

MANAGEMENT REPORTING

The word report is derived from the Latin word portare which means to carry. So report is a document which carries the information. Word report has two parts, RE+ PORT RE is again or back Port means to carry. Word report means to carry information. It means Reports are written for any event which has already occurred and carries information.

According to Terry Report is “ A written statement based on collection of facts , events and opinions and usually expresses a summarises and interpretative value in this information . it may deal with past accomplishments , present conditions or probable future developments.”

Object of reports

1. It is a means of communication; They are used to convey information to mgmt . Report provide information to executives , govt, shareholders ,creditors, customers and general public.
2. It serves as record ; they provide valuable records for future reference. They record facts and results of investigation for future use.
3. Legal requirements; Reports are written and submitted to fulfil legal requirements. For example under co act 1956 Annual reports of co accounts is necessary to be submitted to share holders.
4. To develop Public relations ; Reports of general progress of business and utilisation of national resources to public helps in increasing the goodwill of the co and develop public relation.
5. Basis to measure performance; Day today reports on work performance of employees help the management to measure the performance of employees.
6. Control purposes; report are the basis of any control process. Employees are informed to improve the performance on the basis of reports.

Requirements or requisites of good report

1. Good form and content; the following points should be taken into account while preparing a report.
 - a. Report should have a proper title, heading , sub heading and paragraph divisions. The title will explain the purpose for which the report has been prepared. The title also enables to point out the persons who need the report. title explains the purpose and period of preparing the report.
 - b. Significant Statistical information are made a part of the report and other data. It will be given in appendix.
 - c. Report should contain the facts and figures.
 - d. If the report is prepared in response to a letter of request then it should contain reference number of such request letter.
 - e. It should contain date of preparation and date of submission of report
 - f. The content of reports must serve the purpose for which it has been prepared. Separate report to be prepared for different subjects.
 - g. The contents of the report should be in a logical sequence.

2. **Simplicity;** the report should be presented in a simple , unambiguous and clear language. The language should be non technical. If it is loaded with the technical terms its utility will be reduced as the reader may be not familiar with that language. charts , diagrams and graphs are used to make it more easier.
3. **Promptness;** A report should be sent at the earliest . these are required to study the performance and progress of various dept. A delay in the occurrence of the event and reporting of the same will defeat the purpose of reporting . information delayed is information denied.
4. **Relevancy;** the report should be marked to relevant officials. The persons or dept to whom the report is to be send should be clear to the sender.
5. **Consistency;** there should be consistency in the preparation of reports. The comparability of the reports is possible only when the reports are consistent. For this purpose the reort should be prepared from the same information and data. This is possible if same accounting principles and concepts are used for collection, classification and presentation of data.
6. **Accuracy;** the report should be reasonably accurate. Statistical reports may some times be approximated to make them easily understandable. the degree of accuracy depends upon The nature of information and the purpose of its collection. accuracy should be used to enhance the the use of reports.
7. **Controllability;** the reports should be addressed to appropriate persons in respective responsibility centres. The report should give details of variances which are related to that centre. This will help in taking right measures.
8. **Cost consideration;** cost of preparing and presenting the report should be considered . the cost should not be more than the advantage derived from the reports. The cost should be reasonable so that the reporting may be used in all types of concerns.
9. **Comparability;** the reporting system is meant to help the management in taking correct decisions and improve the efficiency of the organisation. This objective can be achieved only if the reports give comparative information.
10. **Frequency of reports;** the report should be sent regularly when they are required. The timing of reporting depends upon the nature of information and its purpose. the reports are prepared at appropriate times and send daily weekly monthly or as per requirement.

General principles of good reporting

1. **Proper flow of information;** a good reporting system should be such that information flows from the proper place to the right levels of management . orders instructions and plans may flow from the top to the bottom. Reports , grievances, suggestions etc may flow from bottom to top. Notifications, letters and complaints may flow from outside. Information also flow in the same level of management .
2. **Proper timing;** reports should be submitted at the right time. At the earliest after the happening of the event. The time required for the preparation should be minimised.
3. **Accurate information;** the information contained in the report should be accurate otherwise it may result in making the wrong decisions. However It would be better to have approximate figures at the proper time rather than delayed information prepared accurately.

4. Basis of comparison; the information supplied through reports will be more useful when it is supplied in comparison with the past figures. the comparison of information with the past figures will help the organisation to find out the trend variations
5. Reports should be clear and simple.; the information presented should be relevant , important and presented in clear manner. Supporting information should be given in the appendix.
6. Cost; the benefits derived from the report should be at least equivalent to the cost of the report.
7. Evaluation of responsibility; the records of actual performance should be submitted along with the standard fixed so that management can assess the performance of different individuals.

Kinds of reports

1. according to object or purpose
 2. according to nature
 3. according to period
 4. according to functions
- A. classification on the basis of object
1. external reports; these are the reports meant for the persons outside the organisations. the people outside the co interested in the co reports are shareholders, creditors and bankers.
 2. Internal reports ; these are the reports meant for different levels of management. These reports are not public documents so they are expected to conform to any standards.
- B. Classification according to nature;
1. Enterprise reports; these rare concerned to all activities of the enterprise or may be related to different activities. They may include B/S income statement, income tax returns, ,employment reports etc. they contain standard information and helpful to outsiders also.
 2. Control reports; they deal with two aspects. One aspect relates to personal performance and the second aspect deals with the economic performance .the first type of report is used to judge the performance of the managers and second type of report helps to judge the economic performance.
 3. Investigative reports; these reports are linked with control reports. In case some serious problems arises then the causes of this situation are analysed and reported.
- C. Classification according to period;
1. Routine reports ; these are prepared about day today working of the concern. And periodically sent to various levels of management. They include sales reports, production reports, purchase, capital expenditures , market trends, etc.
 2. Special reports ; the management may face some difficulties and routine reports may not serve the purpose. Under this situation some special reports are prepared.
- D. Classification according to function;
1. Operating reports; these reports provide the information about the operation of the concern These reports are;-----
 - a. Control reports; these are used for managerial control .these are used to find out the actual performance and standard performance. So that corrective actions can be taken.

- b. Information reports; these are used to provide useful information, which will enable future planning. They can be trend reports and analytical reports. Trend reports provide information in comparative forms and analytical reports provide the information in classified manner.
- 2. financial reports; these reports provide the information about the financial position of the concern on specific date . the B/S provides information about financial position on a particular date. cash flow statement