

# Multi-Step Income Statement

For the Year Ended December 31, 2023

<b>Revenue</b>	
Sales Revenue	500,000
Less: Sales Returns & Allowances	(10,000)
<b>Net Sales</b>	<b>490,000</b>
<b>Cost of Goods Sold</b>	
Beginning Inventory	40,000
Purchases	300,000
Less: Ending Inventory	(50,000)
<b>Cost of Goods Sold</b>	<b>290,000</b>
<b>Gross Profit</b>	<b>200,000</b>
<b>Operating Expenses</b>	
Selling Expenses	45,000
Administrative Expenses	35,000
<b>Total Operating Expenses</b>	<b>80,000</b>
<b>Operating Income</b>	<b>120,000</b>
<b>Other Revenues and Expenses</b>	
Interest Income	2,000
Interest Expense	(8,000)
Gain on Sale of Asset	3,000
<b>Total Other Income (Expenses)</b>	<b>(3,000)</b>
<b>Income Before Tax</b>	<b>117,000</b>
Income Tax Expense	(23,400)
<b>Net Income</b>	<b>93,600</b>

## Important Notes

- This statement separates operating from non-operating activities, aiding in performance analysis.
- Gross profit highlights the relationship between sales and cost of goods sold.
- Operating income focuses on core business profitability, excluding non-operating items.
- Detailed expense breakdown supports better financial decision-making.
- Net income reflects the overall profitability after all revenues and expenses, including taxes.

