

# ABC Manufacturing Company

## Gross Profit Statement

For the Year Ended December 31, 20XX

Description	Amount (USD)
<b>Sales Revenue</b>	1,200,000
Less: Sales Returns & Allowances	(15,000)
Less: Sales Discounts	(5,000)
<b>Net Sales</b>	<b>1,180,000</b>
<b>Cost of Goods Sold (COGS):</b>	
Opening Inventory (Raw Materials)	120,000
Add: Purchases (Raw Materials)	500,000
Add: Direct Labor	250,000
Add: Factory Overheads	80,000
Less: Closing Inventory (Raw Materials)	(130,000)
<b>Total Manufacturing Cost</b>	<b>820,000</b>
Add: Opening Finished Goods	90,000
Less: Closing Finished Goods	(100,000)
<b>Cost of Goods Sold (COGS)</b>	<b>810,000</b>
<b>Gross Profit</b>	<b>370,000</b>

### Important Notes:

- Gross Profit Statement helps in assessing the primary profitability from manufacturing activities.
- Accurate classification of direct and indirect costs is essential for reliable results.
- Inventory values must be backed by proper physical counts and valuation methods.
- Gross profit forms the basis for further profit calculations (Operating Profit, Net Profit, etc.).
- Regular review of the Gross Profit Statement assists in identifying inefficiencies or abnormal losses.