

How to complete a Profit & Loss Statement in Georgia

Itemized P&L; (income statement) with revenue, COGS, operating expenses and net income calculation.

What this form is for

Banks require a Profit & Loss Statement to evaluate your business's ability to generate profit and manage expenses over a specific period, typically monthly, quarterly, or annually. This income statement shows lenders whether your revenue consistently exceeds costs and whether you can afford debt payments.

Before you start

- Sales records and invoices showing all revenue streams for the reporting period
- Cost of Goods Sold documentation including inventory purchases, direct labor, and materials
- Operating expense receipts covering rent, utilities, payroll, insurance, marketing, and professional fees
- Previous P&L statements if you're updating or creating comparative periods
- Your business tax returns for the same period to ensure consistency

Step-by-step

1. Enter your reporting period clearly at the top, specifying the exact start and end dates. Georgia lenders typically request the most recent twelve months plus two prior years for comparison.
2. List all revenue sources by category in the Revenue section. Include gross sales, service income, and other income separately. Total all revenue lines to calculate Gross Revenue.
3. Itemize your Cost of Goods Sold, including inventory purchased, raw materials, direct labor, shipping, and manufacturing costs. Subtract total COGS from Gross Revenue to calculate Gross Profit.
4. Break down Operating Expenses into clear categories: salaries and wages, rent, utilities, insurance, marketing, professional fees, office supplies, vehicle expenses, and depreciation. Georgia businesses should include state-specific items like ad valorem taxes if applicable.
5. List each operating expense on its own line with the corresponding amount. Total all operating expenses at the bottom of this section.
6. Calculate Operating Income by subtracting Total Operating Expenses from Gross Profit. This shows profit before interest and taxes.
7. Add a section for Other Expenses and Income, including interest paid, interest earned, and any non-operating costs or gains.
8. Calculate Net Income by taking Operating Income, adding other income, and subtracting other expenses. This bottom-line figure shows whether your business is profitable.

9. Double-check that all calculations are accurate and all subtotals feed correctly into the final Net Income figure.

What lenders look for

- Banks scrutinize your gross profit margin (Gross Profit divided by Revenue) to assess pricing power and business model viability. Margins below industry averages raise red flags, so be prepared to explain seasonality or strategic investments.
- Consistency between your P&L and tax returns is critical. Discrepancies suggest poor record-keeping or accuracy issues that can disqualify your application immediately.
- Avoid lumping expenses into vague categories like "miscellaneous" or "other." Lenders want transparency and detailed breakdowns showing you understand where money goes.