

INCOME STATEMENT

Sales	\$Xx
Cost of Goods Sold	Xx
Gross Profit	Xx
<u>Operating expenses:</u>	
Selling, general & administrative expenses	Xx
Operating Income (Loss)	Xx
Other revenue and gains	Xx
Other expenses and losses	Xx
Income (Loss) from Operations before Taxes	Xx
Income tax expense	Xx
Income (Loss) from Continuing Operations	Xx
Discontinued Operations	
Income (Loss) from Operations	Xx
Gain (Loss) on Disposal	Xx
Income (Loss) before Extraordinary Items	Xx
Extraordinary item	Xx
Net Income (Loss)	Xx

Discontinued Operations

- Company sells or disposes of a component of its on-going operations
- Report, net of tax:
 - Income or loss of the component from the beginning of the accounting period to the date of sale or disposal, and
 - Gain or loss on the sale or disposal of the component

Extraordinary item

- Events or transactions that are both unusual in nature *and* infrequent in occurrence
 - Consider industry characteristics, geographic location, and government regulations
 - Examples: earthquake; hail damage to crops
 - Items that are not extraordinary: write-down of receivables, effects of a strike, gains/losses from foreign currency translations and sale of PP&E
- Events or transactions that are unusual in nature or infrequent in occurrence are reported as Unusual Items, before Operating Income and before Taxes