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## PROFIT & LOSS REPORT

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### SUMMARY

As relayed in the release notes for Version 2.12 the Profit & Loss report has now been reconfigured to display additional information.

This information includes, Gross Profit, a gross profit percentage figure and Net Profit.

One major change as part of this enhancement is your Income and Expense accounts in your Chart of Accounts have been split up into two separate classifications;

**Income** is now separated into

- Operating
- Non-operating

**Expenses** are now split into

- Cost of Sales
- General Expenses

### THE REPORT

Before running this report for the first time you will need to open your Chart of Accounts and mark income accounts as Operating or Non-Operating and expense accounts as Cost of Sales or General Expenses.

Accounts can only be set a classification at 'Level 1' in your Chart of Accounts. If you need to classify income or expense accounts differently than others they must be in different level 1 grouping accounts or directly in level 1 themselves. A 'level 1' account is any account directly under the Income or Expense header. As a result of this, to get your Profit & Loss report to read correctly you may need to modify your Chart of Accounts layout.

When first opening your G/L after the 2.12 update, all income accounts will be set to the classification of 'Non-operating' and all expense accounts will be set to 'General Expenses'.

To alter these classifications, open your Chart of Accounts and navigate to the 'Income' section. Highlight the level 1 account you wish to modify and click 'Open'.

Type	Profit and Loss Classification
<input checked="" type="radio"/> Grouping Account (Not Postable)	<input type="radio"/> Operating
<input type="radio"/> Postable GL Account	<input checked="" type="radio"/> Non-Operating
<input type="radio"/> Postable Bank Account	
Details	
Classification: Income	
Account Code:	1-1000
Description:	Sales
Def Tax Code (Acq):	[NA] Not Applicable
Def Tax Code (Supp):	[NA] Not Applicable

You will notice that the Profit & Loss Classification will be set to 'Non-Operating' by default. Change the setting if required and save and close. This will not be in full effect until you also save the Chart of Accounts layout.

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Once you save, all accounts directly under this account (if it is a grouping account) will assume the same P&L Classification. A similar screen presents within an expense account.

Type		Profit and Loss Classification	
<input checked="" type="radio"/> Grouping Account (Not Postable)	<input type="radio"/> Postable GL Account	<input type="radio"/> Cost of Sales	<input checked="" type="radio"/> General Expenses
	<input type="radio"/> Postable Bank Account		
Details			
Classification: Expense			
Account Code: 5.1000			
Description: Cost of Sales			

Once you are confident all of your accounts are classified correctly, you can run the Profit & Loss report. Accounting>General Ledger>Reports>Profit & Loss.

### Example

Here is a very basic example of what the report looks like;

Sample Builders Pty Ltd			
General Ledger - Profit and Loss			
From 01-Sep-2011 To 30-Sep-2011			
Acc No	Account Name	Balance \$	Totals \$
<b>Income - Operating</b>			
4.1000	Sales		
4.1001	Sales - Residential Housing	195,454.54	
	<b>Income - Operating Total</b>		<b>\$195,454.54</b>
<b>Expense - Cost Of Sales</b>			
5.1000	Cost of Sales		
5.1001	Construction materials	154,545.45	
	<b>Expense - Cost Of Sales Total</b>		<b>\$154,545.45</b>
	<b>GROSS PROFIT (LOSS)</b>		<b>\$40,909.09 20.93%</b>
<b>Expense - General</b>			
5.2000	Overhead Expenses		
5.2100	Payroll		
5.2041	Rates and Taxes	\$9,090.91	
	<b>Expense - General Total</b>		<b>\$59,090.91</b>
<b>Income - Non-Operating</b>			
4.2000	Other Income		
4.2001	Rental Property Income	10,909.09	
	<b>Income - Non-Operating Total</b>		<b>\$10,909.09</b>
	<b>NET PROFIT (LOSS)</b>		<b>(\$7,272.73)</b>

**Gross Profit**

There is now a subtotal for Gross Profit. This is simply your Operating income less your Cost of Sales expenses. There is also a percentage figure next to the Gross Profit total that displays the Gross Profit percentage.

**Net Profit**

The last figure on the report is Net Profit. This displays the difference between your Gross Profit, General Expenses and Non-operating income.

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