

An example of a typical Income Statement as at a specific date

	Sales (turnover)		250 000
LESS	Cost of sales / (Variable costs)		
	(eg. Retail: Opening stock plus purchases - Closing stock)		
	(i.e. 0* + R80 000 - R10 000)		<u>70 000</u>
	= Gross Profit		180 000
LESS	Expenses (overheads or fixed costs)		85 996
	Rent	22 000	
	Telephone	2 000	
	Vehicle (travelling)	3 000	
	Owner's salary	28 000	
	Wages	20 000	
	Water and electricity	3 000	
	Interest	2 796	
	Advertising	400	
	Bank charges	300	
	Accounting fee	1 000	
	Insurance	1 000	
	Licence	250	
	Legal costs	250	
	Depreciation	<u>2 000</u>	
	= Net Profit before (income) tax		<u>94 004</u>
LESS	(Income) Tax (50%)		<u>47 002</u>
	+ Net profit after (income) tax		<u><u>47 002</u></u> **

\* No stock as this is the first trading period Income Statement presented for the business

\*\* Breakeven point of turnover:  $\frac{\text{Total expenses}}{\text{Gross Profit \%}} = \frac{\text{R } 85\,996}{72\% \text{ or } 0.72} = \frac{\text{R } 180\,000 \times \frac{100}{1}}{\text{R } 250\,000}$

NB: the cost of sales calculation for a manufacturing or service business will differ from the above example. Consult your accountant for advice if required