

**Income Statement for Lola's Custom Draperies, Inc.
March 1999**

Sales	\$ 85,456	
Cost of Goods Sold		
Materials	11,550	
Labor	17,810	
	\$ 29,360	(\$11,550 + \$17,810)
Less Total Cost of Goods Sold		
Gross Profit	\$56,096	(\$85,456 - \$29,360)
Operating Costs		
Fixed Costs		
Factory Rent & Utilities	\$ 8,000	
Salaries & Administrative	12,000	
Depreciation	2,000	
Variable Costs		
Sales Commissions	8,000	
	\$ 30,000	(\$8,000 + \$12,000 + \$2,000 + \$8,000)
Less Total Operating Costs		
Profit Before Taxes	\$ 26,096	(\$56,096 - \$28,000)
Taxes (25%)	6,524	(\$26,096 × .25)
Net Profit/(Loss)	\$19,572	(\$26,096 - \$6,524)

numbers as part of a whole, with the whole represented as 100 percent. Relating each element of the income statement to sales by stating the element as a percentage will help you notice changes in your costs from month to month.

You probably know that half ($\frac{1}{2}$) of something can be expressed as 50 percent, but here's how that percentage is actually figured:

1. Divide the numerator (top number) by the denominator (bottom number) of the fraction. To do that, add two decimal places to each number:

$$\frac{1}{2} = 1.00 \div 2.00 = .50$$

2. Multiply that result by 100 to express it as a percentage:

$$.50 \times 100 = 50 \text{ percent (50\%)}$$