

BMIH5013/D Financial Management

Income Statement

Register



Recap-What did we learn last week?

Revenue Management and Budgeting

Today's Objectives

1. Profit & Loss (Income) Statement
2. Case Study
3. Assignment
4. Quiz

What is a Profit & Loss (P&L) Statement?

Profit & Loss Statement

- Also known as an Income Statement
- Summary of a company's revenues, costs and expenses
- Covers a specific time period
- Primary purpose is to demonstrate whether a company is generating a profit or a loss.

Profit & Loss Statement

- It indicates to managers, business owners and other account users, whether the business has made a profit or loss over a period of time.

Determining profit or loss

- Is the profit higher or lower than last year? Why?
- Is this a short- or long-term problem?

Profit & Loss Statement

Key Components

- Revenue
- Cost of Goods Sold (COGS)
- Gross Profit
- Operating Expenses
- Operating Income (Operating Profit)
- Non-Operating Income & Expenses
- Income Before Tax
- Income Tax Expense
- Net Income (Profit or Loss)

Profit & Loss Statement

Key Components

- 1.Revenue:** This section lists all the sources of income the company has generated during the specified period. This can include sales of products or services, interest income, and other sources of revenue (gains/commission earned).
- 2.Cost of Goods Sold (COGS):** This section represents the direct costs associated with producing the goods or services that generated the revenue. It includes expenses like raw materials, labour, and manufacturing costs.
- 3.Gross Profit:** Gross profit is calculated by subtracting the COGS from the total revenue. It indicates the profit a company makes from its core operations before accounting for operating expenses.
- 4.Operating Expenses:** This section includes all the expenses related to running the day-to-day operations of the business. Common operating expenses include salaries, rent, utilities, marketing expenses, and depreciation.

Profit & Loss Statement

Key Components

5. Operating Income (Operating Profit): Operating income is the result of subtracting the total operating expenses from the gross profit. It shows the profit or loss generated from the company's core business activities.

6. Non-Operating Income and Expenses: This section accounts for any income or expenses that are not directly related to the company's core operations. It may include interest income, interest expenses, or other income and expenses not directly tied to the primary business activities.

7. Income Before Taxes: This figure is calculated by adding or subtracting non-operating income and expenses from the operating income. It represents the company's profit or loss before accounting for income taxes.

Profit & Loss Statement

Key Components

8. Income Tax Expense: This section shows the amount of taxes the company owes based on its taxable income.

9. Net Income (Net Profit or Loss): The bottom line of the P&L statement, net income, is calculated by subtracting income tax expenses from income before taxes. It represents the company's overall profit or loss for the specified period.

Individual Activity

Assess Marriot International Income Statement for the last three years and identify the

- Revenue
- Gross Profit
- Operating Expenses etc

Group Discussion

Examine Travelodge Income Statement for 2022 and 2023 and identify the

- Revenue
- Gross Profit
- Operating Expenses etc



Group Discussion

Compare Marriot International and Travelodge Income Statement for 2022 and 2023 and;

- identify which hotel has more
 - Revenue
 - Gross Profit
 - Operating Expenses

- which hotel has made more profit or loss and why

Case study

Sunrise Events and Tour Company buys cans of drink from a wholesaler for £1 each. It sells them for £2 each. The company started the year with 200 cans in stock (opening inventories). It bought 1500 cans. At the end of the year it had 300 left (closing inventories).

1. How many cans did the business sell during the year?
2. What was the cost to the business of the goods sold?
3. What was the gross profit?

Case study Answers

The answers to these questions are as follows.

- 1 Add together the opening inventory and the cans bought during the year:

$$200 + 1500 = 1700 \text{ cans.}$$

The business could have sold 1700 cans during the year. We know that it did not sell this many. How? Because there were closing inventories of 300. Therefore, the business must have sold 1400 cans.

Goods sold = opening inventories + purchases – closing inventories

- 2 As the goods were all bought by the business for \$1 each, the cost of goods sold was \$1400.

- 3 Remember:

Gross profit = sales revenue – cost of goods sold

In this example, sales revenue = $\$2 \times 1400$ cans sold = \$2800

Gross profit = $\$2800 - \$1400 = \$1400$

Assessment

DEADLINE: Friday 24th April 2026 by 23.59
1500 words Report

Assignment Task-Refer to Module handbook section 3 Page 11

Assessment
DEADLINE: Friday 24th April 2026 by 23.59
1500 words Report

Section 3: Financial and Budgeting Plan 1500 words 30%

Task Description

Based on your selected project (hotel, resort, or tourism business)-refer to the scenario above, you are required to choose one of the following topics to individually research using academic theory to identify budget considerations to address as part of the project planning:

- Profit and Loss
- Financial Forecasts
- EPOS
- Yield management
- ROI
- Evaluation of financial performance

1. Brief Overview:

Start by providing a concise description and the relevance of your chosen project (hotel, resort or tourism business). This sets the context for your chosen financial topic analysis.

2. Chosen financial topic analysis:

Analyse your chosen financial topic based on your selected project. Critically analyse and discuss the financial impact and possible outcome. Apply any relevant theories to aid explanation.

3. Recommendations:

Based on your analysis, provide one well-reasoned recommendation for consideration by the project team.

Assessment

DEADLINE: Friday 24th April 2026 by 23.59
1500 words Report

Assignment Format and Requirements:

- Your report should include the following sections:
 - ✓ Title Page (Not included in word count)
 - ✓ Executive Summary (Not included in word count)
 - ✓ Table of Contents (Not included in word count)
 - ✓ Introduction (**300 words**)
 - ✓ Main Findings (with relevant sub-headings) (**800 words**)
 - ✓ Conclusion (**100 words**)
 - ✓ Recommendations (**300 words**)
 - ✓ Reference List (a minimum of 15 references) (Not included in word count)

Quiz

Answer the questions handed over to you.

Time Allowed: 15 minutes

Assignment support dates

Make a choice:

In person at DTC 203 Tuesday 7th April 2026 at 11:00am

In person at DTC 203 Tuesday 14th April 2026 at 11:00am

Any questions.....?

I look forward to receiving your assignment submission.

If you have any questions in the meantime, please send an email from your student account

e.wavei@uwtsd.ac.uk

Assignment Submission Date:
Friday 24th April 2026 by 23:59pm