

Name of Company-----
Income Statement
For the Year Ended December-----

Formate

	Rs.	Rs.	Rs.
1 Sale			A
Less Discount on Sale		B	
Less Sale Return		C	
D = (B+C)			D
Net Sale (A- D)			E
2 Cost of goods Sold			
<u>Direct Material Used</u>			
Onpening Inventroy Raw Material		F	
Add Purchase	G		
Less Discount on Pruchse	H		
Less Pruchse Returen	I		
J= (H+I)	J		
K= (G-J)		K	
Total Purchase (L=F-K)		L	
Less Ending Inventory Rawmaterial		M	
N=(L-M)		N	
Add Direct labour		N1	
Material used.(O=N+N1)		O	
Add (3) <u>Fatory Overhead (FOH)</u>			
Indirect materials	P		
Indirect labour	Q		
Fuel and power	R		
Repair and maintenance	S		
Insurance	T		
Depreciation	U		
Total FOH (V= add "P" to "U")		V	
Total current manufacturing Cost (W=O+V)		W	
Add Work in process inventory (Opening)		X	
Cost of Goods available for manufacturing (Y=W+X)		Y	
Less Work in process inventory (Ending)		Z	
Cost of Goods manufactured. (a=Y-Z)		a	
Add Finish Goods Inventory (Opening)		b	
Cost of Goods available for Sale (c=a+b)		c	
Less Finish Goods Inventory (Ending)		d	
Cost of Goods Sold (e=c-d)			e
Gross Profit (f=E-e)			f

Less (4)	<u>Operating Expenses</u>		
	Salaries	g	
	Frieght and octroi	h	
	Advertising and sale promotion	i	
	Rent	j	
	Sale Tax	k	
	Incurance	l	
	Royalty	m	
	Entertainment	n	
	Miscellanceouse	o	
	Depreciation	p	
	Total Operating Expense (add "g" to "p")		q
	Net Income (r = f-q)		r

Important Formulas

1 **Gross Profit** = Net Sale - Cost of Goods Sold

2 **Gross Profit Percentage** = $\frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$

3 **Operating Income** = Net Sale - (Cost of Goods Sold + Operating Expenses)

4 **Operating Income Percentage** = $\frac{\text{Income from Operations}}{\text{Net Sale}} \times 100$

5 **Net Income** = Total Revenue - Total Expense

6 **Net Income** = Gross Profit - Operative Expenses

7 **Net Income Percentage** = $\frac{\text{Net Income}}{\text{Net Sale}} \times 100$

Question No.5.12

1 Number of Units Manufactured

	Units sold	10,000.00
Add	Units in Closing FG	<u>4,000.00</u>
	Total Units	14,000.00
Less	Units in Opening FG	2,000.00
	Units Mfgd	12,000.00

2 Cost of Closing Working in Process Inventory

	Direct Materials	5,500.00
	Direct Labour	2,000.00
	FOH	1,500.00
	(30,000/40,000)x200	
	Total	<u>9,000.00</u>

**3 Al- Bari Bottler Limited
Manufacturing Statement
June.20,2013**

	Direct Material	50,000.00
	Direct Labour	40,000.00
	FOH	<u>30,000.00</u>
	Total Material	120,000.00
Add	WIP, Material June.30.2012	-
	Cost of goods available for manufacturing	120,000.00
Less	WIP inventory June.30 2013	9,000.00
	Cost of goods Mfged	<u>111,000.00</u>

4 Cost of each Unit Mfged

Cost of goods mfged / units mfged
Rs. 111,000/12000 units= Rs. 9.25

5 Ending FG Inventory

Units in ending FG x Per Unit cost of goods manufactured

4000 units x Rs.9.25= Rs.37000

6 Cost of Goods Sold

	cost of goods Mfged	111,000.00
Add	FG Inventory July 1, 2012	18,000.00
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	cost of goods Available for sale	129,000.00
	FG Inventory June 30,2013	37,000.00
Less		
	Cost of goods slod	<hr/> 92,000.00