

# Profit & Loss Statement

## *Directions:*

Fill out the Profit & Loss Statement on the following page based on the information below. Once you have completed the Profit & Loss Statement, answer the questions on page three.

Sample T-Shirt Company, INC. needs help with their profit loss statement for their fourth quarter which lasts between October 1st and December 31st. They have sold 14,320 t-shirts this quarter at \$20 a shirt. These shirts cost \$3 to make. Of all of the shirt orders, 80 percent are shipped to customers. The company offers free shipping, so they must pay an average of \$4 in postage per shirt shipped. The company has three employees who each make \$80,000 a year. The company has general liability insurance which costs \$600 a year, with equal payments every month. The company rents out a small production space for \$600 a month. Each month the company pays \$300 for web advertising, \$200 for print advertising and \$500 for television advertising. The company pays 15 percent of their profit in taxes.

# Profit & Loss Statement

Sample T-Shirt Company, INC

Quarter ending in \_\_\_\_\_

	Amount	% of Total Revenue
		100%
Less		

Less	<b>EXPENSES</b>		
	<b>Fixed Costs</b>		
	Wages		
	Insurance		
	Rent		
	<b>Total Fixed Costs</b>		
	<b>Variable Costs</b>		
	Advertising		
	Postage		
	<b>Total Variable Costs</b>		
	<b>TOTAL EXPENSES</b>		

Equals	Profit Before Taxes		
Less	Tax Expense		

Net Profit		
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# Profit & Loss Statement

1. A new company attempting to grow should allot 7 percent of their revenue to marketing. Assuming Sample T-Shirt Company, INC. is a new company attempting to grow, are they spending enough money on marketing? If not, how much should they be spending based on this quarter's revenue?
2. Wages for a business should be about 32 percent of gross revenue. Does the Sample T-Shirt Company, INC make enough revenue to hire another employee?
3. Sample T-Shirt Company, INC has a huge profit margin, but very slow growth. What do you suggest they spend money on to improve their growth?