

**NEW SYLLABUS
CBCS PATTERN**

**T.Y. B.B.A. (I.B.)
SEMESTER - V**

Business Reporting and Analysis

Bhavana Chaudhari

Gandhali Divekar



**NIRALI
PRAKASHAN**
ADVANCEMENT OF KNOWLEDGE

SPPU New Syllabus

A Book Of
**Business Reporting
and Analysis**

For T.Y.B.B.A. (IB) : Semester - V
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Preface ...

In the business information age, the ability to share information is equally important to having the right information. The purpose of a Business report is to communicate information to assist in the business decision making process. Some reports might propose solutions for business problems or might present relevant information to assist in the problem solving process.

A globalised business and marketing system provides great opportunities to countries, whether they are developed or developing. The steady progress towards an open and globalised economy has necessitated significant changes in the character, process and functioning of the markets. And for the same progress, reporting is the life blood of the business.

We are very pleased to present this book for the students of commerce and management.

Primarily intended for students pursuing courses in management and commerce, the topics in this text provide information on business reporting and analysis, as per the prescribed syllabus. It begins by the introduction of business reporting and its scope and importance. It is followed by the procedure and areas of business reporting, methods and sources for collection of data, its use for global opportunities and diversification and forecasting of human resources.

We acknowledge our debt to the work and writings of pioneer practitioners and scholars. We are grateful to Nirali Prakashan for giving us an opportunity to explore our knowledge and express this in the form of a textbook. We express our deep gratitude to Mr. Jignesh Furia for their his co-operation and support.

Special thanks goes to Mr. Amol Mahabal, Mr. Akbar Shaikh and the entire publishing team of Nirali Prakashan, Pune.

Any constructive comments for improving the contents will be warmly appreciated.

Bhavana Chaudhari
Gandhali Divekar



Syllabus ...

1. Introduction to Business Reporting

- 1.1 Business Reporting, Definition
- 1.2 Importance and Scope
- 1.3 Uses of Business Report
- 1.4 Factors Affecting Business Reporting

2. Business, Industry, Categories and Segments

- 2.1 Business, Industry, Category, Segment and its Explanation
- 2.2 Discuss various Business Industries with reference of the above Analysis Parameters: Industry Size, Segment Size, Category Size, Segment Wise contribution, Growth Patterns, Growth Drivers, Competition CSF, KPI
- 2.3 Category Attractiveness: BCG Matrix, Porter's 5 Force Analysis, PESTEL Analysis
- 2.4 Designing of Reporting Format, Preparing Business Plans
- 2.5 Preparing for Business Meetings
- 2.6 Selective Business Strategies

3. Business Reporting

- 3.1 Areas of Business Reporting
- 3.2 Marketing Reports
- 3.3 Financial Reporting
- 3.4 Intercompany and Intra Company Analysis
- 3.5 Macro-economic Analysis
- 3.6 Human Recourses Need and Forecasting
- 3.7 Global Opportunities and Diversification

4. Business Analysis and Interpretation

- 4.1 Business Analysis: Procedure, Factors to be Consider in Business, Value Chain
- 4.2 Analysis: Various Tools and Techniques used in Business Analysis and Interpretation
- 4.3 Company Analysis: Economic Analysis, Sector Analysis and its Correlation with Business Analysis, Introduction and use of various Statistical Simple Statistical Techniques and Tools.



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Chapter 1 ...

Introduction to Business Reporting

Contents ...

- 1.1 Introduction
 - 1.1.1 Definition
 - 1.1.2 Objectives of Business Report
 - 1.1.3 Importance of Business Reports
 - 1.1.4 Types of Business Reports
 - 1.1.5 Essentials of a Good Report
 - 1.1.6 Scope of Business Reporting
 - 1.1.7 Users of Business Report
 - 1.1.8 Factors Affecting Business Reporting
- Points to Remember
- Questions for Discussion

Learning Objectives ...

- To understand the importance of business reports
- To gain an insight into the essentials of a good report
- To study the types of business reports
- To understand the scope of business report
- To summarise the objectives of business reports
- To gain knowledge about the factors affecting business report

1.1 Introduction

- Organisations conduct a wide range of reporting, including financial and regulatory reporting; environmental, social, and governance reporting, and integrated reporting. Implementation of effective reporting processes is essential for organisations to be able to provide this information. All sections in the business reporting process—the people and processes involved in the preparation, review, approval, audit, analysis, and distribution of reports, need to be robust and closely connected to yield high-quality business reports in an efficient and timely manner.
- Effective and transparent business reporting allows organisations to present a cohesive explanation of their business and helps them engage with internal and external

stakeholders, including customers, employees, shareholders, creditors, and regulators. Many organisations are increasingly complex and have larger economic, environmental, and social footprints. As a result, various stakeholder groups are demanding increased ESG information, as well as greater insight into how these factors affect financial performance and valuations. High-quality reports also promote better internal decision-making. High-quality information is integral to the successful management of the business and is one of the major drivers of sustainable organisational success.

- While the business environment expands in the pursuit of organisational goals, the significance of skillful communication becomes important. It is essential to successfully communicate the results of a business report to others in order to develop satisfactory skills. If the reports to the business problems are not transmitted successfully to others in the organisation, the report holds less importance and cannot be over emphasised. A good report writing demands professionalism, deep understanding of the subject, attentiveness, and a sound ability to put ideas, thoughts, and findings in writing. Since the audience for business reports comprises of upper level managers, the need of the audience should be considered while forming the report.
- The word report can be used in different senses. It can be any presentation of information but mostly its usage is limited to only the most formal presentations. Thus, a report can be described as a statement prepared to present facts relating to planning, co-ordinating performing, and the general state of work in an organisation. It is a summary of managerial performance.

1.1.1 Definition

- A business report is a standard form of business communication combining of both qualitative and quantitative information which in a logical format, serves as a critical corporate documentation. Business reports present information-based views of the enterprise to appropriate audiences and can be automatically individualised for each user.
- A business report is a brief description of business events and financial activities that carries a written presentation in which one analyses a real situation or a case study of business and applies necessary speculations and theories to produce a range of suggestions in order to improve the situation. Being a specialised form of a general report, there is no basic difference between the two. The function, process and principles of a business report and a general report are almost the same. The only difference between them lies only in their application to situations. Whereas, a general report presents the description of different events in different situations and activities at large. A business report is especially concerned with business activities, covers the company's situation, business trend and financial activities.

- Littlefield and others stress upon the importance of reports in these words: *"Organisational distance, specification, and limitations of human comprehension force management to rely heavily upon reports in communicating information both downward and upward. Reports are basically summarise of information. A system of reporting is vital to any management information system but especially to a responsible, decentralised management..... It logically follows then that each manager not only should, but must report on those operations for the firm for which he has accepted the responsibility and authority."*
- **Business report is an orderly, objectively communication of factual information that serves some business purpose.**
 - **Lesikar and Petit** defined as, *"A business report is an orderly, objective communication of factual information that serves some business purposes."*
 - **Betty and Kay** stated as, *"A business report is a written message presenting information that will help a decision maker to solve a business problem."*
 - **Louise E. Boone and Others** quoted as, *"A business report is a document organises information on a specific topic for a specific business purpose."*

From the above discussion, it can be said that a business report is the systematic presentation of output arising from investigation related to business or commercial affairs with a clear intention to take decision to solve for various business problems. If there exists any recommendation on a business report, it should be effectively used for the fulfilment of organisational goal.

1.1.2 Objectives of Business Report

- A business report being different from other general reports is written in a more or less formal way to meet a particular need or requirement. A business report has no place for personal feelings or emotions. Personal perspective should not be unburdened while writing a report. Rather, the collected data should be examined and presented objectively. Moreover, business reports make sure that the conclusions and recommendations included are strictly based on facts. In order to avoid distraction of the audience, unnecessary frills should be avoided while writing a business report. For the communication to be precise and clear, the selection of diction and structure, technique of presentation and style of exposition of the report should be carefully done.
- Systematic and careful investigation, logical organisation, sound thinking, and clear writing are the preconditions for a good business report, which must be presented in a formal way.
- The major objective of writing a business report is:
 1. To study available and possible solution to a problem, event, situation, or an issue.
 2. To apply commercial and organisational theory to a practical situation.
 3. To show one's analytical and evaluation skills in identifying and weighing-up possible problems existing in business and their solutions.

4. To reach up to a conclusion about a problem or an issue.
5. To suggest required action in future.
6. To show clear, to the point, and precise communication skills.
7. To assess business performance, provide a quick status check, and monitor progress towards the strategic goals of the business
8. To summarise key business indicators by presenting them in visually intuitive charts and graphs, easy-to-read grids and spreadsheets, pixel perfect documents, and interactive dashboards and scorecards.
9. To use statistics such as key performance indicators and financial ratios to present key business metrics.
10. To access data online or offline through various means of communication.

1.1.3 Importance of Business Reports

- A large number of important decisions are taken on the basis of information presented or recommendations made in reports. A commission, a study group or a panel is required to present its findings, observations and recommendations in the form of a report. It is correctly said that the skill of report writing is very good and important equipment or a quality raw material for running a business effectively.
- A business report contains information about the concluding stuff regarding business. It is important in many regards as it is an epilogue which can be explored at ease. It may be more important for investors and other people while it would be unimportant for employees. It may have detailed information regarding ups and downs of business. It may help to produce a record of the previous years. It may be helpful in finding out the high and low grades in a business in previous many years. They are usually concerned with major lines of business. They may have detailed information regarding financial record of business required by a businessman all the time. It is good to make copies of this report to send it to investors. It would be an easy, quick, and important help for them to know the previous picture of the business.
- Reports play a very important role in the running of a modern business. Various types of reports have to be prepared and presented on different aspect of business. Reporting is the backbone of communication. Since the quality of business decisions depends on the quality of information with managers, they rely upon the reports sent by their subordinates as being managers they are usually away from the scene of action. Reporting is a constant activity in business for evaluating progress, planning the future, and for taking business decisions, executives need objective and timely information about the internal working as well as external environment of business. A newspaper editor runs his newspaper on the basis of reports sent by his correspondents. A sales manager relies on reports from branch offices. A branch manager operates on the basis of reports from field sales force. A factory manager receives reports of output and quality from his subordinates. Top managers decide expansion and diversification of programmes on the basis of reports form departmental heads and market experts.

- Writing reports provide training in a planned and orderly manner. It reveals gaps in reasoning, highlights woolly thinking and identifies faults in presentation. Report writing helps in developing the power of judgement, discrimination, organisation of ideas, presentation of details, and communication. Therefore, report writing holds an intrinsic value. Progressive organisations carry out programmes for their employees in report writing.
- The importance of report can be thus summarised as:
 1. **Planning and decision making:** A report provides valuable information for planning and decision making.
 2. **Measure employee performance:** A report helps in measuring employee performance and thereby assists in managerial control.
 3. **Changing business conditions:** A report aims at analysing the impact of changing business conditions on the performance and growth of an enterprise. With such analysis, management can develop measures to combat changes. Reports facilitate coordination.
 4. **Means of keeping in touch:** A report proves as a mean to keep in touch and maintaining contacts with customers, shareholders, creditors, and the Government.
 5. **Measuring executive performance:** A report helps an executive to perform his functions of planning, measuring, and evaluating performance of employees and resources efficiently.
 6. **Means of communication:** A report acts as an effective vehicle of communication. The person, who prepares a report on a particular subject, conveys this information in the form of a report.
 7. **Helpful in decision-making:** A report provides systematic, reliable, and useful information after investigation or research, on the basis of which, it becomes possible for the management to arrive at a decision.
 8. **Useful in knowing unknown information:** While preparing reports, investigations and research projects may reveal unknown information, which provide new insights to the user.
 9. **Trains the writer:** A report trains the writer in a planned and an orderly procedure and logical representation of ideas and information. A report reveals gaps in reasoning, identifies correct line of work done, and shows up faults or strategy which confusion of day-to-day working conceals.
 10. **Helps in combating changes:** Business conditions are ever changing. They pose serious challenge to the existence, prosperity, and growth of a firm. Reports aim at analysing the impact of business dynamics and how changes can be exploited to the benefit of the firm.

11. Useful to people working in diverse fields of activity: Reports are useful to customers, shareholders, creditors, government, management, and administration of a company. They can be used by all the departments of the firm. It is useful to the people who are working in different fields.

1.1.4 Types of Business Reports

- Reports play a vital role in the management of current businesses. While some reports present the facts as they are, others go a step further by including interpretations, conclusions, and recommendations. There are other types of reports, which are informal.

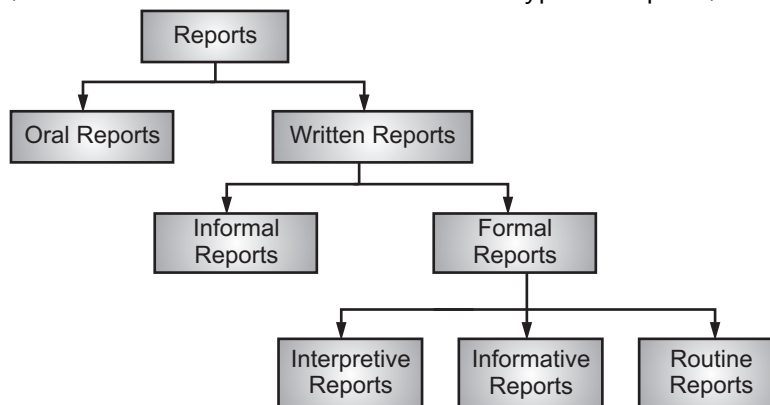


Fig. 1.1

1. Oral reports:

- An oral report is a face-to-face communication of an observation. It is quite informal and saves time. It is easy to present and simple. But it demands complete alertness from the receivers end as he has to listen to every word of it. It needs to be vague and provides no record for future reference.

2. Written reports:

- A written report is more accurate and precise. It tends to be more formal and can be referred to again and again. A written report is a permanent record which cannot be denied at any time. It can be transferred and handled by a number of people without facing the insecurities of distortion during transmission. For example, a divisional manger may write a report giving his assessment of the working of various branches he visits for the information of the management of the bank.

3. Informal reports:

- An informal report is usually in the form of person-to-person communication. It can contain a few lines or several pages of detailed information. An informal report is generally written in the form of a letter or a memorandum.

4. Formal report:

- A formal report exists in a prescribed form. It is in accordance with an established procedure and is submitted to a prescribed authority.

5. Statutory report:

- Statutory reports are report made and presented according to the form and procedure laid down by law. Reports submitted at the statutory meeting of shareholders, Directors' report to the Annual General Meeting, Annual Returns, and Auditors' Report is examples of statutory reports.

6. Non-statutory report:

- Non-statutory reports are formal reports which are not necessary under any law but are prepared to help the management in formulating policies and in taking important decisions.

7. Routine report:

- These reports are made and presented in the usual routine of business. For example, branch managers of banks submit regular reports to the Head Office on the quantum of business transacted during the period. Progress reports, inventory reports, confidential reports on employees are examples of routine reports. These reports contain a mere statement of facts without an opinion or recommendation. The authority in charge can judge the progress of work from these reports. They are also called as periodic reports as they are presented at prescribed intervals. They can be submitted annually, semi-annually, quarterly, monthly, fortnightly, weekly or even daily. Routine reports are usually written on the prescribed proforma.

8. Special reports:

- A special reports are made and presented for specific situation or occasions. These deal with non-recurrent problem or issues. Example of special reports can be, a report on the desirability of opening a new branch, a report on the unrest among staff in a particular branch, a report suggesting the restructuring of the bank's operations, or a laboratory report.

9. Information reports:

- An information report presents the data collected or facts observed in an organised form. It does not include conclusions or recommendations. It presents the situation as it is and not as it should be. For example, a report containing only the data on deposits and advances of branches during the year is an information report.

10. Interpretative reports:

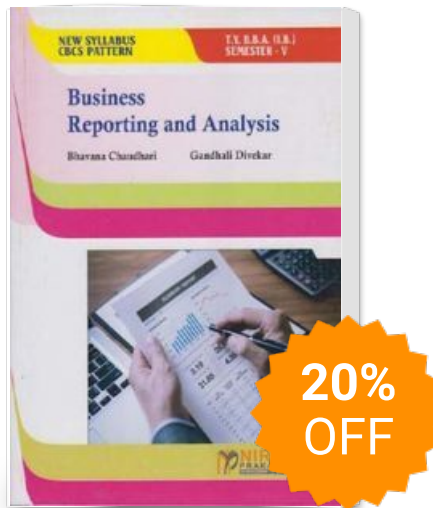
- Interpretative reports not only contain facts but also interpretation or evaluation of data. It includes the report's conclusions and may also contain recommendations for action. Both, information and interpretative reports are based on analysis or investigation of the problem or survey or research.
- On the basis of the subject nature there can be fact-finding report, problem-determining report or technical report. In a fact-finding report only the data are presented but in a

problem-determining report the causes of the problem are given. A technical report presents data on a specialised subject. There can be reports by individuals, and reports by committees. Reports concerning the work of one person/branch/department are usually submitted by individuals. When the subject or problem relates to more than one department, a committee may be formed to draft the report.

1.1.5 Essentials of a Good Report

- Report provides factual information depending on which decisions are made. So everyone should be taken to ensure that a report has all the essential qualities which turn it into a good report. A common problem of business writing is that many of the reports produced are never read.
- **The pre requisite of a good report is as follows:**
 1. First of all, the report should contain an executive summary. The executive summary is the first section of the report. It is completed when all the details are known. It provides a high level summary of the entire report in one or two paragraphs, certainly not more than a page. The executive summary provides a good overview of the issues, arguments, recommendations, and conclusions. If this captures the reader's interest then the work is half done.
 2. The introduction should outline the background to the issue being addressed. The next section may contain references to similar reports and other documents that address the issue. The evidence and main arguments are presented in some detail. Options are described and evaluated against each other.
 3. The report may contain details of costs and benefits. Detailed calculations are not included at this stage these may be included in the appendices.
 4. Recommendations should follow the course of action to be followed based on the evidence and the evaluation of the various options.
 5. The conclusion outlines the main findings and may contain next steps.
 6. The main body is followed by the appendices. These contain the evidence and additional information such as source data, research results and detailed calculations. Placing data and detailed information in the appendices has a great advantage. It is available when more information is required but does not have to be read as part of the report.
- A report should be concise and to the point. Ambiguity should be avoided. If a word or sentence adds nothing to the understanding, it should be left out. If a ten page report can be reduced to one page then that is what should be done. It is not always necessary to follow protocols with a range of useless headings when all that is required is some basic information. The purpose of the report is to communicate, to provide important information. So, it must be presented clearly and concisely.

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