



NatWest

# NatWest Business Builder

## Financial Management



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# £↔ Profit and Loss Statement

## Example Profit and Loss Statement

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



# Notes

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# Notes

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## Gross Profit Margin

Gross Profit % total sales =  
gross profit margin



## Net Profit Margin

Net Profit % total sales =  
net profit margin





# Notes

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## Chapter 2 – Calculating Profit Margins

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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**

### **Net Profit**

### **Key Financial Metrics**





# Notes

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# Chapter 3 - Actions

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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:

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**THANK**  
**YOU**



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