

Name:

Date:

Class:

Improving Business Profitability

Projecting Income

During your last meeting with the pottery business, you presented your recommendations for increasing their profitability. Now, they have asked you to generate a pro forma income statement for the first month following your recommendations. Use the following template to generate a pro forma income statement assuming the business sells 60 vases and has a 21-percent income tax rate. In the blank line following “For the Month Ended,” enter the month for which the income statement is being completed. Then, populate the gray, dotted-line boxes according to their individual row headings. For example, enter the anticipated revenue in the gray box found in the Revenue row. See Figure 11-9 in the textbook for guidance.

Pro Forma Income Statement

For the Month Ended: _____

REVENUE

--

LESS: COST OF GOODS SOLD

Production Materials

--

Production Labor

--

GROSS PROFIT

--

LESS: OPERATING EXPENSES

Commissions

--

Product Packaging

--

Rent

--

Utilities

--

Office Supplies

--

Equipment and Repairs

--

Entrepreneurship: Unit 5 PBL: Activity 5-3

Replacement Hand Tools		
Web Hosting Fees		
Insurance		
<u>OPERATING PROFIT</u>		
<u>LESS: INCOME TAX</u>		
<u>NET PROFIT</u>		