**Capstone Project 3 – Part 2**

**Question 1.** Difference between brainstorming and JAD sessions

**Answer.**  Brainstorming – A creative technique where a group of people generates as many ideas as possible about a specific topic or problem. It is free-flowing, focusing on creativity without immediate judgment or analysis.

JAD Sessions - A structured session where stakeholders (business users, developers, and analysts) collaborate to define requirements, design solutions, and make decisions about a project or system in a highly interactive and guided manner.

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| Brainstorming | JAD Sessions |
| Purpose is to generate wide variety of ideas without worrying about feasibility.  | Purpose is to gather detailed requirements, resolve conflicts, and finalize decisions on system design or processes. |
| It can be conducted with a group or even individually | It is only possible with a group. |
| It is a list of ideas, suggestions, or potential solutions where no immediate conclusions or decisions are made. | It has clear documentation of system requirements, agreed-upon designs, and a decision-making record where results are more actionable and concrete |
| May or may not have a facilitator and participants can freely share ideas without strict rules | Always has a trained facilitator to manage the session, mediate conflicts, and ensure progress. |

**Question 2.** Why Document Analysis is one of the compulsory techniques we use in a Project? Justify.

**Answer.**  Document analysis is one of the elicitation techniques which involves the systematic examination and evaluation of various types of documents to extract valuable insights and information. The goal of document analysis is to uncover patterns, trends, themes, and relationships within the data contained in these documents. By analyzing textual content using various methods such as text mining or natural language processing techniques, business analysts gain a deeper understanding of customer preferences, market trends, organizational processes, and more.

It involves carefully categorizing and organizing information into meaningful structures that can be easily interpreted. This process allows businesses to make informed decisions based on reliable evidence extracted from their own internal records or external sources.

Document Analysis is one of the compulsory techniques because of the following reasons:

* By reviewing historical data in financial statements or market research reports, analysts can identify long-term growth opportunities or potential risks that need to be addressed.
* It equips them with the necessary knowledge to propose effective strategies and solutions for improving efficiency and driving success.
* Existing documents like business plans, user guides, or meeting minutes can provide clear insights into the requirements of stakeholders. This ensures that no critical details are overlooked during the project.
* Document analysis helps in understanding the current state of processes, systems, or workflows. It ensures that the project team has a baseline knowledge of how things work today, which is crucial for designing improvements or new solutions.
* Document analysis serves as a cross-check to validate information gathered through other techniques like interviews or workshops. It helps ensure accuracy and consistency in the requirements.
* Documentation serves as a permanent record of requirements, designs, and decisions made throughout the project. This is crucial for traceability and auditing.
* This applies to current or existing system documentation which may provide input for new system requirementsEvaluating the documentation of a present system can assist when making AS-IS process documents and also when driving the GAP analysis for scoping migration of projects.

**Question 3.** In which context we will use Reverse Engineering.

**Answer.**  In situations where the software for an existing system has little or outdated documentation and it is necessary to understand what the system does. Reverse engineering is an elicitation technique that can extract implemented requirements from the software.

It can be defined as a process of recovering the design, requirement specification, and functions of a product from an analysis of its code. It builds a program database and generated information from this.

There are two general categories of reverse engineering:

1. Black Box Engineering: The system or product is studied without examining it’s internal structure.

2. White Box Engineering: The system or product is studied while the internal structure is examined.

It is generally done in the context of migration projects to decode the whole paths and process or data, information which may be clubbed while migration. The main benefits of migration include cost optimization, data-driven decision making, data accessibility and quality, scaling and regulatory compliance.

Contexts in which we use Reverse Engineering are as follows:

1. Understanding Legacy Systems
* Context: When dealing with older systems with little or no documentation available.
* Purpose: To understand how the system works and prepare for updates, migration, or integration with modern systems.
* Example: Analyzing an outdated payroll system to modernize it.
1. Software Maintenance and Debugging
* Context: When software needs to be debugged or maintained, but the source code is not well-documented.
* Purpose: To analyze the code and understand its logic for bug fixing or adding new features.
* Example: Reverse engineering a software application to fix a security vulnerability.

1. Competitor Analysis
* Context: To study a competitor's product or system to understand its features, strengths, and weaknesss.
* Purpose: To gain insights into market trends or improve one’s own product.
* Example: Reverse engineering a competitor's hardware device to study its internal components.
1. Migration to New Platforms
* Context: When migrating a system or application to a new platform but the original design is unknown.
* Purpose: To extract the design and functionality for smooth migration.
* Example: Reverse engineering an old desktop application to build a cloud-based version.

**Question 4.** What is difference between Brainstorming and Focus Groups.

**Answer.** Brainstorming is a creative group activity where people come together to generate as many ideas as possible for solving a problem or exploring a topic. The goal is to encourage free thinking and creativity without judging or filtering ideas during the session.

Focus Group is a means to elicit ideas and attitudes about a specific product, service or

opportunity in an interactive group environment. It is a structured discussion with a selected group of people (usually customers or users) to gather their opinions, insights, or feedback about a product, service, or topic. A It’s used to understand user preferences, attitudes, and behavior.

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| Brainstorming | Focus Groups |
| A group activity to generate a large number of ideas or solutions for a problem, often without judgment or criticism | A structured discussion where selected participants provide feedback or insights about a specific topic, product, or service. |
| Purpose is to encourage creativity and come up with new ideas or solutions. | Purpose is to gather opinions, preferences, and perceptions about a topic or product. |
| Informal and unstructured; focused on free-flowing discussion and creativity. | Formal and structured; guided by a clear set of questions or topics. |
| A large pool of ideas that may need refinement and prioritization. | Qualitative insights, opinions, and feedback about the topic being discussed. |
| Typically involves team members or stakeholders working on the project. | Involves a diverse group of target users or customers, often representing the audience being studied. |

Question 5. Observation Technique – Both Active and Passive.

Answer. Observation is one of the most popular and powerful Business Analysis methods of eliciting or gathering requirements. Also referred to as “Job shadowing” or “Following around”, it refers to observing the users, stakeholders in their natural setting. It can be simply described as a method of viewing and understanding someone or group of people in their environment. It is often used in business analysis to understand workflows, user interactions, and challenges.

It comes as a handy technique when the user is not able to clearly explain what they do or their requirements for the new system. It can also deduce ideas for improving processes and removing unnecessary activities from the new system. For example, you may a see a system throwing errors and warnings that users are absent-minded clicking through without any attention.

There are two main types of observation: Active and Passive.

* Active Observation - The observer directly interacts with the participants and engages in the process or activity being observed. The goal is to not only watch but also to ask questions, clarify doubts, and gain deeper insights. These little conversational details can really help understand the challenges, perspectives of the user. It may also involve the BA participating in the work to gain understanding of the processes.
* Passive Observation - The observer watches the participants silently without interfering or engaging in the process. The focus is on understanding the natural flow without influencing it. This Invisible approach helps maintain a relaxed, calm environment. It is useful where timing is not the key and interruptions are not impactful.

**Question 6.** How do you conduct the requirement workshop.

**Answer.**

A Requirement workshop is a structured way of eliciting requirements. It can be generally described as a focused event that gathers a representative group of stakeholders to achieve specific goal in specific time period. This technique is generally used for planning, analysis, eliciting etc. Here the BA mainly utilises to elicit requirements, scope, discover, define, prioritise and reach closure on requirements for the target system.

1 Prepare for the Requirements Workshop

* Clarify the stakeholder's needs, and the purpose of the workshop.
* Identify critical stakeholders who should participate in the workshop.
* Define the workshop's agenda.
* Determine what means will be used to document the output of the workshop.
* Schedule the sessions.
* Arrange room logistics and equipment.
* Send materials in advance to prepare the attendees and increase productivity at the meeting.
* Conduct pre-workshop interviews with attendees.

2 Co Conduct/Run the Requirements Workshop

* Elicit, analyze and document requirements. Obtain consensus on conflicting views.
* Maintain focus by frequently validating the session's activities with the workshop's stated objectives.
* The Facilitator has the responsibility to:
* Establish a professional and objective tone for the meeting.
* Enforce discipline, structure and ground rules for the meeting.
* Introduce the goals and agenda for the meeting.
* Manage the meeting and keep the team on track.
* Facilitate a process of decision making and build consensus, but avoid participating in the content of the discussion.
* Ensure that all stakeholders participate and have their input heard.
* Ask the right questions, analyze the information being provided at the session by the stakeholders, and follow-up with probing questions, if necessary. The Scribe's role is to document the business requirements in the format determined prior to the workshop.

3 Post Requirements Workshop wrap-up done by Facilitator

• Follow up on any open action items that were recorded at the workshop.

• Complete the documentation and distribute it to the workshop attendees and the sponsor.

**Question 7.** In which context, Interview Technique can be conducted by a BA? How many approaches are there in conducting Interviews? (Structured – Unstructured) Explain them. Explain the difference between Open Ended Questions and Closed ended Questions.

**Answer.** The Interview Technique is a method used by BA to gather requirements, insights, or information directly from stakeholders, end-users, or subject matter experts through structured or unstructured conversations.

Business Analyst may conduct interviews as part of their role in gathering requirements, understanding stakeholder needs, or conducting research for a project.

This technique is used in contexts such as:

* Understanding stakeholder needs and expectations.
* Defining system or business requirements.
* Clarifying ambiguities or conflicts in requirements.
* Exploring detailed workflows, processes, or pain points.

There are two types of interview techniques which are used to gather business analysis information, and they are:

* Structured Interview: The BA uses a predefined set of questions that are asked in a specific order. It helps ensure consistency and gather specific, standardized information. It also helps to compare responses across stakeholders and ensures all relevant points are covered. They are conducted within a fixed window with the same amount of time allocated to each candidate. It also requires interviewers to adhere to a fixed list of questions, with no flexibility to deviate from the script.
* Unstructured Interview: The BA conducts a free-flowing conversation without a strict structure or predetermined question to explore topics in detail and encourage open-ended discussions. It is useful for discovering new insights or uncovering unstated needs. The main focus of interviewer is to go with a loose plan and let the conversation take place in its natural flow. They are not constrained to a time period and flexibility is high.

These were the types of Interview, similarly there are also types of questions used in a Interview which are as follows:

* Open Ended Questions - Open-ended questions are those that allow the respondent to answer freely, providing detailed and descriptive responses. These questions encourage discussion, exploration, and sharing of insights.
* Close Ended Questions - Closed-ended questions are those that have specific, predefined responses, such as "yes" or "no" or a choice from a set of options. These are focused on gathering precise, measurable information.

**Question 8.** Questionnaire Technique – Where we will use? Give one example.

**Answer.**  A questionnaire is a research instrument that consists of a set of questions or other types of prompts that aims to collect information from a respondent. In simpler terms, preparing a set of questions and distributing them to the target audience, often via online tools, paper forms, or surveys. It can be useful for obtaining limited system requirements details from the user or stakeholders, who have minor input or are geographically remote.

It can simply termed a s a list of questions or items used to gather data from stakeholders about their attitudes, experiences, or opinions.

We use Questionnaire in the following ways:

* Market research- To gain insights about market trends, possible opportunities,
* Business Analysis- To gather or elicit requirements, understand needs of stakeholders
* Post-Implementation Feedback - To evaluate the success of a system or product and identify areas of improvement.
* For collecting measurable data such as preferences, satisfaction levels, or trends.
* Health sciences- To explore and delve into findings of diseases, pattern, symptoms etc.

Example for Questionnaire application could be:

A BA distributes a questionnaire to gather insights about payment preferences in an e-commerce application.

Questions in the Questionnaire:

* "Which payment method do you use the most?"
* "How often do you make payments online in a week?"
* "Do you prefer a single-click payment option for quicker transactions?"
* "Rate your satisfaction with the security of the payment methods (1 to 5)."
* "What additional features would you like in the payment system?"

**Question 9.** How to sort the requirements – where we will use? Give one example.

**Answer.** Sorting requirements involves organizing and refining them to ensure clarity, remove redundancy, prioritising, organising and establish relationships between interrelated requirements. This process is crucial to create a structured and actionable list of requirements for stakeholders and developers.

Sorting the requirements is a crucial step in requirement engineering process, as gathered

requirements are organised and prioritized based on their importance, feasibility and

relevance. This helps in identifying the most critical and high-priority requirements for

development or implementation of certain product or system

Key Steps to Sort Requirements

* Define Stakeholders’ Needs: Understand and document the needs and expectations of stakeholders.
* Identify Business Needs: Categorize requirements into functional requirements (features, processes) and non-functional requirements (performance, security).
* Group Similar Requirements: Combine related requirements into logical groups for better organization.
* Remove Redundancy: Eliminate duplicate or conflicting requirements.
* Apply Sorting Criteria like Functional vs Non-Functional requirements.
* Priority Sorting: Identifying critical vs. optional requirements based on stakeholder needs.
* Time Dependency Sorting: Sort requirements based on when they are needed (e.g., immediate vs future phases).

Where Is It Used?

* Primarily used during the Requirement elicitation and documentation phase of the project.
* It is also used in Requirement Refinement - To create a clear, actionable list of requirements for developers.
* Project Planning: To prioritize and schedule tasks based on sorted requirements.

Example

In a payment system project:

* 1. Stakeholder Needs: The stakeholders want secure and diverse payment options.
	2. Categorization:
* Functional Requirements: Add payment methods (Card, Wallet, Net Banking).
* Non-Functional Requirements: Ensuring the transaction speed is ≤ 5 seconds.
	1. Grouping: Group requirements by payment method.
	2. Sorting Criteria Applied:
* Priority Sorting: Card payment as "High Priority," Wallet as "Medium Priority."

**Question 10.** Prioritise requirements – Where we will use? Give one example.

**Answer.** Prioritizing requirements is the process of ranking and organizing requirements based on their importance, urgency, and value to the project. This ensures that the most critical requirements are addressed first, aligning the project with stakeholder goals and business needs.

Some of the basic criteria to prioritise requirements are:

* Business Value: How much the requirement contributes to business goals.
* Stakeholder Priority: Input from stakeholders on their critical needs.
* Technical Feasibility: Ease or complexity of implementation.
* Cost vs. Benefit: Impact of implementing the requirement versus its cost.
* Dependency: Whether other requirements rely on.

It is used during the Requirements Engineering Process or Requirements Analysis phase to identify and focus on the most critical and valuable requirements for the project.

And it can also be used when there are change requests, to identify whether the change requests is of high importance.

Some common techniques used for Requirements prioritization are:

* MoSCoW Technique: Must-Have, Should-Have, Could-Have, Won't-Have.
* 100-Point Method: Stakeholders distribute 100 points across requirements based on priority.
* Kano Model: Categorizes features as basic, performance, or delighting.
* Value vs. Complexity Matrix: Plot requirements based on business value and implementation effort.

For example,

In a Payment System Project, the requirements can be prioritized using the MoSCoW Technique, which categorizes requirements into:

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| Requirement | Priority | Reason |
| Implement card payment  | Must-Have | Most widely used method; critical for MVP. |
| Add Wallet Integration | Should-have | Enhances user experience; can be Phase 2. |
| Ensure PCI-DSS Compliance | Must-Have | Legal requirement for secure transactions. |
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| Generate Detailed Transaction Reports |

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 | Could-have | Useful for future analysis, but not urgent. |

**Question 11.** Weekly status reporting – How we will drive?

**Answer.** A weekly report is a review of your workweek and provides a summary of what you completed, what projects are in progress and plans that outline your workflow for the next week.

It can simply be referred as a document which summarises what was done by an individual or department, or company in a week. It has questions like on what did your work this week, what was accomplished, what were the challenges, what are the priorities etc.

A standard weekly report contains summary, date daily deliverables, a headline, tasks, results, challenges and action items for next week. It must be concise, simple and all the activities must be result focused.

To effectively drive weekly reports:

* Start with a clear summary : Begin your report with a brief overview of the main

accomplishments, challenges, and upcoming priorities of the week. This sets the context for the rest of the report.

* Highlight key accomplishments: List the significant achievements, milestones or

completed tasks during the week. Focus on the outcomes that align with team or

organisation’s goals and objectives.

* Adress Challenges and Solutions: Briefly mention any notable challenges

encountered and the corresponding solutions or strategies implemented to overcome them.

* Outline Upcoming priorities: Identify the main priorities and tasks for the upcoming

week. helps provide clarity on team’s focus and objectives and ensures alignment

with organisational goals.

* Remind and Follow-up: The modifications or action items listed in the weekly report

must be reviewed time-to-time and progress must be updated, until the end goal is

reached.

* Communicate expectations: The expectations which are to be met for the end user

must be clearly defined and communicated to everyone in the team. It must be a top

most priority to streamline expectations.

* Standardise Reporting format: Following a consistent approach in reporting finding

drives clarity and simplicity. Organizing all the findings would help in navigating

through the report easily.

**Question 12.** Meeting Minutes Document – Prepare one sample.

**Answer.**  A Meeting Minutes Document is a formal written record of the discussions, decisions, and action items that take place during a meeting. It serves as an official record for participants and those unable to attend. It helps ensure accountability, provides a reference for future decisions, and supports efficient follow-up on action points.

They act as a powerful follow-up resource for teams and an essential means to disseminate

information throughout the organisation. It also act as a future reference point to understand what kinds of progression have taken place.

A sample Meetings Minutes Document is as follows:

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| Meeting Title: Project Kickoff |
| Date and Time | December 26, 2024, 10:00 AM |
| Location | Conference Room 2A, Pune Office |
| Attendees | Devansh (BA), Rahul (PM), Sarvesh (Developer), Rutuja (Stakeholder) |
| Agenda | Introduction and Project Overview* Define project scope
* Discuss timelines and milestones
* Identify potential risks and mitigation plans
 |
| Discussion Summary | * Discussed the overall goals and deliverables for the project.
* Defined the scope as developing a customer onboarding system.
* Outlined key phases: Requirement Gathering, Development, Testing, Deployment.
* Highlighted potential risks, including resource constraints and technology compatibility.
 |
| Decisions Made | 1. Finalized the scope of the project
2. Assigned team roles and responsibilities
3. Agreed on the project timeline to be completed in 3 months.
 |
| Action Items | Item 1: Prepare detailed requirements documentItem 2: Set up project management toolItem 3: Research technology options for compatibility |
| Owner  | Item 1 – Devansh (BA)Item 2 – Rahul (PM)Item 3 – Sarvesh (Developer) |
| Due Date | January 5th, 2025 |
| Agenda Summary  | Clear project scope and initial steps established. |
| Next Meeting |
| Meeting Title | Requirement Review |
| Date and Time  | January 8, 2025, 2:00 PM |
| Location  | Conference Room 2A, Pune Office |
| Expected Attendees | Devansh (BA), Rahul (PM), Sarvesh (Developer), Rutuja (Stakeholder) |

**Question 12.** Change Tracker Document (CTD) – Prepare One Sample.

**Answer.**  A Change Tracker Document is a tool used to record, track, and manage changes to project requirements, scope, timelines, or any other project deliverables. It helps ensure that all stakeholders are informed about changes and that changes are handled systematically.

We create CTD

* During the Project Lifecycle: When there are changes in project scope, requirements, or design.
* Post-Requirements Gathering: After the requirements are finalized, to track any changes made during the implementation phase.
* During Testing or Development: To track any changes that arise during the development and testing stages.

We make this CTD to track changes, ensure traceability, maintain control like Monitor the impact of changes and ensure they are managed and implemented appropriately and facilitate communication between stakeholders and team regarding changes.

A sample CTD is given below:

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| **Change ID** | **Change Description** | **Date** | **Requested By** | **Impact** | **Priority** | **Status** | **Approved By** | **Implementation Date** | **Notes** |
| CT-001 | Add mobile payment option | 2024/12/01 | Business Analyst | Medium (Requires integration) | High | Approved | Project Manager | 2024/12/7 | Addition of payment method in system. |
| CT-002 | Modify UI design for checkout | 2024/12/05 | UX Designer | Low (Aesthetic change) | Medium | In Progress | UX Lead | 2024/12/18 | Minor changes to improve user experience. |
| CT-003 | Extend system's security layers | 2024/12/21 | Security Officer | High (Affects system security) | High | Pending | Project Manager | Remaining | Security enhancement to ensure compliance. |

**Question 14.** Difference between Traditional Development Model and Agile Development Models.

**Answer.**

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| Factors | Traditional Development Model | Agile Development Model |
| Approach | Follows a sequential, linear process where each phase must be completed before the next one begins. | Follows an iterative and incremental approach, where the project is broken into small, manageable units called sprints (usually 2-4 weeks) |
| Flexibility | The project plan is typically set early, and any deviation from the plan can lead to delays and increased costs. Hence changes are hard to accommodate | Highly flexible Changes can be easily incorporated after each sprint, making it easier to respond to evolving customer needs or market conditions. |
| Customer Involvement | Customer involvement is mainly at the beginning (during requirements gathering) and end (during delivery). | Regular feedback from stakeholders or users is gathered after each sprint, ensuring the final product meets their needs. |
| Documentation | Detailed plans, specifications, and requirements are created before starting development, and changes to documents are not easy to implement. | Documentation is light and just enough to support the development process, with the emphasis on delivering functional software rather than producing detailed paperwork. |
| Time and Budget | Time and budget are often set at the beginning and adhered to strictly, making it difficult to accommodate scope creep or changes. | Time and budget are more flexible because priorities and features can change between sprints and scope changes are adjusted based on new insights. |
| Risk Management | Risks are identified at the start, and mitigation plans are put in place during the initial phases.But if not identified early, they can cause delays or cost overruns. | Continuous risk management is part of the iterative process, with risks being assessed and addressed in each sprint. |
| Testing | Testing occurs after development is completed in a separate phase.But if any defects are discovered late it can be costly and time-consuming. | Testing is integrated throughout the development process, with each sprint including testing cycles. |
| Delivery | The product is delivered only after the entire project is complete. | The product is delivered incrementally with working software released after each sprint. |

**Question 15.** Explain brainstorming technique – Where to use?

**Answer.** Brainstorming is a individual or group creativity technique used to generate a wide range of ideas or solutions to a specific problem or challenge. The goal is to encourage creative thinking and collaboration, without judgment, to explore as many possibilities as possible.

Brainstorming helps in:

* Encouraging creativity and innovative thinking.
* Involves diverse perspectives, leading to better solutions.
* Helps in identifying a variety of options before making a decision.
* Fosters team collaboration and engagement.

Brainstorming is used in multiple cases such as:

1. Problem-Solving: When a team faces a complex or new challenge, brainstorming helps generate a variety of potential solutions.
2. Requirement Gathering: In the early stages of a project, brainstorming can be used to gather all potential business requirements and user needs.
3. Process Improvement: If a team is looking to improve an existing process or system, brainstorming can generate innovative ideas for optimization.
4. Decision Making: Brainstorming can be used to identify options when making important decisions. It helps in generating ideas or solutions that may not have been considered before.

**Question 16.** What reports accounts department will generate.

**Answer.** Accounting reports are financial documents that provide information about a company's financial situation, including revenues, expenses, and profit or loss. With this report, businesses and financial analysts can also predict their financial situation more easily.

An accounting report might include information from every part of the business like revenue, expenses, and cost of goods sold. And they provide important information about the welfare and success of business.

General Reports which the accounts department will generate are:

1. The General Ledger

It is the foundation of your books that sorts and summarizes all transactions. In the general ledger, use debits and credits to show a balance between your accounts. Unbalanced credits and debits impact the financial statements and give inaccurate accounting reports. The general ledger consists of every account you need in your books. The most common accounts include:

* Assets
* Liabilities
* Equity
* Revenue
* Expenses
1. Profit and Loss Statement

The profit and loss (P&L) statement, also known as the income statement, shows all revenue and expenses for a period. An income statement is one of the three main types of financial statements. The main parts of a profit and loss statement include:

* Income
* Expenses
* Cost of goods sold
* Net income

Your income statements help you quickly identify problem areas so you can resolve any issues before they snowball.

1. Balance sheet

The balance sheet is another one of the three main financial statements. But, it’s very different from an income statement. While your income statement tells you how much you’re spending or earning, the balance sheet lets you and other parties (e.g., lenders) determine the stability of your finances. It has 3 primary components:

* Assets are items of value that you own that you can turn into cash (e.g., company vehicles).
* Liabilities are what you owe to others, such as businesses, the government, other people, or organizations. For example, unpaid invoices are a liability.
* Equity is your value of ownership in the business. Calculate your equity by subtracting your total liabilities from your total assets.

The balance sheet shows a complete picture of your company’s financial well-being. On a balance sheet, your total liabilities and equity must be equal to your assets. If your balance sheet doesn’t balance, you may have made an [accounting error](https://www.patriotsoftware.com/blog/accounting/how-to-find-accounting-errors/).

1. Cash flow statement

The cash flow statement, or statement of cash flows, is the third main financial statement. The statement shows the amount of cash coming into or leaving your business during a set period of time.

A cash flow statement can show two things:

* Positive cash flow: You earn more money than you spend
* Negative cash flow: You spend more money than you earn

A cash flow statement typically has three parts:

1. Operations: The money you receive from customers and spend to operate your business. The operations section shows if you are generating enough revenue from sales to cover your expenses
2. Investing: The buying or selling of long-term assets, such as stocks or property. You may spend money on an investment (e.g., mortgage) or earn money on the sale (e.g., selling stocks)
3. Financing: The inflow or outflow of cash resulting from debts, loans, or dividends. Negative cash flow in this section indicates you are paying off debt.
4. Accounts receivable aging

The AR aging report shows all money owed to your business. Use the report to keep track of and manage all lines of credit you extend to your customers. The accounts receivable report details how much money customers owe to your business.

Parts of an AR aging report

Generally, the report is broken up into a few intervals:

* 1 – 30 days (due immediately)
* 31 – 60 days
* 61 – 90 days
* 91+ days

The AR aging report also includes the following categories:

* Customer name
* Total balance for each customer
* Current amount
* Days past due (e.g., 31 – 60 days)
* Totals for each column

The report shows you how much money your customers owe you and how long it’s been an outstanding balance.

1. Accounts payable aging

The AP aging report details how much your business owes to others. Your AP aging report shows invoices you need to pay.

You can use the information in your AP aging report to:

* Manage cash flow
* Make decisions about which debt to pay first
* Plan future expenses

You can use the information in your AP aging report to manage cash flow, make decisions about which debt to pay first and plan future expenses.

1. Statement of retained earnings

The statement of retained earnings lists your business’s retained earnings at the end of a reporting period. Retained earnings are business profits you can use for investing or paying liabilities. The statement of retained earnings is also commonly known as the statement of owner’s equity, equity statement, or statement of shareholders’ equity.

There are three pieces of information you need to know for the statement of retained earnings:

1. Beginning retained earnings
2. Net income
3. Dividends paid

You can use your statement of retained earnings to track your retained earnings and seek outside financing. Positive retained earnings show you have the funds to invest in your business (e.g., purchase new equipment) or pay off debt. Negative retained earnings show a deficit.

1. Credit Report : The accounts department may contain a credit report on the borrower from a credit bureau. This report provides information on borrower’s full credit

history, including outstanding loans, credit score.

Reports which the accounts department will generate to manage employee loans could be as follows:

* Employee-Wise Loan Summary Report: Provides a consolidated view of all loans taken by a specific employee, including outstanding balances, repayment history, and interest paid.
* Loan Applications Report: Provides an overview of all loan applications received, including status (approved, rejected, pending) and remarks. Content: Loan ID, employee name, department, loan amount, application date, status, and comments.
* Loan Approval Report: Details all loans approved during a specific time period. Content: Approved loan amounts, repayment schedules, start dates for deductions, and interest rates.
* Loan Repayment Report: Tracks repayment progress for all active loans. Content: Employee name, loan balance, monthly deduction amount, and repayment completion percentage.
* Monthly Deduction Report: Summarizes salary deductions for loan repayments on a monthly basis.

Content: Employee-wise deduction amounts, loan IDs, and total deduction for the company.

* Outstanding Loan Report: Provides details of employees with outstanding loan balances.

Content: Employee name, loan ID, loan balance, due date, and any overdue amounts.

**Question 17.** What is the structure of the message/mail communicated from the HR department to the employee in case the Loan is rejected?

**Answer.**

To,

Mr. Rahul Sachdeva,

Business Analyst

TTS Company

Subject: Rejection of Your Loan Application

Dear Rahul,

Thank you for your recent application for an employee loan submitted on [Date]. We understand that these requests are often for important needs, and we appreciate you considering our program.

We regret to inform you that your loan application has not been approved at this time. While we appreciate your application, our current loan policy requires a minimum length of service of one year, and we noted that your current tenure is six months. We understand this may be disappointing.

We understand this may be a challenging time, and we want to be supportive. We can offer some resources that might be helpful. We have partnered with HDB Finance who offers free consultations on budgeting and financial planning. If you’re interested, we can provide you with their contact information.. You are always welcome to reapply for a loan in six months if your circumstances change.

We understand that this news may be disappointing, and we want to assure you that this decision is based on established criteria and is not a reflection of your performance or value to the company. We value you as an employee.

Sincerely,

Sarvesha Jain

[HR Title/Department]

TTS Company

**Question 18.** What is the structure of the message/mail communicated from the HR department to the employee in case the Loan is approved?

**Answer.**

To,

Mr. Jadish Shrivastava,

Business Analyst,

TTS Company

Subject: Loan Application Approved

Dear Jagdish,

We are pleased to inform you that your loan application has been conditionally approved, pending your acceptance of the loan terms and conditions.

Here is a breakdown of your loan details:

|  |  |
| --- | --- |
| Loan Detail | Value |
| Loan Amount | Rs. 2,00,000 |
| Interest Rate | 7.5 fixed annual rate |
| Repayment Period | 24 months |
| Repayment Start Date | January 32, 2025 |
| Monthly Repayment Amount | Rs. 8,999 |
| Total Repayment Amount | Rs. 2,15,998 |

The full loan agreement, outlining all terms and conditions, and a detailed repayment schedule are attached. You can also access this information and further details on our loan portal: [www.abc.com](http://www.abc.com)

Please carefully review the attached loan agreement and the terms and conditions outlined within it. Your formal acceptance of these terms is required to finalize the loan.

Repayments will be automatically deducted from your salary on the last day of each month, starting January 31, 2025.

Please confirm your acceptance on the portal by December 31, 2025. Once we receive your acceptance, it will take 24-48 business hours for the funds to be credited to your bank account.

Contact Bhupinder Jaiswal at 1234567890 or bhuja26@tts.com with any questions.

Congratulations,

Sayesha

[HR Title/Department]

TTS Company

**Question 19.** Design a sample report on the Loans applications Received by the accounts department.

**Answer.**

**Loan Applications Report**

TTS Company

Accounts Department
Loan Applications Report
Date: 27th December 2024

Report Summary

This report provides a detailed overview of loan applications received by the Accounts Department, including their current status, amounts, and remarks.

Loan Applications overview:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Loan ID** | **Employee Name** | **Department** | **Loan Amount (₹)** | **Application Date** | **Status** | **Remarks** |
| LN001 | Rajesh Kumar | IT | Rs. 5,00,000 | 20th December 2024 | Approved | Awaiting employee agreement |
| LN002 | Priya Sharma | HR | Rs. 2,00,000 | 22nd December 2024 | Rejected | Insufficient eligibility |
| LN003 | Arjun Singh | Finance | Rs. 3,50,000 | 21st December 2024 | Approved | Terms and conditions shared |
| LN004 | Neha Gupta | Marketing | Rs. 1,80,000 | 25th December 2024 | Pending Review | Awaiting Accounts verification |
| LN005 | Karthik Reddy | Operations | Rs. 4,00,000 | 23rd December 2024 | Approved | Loan repayment schedule shared |
| LN006 | Sneha Iyer | Research & Dev. | Rs. 2,75,000 | 26th December 2024 | Pending Review | Awaiting HR approval |
| LN007 | Ravi Shankar | IT | Rs. 6,00,000 | 24th December 2024 | Rejected | Loan exceeds eligibility limit |

Status Summary:

|  |  |  |
| --- | --- | --- |
| Status | Number of Applications  | Total Amount in Rs. |
| Approved | 3 | Rs. 11,00,000 |
| Rejected | 1 | Rs. 2,00,000 |
| Pending Review | 1 | Rs. 1,75,000 |

Remarks and Recommendations

* A total of 5 loan applications were reviewed, with 60% approved and 20% rejected.
* Pending applications should be processed by the HR team within the next 3 business days to avoid delays.
* Approved applications are set for salary deductions starting from the specified dates.

Prepared by:
Anita Sharma
Accounts Officer
TTS Company

**Question 20.** Which reporting Tools we will use for generating reports.

**Answer.** Many reporting tools can be used for generating reports from an Employee Loan Management System. Mostly fully automated data collection and reporting save businesses a substantial amount of time and resources. It also helps enhance management systems, business processes and setting goals.

The choice of reporting tools depends on factors such as nature of data, reporting requirements, user skill level, budget, integration and capabilities. Some of the popular reporting tools commonly used for generating reports are the following:

* Built-in Reporting within the Loan Management System

Most dedicated loan management software solutions (and even some HRIS/payroll systems with loan modules) come with built-in reporting functionalities. These often provide standard reports like loan disbursement summaries, repayment tracking, outstanding balance reports, and delinquency reports.

* Spreadsheet Software (e.g., Microsoft Excel, Google Sheets)

If the loan management system allows data export (e.g., to CSV or Excel files), spreadsheet software can be used to generate basic reports and perform data analysis.

* Business Intelligence (BI) Tools (e.g., Tableau, Power BI)

BI tools are powerful platforms for data visualization, analysis, and reporting. They can connect to various data sources (including databases used by loan management systems) to create interactive dashboards and reports.