

# Multi-Step Profit and Loss Account

For the Year Ended 31st March 2024

## Revenue

Sales Revenue	â,¹ 9,00,000
Less: Returns	(â,¹ 20,000)
<b>Net Sales</b>	<b>â,¹ 8,80,000</b>

## Cost of Goods Sold

Opening Stock	â,¹ 70,000
Add: Purchases	â,¹ 5,00,000
Add: Direct Expenses	â,¹ 60,000
Less: Closing Stock	(â,¹ 80,000)
<b>Cost of Goods Sold</b>	<b>â,¹ 5,50,000</b>

**Gross Profit (Net Sales - COGS)** **â,¹ 3,30,000**

## Operating Expenses

Selling & Distribution Expenses	â,¹ 60,000
Administrative Expenses	â,¹ 50,000
<b>Total Operating Expenses</b>	<b>â,¹ 1,10,000</b>

**Operating Profit** **â,¹ 2,20,000**

## Other Income & Expenses

Add: Other Income (Interest, Dividend, etc.)	â,¹ 10,000
Less: Other Expenses (Loss on Asset Sale, etc.)	(â,¹ 5,000)
<b>Net Other Income</b>	<b>â,¹ 5,000</b>

**Profit Before Tax** **â,¹ 2,25,000**

Less: Income Tax Expense	(â,¹ 60,000)
<b>Net Profit After Tax</b>	<b>â,¹ 1,65,000</b>

## Important Notes:

- The multi-step format separately highlights gross profit, operating profit, and net profit for better clarity.
- It facilitates detailed analysis by categorizing revenues and expenses into operational and non-operational sections.
- This format helps stakeholders understand core business performance and the impact of secondary activities.

- Accurate classification of all items is essential for reliable financial analysis.