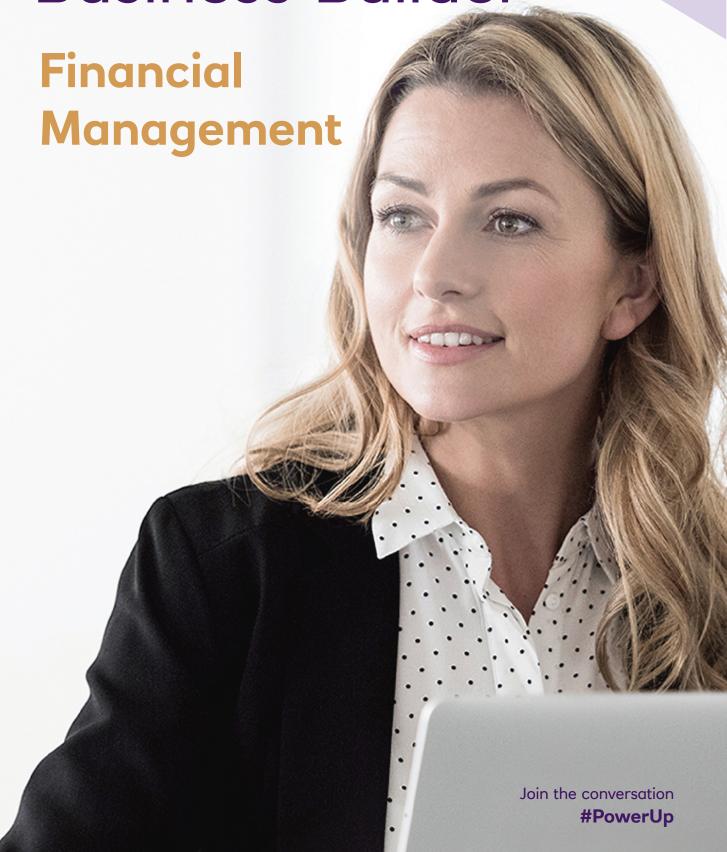


NatWest
Business Builder





Example Profit and Loss Statement

Profit and Loss Account	Y2	Y1
Sales 1	150,000	70,000
Sales 2	40,000	25,000
Total sales revenue	190,000	95,000
Materials 1	(10,000)	(7,000)
Materials 2	(250)	(200)
Total Cost of Goods Sold	(10,250)	(7,200)
Gross Profit	179,750	87,800
Salaries & wages	(25,000)	(0)
Marketing	(40,000)	(10,000)
Total Operating Expenses	(65,000)	(10,000)
Net Profit	114,750	77,800





Chapter 1 – Building a Profit and Loss

Now it's your turn!

It's time to bring the revenues and costs together to build a profit and loss statement for your own business. Don't worry if you don't have all the figures yet, use the numbers that you do have to build the structure just now and fill in the gaps as you develop the business.

Profit and Loss Account	
Total Sales Revenue	
Total Cost of Goods Sold	
Gross Profit	
Total Operating Expenses	
Net Profit	





Gross Profit Margin

Gross Profit % total sales = gross profit margin

Net Profit Margin

Net Profit % total sales = net profit margin

7/7/





Chapter 2 – Calculating Profit Margins

Use the profitability calculations we have just discussed to understand;

- The gross profit for each of your products or services
- The overall net profit margin for your business

Also think about what other key financial metrics you could measure within your business and

how you would track them.
Gross Profit
Not Duefit
Net Profit

Key Financial Metrics





Chapter 3 - Actions

Now over to you, take some time to think about three key actions to put what you have learnt into action.

1. Action One Complete by:

2. Action Two Complete by:

3. Action Three Complete by:

Well done, you have completed the Financial Management module!

Continue to develop your financial capability through:

- · Our library of digital modules on a whole range of topics
- · Join the online community to connect with other like-minded people
- Sign up to one of our wrap around events across the UK

#PowerUp



