**Key Performance Indicators (KPIs) to calculate Profit and Loss Statement**

Gross Price – Pre invoice deductions = Net Invoice Sales

Net Invoice Sales – Post invoice deductions = Net Sales

Net Sales - COGS = Gross Margin

Gross Margin - Promotions & other expenses = Net Profit

The **Gross Price** refers to the total price of a product or service before any deductions, such as taxes, discounts, or other costs, are subtracted.

A **Pre invoice Deductions** refers to a reduction or discount applied to the price of goods or services before the final invoice is issued.

**Net invoice sales** refers to the total amount of sales revenue that a company recognizes on an invoice after accounting for any deductions, such as discounts, allowances, returns, or any other reductions that might apply.

**Net invoice sales = Gross Price - Pre invoice Deductions**

**Post invoice Deductions** are reductions made to the amount due on an invoice after it has been issued. These deductions usually occur after the sale has been completed and the invoice has been sent, and they can be due to various volumne discounts, returns, product defects, shipping delays etc.

**Net sales** refers to the total revenue a company generates from selling goods or services after accounting for all deductions such as discounts, returns, allowances, and any other adjustments. It represents the actual sales the company made and is an important metric for understanding the business's true revenue.

**Net Sales = Net invoice Sales - Post invoice Deductions**

**Gross margin** represents the profitability of a company before accounting for operating expenses, taxes, and interest.

**Gross Margin = Net Sales - COGS**

**Net profit** is the amount of money a company retains after all expenses, taxes, and costs have been subtracted from total revenue. It reflects the overall profitability of the business

**Net Profit = Gross Margin - Promotions & other expenses**