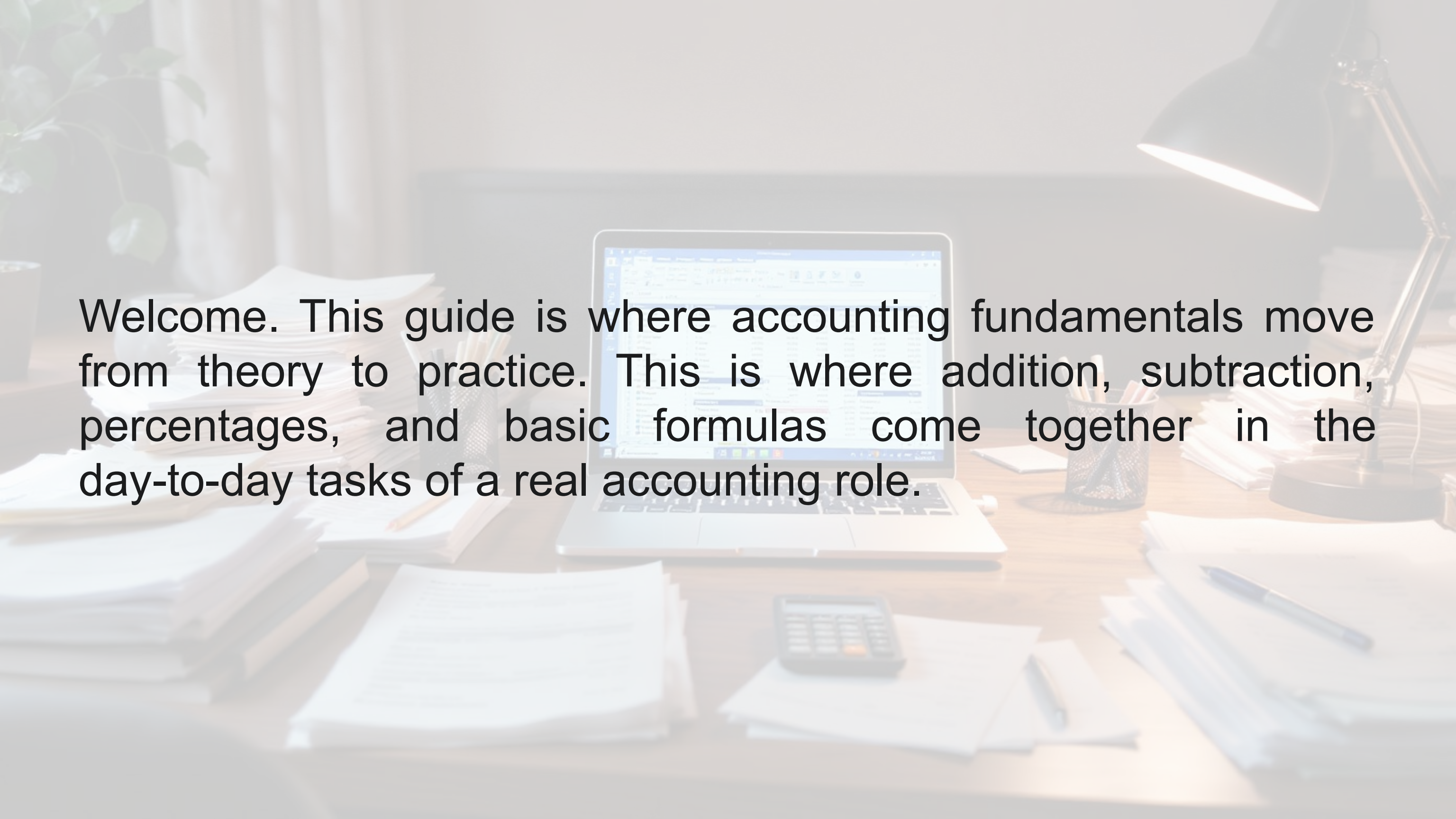


The Daily Ledger: Mastering Invoices, Payroll, and Profit

A blurred background image of a desk. In the center is a laptop displaying a spreadsheet. To the left are stacks of papers and a pen holder. To the right is a desk lamp. In the foreground, there are more papers, a calculator, and a pen.

Welcome. This guide is where accounting fundamentals move from theory to practice. This is where addition, subtraction, percentages, and basic formulas come together in the day-to-day tasks of a real accounting role.

This guide answers the most common questions a business needs to survive:

How do we track and pay for expenses?

(Expense Reimbursement)

How do we bill clients and get paid?

(Invoicing)

How do we pay our team correctly?

(Payroll)

Are we *actually* making money?

(Profit Analysis)

How much do we *need* to sell just to cover our costs?

(Break-Even)

How do we report our performance?

(Monthly/Annual Reports)

What Makes This Guide Different?

This isn't a typical textbook guide. The best way to learn is by seeing how principles apply to real people and real-world situations. Here's what will be covered:



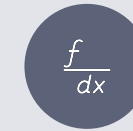
Learn Through Relatable Scenarios:

We'll move beyond generic examples. You'll see how to process *expense reports* for Jenelie, create *invoices* for Cris's web design business, calculate *payroll* for Zyrine, and then analyze *profit* and *break-even* for new business ideas.



Gain a Unique 3-Country Perspective:

We'll compare how these common tasks—from payroll taxes to invoicing and compliance—are handled in Japan, the USA, and the Philippines, noting the different rules and challenges in each.



Master Calculations (Even If You Dislike Math):

Every calculation is broken down into simple, step-by-step instructions. You'll learn to calculate percentage discounts, payroll deductions, profit margins, and the break-even point, all with basic, clear-cut math.

How to Hack Your Brain for Accounting: The SEKAEL Method



Why do 90% of students forget what they study within a week? It isn't because they aren't smart. It's because they only use one part of their brain: the passive, logical side. To master a new language—and accounting *is* a language—you need to engage your motor skills, your emotions, and your memory centers simultaneously.

We have designed this course around a scientifically backed three-step cycle called **Read-Practice-Remember**. Here is the science behind why it works and how to use it.

1. READ

Goal: Build the Framework

First, read the content in this guide. We break down complex concepts into simple stories.

Action:

Read the definitions and examples. Don't try to memorize them yet; just understand the "why."



3. REMEMBER

Goal: Lock it in Forever This is where most courses stop, and where SEKAEL begins. We use a **Karaoke-based learning system** because neuroscience proves that music is not just for fun—it is a cognitive super-weapon.



The Evidence: Why You Must *Sing* to Learn

We didn't just guess this works. Research confirms that musical mnemonics are superior to rote memorization:



Singing Beats Speaking

A randomized experiment found that adult learners who used a "listen-and-sing" method demonstrated significantly better verbatim recall than those who just spoke the words. Singing engages multiple areas of the brain, creating a stronger memory "trace."



The "Cognitive Workout"

A controlled trial showed that frequent karaoke training actually improved frontal executive skills—the part of the brain responsible for focus and inhibition. When you sing our rules, you are physically training your brain to focus.



Mood & Arousal

Research indicates that positive mood and appropriate arousal levels, triggered by upbeat music, directly bolster cognitive performance. Our tracks are designed to keep you in this optimal "learning zone."

Your Workflow



READ the concept in this guide.



ANSWER the **Interactive Quizzes** to practice what you have learned.



SING to lock the rule in your long-term memory.

Ready to hack your brain? Turn the page to begin.

Scientific References:

1. **Ludke, K. M., Ferreira, F., & Overy, K. (2014).** *Singing can facilitate foreign language learning.* *Memory & Cognition*, 42, 41–5, https://www.researchgate.net/publication/249966411_Singing_can_facilitate_foreign_language_learning
2. **Miyazaki, A., & Mori, H. (2020).** *Frequent Karaoke Training Improves Frontal Executive Cognitive Skills...* *International Journal of Environmental Research and Public Health*, 17(4), 1459, https://www.researchgate.net/publication/339484120_Frequent_Karaoke_Training_Improves_Frontal_Executive_Cognitive_Skills_Tongue_Pressure_and_Respiratory_Function_in_Elderly_People_Pilot_Study_from_a_Randomized_Controlled_Trial
3. **Thompson, W. F., Schellenberg, E. G., & Husain, G. (2001).** *Arousal, mood, and the Mozart effect.* *Psychological Science*, 12(3), 248–251, https://www.researchgate.net/publication/236679292_Arousal_Mood_and_The_Mozart_Effect

Section 1: What are Practical Applications?

This is where we see how the basic math we've learned is used every single day in an accounting role. It's less about complex theory and more about real-world tasks. Think of it as the "job description" for anyone managing a company's money.

These tasks are the building blocks of financial health. They provide the raw data that, when put together, tells the story of a business.

Daily expense processing

This is just basic addition and subtraction. We're simply tracking what's being spent and by whom. This is vital for controlling costs.

Invoicing and payment confirmation

We use percentages to calculate discounts and track due dates. It's about managing money coming *in*. This is the core of a business's cash flow.

Payroll calculation

This looks complex, but it's just multiplication (hours \times rate) and subtraction (pulling out taxes and deductions). This is one of the most critical legal and ethical responsibilities of a business.

Profit analysis

This is where we find out if the business is *actually* making money. We'll use simple division and subtraction to find our "profit margin." This helps us price our products and manage costs.

Monthly and annual summaries

This involves taking all the numbers we've gathered and organizing them into a simple story that a manager can understand. This helps them make decisions, like whether to hire, expand, or cut costs.

In this guide, we'll walk through these common scenarios step-by-step. You'll see the same simple math used in Japan, the USA, and the Philippines.

Section 2: Expense Reimbursement

This is the process of paying an employee back for business-related costs they paid for with their own money (e.g., travel, meals, supplies).



Common Workflow



Submission:

An employee (like Jenelie) submits an "expense report" with digital or paper receipts. She typically has to categorize each expense (e.g., "Travel," "Meals," "Supplies").



Review:

The accounting department reviews each receipt to ensure it follows company policy. A "policy" is just a set of rules, like: "Lunches are reimbursed up to \$25," or "Only economy class flights are allowed," or "Alcohol is not a reimbursable expense."



Reimbursement:

After approval, the total amount is paid back to the employee, often as a separate bank transfer or added to their next paycheck.



Why This Matters:

Employee Trust:

Paying employees back quickly and accurately is critical for morale.

Cost Control:

A formal policy and review process prevents overspending and fraud.

Tax Records:

In most countries, businesses can deduct these "business expenses" from their taxable income, but only if they have proper receipts and records.

Calculation Example (Japan)

Jenelie (who loves gardening) submits expenses for the office's new plants and a team meeting.

- Office Plant Supplies: ¥2,000
- Team Lunch Meeting: ¥1,200
- Client Travel (Hotel): ¥10,000

Calculation (Simple Addition):

¥2,000 + ¥1,200 + ¥10,000 = **¥13,200**

- ☐ **The company reimburses Jenelie ¥13,200.**
This is a simple, clear transaction.



Calculation Example (USA)

Pat (who is a planner) submits her travel expenses for a writers' conference.

- Taxi to airport: \$20
- Budget-friendly lunch: \$12
- Hotel (conference rate): \$100

Calculation (Simple Addition):

$$\$20 + \$12 + \$100 = \$132$$

- 📄 **The company reimburses Pat \$132.**
Each item was approved because it fit the company's travel policy.



Calculation Example

(Philippines)

Zyrine (a video editor) submits expenses from a client video shoot.

- Taxi to location: ₱250
- Lunch for the crew: ₱180 (This might be listed under "Team Meals" or "Project Costs")
- Hotel near shoot location: ₱3,000

Calculation (Simple Addition):

$$₱250 + ₱180 + ₱3,000 = ₱3,430$$

- The company reimburses Zyrine ₱3,430.
All expenses were directly related to a client project.



Section 3: Invoicing and Collections

An **invoice** is a formal bill you send to a client *after* you've provided a service or product. "**Collections**" (or "**Accounts Receivable**") is the crucial process of following up to make sure you get paid on time.

Why This Matters:

A business can be highly "profitable" on paper but go bankrupt if its clients don't pay. Cash flow is the lifeblood of a business. A sale is not a sale until the money is in the bank. The collections process ensures the company gets the cash it has earned.



What does "2/10, net 30" mean?

You will see this common term on invoices. It's a special code to encourage fast payment:

"2/10"

means the client can take a **2% discount** if they pay within **10 days**.

"net 30"

means the full (net) amount is due in **30 days**. This is a "win-win": the client saves money, and your business gets its cash much faster.

Example (Japan)

Cris (a book designer) invoices a Japanese client for a children's book project.

- Invoice Amount: ¥500,000
- Terms: 2/10, net 30 (a 2% discount if paid in 10 days)

Math: How to Calculate the Discount

For someone weak in math, it's easiest to do this in two steps.

1. Step 1: Find the discount amount.

- We need to find "2% of ¥500,000." Remember, "of" just means multiply.
- To use a percentage, turn it into a decimal: 2% → 0.02.
- $¥500,000 \times 0.02 = ¥10,000$ (This is the discount)

2. Step 2: Find the final payment.

- Subtract the discount from the total invoice.
- $¥500,000 - ¥10,000 = ¥490,000$

If the client pays within 10 days, they only have to pay ¥490,000. This saves them ¥10,000 and gets Cris's business paid weeks earlier.





Example (USA)

Pat (a ghostwriter) invoices a US publisher for a new eBook.

- Invoice Amount: \$10,000
 - Terms: 3/10, net 30 (a 3% discount)
1. **Step 1: Find the discount amount.** $3\% \rightarrow 0.03$
 - $\$10,000 \times 0.03 = \300 (Discount)
 2. **Step 2: Find the final payment.**
 - $\$10,000 - \$300 = \$9,700$

If the publisher pays early, they save \$300. Pat's writing business gets its \$9,700 immediately, which she can use for her own expenses.

Example

(Philippines)

Zyrine (a video editor) invoices a local company for a series of marketing videos.

- Invoice Amount: ₱200,000
 - Terms: 1.5/10, net 30 (a 1.5% discount)
1. **Step 1: Find the discount amount. 1.5% → 0.015**
 - $₱200,000 \times 0.015 = ₱3,000$ (Discount)
 2. **Step 2: Find the final payment.**
 - $₱200,000 - ₱3,000 = ₱197,000$

Zyrine's video business gets ₱197,000 right away, which helps her pay for software, equipment, and her own salary.



Section 4: Payroll

Payroll is the entire process of paying your employees. It involves calculating their total earnings and then *subtracting* taxes and other deductions to get their final "take-home" pay.





Why This Matters:

Payroll is the single most important function for building trust with your team. It is also a major legal and tax compliance issue. Governments require businesses to act as their "tax collectors" by "withholding" taxes from employee paychecks and sending that money directly to the government. Mistakes in payroll can lead to angry employees and large government fines.

Gross Pay:

The total amount of money earned *before* any deductions. This is the "top line" number (e.g., your annual salary of \$50,000 is a Gross Pay figure).

Deductions:

Money *taken out* of the paycheck. These include government taxes (Income Tax, Social Security, Medicare) and also voluntary items (health insurance premiums, retirement contributions).

Net Pay (Take-home):

The final amount the employee receives in their bank account. Gross Pay – Deductions = Net Pay.

Example (Japan)

Payroll calculation for Jenelie (as an English teacher).

1

Base Salary:

¥300,000

2

Overtime Pay:

10 hours at a rate of ¥2,000/hour, with a 25% premium.

- First, find the *extra* premium amount: $¥2,000 \times 0.25$ (25%) = ¥500 extra per hour.
- Find the total *new* overtime rate: $¥2,000$ (base) + ¥500 (premium) = ¥2,500 per hour.
- ~~Now~~ find the total overtime pay: $¥2,500 \times 10$ hours = ¥25,000.

3

Gross Pay (Total Earned):

- $¥300,000$ (Base) + $¥25,000$ (Overtime) = $¥325,000$

4

Deductions:

- Income Tax & Social Insurance: ¥50,000 (This is a simplified number. In reality, this is also calculated using percentages set by the government).

5

Net Pay

(Take-home) $¥325,000$ (Gross) - ¥50,000 (Deductions) =

¥275,000

Example (USA)

Payroll calculation for Patricia (as a writer).

1

Gross Pay:

\$3,500

2

Deductions (Calculated with percentages):

- Federal Tax (10%): $\$3,500 \times 0.10 = \350
- Social Security (6.2%): $\$3,500 \times 0.062 = \217
- Medicare (1.45%): $\$3,500 \times 0.0145 = \50.75

Total Deductions: $\$350 + \$217 + \$50.75 = \617.75

3

Net Pay (Take-home):

- $\$3,500.00$ (Gross) – $\$617.75$ (Deductions) = **$\$2,882.25$**

(Note: This is highly simplified. It omits state and local taxes, which vary from 0% in Texas to over 10% in California, plus health insurance or retirement savings.)

Example (Philippines)

Payroll calculation for Zyrine (as a video editor).

1

Gross Pay:

₱30,000

2

Deductions:

- Withholding Tax (10%): $₱30,000 \times 0.10 = ₱3,000$
- SSS/PhilHealth/Pag-IBIG (Mandatory social contributions): ₱2,000
- **Total Deductions:** $₱3,000 + ₱2,000 = ₱5,000$

3

Net Pay (Take-home):

- $₱30,000$ (Gross) - $₱5,000$ (Deductions) = $₱25,000$

Section 5: Profit Analysis

This is the most important calculation for any business. It answers the question: "Are we making more than we are spending?"



Sales (or Revenue):

All the money the business *received* (or *earned*, even if not yet collected) from customers for its products or services.



Expenses (or Costs):

All the money the business *spent* to operate. This includes payroll, rent, software, supplies, marketing, etc.



Profit (or Net Income):

The money left over. This is the "bottom line." Sales – Expenses = Profit

Example (Cris's Web Design Service)

Cris (a website developer) analyzes her project income for the year.

Step 1: Calculate Profit.

- Sales (Revenue from 5 website projects): \$50,000
- Expenses (Software, server costs, stock photos, part-time help):
-\$40,000
- **Profit: \$10,000**

Step 2: Calculate Profit Margin.

- The **Profit Margin** (a percentage) is often more important than the profit amount. Why? It shows efficiency. A business that makes \$10,000 profit on \$50,000 in sales (20% margin) is *more efficient* than a business that makes \$10,000 on \$1,000,000 in sales (1% margin).
- **Formula:** $(\text{Profit} \div \text{Sales}) \times 100$
- **Calculation:** $(\$10,000 \text{ Profit} \div \$50,000 \text{ Sales}) = 0.20$
- To make it a percentage, multiply by 100: $0.20 \times 100 = \mathbf{20\%}$
- **What this tells us:** For every \$1.00 Cris charges, she keeps 20 cents as pure profit after all her expenses are paid. This helps her decide if her prices are high enough.



Cultural Note: The *concept* is universal, but the *focus* can differ. In Japan, reports often separate "Operating Profit" (from core business) from "Ordinary Profit" (includes other income/expenses). In the US, the main focus is the "bottom line" or "Net Income" (after all taxes). The Philippines also focuses heavily on Net Income after tax.

Stop & Practice: Do You Speak the Language?

You have learned the core tasks of practical accounting. Before calculating break-even points, you must prove you understand the terms.

Your Mission:

1. Click the link below for the **Terminology Quiz**.
2. **Goal:** Score 18/20.
3. **What you will test:**
 - Defining "**Net 30**" and "**2/10**" invoice terms.
 - Distinguishing between "**Fixed**" and "**Variable**" costs.
 - Identifying the purpose of an **Expense Report**.

(Once you pass the quiz, scroll down to the Karaoke Break to lock it in!)

[Interactive Accounting Terminology Quiz](#)

🎵 Sing Along Break: "The Story Behind the Numbers"

Accounting tasks can feel like a list of chores. If you sing them, you will remember the purpose behind every form and filing.

Your Mission:

1. Click the link below.
2. Select **Track 1: "The Story Behind the Numbers."**
3. Sing along twice!

Lyrics Preview: *"An employee pays, that's an Expense Report... Then you send out an Invoice, a bill for your sale... Expenses, invoices, payroll, and profit, see? They're the building blocks of a company!"*

[Accounting Sing Along](#)

Section 6: Break-even Analysis

This analysis tells you the *exact* amount you must sell just to cover your costs. At this point, your profit is \$0. Selling one more item means you start making a profit. This is the most essential calculation for any new business, as it sets your first sales goal.

Fixed Costs:

Costs that *do not* change, no matter how much you sell (e.g., monthly rent, software subscriptions, base salaries). You have to pay these even if you sell zero.

Variable Costs:

Costs that *do* change with each sale (e.g., ingredients, product packaging, shipping, sales commissions).

Let's use a simple, powerful concept called Contribution Margin.

📄 **Contribution Margin = Unit Price – Variable Cost**

This is the amount of profit from one item that "contributes" to paying your fixed costs.

Example (Japan - Jenelie's Garden Shop)

Jenelie wants to start a side business selling her garden plants.

- Fixed Costs (Greenhouse rental): ¥1,000,000 per year
- Unit Price (per plant): ¥2,500
- Variable Cost (pot, soil): ¥1,500 per plant

Step 1: Find the Contribution Margin (Profit per plant).

- $¥2,500$ (Price) – $¥1,500$ (Cost) = **¥1,000**
- (Jenelie makes ¥1,000 in profit for every plant she sells. This money will be used *first* to pay her rent.)

Step 2: Find the Break-Even Point (in Units)

How many "¥1,000s" does she need to pay her "¥1,000,000" rent? We just divide.

- **Formula:** Fixed Costs ÷ Contribution Margin
- $¥1,000,000 \div ¥1,000 = \mathbf{1,000 \text{ plants}}$

❏ **Conclusion:** Jenelie must sell **1,000 plants** just to cover her rent. Her goal is to sell *more* than 1,000 plants, as the 1,001st plant she sells will be her first real profit.

Example (USA - Pat's eBook Series)

Pat's publisher analyzes the break-even point for her new eBook.

- Fixed Costs (Editing, cover design, marketing): \$20,000
- Price (per eBook): \$100
- Variable Cost (Amazon's cut, ads): \$40 per book

Step 1: Find the Contribution Margin (Profit per book).

- $\$100$ (Price) – $\$40$ (Cost) = **$\$60$**
- (The publisher makes \$60 from each book to pay for the initial \$20,000 investment.)

Step 2: Find the Break-Even Point (in Units)

- $\$20,000$ (Fixed Costs) \div $\$60$ (Contribution Margin) = 333.33 books
- **Conclusion:** The publisher must sell **334 books** to break even (you can't sell 0.33 of a book, so you must always round *up*). They will only start making a profit once they sell the 334th book.

Example (Philippines - Cris's Food Stall)

Cris wants to open a food stall selling her favorite chicken wings.

- Fixed Costs (Stall rental, equipment): ₱500,000
- Price (per order of wings): ₱500
- Variable Cost (Ingredients, packaging): ₱300 per order

Step 1: Find the Contribution Margin (Profit per order).

- $₱500$ (Price) - $₱300$ (Cost) = **₱200**
- (Cris makes ₱200 in profit from each order to pay for her stall.)

Her sales goal for the year is to sell **at least** 2,501 orders.

Step 2: Find the Break-Even Point (in Units)

- $₱500,000$ (Fixed Costs) \div $₱200$ (Contribution Margin) = **2,500 orders**
- **Conclusion:** Cris must sell **2,500 orders** of chicken wings to cover her startup costs.

Section 7: Monthly Report Practice

Managers need to know two things: "How did we do compared to last month?" (Growth) and "How efficient were we?" (Margin). This helps them spot trends early. Is a bad month a blip, or the start of a problem?

Let's track the performance of Cris's Web Design Service.

- Previous Month Sales: ¥5,000,000
- Current Month Sales: ¥6,000,000
- Current Month Profit: ¥600,000



Part 1: Calculate Growth Rate (Month-over-Month)

This shows your business's momentum.

- 1. Step 1: Find the change in sales (the increase).**
 - $¥6,000,000$ (Current) – $¥5,000,000$ (Previous) = $¥1,000,000$ increase
- 2. Step 2: Divide the change by the *original* (previous) month's sales.**
 - $¥1,000,000$ (Change) ÷ $¥5,000,000$ (Previous Sales) = 0.20
- 3. Step 3: Convert to a percentage.**
 - $0.20 \times 100 = \mathbf{20\% \text{ increase}}$ (This is great news!)



Part 2: Calculate Profit Margin

This shows your efficiency for the current month.

- **Formula:** $(\text{Profit} \div \text{Sales}) \times 100$
- **Calculation:** $(¥600,000 \text{ Profit} \div ¥6,000,000 \text{ Sales}) = 0.10$
- $0.10 \times 100 = \mathbf{10\%}$

❏ **What this report tells a manager:** "Our sales grew by an amazing 20%! However, our profit margin was only 10% (we kept ¥10 for every ¥100 in sales). Why? Did we have to hire a contractor? Did software costs go up? Let's investigate why our costs grew faster than our sales."



Section 8: Annual Report Practice

This is the same logic as the monthly report, just for the entire year. This smooths out all the good and bad months and gives you the "big picture" of your business's performance.

Annual report for Pat's eBook series.

- Annual Sales: \$12,000,000
- Total Annual Expenses: \$9,000,000

Average Monthly Sales:

- This is a useful "health check" number.
- $\$12,000,000$ (Total) \div 12 (Months) = **\$1,000,000 per month**

Net Profit (Annual):

- This is the final, "bottom line" number for the year.
- $\$12,000,000$ (Sales) $-$ $\$9,000,000$ (Expenses) = **\$3,000,000**

Net Margin

- (Annual):** is the most important measure of annual performance.
- $(\$3,000,000$ Profit \div $\$12,000,000$ Sales) \times 100 = **25%**

What this report tells an owner: "We had a fantastic year. We averaged \$1 million in sales every month and made a total profit of \$3 million. Our annual profit margin was 25%, meaning for the *entire year*, we kept 25 cents of profit for every dollar we sold. This is a very healthy and efficient business."

Section 9: Common Practical Challenges and Solutions (2025 Perspective)

Japan

The consumption tax system (currently 10% on most items, 8% on others) and complex social/labor insurance calculations require robust, specialized accounting software. Manual calculation is high-risk. Furthermore, the push for digital invoicing (like the J-PINT standard) means businesses must adapt to new electronic record-keeping laws.

USA

A primary challenge is "Nexus"—the requirement to collect and pay sales tax in different states. With remote work and online sales booming, companies often have tax obligations in states where they have no physical office. Tax laws also vary dramatically between states (e.g., California's high income tax vs. Texas's no income tax), making payroll for a remote team extremely complex.

Philippines

The main challenge is the frequency of tax filings and compliance with the Bureau of Internal Revenue (BIR). It is a very deadline-driven environment that requires meticulous record-keeping and staying current on all regulations. Many businesses rely on external accounting firms to handle the constant filing requirements.

Section 10: Practice Problems

1 Q1 (Japan):

Jenelie paid ¥1,200 for badminton supplies (team building), ¥800 for team snacks, and ¥9,000 for lodging for a work retreat. What is the total expense to be reimbursed?

2 Q2 (USA):

Cris (as a designer) invoices a client \$2,000 for a new website. The terms are 2/10, net 30. If the client pays within 10 days, what is the correct payment amount?

3 Q3 (Philippines):

Zyrine's gross pay as a video editor is ₱25,000. Her withholding tax is 10% of her gross pay, and her other SSS/etc. deductions total ₱1,500. What is her net (take-home) pay?

4 Q4 (Common):

Pat's eBook business has sales of \$100,000 and total expenses of \$80,000. What is its profit margin percentage?

5 Q5 (Applied - Break-Even):

Cris wants to sell her chicken wings. Her fixed costs are ₱10,000. The price is ₱100 per order, and the variable cost (ingredients) is ₱60 per order. How many orders must she sell to break even?

Section 11: Answers and Explanations

1

A1: Simple addition.

- $¥1,200 + ¥800 + ¥9,000 = ¥11,000$

2

A2: Two-step discount calculation.

- Step 1: Find discount: $\$2,000 \times 0.02$ (2%) = \$40
- Step 2: Find final payment: $\$2,000 - \$40 =$
\$1,960

3

A3: Multi-step payroll calculation.

- Step 1: Find tax: $₱25,000 \times 0.10$ (10%) = ₱2,500
- Step 2: Find total deductions: ₱2,500 (Tax) + ₱1,500 (Other) = ₱4,000
- Step 3: Find net pay: ₱25,000 (Gross) – ₱4,000 (Deductions) = **₱21,000**

4

A4: Two-step profit margin calculation.

- Step 1: Find profit: $\$100,000$ (Sales) – $\$80,000$ (Expenses) = $\$20,000$
- Step 2: Find margin: $(\$20,000 \text{ Profit} \div \$100,000 \text{ Sales}) \times 100 =$ **20%**

5

A5: Two-step break-even calculation.

- Step 1: Find contribution margin: $₱100$ (Price) – $₱60$ (Cost) = $₱40$
- Step 2: Find break-even units: $₱10,000$ (Fixed Costs) \div $₱40$ (Contribution Margin) = 250 orders

Final Challenge: Run the Numbers

You've seen the answers. Now, can you do it without the guide? It's time to test if you can calculate the financials for a real business.

Your Mission:

1. Click the link below for the **Math Quiz**.
2. **Goal:** 100% Accuracy.
3. **The Challenge:**
 - Calculate **Net Pay** after deductions.
 - Apply **Early Payment Discounts** (e.g., 2/10 Net 30).
 - Find the **Break-Even Point** for a product business.

[Interactive Accounting Math Quiz](#)

🎵 Final Sing Along: "The Bottom Line Breakdown"

You made it! You've mastered the practical side of accounting. To celebrate—and to ensure you never forget the profit formula—we have one final track.

Your Mission:

1. Click the link below.
2. Select **Track 2: "The Bottom Line Breakdown."**
3. Sing it loud!

Lyrics Preview: *"Start with Gross Pay, that's the number at the top... See an invoice, '2/10, net 30' on the line... It's the bottom line breakdown, a rhythm and a rhyme! Sales minus your Expenses, divide and multiply!"*

[Accounting Sing Along](#)

Section 12: Summary

- **Accounting is simple math, applied:**

The basic calculations you've learned (addition, subtraction, multiplication, division, percentages) are the *exact* tools used in practical, everyday accounting.

- **Every task has a purpose:**

These aren't just data entry. **Expense Reports** control costs. **Invoicing** manages cash flow. **Payroll** builds trust and ensures legal compliance.

- **Profit is the goal, but "Margin" is the scorecard:**

Profit is what's left over, but the *profit margin* (the percentage) tells you how efficient your business is at making that profit.

- **Know your "Break-Even" number:**

This is the most empowering number for any entrepreneur. It's your first, most important sales target.

- **Rules change by location:**

It is crucial to be aware of how local rules (taxes, labor laws, filing requirements) differ from country to country. What works in the US may be illegal in Japan.

- **You are building a mindset:**

By organizing numbers and practicing these simple, step-by-step exercises, you are already developing an "accounting mindset"—the ability to see the story behind the numbers.

- In this guide, we connected fundamentals to real-world business tasks.

Section 13: Conclusion

You have now walked through the most essential, practical tasks that keep a business running. As you've seen, none of these tasks require complex mathematics. Instead, they require care, organization, and a clear understanding of simple, step-by-step processes.

The journey from tracking a single ¥1,200 expense report to calculating a 25% annual profit margin for a \$12,000,000 business is built on the exact same fundamentals: addition, subtraction, multiplication, and division.

You no longer need to be intimidated by business finance. You have the tools, you've seen the real-world examples, and you've practiced the calculations. You now have a solid foundation not just in "how" to perform these tasks, but in "why" they matter—from building employee trust with payroll to ensuring a business's survival with profit and break-even analysis.

The Global Accountant's Cheat Sheet

Accounting is a universal language, but the dialects change.
Use this quick reference guide to translate the core concepts across borders.

Practical Accounting Vocabulary

Term	Definition	Real-World Context
Expense Report	A form used by employees to request reimbursement for business costs paid personally.	Used for travel, meals, and supplies.
Invoice	A formal bill sent to a client detailing services provided and the amount due.	The primary document for Accounts Receivable.
Net 30	Payment term meaning the full amount is due within 30 days.	Common standard for B2B transactions.

Practical Accounting Vocabulary

Term	Definition	Real-World Context
2/10, Net 30	A term offering a 2% discount if paid within 10 days; otherwise full amount in 30.	Used to accelerate cash flow.
Contribution Margin	Unit Price minus Variable Cost per unit.	The amount from each sale that pays off fixed costs.
Break-Even Point	The sales volume where Total Revenue equals Total Costs (Zero Profit).	Calculated as: Fixed Costs/Contribution Margin.
Profit Margin	The percentage of revenue kept as profit.	Formula: $(\text{Profit}/\text{Revenue}) \times 100$.

Global Context - Practical Nuances

Concept	Japan	United States	Philippines
Expense Reimbursement	Commuting Allowance: A standard, often non-taxable reimbursement for travel to work.	Mileage: Standard IRS rate used for reimbursing personal car use.	Official Receipts: Strict requirement for valid "ORs" to claim deductions.
Invoicing	J-PINT: New digital invoice standards (Peppol) are being adopted.	Sales Tax: Must be calculated based on the <i>customer's</i> location (Nexus).	VAT Invoice: Must separate the 12% VAT clearly for compliance.
Payroll Focus	Social Insurance: High employer contribution rates for health/pension.	Pre-Tax Benefits: 401(k) and health insurance reduce taxable income.	13th Month Pay: Mandatory extra salary paid by Dec 24.