**Solution:**

The multi-step income statement is prepared as follows:

|  |  |  |
| --- | --- | --- |
| STATEMENT OF INCOME  (Amount in millions of $)  Name: Sears Holding Corporation | | |
| Particulars |  | **Amount** |
| Net Revenue  Cost of Goods Sold:  Net Purchase  Inventory, Jan 29, 2011  Cost of Goods Available for Sale  Deduct: Inventory, Jan 28, 2012 | 30,422  8,951 | 41,567 |
| 39,373  (8,407) |
| Net Cost of Goods Sold |  | **30,966** |
| Gross Profit (Loss)  Operating Expenses:  Selling & administrative expenses  Depreciation & amortization  Other operating expenses | 10,664  853  585 | **10,601** |
| Net Operating Expenses |  | **12,102** |
| Net Operating Income (Loss)  Other Revenue (Expenses):  Interests  Other Income | (289)  39 | **(1,501)** |
| Net Income Before Tax  Deduct: Income Taxes |  | **(1,751)**  (1,369) |
| Net Earnings (Loss) |  | **(3,120)** |