**Profit and loss – a quick look**

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| **Sales** | £20,000 |
| **Cost of Sales** | £5,000 |
| **Gross Profit** | £15,000 |
| **Fixed Costs and Overheads** | £10,000 |
| **Net Profit** | £5,000 |

**Sales** - Total sales invoiced, even if you have not yet been paid for them.

**Cost of Sales** - Total cost of producing these sales, including materials, labour and overheads.

**Gross profit** - Total Sales minus Cost of Sales

**Fixed costs and Overheads** - Costs associated with running the business.

**Net Profit** - Gross Profit minus all business expenses but does not include drawings.