

Sample Document for Gross Profit Computation

Company Name: ABC Enterprises

Date: June 20, 2024

Gross Profit Computation for the Year Ended May 31, 2024

Description	Amount (USD)
Sales / Revenue	250,000
Less: Cost of Goods Sold (COGS)	
Opening Inventory	40,000
Add: Purchases	130,000
Less: Closing Inventory	(35,000)
Total Cost of Goods Sold	135,000
Gross Profit	115,000

Gross Profit = Sales / Revenue – Cost of Goods Sold

Gross Profit = 250,000 – 135,000 = 115,000

Important Notes:

- This document is used to determine the gross profitability of a business before deducting operating expenses.
- Ensure that all figures are supported by underlying financial records (e.g., invoices, inventory records).
- Gross profit analysis helps identify pricing, purchasing, and inventory management issues.
- Accurate computation of COGS is essential for correct gross profit reporting.
- This document may be requested by auditors, tax authorities, or management for review and decision-making.