

# Introduction to Profit Analysis

## 1. Purpose

This document provides a structured overview of profit analysis, outlining components, data, and methods for evaluating business profitability.

## 2. Profit Analysis Summary

Item	Amount (USD)
Total Revenue	150,000
Cost of Goods Sold (COGS)	90,000
Gross Profit	60,000
Operating Expenses	25,000
Operating Profit	35,000
Other Expenses	8,000
Net Profit	27,000

## 3. Key Ratios

Ratio	Formula	Result
Gross Profit Margin	Gross Profit / Revenue	40%
Operating Profit Margin	Operating Profit / Revenue	23.3%
Net Profit Margin	Net Profit / Revenue	18%

## 4. Analysis & Insights

The net profit for this period stands at \$27,000, resulting in an 18% net profit margin. Key contributors to profitability are controlled operating expenses and a robust gross margin. However, monitoring other expenses is recommended to ensure ongoing financial health.

### Important Notes

- Figures presented are for illustrative purposes and may not reflect actual results.
- Profit analysis should be reviewed periodically to inform strategic decisions.
- All major categories of income and expense must be clearly identified and accurately recorded.
- Comparative analysis with previous periods can provide additional insights.
- This document is a summary; detailed breakdowns may be necessary for in-depth analysis.