* + - 1. **Statement of Profit or Loss (SPL)**
      2. This is what a simple SPL for a sole trader looks like:
      3. **Statement of Profit or Loss for the year ended 31 December 20XX**

|  |  |  |
| --- | --- | --- |
| Trading  account | £ | £ |
| **Sales** |  | 120,000 |
| Less Cost of sales |  |  |
| Opening inventory | 2,500 |  |
| Purchases | 40,000 |  |
| Closing inventory | (4,500) |  |
|  |  | (38,000) |
| **Gross profit**  Profit and loss account |  | 82,000 |
|  |  |  |
| **Less expenses:** |  |  |
| Rent | (30,000) |  |
| Salaries | (12,000) |  |
| Electricity | (4,000) |  |
| Telephone expense | (800) |  |
| Depreciation | (5,000) |  |
| Bad debts | (3,000) |  |
| Bank charges | (200) |  |
|  |  | (55,000) |
| **Net profit for the year** |  | **27,000** |

* + - 1. This organisation has managed to make a profit, as the total of all of the expenses is less than the  
         sales income.
      2. There is a link between the SPL and the SFP. Whatever net profit is earned in the year belongs to the owner of the organisation, so this figure is taken from the SPL and added to the Proprietor’s Interest on the SFP.