

# Functional Classification Profit and Loss Account

For the Year Ended 31 December 20XX

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