

# RAYMOND A. WALLACE, ACCOUNTANT

## Income Statement

An income statement, otherwise known as a profit and loss statement, basically adds an itemized list of all your revenues and subtracts an itemized list of all your expenses to come up with a profit or loss for the period.

An income statement allows you to...

- Track revenues and expenses so that you can determine the operating performance of your business.
- Determine what areas of your business are over-budget or under-budget.
- Identify specific items that are causing unexpected expenditures. Like phone, fax, mail, or supply expenses.
- Track dramatic increases in product returns or cost of goods sold as a percentage of sales.
- Determine your income tax liability.