

Sample Multi-Step Income Statement

For the Year Ended December 31, 20XX

Revenue		
	Net Sales	120,000
Cost of Goods Sold		
	Cost of Goods Sold	65,000
Gross Profit		55,000
Operating Expenses		
	Selling Expenses	15,000
	Administrative Expenses	10,000
Total Operating Expenses		25,000
Operating Income		30,000
Other Income and Expenses		
	Interest Income	1,000
	Interest Expense	(2,500)
	Other (Expense)	(500)
Income Before Income Tax		28,000
	Income Tax Expense	6,000
Net Income		22,000

Important Notes:

- A multi-step income statement separates operating and non-operating activities for clarity.
- Gross profit is calculated by deducting cost of goods sold from net sales.
- Operating income results from subtracting operating expenses from gross profit.
- Non-operating items, such as interest and other income/expenses, are shown separately.
- This format enhances analysis of profitability and operating performance.