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Getting business insight: Annual reports

Annual reports are often long. You don't have to read everything! Check out the standard parts that comprise most annual reports and use them to answer the four questions.

For many large companies, their annual reports serve as a "report card." They describe the company's financial situation, achievements, and goals.

You can usually find a company's annual report on its website, under "Investor relations" or "About us."



Management report

Annual reports generally start with a management report. Here you can find a lot of information at a glance.

Many companies describe their targets and development here, as well as their opportunities and risks.

Financial statements

The financial statements include the company's balance sheet and its profit and loss statement.

This is where you can find the company's sales and revenues.



Corporate governance report

This section will help you understand what the company does: How is it structured and managed?

The way a company is organized can also tell you something about its opportunities and risks.

Auditor's report

An independent auditor ensures that requirements have been fulfilled.

Auditors sometimes mention risks for the respective companies in their reports.

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1 Which business lines or segments are described in the annual report?

2 How many employees does the company have?

3 Did the company make a profit or loss in the reporting year?

(Tip: Review the profit and loss statement. Is it positive or negative?)

4 Are any opportunities for the company mentioned in the management report? Describe one!

5 Are any risks for the company mentioned in the management report? Describe one!

Exercise

Find an annual report and answer these questions!

Tip: Select a large, well-known company that is listed on the stock exchange. Smaller companies do not always publish annual reports.

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Further links

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