

Multi-Step Loss Statement

For the Year Ended December 31, 2023

Sales Revenue	\$400,000
Less: Sales Returns & Allowances	8,000
Net Sales	\$392,000
Cost of Goods Sold	280,000
Gross Loss	\$ (112,000)
Operating Expenses	
Selling Expenses	25,000
Administrative Expenses	18,000
Total Operating Expenses	43,000
Operating Loss	\$ (155,000)
Other Income & (Expenses)	
Interest Income	2,500
Interest Expense	(6,500)
Total Other (Expenses)	(4,000)
Net Loss Before Tax	\$ (159,000)
Income Tax Benefit	26,000
Net Loss	\$ (133,000)

Important Notes:

- A multi-step loss (or income) statement presents detailed breakdowns: gross profit/loss, operating income/loss, and net loss.
- This format separates operating from non-operating revenues and expenses, highlighting primary business activities.
- Each subtotal step helps users analyze business performance and sources of losses more clearly.
- Typically used by larger businesses for greater transparency.
- Figures above are for illustrative purposes only.