

# Multi-Step Income Statement

For the Year Ended December 31, 2023

---

<b>Sales Revenue</b>	\$500,000
Less: Sales Returns & Allowances	(15,000)
<b>Net Sales</b>	<b>\$485,000</b>
Cost of Goods Sold	(320,000)
<b>Gross Profit</b>	<b>\$165,000</b>
 <b>Operating Expenses</b>	
Selling Expenses	(35,000)
General & Administrative Expenses	(40,000)
Total Operating Expenses	(75,000)
<b>Operating Income</b>	<b>\$90,000</b>
 <b>Other Income and Expenses</b>	
Interest Income	5,000
Interest Expense	(10,000)
Total Other Income (Expense)	(5,000)
<b>Income Before Taxes</b>	<b>\$85,000</b>
Income Tax Expense	(17,000)
<b>Net Income</b>	<b>\$68,000</b>

---

## Important Notes:

- A multi-step income statement separates operating and non-operating activities for better analysis.
- It clearly shows Gross Profit, Operating Income, and Net Income as distinct steps.
- This format is preferred for larger companies or those needing detailed financial insights.
- Each section helps identify sources of revenue and expenses more precisely.
- Accurate classification of items is crucial for correct interpretation.