



The Journey of Unemployed Adults from Financial Literacy to Entrepreneurship

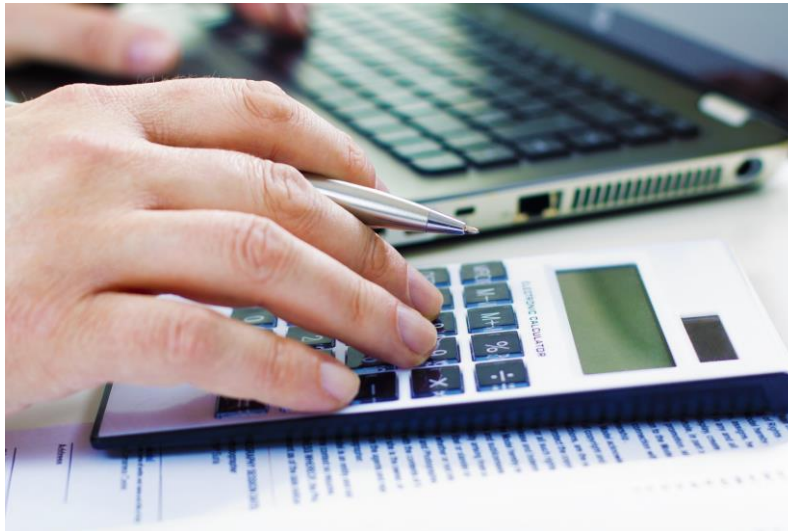
Financial Literacy Curriculum Content

MODULE 2: Entrepreneurship

Lesson 22: Income Statement

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An entrepreneur must learn to prepare a statement of income in order to determine his or her income and expenses. Thus, at the end of each accounting period, it is able to determine the operating result (profit or loss). Thus, he is able to comprehend the financial performance of his company.



Lesson 22: Income Statement

The income statement is a table that details the company's income, expenses, regular payments, and all other types of financial income and expenses for a given period. The preparation of income statements should be straightforward, comprehensible, and in accordance with financial analysis. The activities that occurred during a specific period (such as monthly, quarterly, or annually) are reflected on the income statement. All activities included on the income statement must have occurred during the period for which the income statement was created. In other words, unpaid sales, future projections, plans, and expectations should not be included in the income statement.

Example of Income Statement

	Notes	Current Period	Prior Period
CONTINUING ACTIVITIES			
Sales Income			
Cost of sales (-)			
GROSS PROFIT/LOSS			
Operating expenses (-)			
OPERATING PROFIT/LOSS			
Main Non-Operating Financial Incomes			
Non-Operating Financial Expenses (-)			
PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAX			
Period Tax Income/Expense			
Deferred Tax Income/Expense			
PROFIT/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS			

Why is the Income Statement Important?

Entrepreneurs seek the greatest possible profit from their endeavors throughout their business careers. Consequently, all business activities should be regularly documented. Accounting records document every aspect of a business's operations. With the accounting process's recording of transactions, income and expense accounts are created at the end of the period.

The profit or loss is calculated numerically using the income statement, which details the enterprise's income and expenses. In addition to profit or loss, the income statement displays all activities (sales, costs, income, and expenses) that affect the formation of profit or loss. Consequently, businesses can make more effective short- or long-term financial decisions and carry out the process with the aid of their income statements.



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