

# **TECHBAZ.ORG**

## Profit and Loss Statement

For the Year Ended December 31, 1995

| <b>Category</b>               | <b>Amount (INR)</b> |
|-------------------------------|---------------------|
| Revenue                       |                     |
| Sales Revenue                 | ₹ 12,00,000.00      |
| Service Revenue               | ₹ 3,00,000.00       |
| Total Revenue                 | ₹ 15,00,000.00      |
| Cost of Goods Sold (COGS)     |                     |
| Direct Material Costs         | ₹- 4,00,000.00      |
| Direct Labour Costs           | ₹- 2,00,000.00      |
| Manufacturing Overhead        | ₹- 1,00,000.00      |
| Total COGS                    | ₹- 7,00,000.00      |
| Gross Profit                  | ₹ 8,00,000.00       |
| Operating Expenses            |                     |
| Research and Development      | ₹ -1,50,000.00      |
| Selling, General & Admin      | ₹ -2,00,000.00      |
| Marketing Expenses            | ₹ -1,00,000.00      |
| Depreciation and Amortization | ₹ -50,000.00        |
| Total Operating Expenses      | ₹- 5,00,000.00      |
| Operating Income              | ₹ 3,00,000.00       |
| Other Income and Expenses     |                     |
| Interest Income               | ₹ 10,000.00         |
| Interest Expense              | ₹- 20,000.00        |
| Other Income                  | ₹ 5,000.00          |
| Total Other Income & Expenses | ₹ -5,000.00         |
| Income Before Taxes           | ₹ 2,95,000.00       |
| Income Tax Expense            | ₹ -88,500.00        |
| Net Income                    | ₹ 2,06,500.00       |

\*Sample of Profit and Loss (P&L) statement for a hypothetical company.

## **Key Points:**

- **Revenue:** The Company's main sources of income come from sales and services.
- **Cost of Goods Sold (COGS):** These are the direct costs attributable to the production of the goods sold by the company.
- **Gross Profit:** This is calculated as Total Revenue minus Total COGS.
- **Operating Expenses:** These include various expenses necessary to run the business, such as research and development, general administrative expenses, marketing, and depreciation.
- **Operating Income:** This is the profit realized from the core operations of the business.
- **Other Income and Expenses:** This section includes non-operational income and expenses such as interest income, interest expense, and other miscellaneous income or expenses.
- **Income before Taxes:** This is the operating income adjusted for other income and expenses.
- **Income Tax Expense:** This represents the taxes owed on the pre-tax income.
- **Net Income:** This is the final profit of the company after all expenses and taxes have been deducted from total revenue.

**Note:** *This example reflects a simple and clear structure of a P&L statement, which is critical for financial analysis and business decisions.*