

Segment Profit Reporting

For the Year Ended December 31, 2023

Company: Example Corporation

Prepared by: Finance Department

Segment Summary

Segment	Revenue	Direct Costs	Gross Profit	Allocated Expenses	Segment Profit
Consumer Products	2,300,000	1,400,000	900,000	300,000	600,000
Industrial Solutions	1,200,000	800,000	400,000	160,000	240,000
Consulting Services	900,000	420,000	480,000	80,000	400,000
Total	4,400,000	2,620,000	1,780,000	540,000	1,240,000

Segment Analysis

The table above summarizes profitability for each business segment. Segment profit is derived by subtracting direct costs and allocated expenses from segment revenue.

- **Consumer Products** remains the principal revenue contributor, representing 52% of total segment profits.
- **Consulting Services** shows the highest profit margin among all segments.
- Expense allocations include shared administrative, IT, and facility costs.

Important Notes

- Segment profit reports help identify the true profitability of individual business areas by allocating relevant revenues and costs.
- Allocation methods should be applied consistently and disclosed clearly for comparability across reporting periods.
- This type of document is critical for decision-making regarding resource prioritization, investment, and divestment considerations.
- Certain segments may have intersegment transactions not reflected above; such transfers should be reviewed separately.
- Regular review of underlying cost allocation assumptions is recommended to ensure accuracy and relevance.