

Traditional Income Statement & Income Statement Equations

Managerial Accounting

Sales revenue	\$3,255
<u>Cost of goods sold</u>	<u>1,460</u>
Gross margin	1,795
Selling expense	250
Administrative expense	160
<u>R&D</u>	<u>300</u>
Operating income	1,085
Interest revenue	25
Interest expense	(85)
Gains	5
<u>Losses</u>	<u>(20)</u>
Pre-tax income	1,010
<u>Income tax expense</u>	<u>230</u>
Net income	780

Sales revenue	Beginning FG	Beginning WIP	Beginning Mat
<u>- CGS</u>	<u>+ CGM</u>	+ DM used	<u>+ Mat Purchases</u>
GM	CGAS	+ DL	Total Mat available
<u>- SG&A</u>	<u>- Ending FG</u>	+ MOH	<u>- Ending Mat</u>
Income	CGS	<u>- Ending WIP</u>	DM used
		CGM	

CGS	cost of goods sold
GM	gross margin
S&A	selling, general & administrative
FG	finished goods
CGM	cost of goods manufactured
WIP	work in process
DM	direct material
DL	direct labor
MOH	manufacturing overhead
Mat	material