

Profit and Loss Statement (P&L)

A P&L shows how much money a business made or lost over time. It includes:

- Revenue: Total income from sales
- Expenses: Costs to run the business
- Net Profit or Loss: Revenue minus expenses

Example

If a business earns \$10,000 and spends \$8,000, the profit is \$2,000. If it spends \$12,000 instead, it has a loss of \$2,000.