

# Functional Classification Profit and Loss Account

For the Year Ended 31 December 20XX

Revenue	
Sales of Goods	XXX,XXX
Rendering of Services	XX,XXX
<b>Total Revenue</b>	<b>XXX,XXX</b>
Cost of Sales	
Cost of Goods Sold	(XX,XXX)
Cost of Services	(X,XXX)
<b>Total Cost of Sales</b>	<b>(XX,XXX)</b>
<b>Gross Profit</b>	<b>XX,XXX</b>
Administrative Expenses	
Salaries and Wages	(X,XXX)
Office Supplies	(XXX)
<b>Total Administrative Expenses</b>	<b>(X,XXX)</b>
Selling and Distribution Expenses	
Advertising and Promotion	(XXX)
Delivery Expenses	(XX)
<b>Total Selling &amp; Distribution Expenses</b>	<b>(XXX)</b>
Other Income	
Interest Income	XX
Other Miscellaneous Income	XX
<b>Total Other Income</b>	<b>XX</b>
Other Expenses	
Finance Costs	(XX)
Depreciation	(XX)
<b>Total Other Expenses</b>	<b>(XX)</b>
<b>Profit Before Tax</b>	<b>XX,XXX</b>
Income Tax Expense	(X,XXX)
<b>Profit for the Year</b>	<b>XX,XXX</b>

## Important Notes

- This statement classifies expenses according to their functional area (e.g., cost of sales, administrative, selling).
- Functional classification helps users understand cost behavior and resource allocation better.
- Ensures compliance with reporting standards that often require or suggest functional segregation of expenses.
- Actual figures should be supported by proper working papers and reconciliations.
- Presentation may be adapted as per local accounting or regulatory requirements.