

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 |
|-------------------|-----------------------------|--------|-----------------------|
| Less | Total Revenue | | 100% |
| | Cost of Goods Sold | | |
| | GROSS REVENUE | | |
| Less | EXPENSES | | |
| | Fixed Costs | | |
| | Wages | | |
| | Insurance | | |
| | Rent | | |
| | Total Fixed Costs | | |
| | Variable Costs | | |
| | Advertising | | |
| | Postage | | |
| | Total Variable Costs | | |
| Equals | TOTAL EXPENSES | | |
| | Profit Before Taxes | | |
| | Tax Expense | | |
| Net Profit | | | |

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?