

Biz-Café Monthly Income Statement

Ted Mitchell

Income Statement - Period 1
Income Statement for January, Month to Date

	January to Date	% of Rev.	Year to Date	% of Rev.
Revenue	\$4,217.60	100%	\$4,217.60	100%
COGS	\$346.26	8%	\$346.26	8%
Gross Margin	\$3,871.34	92%	\$3,871.34	92%
Management	\$1,290.00	31%	\$1,290.00	31%
Staff	\$1,064.25	25%	\$1,064.25	25%
Adv./Promo.	\$4,200.00	100%	\$4,200.00	100%
Rent	\$2,000.00	47%	\$2,000.00	47%
Utilities	\$0.00	0%	\$0.00	0%
Depreciation Expense	\$0.00	0%	\$0.00	0%
Interest on Loan	\$0.00	0%	\$0.00	0%
Total Expenses	\$8,554.25	203%	\$8,554.25	203%
Net Income	\$(4,682.91)	-111%	\$(4,682.91)	-111%

- ### Traditional Rates Of Return on an Income Statement
- Gross Return on Sales, GROS
more accurately the rate at which gross profit is being returned on sales revenue
 - Markup on Price, $(P-V)/P = Mp$
more accurately the rate at which profit per unit sold is being returned for every dollar of selling price
 - Return on Sales, ROS,
more accurately the rate at which net profit or net income is being returned on sales revenue

What is the value of the following ratios
Return on Sales, $ROS = (Net\ Income)/Revenue$
Markup on Price, $Mp = (P-V)/P$ or $GROS = G/R$

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- ### Fixed vs. Variable Cost
- The cost of managers and advertising are treated as a variable cost because they can be varied every week
 - True or False?
 - Depreciation should be consider a variable cost because the more coffee we make the faster things wear out.
 - True or False?

What are the Variable Costs?
What are the Fixed Costs?

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What is value of the advertising to sales ratio?
What is the adv/sales ratio used for?

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What's good and useful about it
if it was weekly

- Revenue
- COGS if there was more detail
- Gross profit
- Gross profit Return on sales, GROS, helps set price and determine efficiency
- Staff servers if there was more detail on hours
- Ad/Promo if there was more detail
- Weekly net profit

Summary on Monthly Income Statement as Management Tool

- It is not designed to help with weekly Managerial Decision Making
- It has information that would be helpful if it was in a different format

- We need to prepare a Weekly statement of the marketing machine's production of profit that it contributes to the firm