

# Multi-Step Profit and Loss Statement

ABC Company

For the Year Ended December 31, 2023

Revenue		
	Sales Revenue	\$400,000
	Less: Sales Returns & Allowances	(\$5,000)
	<b>Net Sales</b>	<b>\$395,000</b>
Cost of Goods Sold		
	Opening Inventory	\$45,000
	Add: Purchases	\$180,000
	Less: Closing Inventory	(\$50,000)
	<b>Total Cost of Goods Sold</b>	<b>\$175,000</b>
	<b>Gross Profit</b>	<b>\$220,000</b>
Operating Expenses		
	Selling Expenses	\$35,000
	General & Administrative Expenses	\$40,000
	<b>Total Operating Expenses</b>	<b>\$75,000</b>
	<b>Operating Income</b>	<b>\$145,000</b>
Other Income and Expenses		
	Other Income (e.g., Interest Income)	\$3,000
	Other Expenses (e.g., Interest Expense)	(\$2,000)
	<b>Total Other Income (Expenses)</b>	<b>\$1,000</b>
	<b>Net Income Before Tax</b>	<b>\$146,000</b>
	Income Tax Expense	(\$29,200)
	<b>Net Income</b>	<b>\$116,800</b>

## Important Notes:

- This format separates operating and non-operating activities for clearer analysis.
- It helps stakeholders better understand gross profit and operating income.
- Multi-step statements are recommended for larger or multi-activity businesses.
- Accurate classification is essential for reliable financial analysis.
- Figures above are for illustrative purposes only.