

# ABC Company

## Multi-Step Income Statement

For the Year Ended December 31, 20XX

### Revenue

Sales Revenue	\$500,000
Less: Sales Returns and Allowances	(\$10,000)
Net Sales	\$490,000

### Cost of Goods Sold

Beginning Inventory	\$40,000
Add: Purchases	\$320,000
Less: Ending Inventory	(\$30,000)
Cost of Goods Sold	\$330,000

**Gross Profit** **\$160,000**

### Operating Expenses

Selling Expenses	\$35,000
Administrative Expenses	\$25,000
Total Operating Expenses	\$60,000

**Operating Income** **\$100,000**

### Other Income and Expenses

Interest Income	\$2,000
Interest Expense	(\$3,500)
Total Other Income/Expense	(\$1,500)

**Net Income** **\$98,500**

### Important Notes

- The multi-step income statement separates operating and non-operating activities for clearer financial analysis.
- Gross profit is calculated to show profitability before operating expenses.
- Operating income highlights profit from core business operations.
- Non-operating items (such as interest) are shown separately to distinguish main business performance.
- This format provides a detailed and structured view for stakeholders and management.