



# Unlock Your Business Story: A Guide to Monthly & Annual Reports Practice Sheet

Here are 10 practice questions based on the "Unlock Your Business Story" guide.

**1. Question:** A small bakery, 'The Daily Rise', saw its sales grow from \$8,000 in January to \$10,000 in February. What was their sales growth rate for February?

- (a) 20%
- (b) 25%
- (c) 80%
- (d) 125%

**Answer:** (b) 25%

**Explanation:** The growth is calculated as  $(\text{Current} - \text{Previous}) / \text{Previous}$ . So,  $(\$10,000 - \$8,000) / \$8,000 = \$2,000 / \$8,000 = 0.25$ , which is 25%.

**2. Question:** A freelance graphic designer earns \$5,000 in sales for a project. After paying for software subscriptions and platform fees totaling \$500, their profit is \$4,500. What is their profit margin?

- (a) 10%
- (b) 11.1%
- (c) 90%
- (d) 100%

**Answer:** (c) 90%

**Explanation:** The profit margin is calculated as  $(\text{Profit} / \text{Sales}) * 100$ . So,  $(\$4,500 / \$5,000) * 100 = 0.90$ , which is 90%.

**3. Question:** A small flower shop starts March with \$3,000 in its bank account. The owner expects \$10,000 in sales (cash in) and must pay \$7,000 for rent, flowers, and wages (cash out). What is the shop's projected ending cash balance for March?

- (a) \$3,000
- (b) \$6,000
- (c) \$4,000

- (d) \$20,000

**Answer:** (b) \$6,000

**Explanation:** The formula is Beginning Cash + Cash In - Cash Out. So, \$3,000 + \$10,000 (cash in) - \$7,000 (cash out) = \$6,000.

**4. Question:** A local hardware store had total annual sales of \$240,000 for the year. What were its average monthly sales?

- (a) \$20,000
- (b) \$24,000
- (c) \$12,000
- (d) \$2,880,000

**Answer:** (a) \$20,000

**Explanation:** To find the monthly average, divide the total annual sales by 12 months.  $\$240,000 / 12 = \$20,000$ .

**5. Question:** A restaurant owner wants to know if she was profitable last month. She needs to compare her total food and drink sales to all her expenses (rent, ingredients, payroll, utilities) for that period. Which financial statement should she use?

- (a) Income Statement (P&L)
- (b) Balance Sheet (B/S)
- (c) Cash Flow Statement (C/F)
- (d) Cash Flow Projection

**Answer:** (a) Income Statement (P&L)

**Explanation:** The P&L (Profit and Loss) statement is designed to answer this exact question by summarizing revenues and expenses over a period to find the 'bottom line' (net income or loss).

**6. Question:** A bank is considering giving a large loan to a construction company. The bank wants to see a 'snapshot' of the company's financial health on December 31st, showing everything the company owns (like equipment and cash) and everything it owes (like debts). Which report is most important for this?

- (a) Income Statement (P&L)
- (b) Balance Sheet (B/S)
- (c) Monthly KPI Report
- (d) Cash Flow Statement (C/F)

**Answer:** (b) Balance Sheet (B/S)

**Explanation:** The Balance Sheet is the 'snapshot' that lists assets (what it owns) and liabilities (what it owes) at a specific point in time, which is exactly what the bank needs to assess risk.

**7. Question:** An investor sees that a tech startup was highly profitable on its Annual Income Statement, but the company's bank account is surprisingly low. The investor wants to know *why* cash decreased. Which statement would explain this?

- (a) Balance Sheet (B/S)
- (b) Income Statement (P&L)
- (c) Cash Flow Statement (C/F)
- (d) Annual Securities Report (Form 10-K)

**Answer:** (c) Cash Flow Statement (C/F)

**Explanation:** This statement is designed to do exactly this: reconcile the net income (from the P&L) with the actual change in cash by showing cash from operations, investing, and financing.

**8. Question:** Maria just opened a small restaurant in Manila, Philippines. What is a key reporting difference she will face compared to a business owner in Japan or the U.S. Example 1 (Code Diff):s?

- (a) She must file a Form 10-K with the SEC for her investors.
- (b) She only needs to create reports for internal management meetings.
- (c) She has a significant and mandatory *monthly* tax filing burden with the BIR.
- (d) Her reports will focus mainly on investor-focused KPIs like EBITDA.

**Answer:** (c) She has a significant and mandatory *monthly* tax filing burden with the BIR.

**Explanation:** The PDF highlights that the Philippines has a heavy tax compliance burden, including mandatory *monthly* tax filings (like VAT) with the BIR.

**9. Question:** A large, publicly-traded software company in the U.S. is preparing its annual report. Which of the following best describes its reporting focus and requirements?

- (a) Filing a 'Yuuka Shouken Houkokusho' with a focus on detailed account classifications.
- (b) Filing monthly VAT returns with the IRS as its primary obligation.
- (c) Filing Form 10-K with the SEC, with disclosures heavily focused on the investor's perspective.
- (d) Preparing reports only for internal management and the IRS, with no public disclosure.

**Answer:** (c) Filing Form 10-K with the SEC, with disclosures heavily focused on the investor's perspective.

**Explanation:** As the PDF states, the U.S. annual report is Form 10-K, and its disclosures are heavily investor-centric, often including KPIs.

**10. Question:** A coffee shop manager is trying to decide if she can afford to hire another barista *next week*. She is worried about having enough cash to make payroll. Which report would be most useful for this *immediate, short-term* decision?

- (a) Annual Report
- (b) Balance Sheet from last year
- (c) Monthly Report (specifically a Cash Flow Projection)
- (d) Income Statement from last month

**Answer:** (c) Monthly Report (specifically a Cash Flow Projection)

**Explanation:** Monthly reports are used for short-term progress checks, and a cash flow projection specifically forecasts future cash needs to avoid surprises, making it perfect for this decision.