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Hello there, finance adventurers! I remember the first time I tried to make sense of a profit and loss statement. It felt like I was trying to decipher hieroglyphics without the Rosetta Stone. The numbers swam before my eyes, and terms like revenues, expenses, and net income seemed as alien as quantum physics. But guess what? I survived, and you will too! In this article, were going on a journey together to conquer the mighty profit and loss statement (also known as income statement) all within the friendly confines of Excel. Well start by understanding what a P&L statement is and why its vital to your business. Then, well dive into preparing your data, followed by a step-by-step guide to building your very own P&L statement using my favorite profit and loss statement excel template. By the end, youll have the power to analyze your P&L statement and make informed decisions about your business. Creating a profit and loss statement in Excel involves several steps. First, open a new Excel spreadsheet and label the first four columns as Revenue, COGS, Expenses, and Net Profit. Under Revenue, list all your sources of income and their respective amounts. For COGS and Expenses, list down the direct costs related to producing your goods and all other operating expenses, such as rent, salaries, and marketing. Finally, calculate the net profit by subtracting the sum of COGS and Expenses from Revenue. Remember when we were kids playing with our piggy banks? Wed drop in coins (and sometimes notes if we were lucky), then wed take some out to buy candy or toys, and finally, wed shake that piggy bank to hear the satisfying jingle of what was left. Well, a profit and loss statement is pretty much like your grown-up piggy bank. In essence, profit and loss statements (or income statements, as they are often called) are a summary of the companys income (like those coins you saved), the money going out of your business (like buying that candy), and what youre left with at the end (that satisfying jingle). But instead of coins and candy, were talking about revenues from sales, costs of goods sold, expenses, and hopefully, a nice net profit. Lets break down the profit and loss statement format : This is the total income your business earns from its main operations think of it as the starting number of coins in your piggy bank. These are the direct costs of producing the goods or services your business sells like the cost of the candy you bought with your piggy bank money. Gross profit is a key ingredient in your profit and loss statement recipe. It represents the difference between your total revenue and the cost of goods sold (COGS). In simpler terms, its what you have left after covering the direct costs of producing your products or services. To calculate gross profit, you subtract COGS from your total revenue. This figure is a vital indicator of your companys profitability and helps you understand your pricing strategy and cost structure. By keeping an eye on your gross profit, you can ensure that your business is financially healthy and make adjustments as needed to improve your bottom line. These are the other expenses incurred by your business that arent directly tied to a specific product or service, such as rent, salaries, marketing, and utilities. Tracking these expenses is crucial for understanding your cash flow, as it helps visualize and manage the inflows and outflows of money. Imagine these as other stuff you bought, like stickers or comic books. Finally, this is the business income thats left over when you subtract your COGS and expenses from your revenues. Its the jingle left in your piggy bank, the part that makes you smile. Understanding your profit and loss statements is like having a financial health check-up. It helps you track financial performance and tells you if your business is profitable or not, where your money is going, and where you could make improvements. It can also help you predict future business performance by tracking trends and identifying areas for cost-cutting or growth. So, its not just a bunch of numbers its a story about your businesss performance, a tool that helps you make informed decisions to grow and thrive in your entrepreneurial journey. And trust me, thats a story worth understanding. Data collection is like baking a cake. If you use rotten eggs or forget the baking powder, your cake might end up flat, tasteless, or worse, make someone sick! Similarly, inaccurate data can lead to misinformed decisions that could harm your business. So, just like wed carefully measure our ingredients for that perfect chocolate cake, we need to ensure our financial data is accurate, up-to-date, and complete. Now, onto organizing our ingredients. Here are some tips to keep your data tidy: Keep it Consistent: Use consistent categories and labels across all your data. If you call it revenue in one place and sales in another, youre setting yourself up for confusion. Time Periods Matter: Make sure youre comparing apples to apples. If youre looking at monthly profit, ensure all your data is broken down by month. Keep it Simple: Dont go overboard with too many categories. Stick to whats relevant to your business and your P&L statement. Alright, folks, its time to roll up our sleeves and get down to business. Were going on an Excel adventure together, and I promise itll be more fun than the time you tried to assemble flat-pack furniture without the instructions! Make sure to download our free profit and loss template to follow along with the examples to use in your own business: Template_Profit_LossDownload Imagine your Excel workbook is like your kitchen. Before we start baking our financial cake, we need to set everything up in our profit and loss template. Create a new Excel spreadsheet and label the first four rows as Revenue, Cost of Sales, Compensation, Other Expenses, and Profit/(Loss). Now, lets start filling our baking bowl. In the Revenue column, list all your sources of income. For instance, if you run a bakery, you might have bread sales, cake sales, pastry sales, etc. Next to each item, fill in the respective amounts. Remember, accuracy is key here no one likes a cake thats too sweet or too bitter! Next, lets tackle the COGS and Expenses columns. Under COGS, list down the direct costs related to producing your goods. In our bakery example, these would be things like flour, eggs, sugar, etc. For Expenses, write down all other costs like rent, salaries, utilities, and marketing. Be thorough even the tiniest sprinkle can make a difference to our cake! Now, we need to use SUMIFS to pull our data table into the P&L. You will use the type of revenue or expense as well as the month as the criteria. Here comes the big moment its time to calculate our net profit. This is like the final taste test of our cake. In Excel, subtract the sum of COGS and Expenses from Revenue. The result is your net profit. If the number is positive, congrats! Your business cake is deliciously profitable. If its negative, dont worry. Side note, gross profit is like the first taste test it shows how much profit you made before accounting for expenses. You can also check items like profit margin % and net income in order to get a better understanding of the financial health of a company. Profit margin % is the percentage of revenue that turns into profit after all expenses are accounted for. A higher profit margin % indicates that a company is able to generate more from its sales. Before we wrap up, lets go over some common mistakes on profit and loss statements: Mixing Up Categories: Remember, COGS are direct costs related to your goods or services, while Expenses are other costs. Dont mix them up! Overlooking Small Costs: Every penny counts in a small business. Whether its a small monthly subscription or occasional maintenance costs, make sure to include them all. Inaccurate Data Entry: Double-check your numbers. An extra zero can turn a profitable month into a loss! Using a profit and loss statement template can bring numerous benefits to your business, making the process of tracking financial performance much easier and more efficient. Creating a profit and loss statement from scratch can feel like trying to bake a cake without a recipe. Its time-consuming and prone to errors. A template, on the other hand, is like having a ready-made recipe that guides you through the process. With a pre-designed template, you can quickly and easily input your financial data, saving you time and reducing the risk of mistakes. This means you can spend more time focusing on growing your business and less time worrying about the numbers. A profit and loss statement template helps you gain a clear understanding of your financial performance. By organizing your revenue, expenses, and net income in a structured format, the template makes it easy to see how your business is doing at a glance. This clarity is essential for making informed decisions about future investments, funding, and resource allocation. With a clear picture of your financial health, you can confidently steer your business towards success. A profit and loss statement template is a powerful tool for financial planning and decision-making. By analyzing your financial performance, you can identify areas for cost reduction, optimize your pricing strategies, and make informed decisions about investments and funding. The template helps you develop effective financial plans, set realistic goals, and make data-driven decisions to drive growth and profitability. In short, it simplifies the process of creating a financial statement, giving you the insights you need to make smart business decisions. By using a profit and loss statement template, you can streamline the process of tracking your financial performance, gain valuable insights into your businesss financial health, and make informed decisions to drive growth and profitability. Weve made it, my friends! Weve baked our financial cake, and now its time to taste it. But what do all these financial documents mean? How do we know if our cake is a success or if it needs a bit more sugar or a little less salt? Lets find out together. Reading your P&L statement is like reading a recipe. At first glance, it might seem like a list of random ingredients, but as you look closer, you start to see how everything connects. Your Revenue is the base of your cake its what everything else is built upon. Your COGS and Expenses are the ingredients that go into making the cake. And your Net Profit? Thats the final taste of your cake, telling you whether its sweet (profitable) or needs a bit more work. So, what can these numbers tell us about our business? Quite a lot, actually! High Revenue but low Net Profit? Maybe your ingredients (COGS) are too expensive, or youre using too many (high expenses). Low Revenue but high Net Profit? Youre running a lean, mean baking machine! Negative Net Profit? Dont despair. Its a sign that something needs tweaking maybe we need to sell more cakes or find cheaper ingredients. And remember, even the most successful bakers have baked a few flops along the way! Home Blog Create a P&L in Excel: A Practical Guide If you are new to a finance and accounting role such as Financial Due Diligence (FDD), Transaction Services (TS), Investment Banking (M&A), Financial Planning & Analysis (FP&A), or Controlling, you will inevitably need to turn raw accounting data into a profit and loss statement (P&L) in Microsoft Excel at some point.Having completed this task hundreds of times in my career, I will show you how to create a profit and loss statement in Excel efficiently. Together, we will:Start with a trial-balance data exportMap / allocate detailed accounts to broader P&L categoriesBuild a P&L in Excel with both SUMIFS formulas and a PivotTableYou will learn not only how to build a P&L in Excel but also how to apply lookup formulas, aggregation techniques, mapping concepts, grouping methods, and other essential Excel skills used by top-performing finance professionals. Alongside the technical Excel work, you will get a feel why a strong grasp of accounting is equally important. By the end of this guide you will have two fully working versions of the same P&L:A formula-driven P&L powered by SUMIFS, which is flexible and easy to formatA PivotTable P&L that you can collapse, expand, and use for fast analysis and quick iterationsBoth approaches start from the same trial-balance extract, allowing you to cross-check the numbers easily.These outputs provide a solid base to which you can add further KPIs and analytics such as margins, growth rates, and variances. The profit-and-loss (income-statement) layout below uses SUMIFS to pull account values and then rolls them up with SUM or SUBTOTAL formulas.This is the standard method among market leaders in mergers and acquisitions (M&A), transaction services (TS), and related finance and accounting disciplines. Exhibit 1. SUMIFS-driven P&L in Excel The alternative layout below is built with a PivotTable. You can collapse or expand periods, switch between yearly and quarterly views, show subtotals such as Gross Profit and Operating Expenses, or drill into granular lines like Personnel Expense.This method is less common and tends to be favored by tech-savvy finance professionals. When set up correctly, a PivotTable P&L is extremely powerful, but it requires a bit more setup and Excel know-how than the straightforward SUMIFS approach. Exhibit 2. PivotTable-Driven P&L in Excel Most P&L-building exercises begin with an export from the accounting system, typically a trial-balance extract. A trial balance lists every account in the general ledger (GL) together with its ending balance after all entries and transactions have been posted.A trial balance usually covers all account typesassets, liabilities, equity, income, and expenses. To create an income statement, we look only at income and expense accounts because those feed into the P&L.Below is a simplified sample trial balance extract that contains only the P&L accounts used in this example.To get the sample data, download the practice file. Account No. Account Name Period Amount 4000Product Sales - Online12/31/202560000 4001Product Sales - Retail12/31/202535000 4010Service Income12/31/20255000 4100Sales Returns - Online12/31/2025-1200 4101Sales Returns - Retail12/31/2025-800 5000Raw Materials - Plastic12/31/2025-15000 5001Raw Materials - Electronics12/31/2025-10000 5010Manufacturing Labor12/31/2025-18000 5020Packaging Materials12/31/2025-2000 5030Shipping Inbound12/31/2025-1500 Note: Some accounting exports present a single Amount or Balance column, while others split figures into separate debit and credit columns. Revenue and income usually appear as credit balances, which may be shown as negative numbers. If so, multiply those values by 1 so that income is positive and expenses are negative. Keeping opposite signs for income and expenses is a small but critical practice. It lets you rely on plain addition in every step that follows, streamlining your work and reducing the risk of errors. Before diving into Excel formulas, understand the hierarchy-mapping concept. A hierarchy mapping table links each granular item (for example, a raw GL account) to an aggregated P&L category or line item.In other words, you create a bridge between the detailed accounts in the trial balance and the higher-level sections you want to show on the P&L report.Why build an account hierarchy mapping table?Summarization. Assign each account to a category such as Revenue, Cost of Goods Sold, or Operating Expenses, and you can total those categories with simple formulas.Consistency. Once the mapping exists, you can reuse it for future periods. If the trial balance later contains new numbers or new accounts, drop them in; the summary formulas keep working. Only truly new accounts need to be added to the mapping table.Clarity. The exercise forces you to decide where each account belongs. This is invaluable in valuation or due-diligence work, where you may need to align a companys chart of accounts with a standard layout.Quick changes. Need a particular GL account to roll into a different P&L line item? Edit the mapping, and the summary updates automatically. There is no need to rewrite complex formulas; maintain the mapping table instead.For the sample data above, a (shortenend) account-mapping table might look like this: Account No. AccountLevel1 AccountLevel2 AccountLevel3 Account Name 4000 EBIT Gross Profit Revenue Product Sales - Online 4001 EBIT Gross Profit Revenue Product Sales - Retail 4010 EBIT Gross Profit Revenue Service Income Click to Expand All So, how do you create a mapping table? You have several options:Create it manually on a separate worksheet or next to your trial-balance data.Import an existing mapping from your accounting system.Write a script to automate part of the process.Experiment with AI to generate a first draft (my experience has been mixed, and I often find that manual work is faster).Manual vs. Automated MappingIf you cannot extract a mapping from your accounting system, building it by hand is usually the quickest approach. It is mostly a one-off exercise, and it forces you to review every general-ledger account, which is always worthwhile.Even when you can automate part of the task, keep an option to do manual adjustments. The mapping table gives you fine-grained control over your final output and reporting structure.Adding Mapping Information to the DataAfter the mapping table is ready, integrate it with your trial-balance data by using lookup formulas such as:INDEX / MATCHXLOOKUP or VLOOKUPEach formula searches for the account number in the mapping table and returns the corresponding category.For simplicity, we will place everything in one large data table rather than multiple related tables (those are common in more advanced star-schema data models). More advanced techniques that use Power Query and Power Pivot (Excels Data Model) will appear in a separate article and will be cross-referenced here later. To get the most out of this tutorial, pick one of the following options download the practice Excel file. It contains the sample data, solutions, and several alternative starting points.Introductionary NotesTable references. We will store data in an Excel Table so that structured references such as tblDataTrialBalance[Amount] can be used. They read more clearly, and Tables expand automatically as new rows are added. If you would rather work with standard ranges, be sure to size them generously so they still cover any future rows.Detailed shortcuts. I list keyboard shortcuts, which I usually use. Treat them as guidance, not mandatory steps.Step 1: Convert Raw Data to a TableOn the RawData sheet, click any cell inside the data range and press Ctrl + A.Press Ctrl + T Enter.Select the table and navigate to Table Design on the ribbon, then to Table Name: on the left and enter tblTBData.Step 2: Prepare the Account MappingCopy the Account No. and Account Name columnsPress Ctrl + Home.Hold Shift, press the Right Arrow, then hold Shift + Ctrl and press the Down Arrow.Press Ctrl + C.Move to cell K1:Press Ctrl + Up Arrow to return to row 1.Press Ctrl + Right Arrow to reach the right edge of the current data block.Press Right Arrow repeatedly (or use mouse) until cell K1 is selected.Paste into cell K1 with Alt E S V Enter.Remove duplicatesEnsure the two pasted columns remain selected, or re-select them.Press Alt A M Tab Tab OK (or use Data Remove Duplicates).Add three new category columnsIn cell M1 type AccountLevel1.In N1 type AccountLevel2.In O1 type AccountLevel3.Populate the category columnsAccountLevelEnter EBIT for accounts that belong to EBIT (Earnings before Interest and Taxes). In this example, EBIT includes all accounts except those starting with 7. Enter Interest and Taxes for the rest.AccountLevel2Enter Gross Profit, Operating Expenses, or Interest and Taxes.Gross Profit: accounts starting with 4 or 5.Operating Expenses: accounts starting with 6.Interest and Taxes: accounts starting with 7.AccountLevel3 (detailed categories)Enter the detailed P&L line items.Revenue: starting with 4COGS: starting with 5Personnel: starting with 60Rent and utilities: starting with 61 and 62Marketing: starting with 63 and 64Admin: starting with 65 and 66D&A: starting with 67Interest income: starting with 70Interest expense: starting with 71Taxes: starting with 72Note: In practice, a solid finance and accounting knowledge is essential for this step.Step 3: Merge Account Mapping with Raw DataCreate INDEX / MATCH formula in cell E2Type =INDEX(Select column AccountLevel1 in the account mapping tableType ,MATCH(Click on cell B8Type ,Select column Account No. in the account mapping tableTip: select any cell in that column and press Ctrl + Shift.Type ,0)) and press Enter.Optional: Press Alt + Enter to insert line breaks for better formula readability.Repeat for AccountLevel2 and AccountLevel3Copy-paste the formula two columns to the right for AccountLevel2 and AccountLevel3.Adjust the column names in the table header.Make sure your formulas reference the correct columns.Now, we are done with the boring part and are all set to start creating some P&Ls! The first, and most common, method to build a P&L is to use Excels SUMIFS function to aggregate trial-balance values by the categories we defined. When you use SUMIFS, you must decide the level of aggregation.Aggregated (high-level) P&L with SUMIFSIn this version each row represents a full categoryfor example, total Revenue and total Cost of Goods Sold (COGS). A single SUMIFS formula adds every account assigned to that category. Exhibit 3. SUMIFS-driven P&L aggregated by top-level sections such as Revenue and COGS In the detailed layout each row shows one trial-balance account, and SUM formulas roll those accounts up into their parent categories.Grouping and indentation allow you to collapse or expand detail, so the worksheet stays polished and readable even when it contains many lines. Exhibit 4. SUMIFS-driven P&L calculated bottom-up at the trial-balance-account level The SUMIFS formula sums a range based on one or more criteria. Here we will sum the Amount column, provided that:The row in AccountLevel2 matches the category in B5.The row in Period matches the date in D3. =SUMIFS(tblTBdataMapped[Amount], tblTBdataMapped[AccountLevel2], $B5, tblTBdataMapped[Period], D$3) If you are new to SUMIFS, read our article on this topic. You will almost always create a SUMIFSdriven P&L for reporting and analysis. SUMIFS formulas are dynamic and let you customise structure, format, and layout.The real question is which level of granularity you need. Aggregated P&Ls are quick to set up and make an excellent sanity check for other methods. Detailed P&Ls may offer more insights but can be timeconsuming to maintain, so weigh the effort against the insights gained. Consider:Will you gain additional insights, or spend hours for minimal value?Who is the recipient, and what is the context?Is this a oneoff or recurring task?How stable is the chart of accounts?How much time do you have?A practical approach is to maintain:A moderately aggregated P&L for quick insight, summaries and low maintenance.A bottomup PivotTable P&L with all the granular details, giving you the ability to perform drill-downs on short notice. Category Aggregated P&L (SUMIFS) Detailed P&L (SUMIFS) Advantages Super-fast to spin up High-level view is less noisy when new GL accounts pop up Full transparency every GL line shows Easier to trace odd movements without drilling into another sheet Disadvantages No line-item context, so root-cause hunting can be a pain Heavier workbook (lots of rows & formulas) More fragile add one rogue account or typo and the whole thing can break Slower to calculate on big data sets When to Use Pretty much always as a front page snapshot for management packs Preparing work to be shared externally (e.g. financial models, M&A/financial due diligence datapacks) One-off / adhoc work When you have a stable charter of accounts We begin with the trial-balance data merged with the accounting mapping in the Excel table named tblTBData.If you have not built tblTBData yet, you have two options:Build it yourself by following the steps in the Data Preparation section.Skip ahead to the SUMIFS section and use the pre-transformed and formatted source data in the practice workbook (table tblTBDataSolution on the Solution_Source_TBdata sheet).Step 1: Prepare the P&L ConstructCreate a new sheet for the P&L and copy the account hierarchyCreate a new worksheet.Go to Solution_Source_TBdata. Confirm that columns AccountLevel1 AccountLevel3 are in the right order.Click any cell with a value in the AccountLevel1 column, then Ctrl + Space Space to select that column including header.Add column AccountLevel2 and AccountLevel3 to the selection by holding Shift and pressing Right Arrow twice.Press Ctrl + C.Switch to the new sheet (Ctrl + Page Down).Select cell C9 and paste with Alt E S V Enter (values-only).Remove duplicates from the pasted hierarchySelect the range you just pasted.Run Data Remove Duplicates or press Alt A M Tab Tab Enter.Prepare the period labelsGo to Solution_Source_TBdata and copy the Period column.Paste it onto the new sheet in cell G12, remove duplicates, then sort ascending (Data Sort Ascending or Alt A S A).Copy that clean list, go to cell G9, and paste transposed with Alt E V E Enter.Delete the original column you pasted by clearing contents and formats with Alt H E A.Step 2: Build SUMIFS formula =SUMIFS(tblTBdata[Amount], tblTBdata[AccountLevel3], $B8, tblTBdata[Period], F$7,) Create SUMIFS formula in cell G11Type =SUMIFS(Select column Amount in Table tblTBDataSolutionType ,Select column AccountLevel3 in Table tblTBDataSolutionType ,Go back to your worksheet and click on cell E10 (or type it). Press F4 three times to anchor the column reference. Make sure you remove the reference to your worksheet (i.e. it should read $E10 and not Sheet1!$E10). Here is why.Type ,Select column Period in Table tblTBDataSolutionType ,Click on cell F9 (or type it). Press F4 twice to anchor the row reference.Press Enter.Copy the formulaSelect the cell with your SUMIFS formula and press Ctrl + C.Select the range to paste the SUMIFS (G10:G20). Paste formulas with Alt E S F Enter.Step 3: Finalize the P&LAdd subtotal rowsInsert a blank row after each AccountLevel2 group (for example, below the Gross Profit block).Navigate to the first cell with the next group and press Ctrl + Shift + . This will insert a row and shift the remaining cells down.Copy and paste the name of the group into the AccountLevel3 column.Repeat for all groups.Insert a blank row after Operating Expenses and name it EBIT.In the value columns, enter a SUM (or SUBTOTAL) that totals the rows above.In cell G12, enter: =SUM(G10:G11)In cell G18, enter: =SUM(G13:G17)In cell G23, enter: =SUM(G19:G21)Add a grand total rowInsert a final row labeled Net Income.In cell G24, enter: =SUM(G12,G18,G23).Apply final formattingFormat each subtotal row and the grandtotal row in bold.Add borders to separate major sections.Select the header row and navigate to Home Borders Thick Bottom Border.Select the subtotal rows and navigate to Home Borders Top Border.Select the grand total row and navigate to Home Borders Top and Double Bottom Border.Use an appropriate number format with suitable decimals.For example, select the values cells (G10:G23), right-click and navigate to Format Cells Number Format Custom Enter: #,##0_);(#,##0);" - "_);@_) and click OK.Note: For this to work properly you must use the same locale as me (US).Further fine-tuning as needed. From here, you can do some more formatting, add KPIs, variance columns, add checks to the source data, and so on. Pivot Tables summarize data quickly in Excel. They can turn a trial balance into a P&L with a few clicks. Pivot Tables handle grouping and summation without worksheet formulas. Exhibit 5. Example of a PivotTable-driven P&L in Excel (bottom-up calculated at trial-balance account level) Pivot Tables are great when you do not yet know what you are looking at:You can slice and dice, change views and play around with data quicklyYou get answers about total revenue or expenses as well as detailed drill-downs on financial statement line items and trial balance accounts.For presentation or modeling, formula-based P&Ls give you tighter layout control. Use both approaches: keep a PivotTable for validation and deep dives, then build a formula version for the final output. Having the PivotTable in reserve makes it easy to handle ad-hoc questions.However, keep in mind that a strong PivotTable P&L depends on well-structured source data, so weigh the setup effort against the project scope:Short, ad-hoc work (a few days). Skip the PivotTable unless you receive clean, structured data and can set it up in minutes.Longer projects (multi-month sell-side mandates or in-house finance work). The upfront investment usually pays off. Pivot Table Pros Pivot Table Cons Speed: Create a pivot summary in seconds. Perfect for quick analysis of large trial balances. Limited formatting flexibility: Pivot tables have preset layouts. They do not offer the same level of customization as standard worksheet cells. No formulas required: Built-in summarization reduces formula errors. Need to refresh: Unlike formulas, pivot tables need manual refreshing after data changes. Automatic inclusion of new accounts: Refresh the pivot to include newly added accounts. No need for new SUMIFS formulas. Learning curve: New users may need time to learn the interface. Drill-down capability: Double-click any number to see underlying transactions or accounts. Data structure requirements: Your data must be well structured for pivots to work properly. Quick comparisons: Create side-by-side P&Ls for multiple periods if your data includes them. We begin with the trial-balance data merged with the accounting mapping in the Excel table named tblTBData.If you have not built tblTBData yet, you have two options:Build it yourself by following the steps in the Data Preparation section.Skip ahead to the PivotTable section and use the pre-formatted data already in the practice workbook (table tblTBDataSolution on the Solution_Source_TBdata sheet).Step 1: Insert the PivotTableCreate a new sheet and select cell C6.Go to ribbon Insert PivotTable From Table/Range.Switch to worksheet Solution_Source_TBdata, click any cell in the data table, and press Ctrl + A to highlight the entire table.Click OK to create the PivotTable on the new sheet.Step 2: Populate the PivotTableNavigate to the PivotTable Fields pane.Drag AccountLevel1, AccountLevel2, AccountLevel3, and AccountName to Rows.Drag Period to Columns.Drag Amount to Values.Step 3: Adjust Layout & FormatClick anywhere inside the PivotTable.Navigate to ribbon tab Design Subtotals Show All Subtotals at Bottom of Group.Design Grand Totals On for Columns Only.In the Pivot body, right-click any second-level item (for example COGS) and select Expand/Collapse Collapse Entire Field.Drag items to follow the natural P&L orderfor instance, move Revenue above COGS.Step 4: Fine-Tune the PivotTableRight-click the PivotTable PivotTable Options.Clear Autofit column widths on update.Check For empty cells show: and type 0.In the Fields pane, right-click Sum of Amount Value Field Settings Number Format Custom and apply your preferred format (for example:#,##0_);(#,##0);"-";@_)Select the period headers, then Home Alignment Align Right to right-align them.Your PivotTable now functions as a dynamic, drill-down P&L ready for analysis. Without going into too much detail, let me name a couple of topics you should have heard about when using PivotTable.Compact vs Tabular Layout: We used compact in this article as it is the closest to the standard SUMIFS P&L approach. However, youll also often see and use tabular layout, which lays out the mapping information into additional columns.Repeat Items: If you opt for tabular layout, you often want to tick repeat items so that the additional columns actually resemble the mapping.Show missing values as 0: Empty cells do not look great, which is way you can tell the PivotTable to show 0 instead (right-click the pivot PivotTable Options).Expand/collapse multiple hierarchies at once: For instance, right-click on an item of the hierarchy level you want to expand Expand/Collapse Expand Entire Field.You can adjust styles to customize the format of the Pivot Table, for example to add subtotal borders: Select PivotTable Design PivotTable Styles Modify.You can sort by a column (note that unfortunatly there is no absolute sort option available, so if you want to sort expenses (negative) by magnitude, your revenue accounts (positive) will be in the wrong order). Adopting sound practices spares you future headaches, below are two important aspects that you should keep and eye on.Accounting Data and Account-Mapping ExportsBefore you dive into analysis, review the data extracts available from your accounting system:Understand your export options. Most systems can output data in several formats.Avoid report-style exports that look good to the eye but are hard to work with in Excel; they often require heavy re-formatting, especially when building a PivotTable P&L.Request or generate a raw, table-structured export (one row per transaction or trial-balance line, with separate columns for account IDs, amounts, periods, etc.). With well-structured data, the procedures in this guide take only minutes. With poorly structured exports, they can consume hoursor even daysof clean-up time.Consistent Signs for Revenue and CostsGeneral rule Keep all income figures positive and all cost figures negative. Building your entire P&L around additions instead of subtractions avoids sign errors and speeds up model-building.How to enforce correct signs if data comes with a single sign:Add a Sign column to your account-mapping table:+1 for revenue and asset accounts.-1 for expense and liability accounts.Join the Sign column to the transaction table on AccountID, then multiply the transaction amount by Sign to set the proper sign automatically.When stakeholders insist on positive costs. Maintain two versions:A technical P&L that keeps true (negative) cost signs.A presentation sheet that references the technical P&L but multiplies costs by -1 so they display as positive.Monthly versus Year-to-Date (YTD) DataPull monthly values whenever possible and aggregate them to YTD yourself.Working in the opposite directionderiving monthly numbers from YTD totalsis time-consuming, error-prone, and restricts later analysis. After spending considerable time crunching financial, accounting and sales data in Excel, I noticed certain tasks could run far more smoothly with a few extra tools. Together with like-minded colleagues, I developed Accelerate Excel, a productivity toolbar designed to make exactly the kind of work described in this article more efficient.Here are several features that tie directly into building a P&L in Excel.Convert PivotTable to Normal CellsThis function converts a PivotTable into regular cellsusing either hard-coded values, SUMIFS, GETPIVOTDATA or even the more advanced cube formulas. The advantage is clear: once you have a ready-made PivotTable P&L, you can transform it into standard Excel cells instantly. For instance, you can flip the PivotTable from the PivotTable section into the P&L found in the SUMIFS section in seconds.Insert SUBTOTAL ShortcutMany power users prefer SUBTOTAL over SUM for totals. Although Excel provides a built-in shortcut for SUM, no equivalent exists for SUBTOTAL. Our add-in fills that gap with a quick-access SUBTOTAL shortcut.Copy-Paste SUM/SUBTOTAL OnlySometimes you need to copy only the SUM formulas (or SUBTOTAL formulas) from one column to another. Numerous factors can prevent you from simpy copying an entire columns formulassay, links to different source sheets for actuals versus budgets because you havent had time to build a pristine single source of truth.Fill DownWorking with mapping data often requires multiple fill-downs (or fill left/right) at once. Excels native Fill behavior rarely suits these scenarios, prompting many users to craft elaborate formulas or perform fills manually. Our add-in includes an AutoFill tool tailored to our requirements, saving even more time.Convert INDEX/MATCH or SUMIFS to a Direct (Static) Cell LinkWhile SUMIFS and INDEX/MATCH are generally perfectly adequate, there are momentsespecially when sharing a modelwhen simplifying with direct cell links helps others grasp the file faster. This tool converts those formulas into straightforward links on demand.Customizable Formatting HotkeysShortcuts for frequently used formats (header rows, subtotal rows, total rows, etc.) let you work faster than Excels native options. Competing add-ins often overdo formattingfor example, applying colors but also changing font sizes, which you then must undo. Our tools let you retain full control over what each hotkey applies.Grouping and Indentation HelpersConsistent grouping and indentation keep workbooks tidy and readable. Our toolkit offers capabilities to:With Accelerate Excel, you can leave the office earlieror turn that extra time into work that gets you promoted faster. Building a P&L in Excel from trial-balance data can feel a bit tricky at first, but the approach outlined here lets you do it quickly and effectively.Lets recap the key steps:Start with the Trial Balance: Make sure the format aligns with your requirements and adjust it if necessary. Verify sign consistency.Account Mapping: Create a simple mapping of accounts to the P&L lines you need.Choose Your Excel Tools: Use SUMIFS for a custom layout, PivotTables for rapid analysis, or both.Focus on Results First: Get a working P&L fast, polish formatting later.By following this guide, a beginner in a finance role can take raw trial balance data and convert it into a clear P&L. As you gain experience you will refine the workflow perhaps automating imports with Power Query or maintaining a template where you paste a new trial balance and everything updates but the fundamentals stay the same: import, map, aggregate. Our tutorial breaks down the process of creating a profit and loss statement in Excel for small businesses into three easy steps, so you can get started using our customizable templates.Weve included instructions for customizing your template using basic Excel formulas. For additional resources and tutorials, see our guide to writing a general profit and loss statement. Pam Prior, creator of Profit Concierge, says that when creating a profit and loss statement (P&L) for a small business, use categories that work for your business and make sense to you. Our template helps you understand the basic income statement format, so you can tailor your profit and loss statements to meet the specific needs of your small business.The whole point of doing a profit and loss statement is seeing it in context, says Prior. You want to have a column for each month because then you can see the story of what happens over time, and thats when the numbers become useful to you. The value of Excel is that you can input and see 12 months clearly in the columns. The only Excel you need to know is plus and minus.Once you learn how to create a report for a 1-month period using our template instructions below, you can easily compile reports and create a 12-month statement. By doing so, you will be able to see trends and create forecasts for your business. Plus, weve added instructions for customizing statements for your business in Excel.View and download our complete range of free profit and loss templates to find the most suitable, fully customizable templates for your business. For more template options with a small business focus, see our free small business profit and loss statement templates.Before getting started, make sure you have your credit card and bank account statements on hand. This tutorial uses a monthly reporting period, but you can apply these instructions to quarterly or annual reporting structures. Download and open the free small business profit and loss statement template for Excel. The template should automatically open in Excel. Download Free Small Business Profit & Loss Template Microsoft Excel Select File from the menu bar and click Save As. Retitle the document in the overlay screen, select the preferred folder, and click Save. Pro Tip: Determine a consistent file naming system so that you can easily locate and retrieve any statement. Include the reporting end date in the title of your document. For example: Business Name_P&LStatement_Feb22 Type the business name in the Company Name cell. Type in the reporting period start and end dates in the Statement Reporting Period cell. Save the file. In order to calculate gross profit, you first need to calculate your gross revenue, or total income, and the total cost of goods sold (COGS). Subtract total goods sold from your gross revenue to determine gross profit:Gross profit = Gross revenue - COGSThis template has built-in formulas that compute these calculations automatically as you enter information into the relevant sections. Find the Sales Revenue cell and click once on the cell next to it to highlight the cell. Calculate your sales revenue from the reporting period and enter the amount into the cell. You do not need to add commas when typing larger amounts. Press Enter, or click another cell to deselect. The Gross Revenue, Gross Profit, and Net Income cells will automatically populate. At this point, these will be the same as your sales revenue. Reminder: The sales revenue for a basic small business profit and loss statement needs to include deductions for returns and discounts. It does not include taxes, interest, depreciation, or amortization. Those are added to the statement in a later step when you report expenses.If you have additional revenue to record, click the cell next to the Other Revenue cell and input the amount. If you have no other revenue to report for this period, leave it blank or enter zero. Press Enter. Again, your Gross Revenue, Gross Profit, and Net Income cells will automatically populate with the updated amounts. Reminder: Save your Excel document after every step to avoid data loss.Pro Tip: Customize this revenue section by creating categories that make sense for your business. For example, you might edit and update the text in existing sections to specify revenue sources or add line items to account for additional revenue streams. If you need to add line items, complete the following tutorial. If not, skip to the next section.Highlight the last input title and input cell in the Revenue section. To do this, click on the title cell and drag your cursor to the right, releasing the cursor only once all desired cells are highlighted. Another method is to click once on the title cell, then press Shift and click on the cell to the right to highlight both cells. Copy the highlighted cells using Command + C (Mac) or Ctrl + C (PC), or by right-clicking on the cells and selecting Copy from the dropdown menu. Once copied, a dotted-green line will appear around the highlighted cells. Hover the cursor over the copied cells and right-click. A new menu will appear. Select Insert Copied Cells from the dropdown menu. A new pop-up menu will appear. Select the Shift cells down option and press Enter or click OK. A pop-up message will appear, warning you that the operation will cause some merged cells to unmerge. Click OK. A new row will appear below with the copied Other Revenue cells. Click on the New Title column and enter a title. When you enter the amount in the adjacent cell, the template will continue to calculate gross revenue, gross profit, and net income. Repeat the process if the revenue section needs more custom rows. Locate the Cost of Goods Sold section below the Revenue section. Click once on the input cell to the right of the COGS in Column D and input the total cost of goods sold for the reporting period. Press Return. The COGS and Total COGS cells will populate. The template will also calculate the gross profit by subtracting the total COGS from the gross revenue. Review the amounts to make sure the calculations are accurate. Pro Tip: The gross profit will be listed either in black, indicating a profit, or in red with parenthesis, indicating a loss. This template uses the following formula to calculate net income:Net income = Gross profit - total expenses By following the steps in this section, you will learn how to input the expenses incurred for the reporting period and how to customize the template for your business by adding and deleting expense rows. Before you start, you may want to calculate your expenses in one location using our free small business expense templates.Start by clicking on the Wages and Benefits cell and inputting the total wages and benefits for the period. Press Return. The template will automatically add the number to the Total Expenses column and update the amount in the Net Income cell. Repeat steps one and two in this section for each of your expenses. After you complete the profit and loss template and record your net income for this period, create expense categories that make the most sense to you with this easy-to-customize template. The following tips will help you with the most common template adjustments:Renaming an Expense Without Adjusting Cells: Click on the title cell you wish to rename. Type in your desired category title, and either press Return or click on the next cell. Delete any expense category title without adjusting cells by clicking on the title and pressing Delete to leave the row blank.Adjusting Expense Cells: To customize expenses and match the exact number ofcategories, you can add or delete a line item as needed.Adding New Expense Row CellsHighlight a selected expense category title and input cell. Do not use the first row (Wages and Benefits) to avoid inconsistent cell formatting. Right-click on the highlighted row cells. Select Insert. On the dropdown menu, select the Shift cells down and then click OK. A new alert menu will pop up. Click OK. An empty expense row with a title cell and an input cell will appear in the same row and shift the existing cells down. Add your custom category title to the cell and enter the expense amount in the input cell to the right. The template will continue to update your total expenses as you add customized rows. Pro Tip: You can add or delete multiple rows at once. To add, highlight as many rows as you would like to insert. Follow steps two through five with multiple rows selected.Deleting Expense Row CellsSelect the expense row or rows you wish to delete by clicking on a single cell and dragging the mouse over the remaining cells. Right-click the highlighted cells. Select Delete from the dropdown menu. A new Delete menu will pop up. Select Shift cells up and then click OK. An alert menu will pop up. Click OK. The selected cells will be deleted and the existing expense rows will move up. Pro Tip: Clean up your newly formatted spreadsheet by deleting any extraneous template banners that moved while reformatting document cells. Highlight any non-formatted cells you wish to delete, and use the delete process above to create a tidy, customized spreadsheet. Maintaining a profit and loss account in Excel allows you to make informed business decisions that improve your chances of profitability over time. Keep an extended record of each reporting period by creating a column for each month or quarter.Statement maintenance is crucial to monitoring finance trends over time. Use Excel to maintain, forecast, and strategize by putting the profit and loss figures for multiple reporting periods under one column.A forecast is simply taking the last few months from the profit and loss statement to look into the future to make informed decisions, says Prior. Then you can make those informed decisions in two contexts. First, look at the actuals over time to forecast into the future, and second, see how your business did that month versus what you expected to happen. This helps you truly understand whats driving your business. Prior explains that the entire exercise takes only 10-15 minutes

and manage expenses. Almost every business, whether small or huge, uses Excel to manage day-to-day activities. Here are a few of the benefits of using Excel for tracking the companys transactions: Ease of Use: Excel templates are easy to use and come pre-formatted. If you are new to Excel, then dont worry because it is really easy to navigate and customize the templates as per your needs. Users can directly start entering their financial data. Budget-friendly: When compared to other expensive accounting software, Excel is a cost-effective solution. With a basic Excel subscription, users will have access to all the powerful tools and features needed for managing a P&L statement. Accessibility: Excel files can be accessed from anywhere. You can use templates built-in Excel from any device, including computers, tablets, and even smartphones. Whether you are in your office or on the go, it is easy to view and update your transactions in the Excel template. Extensive Customization: P&L statements created in Excel can be customized as per your requirements without any limitations. You can easily add or remove income and expense categories when necessary. This flexibility ensures that the statement reflects your unique financial structure, helping you capture all relevant data and gain meaningful insights. Robust Reporting: Excel features hundreds of mathematical and statistical formulas to calculate revenue, expenses, profits, and losses. It ensures accurate calculations and keeps your data up to datethe formulas update automatically whenever you add rows or columns to the table. You can create professional-looking dashboards to have a quick look at your annual financial performance. These are just a few of the benefits. Excel comes with a short learning curve, making it easy for beginners to use it without any hesitation. Overall, the templates created in Excel are worth giving a try. There are many Profit and Loss (P&L) Statement templates available online. It wont be feasible for you to try each of them and figure out the best fit. So, our team has compiled a list of the best Profit & Loss templates to make your life easier. Make sure to explore all the templates, as each of them is unique in some regard. Click Here to Use This Template! Our top pick is designed by the experts at SoftwareAccountant. It comes with an attractive design and easy-to-use format. You need to start by adding your company details like name or logo, address, email, and phone at the top. Then, make sure to select the current financial year and the previous year to compare the sales and cost of expenses. This template automatically calculates the gross and net profit, total revenue, COGS, and expenses using Excels built-in functions. Avoid editing the cells that hold the formulas; otherwise, the template wont work as expected. You can download the above template for free and customize it as per your choice. You can add more rows and columns to include more expenses in the template. It is a printable template that you can carry anywhere. Click Here to Use This Template! This is a simple Profit and Loss statement template to review your business performance. It can be a very effective tool to monitor the cash flow and predict future profit or loss. Download this template now and start by entering the company name, date, current year, different types of revenue, different expenses, and income tax expenses. Note that the total revenue, expenses, and net profit are automatically calculated using the built-in formulas. This template is totally customizable, and you can add more rows to meet your business requirements. Click Here to Use This Template! This Excel template is designed to help users track their businesss income and expenses. It features a clear layout where you can quickly enter sales, costs, and other financial details. The template automatically calculates total income, expenses, and profit or loss, saving time and reducing errors. Its customizable, allowing you to add categories specific to your business needs. It is an ideal tool for small businesses and freelancers looking for an easy way to manage their finances. Click Here to Use This Template! This Hubspot template is similar to our top pick discussed earlier. But there are a few things that make it different. For example, the ability to incorporate tax deductions and calculate the net profits. You can add your company details (name, address, and email) at the top of the template. Also, do not forget to enter the date on which the document is prepared. This template features two main tables that summarize your yearly revenue and expenses. You can add more rows if you wish to add expenses that are not predefined in the template. Note that the template doesnt use any formulas, but you can use the SUM function in Excel to calculate the total revenue, expenses, and net profit if required. It is a printable template. You can take a print of it and carry the hard copy to present it to your stakeholders. Click Here to Use This Template! Are you self-employed and looking for a way to summarize your yearly or monthly income and expenses? Heres a profit and loss template designed just for you. The template features three tables: Recording your clients and the revenue generated from them Calculating total expenses Including tax deductions to determine your exact profit Simply enter the clients names, revenue, expenses, and tax deductions. The template automatically calculates your net income at the top. This template uses built-in formulas for all calculations, so be careful and avoid editing any cells containing formulas to ensure they function correctly. Click Here to Use This Template! If you are looking for a template to prepare a monthly profit and loss statement, this ones for you. This attractive template helps you create a 12-month profit and loss statement that can be used to track monthly and year-to-date income and expenses. Once you enter all the details, then the template calculates totals and generates graphs that display gross profit, total expenses, and profit or loss over time. For added convenience, the spreadsheet sorts expenses into groups like salaries, bank charges, office expenses, vehicle costs, and taxes. Avoid changing the formulas in the template to prevent errors. Click Here to Use This Template! This template by GooDocs comes with an attractive design. With its easy-to-use interface, the template seems to be an ideal choice for beginners. It allows them to create a profit and loss statement that covers months and quarters throughout the year. Users can track their income and expenses by mentioning taxes. Everything else will be taken care of by the predefined formulas for monthly, quarterly, and yearly net income. Make sure you avoid editing any cells that contain formulas. You can customize this template with your company name and logo, making it simple to share with colleagues and friends. Click Here to Use This Template! This template features an attractive design with a graph that provides a quick overview of gross profit and net expenses over time. It is available for free download and can be customized to suit your unique needs without any limitations. In the header, you will find a quick summary of gross profit and net expenses. It also has a large table that includes standard expenses associated with small businesses. You can add or remove cost types as needed. The template aims to record the total sales, returns, discounts, cost of goods sold, net sales, etc., and automatically calculate the gross profit for you. The formulas in the template are adjusted automatically when you add a new row to the summary, revenue, and expenses table. Click Here to Use This Template! This is our final pick on this list. It is best suitable for small business owners who are running an e-commerce store. This template is quite straightforward and organized by month. You can record e-commerce sales, cost of goods sold, operating expenses, and other overheads such as the owners salary, office expenses, accounting and legal fees, and insurance charges. Youll find a graph illustrating the trends in revenue and profit at the end of each years P&L statement. This template is user-friendly, making it suitable for anyone, including beginners. However, be careful and do not edit the cells that contain formulas. Also, avoid editing the graphs at the end of the table, as they are pre-configured to work with specific columns in the template. If you are not satisfied with the above-discussed P&L statement templates, you can easily create one from scratch to track revenue and expenses. In this section, let us learn the steps to design a profit and loss template. Refer to the template given below. A header is a crucial part of any template as it allows users to input details such as company name, logo, address, and contact information. It is optional, though. If you dont want a header, then skip this step. Lets begin, Open a new Excel sheet Select the entire first row Increase the height as shown below Select all the cells from A1 to C1 Merge the selected cells by clicking on the Merge & Center in the Home tab Type P&L Statement Increase the font size to 20 Make the font bold Change the font alignment to the middle Change the cell background to green (Hex Code #00ac46) Change the font color to white Our header will look like below, Our template compares the current years profit and loss with the previous years figures. So, let us create a section where we can input two years. Here are the steps, Select the cell B3 Type Current Year Select the cell C3 and type Prior Year Now, select the cells B4 and C4 Go to the main menu and click on the Home tab Click on the General dropdown in the Number group Click on the dropdown and select More Number Formats A new Format Cells dialog box will appear, as shown below In the Number tab, click on the Date option Select your desired date format from the available formats You should see the results as shown below, Let us increase the width of the first column so that the tables summarizing the revenue, cost of goods sold, and expenses can fit neatly. Refer to the following image. Now, lets begin. Select all the cells from A6 to C6 Go to the main menu and click on the Merge & Center in the Home tab Type Revenue Select the cell B7 and type the formula =B4(This ensures that the year you select at the top of the template will automatically update in the table) In the same way, select cell C7 and type =C4 to make the selected previous year reflected in the table Now, click on the cell A8 Type in Sales Revenue You need to complete the column as shown below Our table is almost ready. But to ensure that it automatically calculates the sum of the revenue, we need to use the SUM function in Excel. Here are the steps: Select the cell B12 Type =SUM Choose the first option from the popup or press the Tab key Provide the cell reference as B8:B11 Complete the bracket using) Press Enter on your keyboard Next, click on the cell B12 You will see the Fill Handle icon Click on it and drag over the cell C12 You should see 0 in both cells B12 and C12. Refer to the following image. Now, lets ensure that when you input sales, service, and interest revenue into the table, a dollar ($) symbol automatically appears at the beginning of the entered values. Select all the cells of the table as shown below Hover to the main menu and click on the Home tab Choose the General dropdown in the Number group Next, click on the Accounting from the list Thats it. Now, whenever we enter any values in the table, a dollar ($) symbol will automatically appear at the beginning. Finally, lets add some colors to the table. Click on the merged cells (A6:C6) Change the color of the background cell to light green (Hex Code #d9ead3) Select the cell B7 and C7 Change the cell background color to light gray (Hex Code #f3f3f3) Now, select the cells from A8 to A11 Change the cell background color to light gray (Hex Code #f3f3f3) Select the cells from A12 to C12 Change the cell background color to light green (Hex Code #d9ead3) Finally, lets change the border color by selecting all the cells of the table, as shown below Hover to the main menu and go to Home tab Click on the Borders icon in the Font group Click on All Borders To change the color of the border, click on More Borders A new Format Cells dialog box will appear In the Border tab, click on the Color dropdown Choose light gray for the borders Now, this is what our revenue table looks like, In this step, we will create a table to record all the Cost of Goods Sold (COGS) and Expenses. Heres how our Cost of Goods Sold and Expenses table should look. Make sure to add rows and columns as per your needs, including expenses and revenues. Note that we are using the same color code for the tables. But you can choose any color of your choice. This is the final step. In this step, we will calculate the gross and net revenue. We will start by creating a table, as shown below. Youll also need to adjust the cell formatting to display the dollar symbol ($) before the gross and net profit amounts. Gross profit is calculated by subtracting the cost of goods sold from total revenue. Our total revenue is in cell B12, and the total cost of goods sold is in cell B20. Therefore, the final formula for 2024 will be as follows. =B12-B20 The net profit is calculated by subtracting total expenses from the gross profit. The total expenses are in cell B39, and the gross profit is in cell B43. Heres the formula for calculating the net profit. =B43-B39 Directly copy and paste the above formulas into your table to avoid any errors. Make sure to format it as per your preference. Thats it. Your Profit and Loss Statement template using Excel is ready. This is the final look of the template, You can download the Profit & Loss template we have created using the above steps. We have formatted the template based on our knowledge and expertise in Excel. Click Here To Download! It is a free-to-use template that can be customized as per user preference. A profit and loss statement gives you a quick overview of the revenue generated over a given period. It gives you an opportunity to gain insights into your businesss potential to generate sales, manage expenses, and create profits. The templates discussed in this article are the best free tools for self-employed people and small business owners to keep track of expenses and profits. I hope you understood all the bells and whistles of P&L templates created using Exel. Feel free to comment below if you are stuck somewhere or having any particular issue while creating a P&L statement from scratch. Our team will guide you as soon as possible. Also, make sure to explore our blog section for more tips and tricks to use Microsoft Excel and Google Sheets like a pro. A profit and loss statement, also referred to as an income statement or P&L statement, is essential for businesses to track financial performance over a given period. It provides a clear breakdown of revenue, expenses and net income, helping businesses understand profitability and make informed decisions.This profit and loss statement template simplifies the process by automating calculations, ensuring accuracy and saving time. Whether youre a small business owner, freelancer or corporate manager, this template offers an efficient way to analyze financial data without complex spreadsheet formulas. ProjectManagers free profit and loss template for ExcelWhy You Need a Profit and Loss Statement TemplateUsing this profit and loss statement template for Excel eliminates the hassle of manually calculating key financial metrics. It automatically sums up revenue, cost of goods sold, operating expenses and other crucial components. This automation ensures accurate results for gross profit, operating income and net income.Additionally, it accounts for non-operating income and expenses, earnings before taxes and income tax expenses, providing a complete financial snapshot. By leveraging this template, businesses can streamline financial reporting and focus on strategic growth.To achieve that strategic growth, build profits and keep within ones operating costs, requires more than templates. You need project management software. ProjectManager is award-winning project and portfolio management software that has robust Gantt charts to schedule tasks as well as human and nonhuman resources with their related costs.This can help forecast accurate budgets. But the Gantt chart also links dependences to avoid costly delays, filters for the critical path and sets a baseline to track planned against actual costs in real time Get started with ProjectManager today for free.ProjectManagers Gantt charts help measure the profitability of projects Learn moreWhen To Use This Profit and Loss Statement TemplateBusinesses create profit and loss statements to assess their financial health, track profitability and make data-driven decisions. This statement helps business owners, investors and stakeholders evaluate revenue trends, control costs and identify areas for improvement. By regularly generating a P&L statement, businesses can monitor financial performance and plan effectively for future growth.Monthly: A monthly income statement provides a detailed view of short-term financial performance. It helps businesses track revenue and expenses closely, identify seasonal trends and make timely adjustments to spending or pricing strategies.Quarterly: Quarterly profit and loss statements are useful for evaluating financial performance over a broader period while still allowing for timely course corrections. They help businesses identify patterns, compare results with previous quarters and make strategic planning decisions based on emerging trends.Annually: An annual profit and loss statement provides a comprehensive financial overview for the entire year. It is crucial for tax reporting, long-term planning and assessing overall profitability. Businesses use annual statements to present financial results to investors, secure funding and refine long-term strategies.How to Use the Profit and Loss Statement TemplateDownload this free profit and loss statement template for Excel and open a fully customizable spreadsheet. While users can edit it as they like, we have formatted it in a general way to make it more helpful.1. Measure RevenueRevenue represents the total income generated by a business from its primary operations before deducting any costs. It serves as the starting point for evaluating financial performance, providing insight into a companys ability to generate sales. Revenue is essential for determining profitability and making financial forecasts. Product sales: Revenue from selling physical goods.Service revenue: Income from providing professional services.Subscription income: Recurring revenue from subscription-based offerings.Royalties: Earnings from intellectual property usage.Interest income: Revenue generated from interest-bearing assets.Other income: Any additional earnings outside primary business activities.2. Calculate the Cost of Goods Sold (COGS)In an income statement, the Cost of Goods Sold (COGS) represents the direct costs associated with producing goods or services. It includes expenses that are directly tied to production, such as materials and labor. COGS is crucial in determining gross profit, as it reflects the costs needed to generate revenue. Direct labor: Wages paid to employees involved in production.Direct materials: Costs of raw materials used in products.Overhead costs: These are other expenses that cant be considered direct materials or labor, typically related to the functioning and maintenance of production facilities and utilities.3. Measure Gross ProfitGross profit is calculated as revenue minus COGS and indicates the efficiency of a company in producing and selling its goods or services. A higher gross profit margin suggests strong pricing and cost control strategies. This profit and loss statement template for Excel automatically calculates gross profit, making financial analysis easier and more accurate. 4. Calculate the Cost of Operating Expenses (OPEX)Operating expenses (OPEX) refer to the costs incurred in running daily business processes. Unlike COGS, these expenses are not directly tied to production but are essential for maintaining business functions. Managing OPEX effectively helps businesses optimize profitability. Rent and utilities: Costs for office or facility space and services.Lease payments: Expenses related to leased equipment or property.Insurance: Coverage costs for business assets and liabilities.Salaries and wages: Employee compensation outside of direct production.Marketing and advertising: Costs for promotions and customer acquisition.Research and Development: Investments in new products or improvements.Office supplies: Expenses for day-to-day operational materials.Depreciation and amortization: Non-cash expenses for asset value reduction over time.5. Calculate Operating IncomeOperating income is the profit earned from core business activities after deducting operating expenses. It provides insight into operational efficiency and profitability before considering non-operating factors. This template automatically calculates operating income, simplifying financial analysis and reporting. 6. Define Non-Operating Income & ExpensesNon-operating income and expenses refer to financial activities that are not related to a companys primary operations. These include gains or losses from investments, interest and asset sales. Understanding these items helps businesses evaluate external financial impacts. Interest expense: Costs incurred from borrowed funds.Interest income: Earnings from investments or savings.Gains or losses from asset sales: Financial impact of selling business assets.Investment income or losses: Returns or losses from market investments.7. Earnings Before Taxes (EBT)Earnings Before Taxes (EBT) is a crucial metric in a profit and loss statement that represents a companys profitability before accounting for income taxes. It provides insight into the companys operational efficiency and financial performance without the influence of tax considerations. This free Excel profit and loss statement template automatically calculates this value, which ensures accuracy and saves time, allowing business owners to focus on analyzing their companys pre-tax earnings and making informed decisions. 8. Income Tax ExpenseIncome Tax Expense is a significant line item in a profit and loss statement that represents the amount of taxes a company owes based on its taxable income. Its crucial for understanding a companys tax obligations and its impact on overall profitability. This is also automatically calculated thanks to the formulas in this P&L statement template for Excel. 9. Net Income (Profit or Loss)Net Income, also known as the bottom line, is the final figure in a profit and loss statement that represents a companys total earnings or losses after all revenues, expenses and taxes have been accounted for. Its a critical indicator of a companys overall financial health and profitability. This value is calculated by the template once all the other elements of the profit and loss statement have been filed out. Related Project Management TemplatesThe profit and loss statement template is one of over 100 free project management templates for Excel and Word that cover all aspects of managing a project across multiple industries. Below are some of those templates that are related to managing costs.Budget Dashboard TemplateDashboards are visual tools that track metrics. This free budget dashboard template for Excel is focused exclusively on finance. It has bar and pie charts to measure the total cost, planned vs. actual costs and other cost breakdowns.Operating Budget TemplateDownload this free operating budget template for Excel to accurately predict the revenue and expenses an organization can expect to make over a quarterly or yearly time period. This helios to create financial accountability and plans and manages resources.Cost-Benefit Analysis TemplateUse this free cost-benefit analysis template for Excel to compare what one expects to pay for a project against the benefits opportunities it will provide. This helps one to decide whether to move forward with a project or not.How to Manage Project Costs and Profitability With ProjectManagerThe profit and loss statement template and all of these free templates are a great workaround, but theyre not without issues. For one, these are static documents that have to be manually updated. That is time consuming and takes one away from more pressing needs. To avoid that, explore the advantages of project management software. ProjectManager is award-winning project and portfolio management software that has multiple project planning, scheduling and tracking tools to help keep projects on budget and ensure profits.Manage Resources and Stay ProductiveOne of the main advantages of using ProjectManager is that it offers a variety of project management tools. Gantt charts schedule resources, but those resources need to be assigned to tasks to execute their work. Start by setting their availability when onboarding teams. This includes PTO, vacation and global holidays and allows for the right person to get the right assignment at the right time. View resource allocation across all projects on the color-coded workload page. See who is overallocated or underutilized and balance the whole teams workload without leaving the chart. A daily and weekly team page summarizes their activities, can be filtered by priority or progress and updates tasks right from that page.Track Costs With Real-Time Dashboards and ReportsThere are several ways to monitor that costs are keeping to the budget. For a high-level overview, use the real-time project or portfolio dashboards. They collect live data and display time, cost, workload and more metrics on easy-to-read graphs and charts. Customizable reports go deeper into the data, such as project or portfolio status, variance, workload, timesheets and other reports. All reports can be filtered to show key data points or general progress, which can be shared with stakeholders. Even secure timesheets help to stay on budget by tracking labor costs.Related ContentA profit and loss statement template is only a small part of the financial coverage found on our blog. For those who care to read more on the subject, below are links to some of the more recent pieces weve published on the subject. ProjectManager is online project and portfolio management software that connects teams whether theyre in the office or out in the field. They can share files, comment at the task level and stay up to date with email and in-app notifications. Join teams at Avis, Nestle and Siemens who use our software to deliver successful projects. Get started with ProjectManager today for free. A Profit and Loss (P&L) statement is an essential financial document that helps businesses track revenue, expenses, and overall profitability. While some companies have complex P&L statements, the fundamental structure remains the same. In this guide, well walk you through creating a simple yet effective P&L statement in Excel from scratch. Well also explore how to use Excels built-in templates for an even easier setup. Note that this originally appeared on our YouTube channel with a video walkthrough. If you prefer to work with free spreadsheet software, weve got you covered. Theres also a free Google Sheets P&L Statement spreadsheet template. Begin by opening a new Excel worksheet. The P&L statement will typically have months across the top (columns) and different financial categories along the left side (rows). Label the first row with the months of the year. Enter January in the first column and use Excels autofill feature by dragging the corner of the cell to fill in the remaining months. Adjust the column width for better readability. Note that there are other, similar sheets you can use to track specific parts of your business. Income statements can give you a deeper view into specific revenue sources. And Excel inventory templates can track whats in stock. Your P&L statement should start with the income section, which lists all sources of revenue. In column A, enter categories such as Income and list specific revenue sources below, like Product 1 and Product 2. Enter sample values under each month. For example, if Product 1 generates $500 in January, enter 500 in the corresponding cell. Sum up the total revenue by using the formula:=SUM(B2:B4)(Adjust the cell range based on your actual data.) Format the numbers as currency by selecting the cells and clicking on the currency format in the toolbar. Categories should be made especially for your business. Depending on your industry, there may be standard methods for measuring income. If youre not sure where to start, look for publically-traded companies with P&L statements you can review as a guide. To determine gross profit, subtract the cost of goods sold (COGS) from the revenue. Label a new section as Cost of Goods Sold. Add specific costs like Packaging and Shipping. Enter estimated costs for each month. Use the sum formula to total these expenses:=SUM(B6:B7) Gross profit is calculated by subtracting COGS from total revenue. In a new row labeled Gross Profit, enter the formula:=B5-B8 Drag the formula across all months to calculate gross profit for the entire year. Operating expenses include costs such as employee salaries, office equipment, and rent. Create a section labeled Operating Expenses. Add specific expense categories such as Employee Salaries and Office Equipment. Input sample values under each month. Use the sum formula to get total expenses:=SUM(B10:B12) If youre working on an existing template and have already made a bunch of changes yourself, you can also quickly highlight duplicates to help you spot errors. Net profit (or loss) is calculated by subtracting total expenses from gross profit. In a row labeled Net Profit, enter:=B9-B13 Drag this formula across all months. Apply conditional formatting to highlight negative values in red. Go to Home > Conditional Formatting > Highlight Cell Rules > Less Than and set the format for negative numbers. We have a robust guide on conditional formatting in Google Sheets. It covers much more advanced techniques than we have here. To enhance clarity and presentation: Bold key totals like Gross Revenue, Total Expenses, and Net Profit. Apply cell borders to separate sections. Remove gridlines by going to View > Show > Uncheck Gridlines. Use different colors to distinguish income, expenses, and totals. The industry standard in formatting is still to bold the totals for groups. So if youre including individual income lines for separate products, those would be unbolded. Then the sum of those, the total income from products, would be bolded. If you want to use our free profit and loss spreadsheet, weve got two free versions to choose from. You can get them here. Just remember to make your own copy. Heres the version for Google Sheets. Heres the version for Excel. If you prefer a ready-made format, Excel offers built-in P&L templates: Go to File > New and search for Profit and Loss. Choose a template that fits your needs and click Create. Input your data into the pre-formatted sections. There are so many existing templates that track profit and loss. If you want to use one thats already built, you can access it directly from Excel. Creating a P&L statement in Excel is straightforward and provides valuable insights into your financial health. You can find some spreadsheet templates already inside Excel, but you dont need to use one of the pre-built statements. Its easy to build your own. I hope you enjoyed our guide on simple P&L statements in Excel. They really only take a few minutes to make, and doing so will give you a bespoke spreadsheet made especially for your business. Whether you build it from scratch or use a template, Excels features make tracking revenue, expenses, and profitability easier. A summary of income and expenditures for a business Over 2 million + professionals use CFI to learn accounting, financial analysis, modeling and more. Unlock the essentials of corporate finance with our free resources and get an exclusive sneak peek at the first module of each course. Start Free A profit and loss statement (P&L), or income statementor statement of operations, is a financial report that provides a summary of a companys revenues, expenses, and profits/losses over a given period of time. The P&L statement shows a companys ability to generate sales, manage expenses, and create profits. It is prepared based on accounting principles that include revenue recognition, matching, and accruals, which makes it different from the cash flow statement.Image: CFIs Financial Analysis Fundamentals.Structure of the Profit and Loss StatementA companys statement of profit and loss is portrayed over a period of time, typically a month, quarter, or fiscal year.The main categories that can be found on the P&L include:Revenue (or Sales)Cost of Goods Sold (or Cost of Sales)Selling, General & Administrative (SG&A) ExpensesMarketing and AdvertisingTechnology/Research & DevelopmentInterest ExpenseTaxesNet IncomeExample Profit and Loss Statement (P&L)Below is an example of Amazons 2015-2017 P&L statement, which they call the Consolidated Statement of Operations. To learn how to analyze these financial statements, check out CFIs Advanced Financial Modeling Course on Amazon.Source: amazon.comImage: CFIs Amazon Financial Analysis Course.Looking at the above example, we see that Amazon posted a profit of $596 million in 2015,a profit of $2.4 billion in 2016, and a profit of $3.0 billion in 2017.Amazon breaks down its total revenue into product sales and service sales. Its operating expenses consist of cost of sales, fulfillment, marketing, technology, G&A, and others. At this point, it provides a subtotal on the statement for Operating Income, also commonly referred to as Earnings Before Interest and Taxes (EBIT).Below that, interest expense and taxes are deducted to finally arrive at the net profit or loss for the period. To learn more, read Amazonsannual report.Download the Profit and Loss TemplateDownload the free Excel template now to advance your knowledge of financial modeling. Income Accounts vs Expenditure AccountsThere are two main categories of accounts for accountants to use when preparing a profit and loss statement.The table below summarizes these two accounts: income and expenditures. IncomeExpenditure RevenueCost of Goods Sold SalesMarketing and Advertising Interest IncomeSelling, General & Administrative GainsSalaries, Benefits & Wages Fees ChargedInterest Expense Commissions EarnedInsurance Rental IncomeTelecommunication Professional Fees Taxes Impact of Accounting Principles on the P&L StatementIt might not seem obvious by looking at a profit and loss statement, but the final figure at the bottom (i.e., the total profit or the total loss) may be very different from the actual amount of cash thats made or lost.The main factors that create a difference between profit and cash generation are:Revenue recognition principle revenue is often recognized before cash is received (which creates accounts receivable on the balance sheet)Matching principle expenses are matched to revenues during the period(s) those revenues are earnedAccrual principle income and expenditures should be recorded during the periods they occur, not when cash is received, which can make revenue and expenses materially different from cash flowBeyond the Profit and Loss StatementAnalysts must go beyond the profit and loss statement to get a full picture of a companys financial health. To properlyassess a business, its critical to also look at the balance sheet and the cash flow statement.1. Analyzing the Balance SheetThe balance sheet shows a companys assets, liabilities, and equity at a specific point in time. This snapshot of the companys financial position is important for assessing:The companys asset base ability to generate future revenuesLiabilities future obligations the company has to meetWorking capital the companys short-termliquidity positionCapital structure how a company is financed between debt and equity2. Analyzing the Cash Flow StatementThe statement of cash flow shows how much cash a company generated and consumed over a period of time. It consists of three parts: cash from operations, cash used in investing, and cash from financing. This statement is important for assessing:The companys ability to generate cash from operationsFree Cash Flow generationHow much money has been raised (debt and or equity)The net change in cash position over the periodThe start and end of period cash balanceHow to Analyze a Profit and Loss Statement (P&L)One of the main jobs of a professional financial analyst is to analyze the P&L of a company in order to make recommendations about the financial strength of the company, attractiveness of investing in it, or acquiring the entire business.Examples of P&L statement analysis include:Comparing year-over-year numbers (horizontal analysis) as well as industry benchmarkingLooking at margins: gross profit margin, EBITDA margin, operating margin, net profit marginTrend analysis: are metrics improving or deterioratingRates of return: return on equity (ROE), return on assets (ROA)Valuation metrics: EV/EBITDA, P/E ratio, Price to Book, etcProfit and Loss Statement Video ExplanationBelow is a video explanation of how the profit and loss statement (income statement) works, the main components of the statement, and why it matters so much to investors and company management teams.Video: CFIs Free Financial Analyst Courses.Additional ResourcesThank you for reading CFIs guide to understanding the profit and loss statement. CFI is on a mission to help you advance your career. With that goal in mind, these additional CFI resources will be very helpful: On the basis of types of criteria sales, profits, efficiency, and strategic considerations used for measuring and comparing results, there are four types or tools of marketing control. In every type of control, the same procedure is applied, i.e., setting standards, measuring actual performance, comparing actual performance with standards, and taking corrective active actions, if required. Philip Kotler considers four types of marketing control: 1. Annual Plan control 2. Profitability control 3. Efficiency Control 4. Strategic Control Annual Plan Control: In this method, annul plans are prepared for various activities. Each plan includes setting objectives (expected results or standards), allocating resources, defining time limit, and formulating rules, policies and procedures. Annual plan control relates to sales. Periodically (mostly annually) the actual results are measured and compared with standards to judge whether annual plans are being (or have been) achieved. Depending on the degree of difference between the planned and the actual results, causes are detected and suitable corrective actions are undertaken. Thus, it contains checking ongoing performance against annual plan and taking corrective action. Figure 1 shows five measures of annual plan control. Measures (Evaluation Tools) of Annual Plan Control: Following five measures are used in annual plan control: 1. Analysis of Different Sales: Analysis of different sales contains measuring and evaluating different sales (total sales, territory- wise sales, distribution channel-wise, product-wise sales, customer-wise sales, etc.) with annual sales goals. Targets are set for different types of sales and actual sales of different categories are compared to find out how far company can achieve its sales goals. 2. Analysis of Market Share: Here, market share is used as base for measuring, comparing, and correcting results. Market share is a proportion of companys sales in the total sales of the industry. It helps to know how well the company is performing relative to its close competitors. Thus, the performance is assessed against expected market share and competitors market share. It involves considering three types of market shares: i. Overall market share ii. Served market share iii. Relative market share 3. Analysis of Market Expenses-to-Sales: This type of control checks marketing expenses. It ensures that the firm is not overspending to achieve its annual sales goals. Different marketing expenses are watched in relations to sales. Normally, company considers five components to calculate expenses-to-sales ratios and compares them with standard ratios to find out how far expenses are under control, such as: i. Sales force-to-sales ratio ii. Advertising-to- sales ratio iii. Sales promotion-to-sales ratio iv. Marketing research-to-sales ratio v. Sales administration-to-sales ratio Marketing managers needs to monitor these expenses in relation to sales. If the expenses fall beyond permissible limits, it should be taken as a serious concern and needed steps are taken to keep them under control. 4. Financial Analysis: Financial control consists of evaluating sales and sales-to-expense ratios in relation to overall financial framework. It means net profits, net sales, assets, and expenses are studied to find out rate return on total assets, and rate of return on net worth. Financial analysis determines firms capacity of earnings, profits, or income. Attempts are made to find out factors influencing firms rate of return on net worth. Here, various ratios are calculated such as profit margin ratio (net profits + net sales), asset turnover ratio (net sales + total assets), and return on assets ratio (net profits + total assets), financial leverage (total assets + net worth) and return on net worth (net profits net worth). Profit margin can be improved either by cutting expenses and/or increasing sales. 5. Analysis of Customer and Stakeholder Attitudes: The measures of annual plan control discussed in former part are financial and quantitative in nature. Qualitative measures are more critical because they give early warning about what is going to happen on sales as well as profits. Manager can initiate precautionary actions to minimize adverse impacts of forces on the future outcomes. Under this tool, customers attitudes are tracked to project the way they will react to the companys offers. Alert company prefers to set up a system to monitor attitudes of customers, dealers, and other participants. Base on their attitudes, preference and satisfaction, management can take early actions. This tool is preventive in nature as adverse impact on the future results can be prevented by advanced steps. Market- based preference scorecard analysis is used to measure (score) attitudes of customers and other participants. Such analysis reflects actual companys performance and provides early warnings. Measuring Customers Attitudes: Here, a firm tries to measure attitudes of customers by using various methods like, complaints and suggestions, customer panels, customer survey, etc. It provides details about new customers created, existing customers lost, dissatisfied customers, relative product quality, relative service quality, target market awareness, target market preference, and other valuable information. Measuring Stakeholders Attitudes: It consists of measuring or recording stakeholders attitudes. It shows the pattern of stakeholders preference, attitudes, and overall response toward company and its offers. Stakeholders include suppliers, dealers, employees, stockholders, service providers, etc. They have critical interest and impact on companys performance. Without their cooperation and contribution, a company cannot realize its goals. When one or more of these stakeholders register dissatisfaction, management must take suitable actions. Methods used to track attitudes of customers can also be used for measuring attitudes of stakeholders. Profitability Control: In this method, the base of exercising control over marketing activities is the profitability. Certain profitability (and expenses) related standards are set and compared with actual profitability results to find out how far company is achieving profits. Profitability control calls for measuring profitability of various products, channels, territories, customer groups, order size, etc. It provides necessary information to management to determine whether products, channels, or territories should be expanded, reduced, or eliminated. Process of Marketing-Profitability Analysis: Systematic and logical process is used for analysis of profitability. It involves: 1. Identifying Functional Expenses: It consists of determining expenses to be incurred for the marketing activities like salaries, rents, advertising, selling and distribution, packing and delivery, billing and collection, etc. 2. Assigning Function Expenses to Marketing Entities: Simply, expenses of particular head (for example, salary or advertising) are associated with different entities like products, channels, territories or customers groups. 3. Preparing Profits and Loss statement: A profit and loss statement is prepared for each type of products, channels, territories, etc., to evaluate their relative performance. Based on relative performance in form of profitability, management can decide on products, channels or territories to be expanded, reduced or eliminated. For example, a firm has five products, like A, B, C, D, and E. If profit and loss statement shows that: (1) Product C is more profitable, and therefore, it must be expanded; (2) Product B is poor, and, therefore, it must be reduced; (3) Product D is making loss, and therefore, it must be eliminated, and (4) Product A and product E are satisfactory, and therefore they must be maintained. In the same way, it can be applied to different territories and segments. Table 1 shows how to prepare profit and loss statement for different products. 4. Taking Action: On the basis of the profit and loss statement, necessary actions can be directed. Actions include one or more of followings: i. Expanding product(s) ii. Reducing product(s) iii. Eliminating product(s) iv. Reducing any of the expenses v. Increasing sales, etc. Efficiency Control: This control, particularly, concerns with measuring spending efficiency. While profitability control reveals the relative (in relation to different entities like products, territories, channels, etc.) profits a company is earning, the efficiency control shows the ways to improve efficiency of various marketing entities like sales force, advertising, distribution, sales promotion, and so forth. Sometimes, a post of marketing controller is created to work out a detailed programme to measure and improve efficiency of expense-centered marketing activities. Here also, in order to evaluate efficiency level of different marketing activities, the efficiency standards (of ideal performance) are set and are compared with actual performance. Efficiency control can improve efficiency of marketing department in two ways one is, improving ability of various marketing activities to contribute more in reaching the goals, and the second is, reducing expenses or wastage. Types of Efficiency Control: Figure 2 shows major types of efficiency control. Main types of efficiency control involve controlling sales force efficiency, advertising efficiency, sales promotion efficiency, distribution efficiency, and marketing research efficiency. 1. Sales Force Efficiency Control: To measure efficiency of sale force (salesmen), certain key indicators/criteria are developed. A manager has to make a lot of calculations and paperwork. Common criteria used to measure and evaluate the sales force efficiency include: i. Average number of sales calls per salesman in a day ii. Average sales calls time spared per contact iii. Average revenue generated per call iv. Average costs incurred per call v. Entertainment cost per calls vi. Percentage of orders per specific number of calls, i.e., how many orders have been received from 100 calls made vii. Number of new customers created during specific period viii. Number of customers lost in a given period ix. Contribution of salesmen in total sales, revenue, and profits x. Sales force costs as percentage of total sales. Questionnaire, discussion, inspection, observation, salesmans report, etc., methods are used for the purpose. However, most companies use salesmans report. A unique computer-based programme or software can also be developed for speedy and accurate measurement of sales forces efficiency on a regular basis. Simply, actual performance of sales force is compared with these criteria to find out deviation, and, accordingly, necessary actions are taken. This measurement of sales force efficiency can provide satisfactory answers of following questions: i. What is role/contribution of sales force in selling efforts? ii. Who are the most efficient, less efficient and inefficient sales people? iii. Which are reasons responsible for poor efficiency of sales force? iv. What can/should be done to improve efficiency? 2. Advertising Efficiency Control: Advertising is the most expensive among all the promotional tools. Major part of promotion budget is consumed by advertising alone. So, it is extremely necessary to find out efficiency level of advertising efforts. A company sets advertising goals (standards) and compared actual contribution of advertising to decide how far advertising has been capable to fulfill firms expectations. Advertising efficiency control mainly involves measuring cost efficiency or contribution efficiency. Practically, it is difficult to measure the exact contribution of advertising efforts/costs. Systematic tools can be developed to measure impact of advertising qualitatively in forms of increasing awareness, changing attitudes, and creating brand loyalty and quantitatively in forms of impact on sales and profits. Survey of dealers and customers can be made to collect needed data. Common criteria used for measuring advertising efficiently include: i. Advertising cost per thousand target customers reached by a specific media vehicle, for example, television medium. ii. Percentage of audience who read, noted, or saw message from print media. iii. Customer opinion on advertising contents and effectiveness. iv. Measurement of pre-post (before-after) advertising impact on attitudes of people toward the product. v. Number of inquiries generated by advertising. vi. Cost per inquiry. vii. Media suitability. viii. Impact of advertising on personal selling, sales promotion, public relations, publicity, and distribution. ix. Need and performance of advertising agency, etc. Manager can compared efficiency of advertising programme with internal as well as external standards to judge comparative efficiency. He must find out causes leading to inefficiency. One or more of following actions are initiated: i. To changes advertising objectives and policies. ii. To change advertising message. iii. To change advertising media. iv. To change media scheduling and frequencies. v. To change and/or train the staff. vi. To change advertising agency. vii. To change advertising budget, etc. 3. Sales Promotion Efficiency Control: This control is exercised by sale manager. Sometimes, sales promotion manager is also appointed to deal with the issue. Sales promotion efficiency measures the impact of sales promotion efforts on sales, profits, competitiveness, and consumer satisfaction. Such efforts include offering a wide range of short-term incentives to stimulate buyer interest and consumer trial. Sales promotion is, no doubt, costly, but it seems essential. Here, manager tries to measure costs and impact of each of sales promotion tools. Normally, sales promotion tools are applied at three levels customer level, dealer level, and sale force level. Common criteria used for measuring sales promotion efficiency include: i. Percentage of total sales promotion expenses to sales. ii. Costs of display, sample, coupons, and other tools per unit selling price. iii. Number of inquires generated due to display, demonstration, other such incentives. iv. Joint and individual impact of various tools on dealer interest, consumer purchase, and competitiveness. Analysis of costs and contribution of sales promotion tools hel