

Name:

Date:

Class:

## Pro Forma Income Statement Challenge

### Projecting Income

Challenge yourself in your ability to create financial statements by preparing a pro forma income statement that determines the potential profitability for the pottery company's next three years of business. Assume a 10-percent increase in production capacity and sales volume each year. 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 Three-Year Projection

|                                 | Year 1                                  | Year 2                                  | Year 3                                  |
|---------------------------------|---|---|---|
|                                 | For the Year Ended<br>December 31, 20XX | For the Year Ended<br>December 31, 20XX | For the Year Ended<br>December 31, 20XX |
| <b>REVENUE</b>                  |   |   |   |
| <b>LESS: COST OF GOODS SOLD</b> |   |   |   |
| Production Materials            |   |   |   |
| Production Labor                |   |   |   |
| <b>GROSS PROFIT</b>             |   |   |   |
| <b>LESS: OPERATING EXPENSES</b> |   |   |   |
| Commissions                     |   |   |   |
| Product Packaging               |   |   |   |
| Rent                            |   |   |   |
| Utilities                       |   |   |   |
| Office Supplies                 |   |   |   |
| Equipment and Repairs           |   |   |   |

Entrepreneurship: Unit 5 PBL: Activity 5-4

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