

Royal Bank

Business Builder

**Financial
Management**



£↔ 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
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



Notes



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		



Notes



Gross Profit Margin

Gross Profit % total sales =
gross profit margin



Net Profit Margin

Net Profit % total sales =
net profit margin





Notes



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

Net Profit

Key Financial Metrics



Notes



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!

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#PowerUp

THANK
YOU

