH

Know everything about the Annual reports from meaning, key constituents, reading and objectives to purpose and target audience. It helps in assessing the year's operations and provides the company's view of the upcoming year and future prospects. It is a report that each company must provide to its shareholders' at the end of the financial year, rather it is a report that every investor must read. It is the most comprehensive means of communication between a company and its stakeholders, rightly called the pinnacle of corporate communications. Letter from the Chairman: This part of the annual report mainly tells you how the company has performed during the year. It's a place to find apologies and reasons if the performance doesn't meet the expectations. Annual reports led by publicly traded firms pursuant to the Securities Exchange Act of 1934, Form 10-Ks, are the primary source of information for capital market participants such as shareholders, creditors, and financial analysts. The readability and other textual properties of financial disclosures thus have a great impact on the effective communication of valuation-relevant information between the firm and the market (Loughran and McDonald (LM) (2014)). Section III examines the impact of annual report readability and uncertain document tone on bank loan contracting. Section IV investigates the relationship of readability and ambiguous tone with stock price crash risk. Section V concludes. Tone at the Top ISQC 1 16-19. Directive articles 3, 4, 5, 24a and 24b Regulation article 13 (2). To assess the tone set by the firm's senior management and, in particular, ensure that audit quality is given sufficient emphasis throughout the firm's system of quality control. To consider, through external inspection activity, whether quality is given sufficient focus in practice. Step Test objective. a. Review the factual accuracy of the latest report in the light of the findings of both external regulatory firm-wide work and external regulatory reviews of individual audits; firm's transparency. b. Note any areas in which the "arrangements in place to promote audit quality" (both firm arrangements and its network) reported by the firm in their transparency report appear either. report.