

# THE INCOME STATEMENT

The Income Statement (Profit and Loss) records all income and expenses of the business during a specified time period, and is the accepted method of determining profits and losses. The Internal Revenue Service requires all businesses to submit this report at the end of each year.

**PROFIT AND LOSS STATEMENT**

From: \_\_\_\_\_ 20\_\_\_\_ to \_\_\_\_\_ 20\_\_\_\_\_

**Sales or Gross Receipts<sup>1</sup>** ..... \$ \_\_\_\_\_  
 Less Cost of Goods Sold<sup>2</sup> ..... \$ \_\_\_\_\_  
 Gross Profit ..... \$ \_\_\_\_\_

**Less Operating Expenses<sup>3</sup>**

- Rent ..... \_\_\_\_\_
- Depreciation ..... \_\_\_\_\_
- Repairs & Maintenance ..... \_\_\_\_\_
- Salaries & Wages ..... \_\_\_\_\_
- Payroll Taxes & Fringe Benefits ..... \_\_\_\_\_
- Taxes, Licenses & Fees ..... \_\_\_\_\_
- Insurance ..... \_\_\_\_\_
- Accounting, Legal and Professional Fees ..... \_\_\_\_\_
- Bad Debts ..... \_\_\_\_\_
- Telephone ..... \_\_\_\_\_
- Utilities ..... \_\_\_\_\_
- Supplies ..... \_\_\_\_\_
- Security ..... \_\_\_\_\_
- Auto and Truck ..... \_\_\_\_\_
- Advertising and Promotion ..... \_\_\_\_\_
- Interest ..... \_\_\_\_\_
- Miscellaneous ..... \_\_\_\_\_

**Total Operating Expenses** ..... \$ \_\_\_\_\_

**Net Profit Before Taxes<sup>4</sup>** ..... \$ \_\_\_\_\_

**Federal Income Taxes** (Corporation Only) ..... \$ \_\_\_\_\_

**Net Profit (or Loss)** ..... \$ \_\_\_\_\_

<sup>1</sup> **Sales or Gross Receipts** – represents total amount of money that the business makes from the sale of its merchandise, less discounts and refunds.

<sup>2</sup> **Cost of Goods Sold** – the cost of the merchandise that the business sells. These costs differ with each type of business.

<sup>3</sup> **Operating Expenses** – all business costs other than the costs of merchandise.

<sup>4</sup> **Net Profit (Loss)** – sales less cost of goods sold less operating expenses.