

Income Statement for YOUR Merchandising Business

Prepare an income statement for your merchandising business (from the PowerPoint business plan) using Excel; use the layout below. See my tips below to help you come up with the numbers.

Note: If you were not here at the end of last week, partner up with somebody who was.

	A	B	C	D	E
1		YOUR COMPANY			
2		Income Statement			
3		For the Month Ended March 2019			
4					
5	Revenue from sales:				
6	Sales			\$ 10,000.00	
7	Less: Sales returns and allowances	\$ 500.00			
8	Less: Sales discounts	100.00		<u>600.00</u>	
9	Net sales				\$ 9,400.00
10	Cost of merchandise sold				<u>2,350.00</u>
11	Gross Profit				\$ 7,050.00
12					
13	Operating expenses:				
14	Advertising expense		\$ 500.00		
15	Depreciation expense		100.00		
16	Insurance expense		50.00		
17	Rent expense		1,000.00		
18	Supplies expense		150.00		
19	Wages expense		<u>1,000.00</u>		
20	Total operating expenses				<u>\$ 2,800.00</u>
21					
22	Net income				\$ 4,250.00
23					

Revenue from sales:

- Use the same assumption for the sales price for an average item in your store that you used in the business plan.
- This time, assume you sell 2500 items in the month.
- Assume you have 10 items returned.
- Assume you give a 1% discount to customers on all items sold.
- For cost of merchandise sold, use the same average cost per item that you used in the business plan.

Operating expenses:

- You can use my estimates for each of your operating expenses, or make adjustments as you see necessary (these numbers make sense for a very small business, but may not for a larger business ... or a fancy one with lots of expenses).

Email your completed spreadsheet. MAKE SURE YOU USE FORMULAS IN THE SPREADSHEET.