



Instructions for Preparing Profit & Loss Statements

- The Profit and Loss Statement provides a result of operations of a business over a given period of time. The Profit and Loss Statement adds up all of the revenues of a business and subtracts all of the expenses of a business, leaving you with a figure representing the profits.
- Your Cost of Goods Sold are all costs directly involved in the manufacture of your product/service. These costs can include wages, materials and incoming freight.
- Net Income is your Pre Tax Income minus your Income Tax.
- To calculate the % Compared to Prior Year, follow the same formula you used with your Balance Sheet.
- By preparing your Profit and Loss Statement in this format you will find it relatively easy to determine what your business has done and where it needs to be improved. The Profit and Loss Statement lets your determine the following:
 - Have you controlled your costs?
 - Have you maintained or improved your margin (the difference between what it costs you to produce your product and the price you charge for it)?
 - Have you maintained or increase sales?

MetroAction provides these sample documents solely to illustrate the information needed to complete the loan application process. MetroAction is not responsible for their use or any claims arising from their use. Your legal counsel, your accountant and other professionals should be consulted in all relevant matters.

An affiliate of the Greater Scranton Chamber of Commerce



Profit & Loss

	Year 1	Year 2	% Compared to Prior Year
<i>For year ending:</i>			
Sales			
- Cost of Goods Sold (COGS)			
= Gross Profit			
Expenses			
Wages			
+ Payroll Expenses			
+ Bad Debt			
+ Outside Services			
+ Supplies			
+ Maintenance			
+ Advertising			
+ Car/Travel			
+ Accounting and Legal Expenses			
+ Selling Expenses			
+ Rent			
+ Telephone			
+ Utilities			
+ Sales Tax			
+ Real Estate Tax			
+ Insurance			
+ Interest -- Loan 1			
+ Interest -- Loan 2			
+ Interest -- Loan 3			
+ Depreciation			
+ Office Expense			
+ Miscellaneous			
= Total Expenses			
Pre Tax Income (Gross Profit - Expenses)			
- Income Tax			
= Net Income			

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